

## SCHEDULE 2

Regulations 3, 4 and 6(2)(a)

### ACCOUNTING PERIODS BEGINNING ON OR AFTER 9TH JULY 1998

#### PART I

#### SPECIFIED TERRITORIES

Australia  
Austria  
Bangladesh  
Bolivia  
Botswana  
Brazil  
Bulgaria  
Canada  
Colombia  
Czech Republic  
Denmark  
Dominican Republic  
Falkland Islands  
Fiji  
Finland  
France  
Gambia  
Germany  
Ghana  
Honduras  
Iceland  
India  
Indonesia  
Ivory Coast  
Japan  
Korea, Republic of  
Lesotho  
Malawi  
Mexico  
New Zealand  
Nigeria  
Norway  
Papua New Guinea

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Poland  
Romania  
Senegal  
Sierra Leone  
Slovak Republic  
Solomon Islands  
South Africa  
Swaziland  
Sweden  
Trinidad and Tobago  
Turkey  
Zambia  
Zimbabwe

## PART II

### SPECIFIED TERRITORIES WITH QUALIFICATIONS

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 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.</p>
Brunei	Companies qualifying as “pioneer companies” under the Investment Incentives Enactment 1975.
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	1. Companies deriving income in or from the Hong Kong Special Administrative Region and submitting tax returns to the authorities of that Region.

	<p>2. From 20th December 1999, companies deriving income in or from the Macao Special Administrative Region and submitting tax returns to the authorities of that Region.</p>
Egypt	<p>Companies which do not fall within the scope of Article 111, Book 2 of Law 157 of 1981 because they do not operate in Egypt.</p>
Faroe Islands	<p>Companies deriving interest from Faroese financial institutions from which tax is deducted at source under Law 4 of 26th March 1953.</p>
Greece	<p>1. Companies whose profits are exempt from tax under Article 6(2)(c) of Law 3843/1958 (profits from the operation of ships under the Greek flag).</p> <p>2. Companies having profits exempt from company income tax by virtue of Article 25 of Law 25/1975 or by virtue of Law 89/1967 (profits from shipping and associated activities).</p>
Hungary	<p>Companies benefiting from the reduced rate of tax for extra-territorial companies under section 19(2) of Act LXXXI of 1996 on Corporate Tax and Dividend Tax.</p>
Ireland	<p>1. Companies obtaining relief or exemption from tax under Chapters 1 and 2 of Part 14 of the Taxes Consolidation Act 1997.</p> <p>2. Holding companies having income exempted from tax under section 44 in Chapter 3 of Part 3 of the Taxes Consolidation Act 1997.</p>
Italy	<p>Companies benefiting from paragraphs 12 to 14 of Article 11 of Law 413 of 30th December 1991 (Trieste Free Zone Financial and Insurance Centre).</p>
Kenya	<p>Companies having income exempted from tax under paragraph 11 of Schedule 1 to the Income Tax Act 1973.</p>
Luxembourg	<p>1. Companies obtaining any special tax benefit under the Law of 31st July 1929, the decree of 17th December 1938 or the Grand Ducal Regulation of 29th July 1977 (holding companies).</p> <p>2. Any reinsurance company established in Luxembourg requiring authorisation under Article 92 of the Law of 6th December 1991.</p>
Malaysia	<p>1. Companies exempt from tax in accordance with section 54A of the Income Tax Act 1967 (shipping).</p>

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|             | <p>2. Companies subject to tax at 5 per cent. in accordance with sections 60A and 60B of the Income Tax Act 1967 (inward reinsurance and offshore insurance).</p> <p>3. Companies deriving dividends from a company or companies deriving income from 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.</p>   |
| Malta       | <p>1. Companies entitled to exemption or relief from tax at the discretion of the Minister responsible for finance under section 12(2) of the Income Tax Act 1948.</p> <p>2. Companies obtaining exemption from tax under section 86 of the Merchant Shipping Act 1973.</p> <p>3. Companies obtaining exemption or relief from tax under section 30 of the Malta International Business Activities Act 1988 or section 30 of the Malta Financial Services Centre Act 1988(1).</p> <p>4. Companies obtaining exemption or relief from tax under section 18 of the Malta Freeports Act 1989.</p>   |
| Morocco     | Companies receiving a tax benefit under Law 58–90 of 1992 (offshore financial centres).  |
| Netherlands | <p>1. Companies which are regarded as Foreign Sales Corporations under section 922(a) of the United States Internal Revenue Code 1954.</p> <p>2. A company (“the first company”) receiving interest, rents or royalties in an accounting period directly or indirectly from a Dutch company (“the second company”) which is connected with the first company within the meaning of section 839 of the Taxes Act, in circumstances where–</p> <ul style="list-style-type: none"> <li>(a) the second company does not satisfy the income and gains requirement in regulation 5 as respects its accounting period in which the interest, rents or royalties were paid, and</li> <li>(b) the aggregate of the non-local source income of the first company in its</li> </ul> |

(1) Act XXXIV of 1988, amended by section 13 of the Malta Financial Services (Amendment) Act 1989 (Act XV of 1989) and section 28 of the Malta Financial Services (Amendment) Act 1994 (Act XIII of 1994).

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accounting period in question and the interest, rents and royalties received by it from the second company in that period exceeds whichever is the greater of—

- (i) £50,000 or, where that period is less than twelve months in duration, that amount proportionately reduced, and
- (ii) an amount equal to ten per cent. of its commercially quantified income arising in that period.

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.

Philippines

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.

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.

Portugal

Companies obtaining tax benefits under Decree Law 502/85 of 30th December 1985, 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

1. Companies obtaining a tax benefit under section 2(o) of the Industrial Incentive Act 1978 (designated service industries).

2. Companies obtaining a tax benefit under section 25 of the International Banking Centre Regulatory Act 1989 (International Banking Entities).

Singapore

1. Any company obtaining tax concessions under Ministry of Finance Regulations pursuant to section 43A, and sections 43C to 43K(2), of the Income Tax Act.

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(2) Section 43K was amended by section 15 of Act 28/92.

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	<p>2. Companies obtaining exemption from tax on the income of a shipping enterprise in accordance with section 13A of the Income Tax Act.</p> <p>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.</p> <p>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.</p>
Spain	<p>1. Companies which are registered in the official register of the Canary Islands Special Zone (Zona Especial Canaria) established under Law 19/1994 and which benefit from the special low tax rate applied to such companies.</p> <p>2. Companies benefiting from the alternative taxation regime for co-ordination centres established by the provincial governments of the Basque Country under laws pursuant to Norma Foral 3/1996 of 26th June 1996, Norma Foral 7/1996 of 4th July 1996, and Norma Foral 24/1996 of 5th July 1996.</p>
Sri Lanka	<p>Companies obtaining relief or exemption from income tax under any of the following provisions of the Inland Revenue Act 1979—</p> <ul style="list-style-type: none"> <li>(a) section 8(c)(iv) (foreign currency banking units);</li> <li>(b) sections 10(d) and 15(b) (income derived from approved bank accounts);</li> <li>(c) section 10(e) (interest of newly resident companies);</li> <li>(d) section 15(cc) (services rendered outside Sri Lanka);</li> <li>(e) section 15(p) (re-export of approved products).</li> </ul>
Tanzania	<p>Companies relieved or exempted from income tax under section 15(1) or (1A) of the Income Tax Act 1973.</p>
Thailand	<p>Companies obtaining a tax benefit under Royal Decree 280 of 22nd September 1992 (offshore banking units).</p>
Tunisia	<p>Companies obtaining exemption from, or reduction of, tax under Law 76–63 of 12th July 1976 (financial and banking institutions dealing with non-residents).</p>

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United States

Domestic International Sales Corporations  
as defined in section 992(a) of the Internal  
Revenue Code 1954.

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