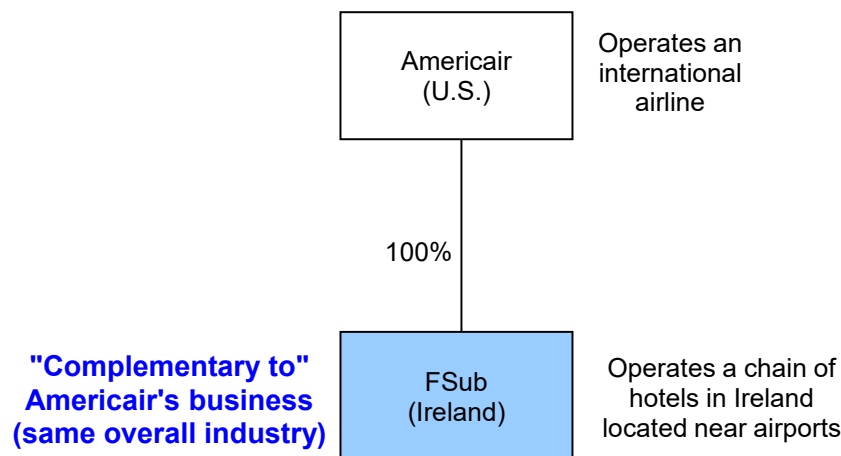


**Ireland Treaty (1997)
Treasury Tech. Explan.,
Article 23, Paragraph 3,
Example 3**

**Irish Hotels
"Complementary to"
Airline Business**

Copyright © 2021 Andrew Mitchel LLC
International Tax Services
www.andrewmitchel.com



Limitation on benefits:

Active trade or business test ("derived in connection with")

Ameriair is a corporation resident in the United States that operates an international airline. FSub is a wholly owned subsidiary of Ameriair resident in Ireland. FSub operates a chain of hotels in Ireland that are located near airports served by Ameriair flights. Ameriair frequently sells tour packages that include air travel to Ireland and lodging at FSub hotels. Although both companies are engaged in the active conduct of a trade or business, the businesses of operating a chain of hotels and operating an airline are distinct trades or businesses. Therefore FSub's business does not form a part of Ameriair's business. However, FSub's business is considered to be complementary to Ameriair's business because they are part of the same overall industry (travel) and the links between their operations tend to make them interdependent.

[HUNDREDS of additional charts at www.andrewmitchel.com](http://www.andrewmitchel.com)