

§ 502.7

26 CFR Ch. I (4-1-00 Edition)

(4) Each letter of notification, or the duplicate thereof, shall be immediately forwarded by the withholding agent to the District Director of Internal Revenue, Audit Division, Alien Returns Section, Baltimore 2, Maryland.

§ 502.7 Release of excess tax withheld at source.

(a) *General.* (1) In order to give the convention effective application at the earliest practicable date, the exemptions from withholding of United States tax at source granted by this part are hereby made effective beginning January 1, 1954, contingent upon compliance with the applicable provisions of §§ 502.2 through 502.6.

(2) In the case of dividends and interest paid by a Greek corporation to a recipient other than a citizen, resident, or corporation of the United States, if United States tax at the statutory rate has been withheld on or after January 1, 1954, there shall be released by the withholding agent and paid over to the person from whom it was withheld, an amount equal to the tax so withheld from such items.

(3) In the case of every taxpayer whose address at the time of payment was in Greece and who furnishes to the withholding agent the letter of notification prescribed in §§ 502.3(c), 502.5(b), and 502.6(b) as authorization for the release of excess tax withheld, if United States tax at the statutory rate (30 percent as of the date of approval of this part) has been withheld on or after January 1, 1954, from interest (other than coupon bond interest), copyright royalties and other items to which § 502.5(a) is applicable, and from private pensions and life annuities as defined in Article XI, there shall be released (except as provided in paragraph (b) of this section) by the withholding agent and paid over to the person from whom it was withheld an amount equal to the tax so withheld from such items.

(4) In the case of every taxpayer whose address at the time of payment was in Greece and who furnishes to the withholding agent Form 1001-G clearly marked "Substitute" and executed in accordance with § 502.3(c), if United States tax at the statutory rate has been withheld from coupon bond interest on or after January 1, 1954, there

shall be released (except as provided in paragraph (b) of this section) by the withholding agent and paid over to the person from whom it was withheld an amount equal to the tax so withheld from such interest. One such substitute form shall be filed in duplicate with respect to each issue of bonds and will serve with respect to that issue to replace all Forms 1001 previously filed by the taxpayer in the calendar year in which the excess tax was withheld and with respect to which such excess is released.

(5) The original and duplicate of substitute Form 1001-G shall be forwarded by the withholding agent to the District Director of Internal Revenue, Audit Division, Alien Returns Section, Baltimore 2, Maryland, with the quarterly return on Form 1012. Substitute Form 1001-G need not be listed on Form 1012.

(6) The provisions of this section (other than paragraph (c) of this section) shall have no application to excess tax withheld at source which has been paid by the withholding agent to the district director of internal revenue.

(b) *Interest paid where degree of stock ownership is determined.* If United States tax at the rate of 28 percent or 30 percent, as the case may be, has been withheld on or after January 1, 1954, from interest paid by a domestic corporation to a Greek corporation whose address at the time of payment was in Greece, and if 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 withholding agent shall release and pay over to the Greek corporation an amount equal to the tax so withheld only if the Greek corporation (1) furnishes to the domestic corporation a copy of the Commissioner's authorization of release prescribed in § 502.3 (d) and (2) files the letter of notification prescribed in § 502.3(c), or the substitute Form 1001-G prescribed in paragraph (a) of this section, whichever is applicable.

(c) *Amounts withheld during 1953.* For provisions respecting the refund of excess tax withheld during the calendar year 1953, see § 502.10.

§ 502.8 Information to be furnished in ordinary course.

(a) *General.* In compliance with the provisions of Article XVIII of the convention the Commissioner of Internal Revenue will transmit to the Greek General Director of Direct Taxes, as soon as practicable after the close of the calendar year 1954 and of each subsequent calendar year during which the convention is in effect, the following information relating to such preceding calendar year:

(1) The duplicate copy of each available Form 1042 Supplement filed pursuant to paragraph (b) of this section; and

(2) The duplicate copy of each available ownership certificate, Form 1001-G, filed pursuant to § 502.3(c), and substitute Form 1001-G, filed pursuant to § 502.7 (a) and (b), in connection with coupon bond interest.

(b) *Information return.* (1) To facilitate compliance with Article XVIII of the convention, every United States withholding agent shall make and file in duplicate with the district director of internal revenue for the district in which the withholding agent is located an information return on Form 1042 Supplement, with respect to Greek addressees, which shall be filed for the calendar year 1954 and subsequent calendar years. This return shall be filed simultaneously with Form 1042.

(2) There shall be reported on such Form 1042 Supplement all items of fixed or determinable annual or periodical income (and, for 1955 and subsequent years, amounts described in section 402(a)(2), section 631 (b) and (c), and section 1235 of the Internal Revenue Code of 1954, which are considered to be gains from the sale or exchange of capital assets) derived from sources within the United States and paid to nonresident aliens (including nonresident alien individuals, fiduciaries, and partnerships) and to nonresident foreign corporations, whose addresses at the time of payment were in Greece, including such items of income upon which, in accordance with this part, no

withholding of United States tax is required; except that any of such items which constitute interest in respect of which Form 1001-G or substitute Form 1001-G has been filed in duplicate with the withholding agent are not required to be reported on such Form 1042 Supplement.

§ 502.9 Beneficiaries of a domestic estate or trust.

A nonresident alien who is a resident of Greece and who is a beneficiary of a domestic estate or trust shall be entitled to the exemption from United States tax granted by Articles VI, VII, and IX of the convention with respect to dividends, interest, and copyright royalties and the like, to the extent such item or items are included in that portion of the income of such estate or trust which is (or would, but for such exemption, be) includible in the gross income of the beneficiary, provided that he otherwise satisfies the requirements of these respective articles. In order to be entitled in such instance to the exemption from withholding of United States Tax such beneficiary must otherwise satisfy such requirements and shall, where applicable, execute and submit to the fiduciary of such estate or trust in the United States the appropriate letter of notification prescribed in §§ 502.3(c) and 502.5(b).

§ 502.10 Refund of excess tax withheld during 1953.

(a) If United States tax withheld at the source during the year 1953 from dividends, interest, copyright royalties and the like, pensions, or life annuities is in excess of the tax imposed under the internal revenue laws, as modified by the convention, a claim by the taxpayer for the refund of any overpayment resulting therefrom shall be made under subchapter B of chapter 66 of the Internal Revenue Code of 1954 by filing Form 843 together with Form 1040NB, Form 1040NB-a, Form 1040B, Form 1120, or Form 1120NB, whichever is applicable, or with an amended return.

(b) The taxpayer's total gross income from sources within the United States, including every item of capital gain subject to tax under the provisions of