

Tax & Accounting Issues

World Trade Practices
Chapter 13

IFAC

- Standards
- No organization set to gather data
- List of compliant countries not up-to-date



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U.S. Tax Incentives for Exporters

- **Foreign Sales Corporations (FSC)**
 - Challenged by EU under WTO rulings
 - Tax benefits
 - Eligible products and service
- **Extraterritorial Income (ETI)**
 - Replaced FSC in 2000
 - Also ruled illegal tax subsidy under WTO
 - Activity test

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FSC or ETI

- Paper company
- Set up in countries qualified by US government
- No employees
- Used to reduce tax liability to US government
 - In real sense- a subsidy

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