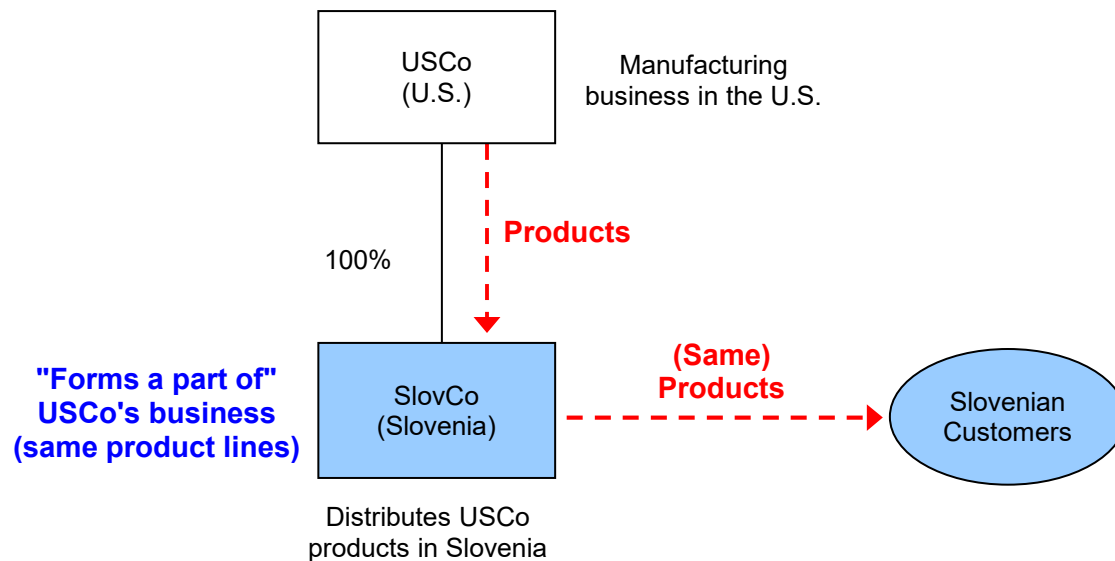


**Slovenia Treaty (1999)  
Treasury Tech. Explan.,  
Article 22, Paragraph 3,  
Example 1**

**Slovenian Distributor Activity  
"Forms a Part of"  
U.S. Manufacturer Activity**

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**Limitation on benefits:**  
  
**Active trade or business test ("derived in connection with")**

USCo is a corporation resident in the United States. USCo is engaged in an active manufacturing business in the United States. USCo owns 100 percent of the shares of SlovCo, a corporation resident in Slovenia. SlovCo's distributes USCo products in Slovenia. Since the business activities conducted by the two corporations involve the same products, SlovCo's distribution business is considered to form a part of USCo's manufacturing business within the meaning of subparagraph 3(b).