

## SCHEDULE 1

### ACCOUNTING PERIODS BEGINNING BEFORE 9TH JULY 1998

## PART II

### SPECIFIED TERRITORIES WITH QUALIFICATIONS

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| Argentina     | Companies obtaining exemption from tax on income from transactions, activities or operations carried on in, or from goods located in, tax free areas in accordance with Law 19640 of 16th May 1972.  |
| Belgium       | <p>1. Companies which are regarded as Foreign Sales Corporations in section 922(a) of the United States Internal Revenue Code 1954(1) and which accordingly qualify for reduced Belgian taxation.</p> <p>2. Companies approved under Royal Decree No. 187 of 30th December 1982 as Co-ordination Centres(2).</p> |
| Brunei        | Companies qualifying as “pioneer companies” under the Investment Incentives Enactment 1975(3).   |
| Bulgaria      | Any company obtaining a tax benefit under Article 111 of Decree 56 of 9th January 1989 (Free Zone legislation).  |
| Chile         | Companies obtaining exemption from tax under Law 16,441 of 1st March 1966 on income from property located in the Department of Isla da Pascua or from activities developed in that Department.   |
| China         | Companies deriving income in or from the Hong Kong Special Administrative Region and submitting tax returns to the authorities of that Region.   |
| Egypt         | Companies which do not fall within the scope of Article 111, Book 2 of Law 157 of 1981(4) because they do not operate in Egypt.  |
| Faroe Islands | Companies deriving interest from Faroese financial institutions from which tax is deducted at source under Law 4 of 26th March 1953.   |

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(1) Section 922(a) was amended by Act. Sec. 801(a) of the Deficit Reduction Act 1984.

(2) Royal Decree No. 187 was amended by Royal Decrees of 3rd November 1986 and 5th August 1991.

(3) 1975 c. 97.

(4) Amended by Law 187 of 1993.

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| Greece     | <ol style="list-style-type: none"><li>1. Companies whose profits are exempt from tax under Article 6(2)(c) of Law 3843/1958<sup>(5)</sup> (profits from the operation of ships under the Greek flag).</li><li>2. Companies having profits exempt from company income tax by virtue of Article 25 of Law 25/1975<sup>(6)</sup> or by virtue of Law 89/1967<sup>(7)</sup> (profits from shipping and associated activities).</li></ol>         |
| Ireland    | <ol style="list-style-type: none"><li>1. Companies obtaining relief or exemption from tax under Chapters 1 and 2 of Part 14 of the Taxes Consolidation Act 1997<sup>(8)</sup>.</li><li>2. Holding companies having income exempted from tax under section 44 in Chapter 3 of Part 3 of the Taxes Consolidation Act 1997.</li></ol>   |
| Italy      | Companies benefiting from paragraphs 12 to 14 of Article 11 of Law 413 of 30th December 1991 (Trieste Free Zone Financial and Insurance Centre).   |
| Kenya      | Companies having income exempted from tax under paragraph 11 of Schedule 1 to the Income Tax Act 1973 <sup>(9)</sup> .   |
| Luxembourg | <ol style="list-style-type: none"><li>1. Companies obtaining any special tax benefit under the Law of 31st July 1929<sup>(10)</sup>, the decree of 17th December 1938 or the Grand Ducal Regulation of 29th July 1977 (holding companies).</li><li>2. Any reinsurance company established in Luxembourg requiring authorisation under Article 92 of the Law of 6th December 1991.</li></ol>  |
| Malaysia   | <ol style="list-style-type: none"><li>1. Companies exempt from tax in accordance with section 54A of the Income Tax Act 1967<sup>(11)</sup> (shipping).</li><li>2. Companies subject to tax at 5 per cent. in accordance with sections 60A and 60B<sup>(12)</sup> of the Income Tax Act 1967 (inward reinsurance and offshore insurance).</li><li>3. Companies deriving dividends from a company or companies deriving income from</li></ol> |

<sup>(5)</sup> Codified by Law 2238 of 16th September 1994 (Article 103(1)(g)).

<sup>(6)</sup> Substituted by Article 28 of Law 814/1978.

<sup>(7)</sup> Supplemented by Law 378/1968.

<sup>(8)</sup> 1997 No. 39.

<sup>(9)</sup> 1973 No. 16.

<sup>(10)</sup> Amended by Article 21 of the Law of 29th December 1971, Article 5 of the Law of 30th November 1978 and the Grand Ducal Regulation of 24th March 1989.

<sup>(11)</sup> Act 53. Section 54A was inserted by section 13 of the Finance Act 1983 (Act 293).

<sup>(12)</sup> Section 60A was inserted by section 10 of the Income Tax (Amendment) Act 1980 (Act 471), and section 60B was inserted by section 9 of the Finance Act 1982 (Act 264).

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|             | <p>one or more of the activities referred to in paragraphs 1 and 2 above.</p> <p>4. Companies obtaining a tax benefit under the Offshore Companies Act (Island of Labuan) 1990<b>(13)</b>.</p>  |
| Malta       | <p>1. Companies entitled to exemption or relief from tax under section 11(2) of the Income Tax Act 1948<b>(14)</b>.</p> <p>2. Companies obtaining exemption from tax under section 86 of the Merchant Shipping Act 1973<b>(15)</b>.</p> <p>3. Companies obtaining exemption or relief from tax under section 30 of the Malta International Business Activities Act 1988<b>(16)</b>.</p> <p>4. Companies obtaining exemption or relief from tax under section 18 of the Malta Freeports Act 1989<b>(17)</b>.</p> |
| Morocco     | Companies receiving a tax benefit under Law 58–90 of 1992 (offshore financial centres).   |
| Netherlands | Companies which are regarded as Foreign Sales Corporations under section 922(a) of the United States Internal Revenue Code 1954.  |
| Pakistan    | Companies deriving royalties, commissions or fees which are exempt from tax under paragraph 139 in Part I of the second Schedule to the Income Tax Ordinance 1979 <b>(18)</b> .   |
| Philippines | <p>1. Companies authorised under Presidential Decree 1034 of 30th September 1976, or under Presidential Decree 1035 of 30th September 1976, to operate an offshore Banking Unit or a Foreign Currency Deposit Unit as defined in those Decrees.</p> <p>2. Companies receiving interest on deposits with a Foreign Currency Deposit Unit, or other interest subject to the reduced rates of tax under section 27(D) of the National Internal Revenue Code 1997.</p>  |

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**(13)** Act 441, amended by the Offshore Companies (Amendment) Act 1992 (A 817), the Labuan Offshore Financial Services Authority (Modification of Offshore Companies Act 1990, Labuan Trust Companies Act 1990, Offshore Banking Act 1990 and Offshore Insurance Act 1990) Order 1996 and the Offshore Companies (Amendment) Act 1997.

**(14)** 1948 c. 123.

**(15)** c. 234, amended by section 14 of the Merchant Shipping (Amendment) Act 1986 (Act XXIV of 1986), section 37 of the Merchant Shipping (Amendment) Act 1988 (Act XXXVII of 1988) and section 16 of the Merchant Shipping (Amendment) Act 1990 (Act XXXVII of 1990).

**(16)** Act XXXIV of 1988, amended by section 13 of the Malta International Business Activities (Amendment) Act 1989 (Act XV of 1989) and section 28 of the Malta International Business Activities (Amendment) Act 1994 (Act XIII of 1994).

**(17)** Act XXVI of 1989.

**(18)** Amended by section 21 of the Finance Act 1995 (Act I of 1995).

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| Portugal    | Companies obtaining tax benefits under Decree Law 502/85 of 30th December 1985 <b>(19)</b> , Articles 41 and 51(g) of the Tax Benefits statute (EBF) approved by Decree Law 215/90 of 31st August 1989 (free zone in Madeira), or Decree Law 501/85 of 28th December 1985 as implemented by Decree Law 63/87 of 5th February 1987 (free zone in the Azores).   |
| Puerto Rico | <ol style="list-style-type: none"> <li>1. Companies obtaining a tax benefit under section 2(o) of the Industrial Incentive Act 1978<b>(20)</b> (designated service industries).</li> <li>2. Companies obtaining a tax benefit under section 25 of the International Banking Centre Regulatory Act 1989<b>(21)</b> (International Banking Entities).</li> </ol>   |
| Singapore   | <ol style="list-style-type: none"> <li>1. Any company obtaining tax concessions under Ministry of Finance Regulations pursuant to section 43A, and sections 43C to 43J, of the Income Tax Act<b>(22)</b>.</li> <li>2. Companies obtaining exemption from tax on the income of a shipping enterprise in accordance with section 13A of the Income Tax Act<b>(23)</b>.</li> <li>3. Companies obtaining relief from tax in accordance with sections 45 to 55 (international trade incentives), and sections 75 to 84 (warehouse and service incentives), of the Economic Expansion Incentives (Relief from Income Tax) Act<b>(24)</b>.</li> <li>4. Companies deriving dividends from a company or companies deriving income from one or more of the activities falling within paragraphs 1 to 3 above.</li> </ol> |
| Sri Lanka   | Companies obtaining relief or exemption from income tax under any of the following provisions of the Inland Revenue Act 1979 <b>(25)</b> – <ol style="list-style-type: none"> <li>(a) section 8(c)(iv)<b>(26)</b> (foreign currency banking units);</li> </ol>   |

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**(19)** Revised by Decree Law 165/86 of 26th June 1986.

**(20)** Act 26/1978.

**(21)** Act 52/1989.

**(22)** c. 134, amended by sections 14 to 16 of Act 1/90, section 11 of Act 2/90, sections 14 to 16 of Act 20/91, section 15 of Act 20/92, section 26 of Act 26/93, section 20 of Act 32/95, sections 11, 13 and 19 of Act 1/98, and sections 16 to 19 of Act 31/98.

**(23)** Amended by section 6 of Act 3/89, section 2 of Act 1/90, section 3 of Act 20/91, section 6 of Act 26/93, sections 6 and 22 of Act 11/94 and section 6 of Act 31/98.

**(24)** c. 86, amended by section 4 of Act 36/93 and sections 13 and 14 of Act 1/95.

**(25)** No. 28 of 1979.

**(26)** Amended by section 2 of Act 49 of 1991.

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|               | <ul style="list-style-type: none"><li>(b) sections 10(d) and 15(b) (income derived from approved bank accounts);</li><li>(c) section 10(e)(<b>27</b>) (interest of newly resident companies);</li><li>(d) section 15(cc)(<b>28</b>) (services rendered outside Sri Lanka);</li><li>(e) section 15(p)(<b>29</b>) (re-export of approved products).</li></ul> |
| Tanzania      | Companies relieved or exempted from income tax under section 15(1) or (1A) of the Income Tax Act 1973( <b>30</b> ).   |
| Thailand      | Companies obtaining a tax benefit under Royal Decree 280 of 22nd September 1992 (offshore banking units).   |
| Tunisia       | Companies obtaining exemption from, or reduction of, tax under Law 76–63 of 12th July 1976 (financial and banking institutions dealing with non-residents).   |
| United States | Domestic International Sales Corporations as defined in section 992(a) of the Internal Revenue Code 1954( <b>31</b> ).  |

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(**27**) Amended by section 5 of Act 8 of 1987.

(**28**) Amended by section 7 of Law 27 of 1982.

(**29**) Amended by section 6 of Law 24 of 1980 and section 6 of Law 40 of 1981.

(**30**) Act 33 of 1973.

(**31**) Amended by Act. Sec. 812(c)(1) of the Deficit Reduction Act 1984.