

by reason of the exception contained in Article VI (1) of the convention, the exemption will apply to such interest, the Greek corporation shall not undertake to file any Form 1001-G or letter of notification prescribed by paragraph (c) of this section unless it has, prior to such filing, applied for and received from the Commissioner of Internal Revenue, Washington 25, D.C., a determination that such Greek corporation does not control, directly or indirectly, more than 50 percent of the entire voting power in the paying corporation. The application to the Commissioner shall contain a full statement of all the facts pertinent to a determination of the question.

(2) As soon as practicable after the application has been filed, the Commissioner of Internal Revenue will determine whether the Greek corporation has such control of the domestic corporation as to render the exemption provided by Article VI (1) of the convention inapplicable to interest paid by such domestic corporation to such Greek corporation and shall notify the Greek corporation of his determination. The Greek corporation shall forthwith file with the domestic corporation a copy of the Commissioner's letter of notification.

(3) If the Commissioner's determination is that the Greek corporation does not control, directly or indirectly, more than 50 percent of the entire voting power of all classes of stock of the domestic corporation, the Greek corporation may thereafter avoid withholding at the source with respect to subsequent payments of such interest by complying with the provisions of paragraph (c) of this section, that is, by submitting Form 1001-G in the case of coupon bond interest, or the letter of notification for each three-calendar-year period in the case of interest other than interest payable by means of coupons.

(4) A determination of the Commissioner that the Greek corporation does not have such control of the domestic corporation as to render the exemption provided by Article VI (1) of the convention inapplicable will apply until such time as the stock ownership of the domestic corporation has changed to the extent that interest to be re-

ceived from the domestic corporation by the Greek corporation is no longer exempt from United States tax under Article VI (1) of the convention. If such change in stock ownership occurs, the Greek corporation shall promptly notify both the Commissioner of Internal Revenue and the domestic corporation of the then existing facts with respect to such stock ownership.

(5) In any case in which a Greek corporation has received on or after January 1, 1954, interest from a domestic corporation and the relationship existing between the Greek corporation and the domestic corporation was at the time the interest was paid such as to render uncertain whether, by reason of the exception contained in Article VI (1) of the convention, such interest was exempt from United States tax, the Greek corporation shall apply to the Commissioner of Internal Revenue for a similar determination as to the degree of control at the time the interest was paid. If the Commissioner's determination is that at such time the degree of control was such as to permit the application of the exemption provided by Article VI (1) of the convention, his letter of notification may, subject to the provisions of § 502.7(b), authorize the release of excess tax withheld with respect to such exempt interest.

§ 502.4 Natural resource royalties and real property rentals.

The convention does not change the rate of United States tax imposed pursuant to sections 871, 881, and 882 of the Internal Revenue Code of 1954 upon natural resource royalties and real property rentals. The withholding of United States tax with respect to such items derived from sources within the United States by nonresident aliens who are residents of Greece, or by Greek corporations, is not changed by the convention.

§ 502.5 Patent and copyright royalties.

(a) *General.* (1) Royalties for the right to use copyrights, patents, designs, secret processes and formulae, trade marks, and other analogous property, and royalties and rentals for the use of industrial, commercial, or scientific equipment, which are derived from