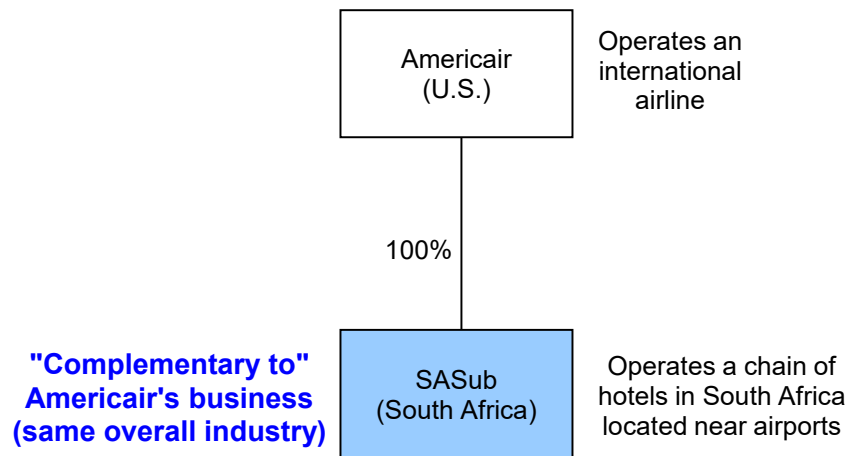


**South Africa Treaty (1997)  
Treasury Tech. Explan.,  
Article 22, Paragraph 3,  
Example 3**

**South African Hotels  
"Complementary to"  
Airline Business**

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**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. SASub is a wholly-owned subsidiary of Ameriair resident in South Africa. SASub operates a chain of hotels in South Africa that are located near airports served by Ameriair flights. Ameriair frequently sells tour packages that include air travel to South Africa and lodging at SASub 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 SASub's business does not form a part of Ameriair's business. However, SASub'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.

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