

shall be allocated to this State[,] only to the extent that such interest is derived from the trade or business of the subsidiary corporation within this State.

(2) For purposes of this section, a "holding company" is a corporation subject to tax under this section, whose activity is confined to the maintenance and management of its intangible investments and the collection and distribution of the income from such investments.

(1) (1) (1) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) "APPLICABLE EXPENSES" MEANS ANY EXPENSE OR OTHER DEDUCTION DIRECTLY OR INDIRECTLY ATTRIBUTABLE TO ELIGIBLE GROSS EARNINGS.

(III) "ELIGIBLE GROSS EARNINGS" MEANS THAT AMOUNT DETERMINED BY THE GROSS EARNINGS DERIVED EITHER DIRECTLY FROM OR INDIRECTLY BY MEANS OF ANY FOREIGN EXCHANGE TRADING OR HEDGING TRANSACTION RELATED TO MAKING, ARRANGING FOR, PLACING, OR SERVICING ANY LOAN TO ANY FOREIGN PERSON. THE GROSS EARNINGS FROM THESE TRANSACTIONS ARE NOT INCLUDED, UNLESS EITHER SUBSTANTIALLY ALL THE PROCEEDS OF THE LOAN ARE FOR USE EITHER OUTSIDE OF THE UNITED STATES OR ALL THE PROCEEDS ARE FOR USE WITHIN AN APPROVED FOREIGN TRADE ZONE IN THE CASE OF EITHER:

1. A FOREIGN PERSON THAT IS AN INDIVIDUAL;

2. EITHER A FOREIGN BRANCH OF A DOMESTIC CORPORATION (OTHER THAN A BANK), IN WHICH THE DOMESTIC CORPORATION HAS AT LEAST 80 PERCENT OWNERSHIP OR CONTROL; OR

3. AN INDIVIDUAL RESIDING IN THE STATE OF MARYLAND OR THE UNITED STATES.

(IV) "ELIGIBLE NET EARNINGS" MEANS THAT AMOUNT DETERMINED BY SUBTRACTING FROM THE ELIGIBLE GROSS EARNINGS THE APPLICABLE EXPENSES.

(V) "INELIGIBLE FUNDING AMOUNT" MEANS THAT AMOUNT DETERMINED BY MULTIPLYING THE ELIGIBLE NET EARNINGS BY A FRACTION:

1. THE NUMERATOR OF WHICH IS THE AVERAGE AGGREGATE AMOUNT FOR THE TAXABLE YEAR OF ALL LIABILITIES, INCLUDING DEPOSITS AND OTHER SOURCES OF FUNDS OF THE INTERNATIONAL BANKING FACILITY, WHICH WERE NOT OWED TO OR RECEIVED FROM ANY FOREIGN PERSON; AND

2. THE DENOMINATOR OF WHICH IS THE AVERAGE AGGREGATE AMOUNT FOR THE TAXABLE YEAR OF ALL LIABILITIES, INCLUDING DEPOSITS AND OTHER SOURCES OF FUNDS OF THE INTERNATIONAL BANKING FACILITY.