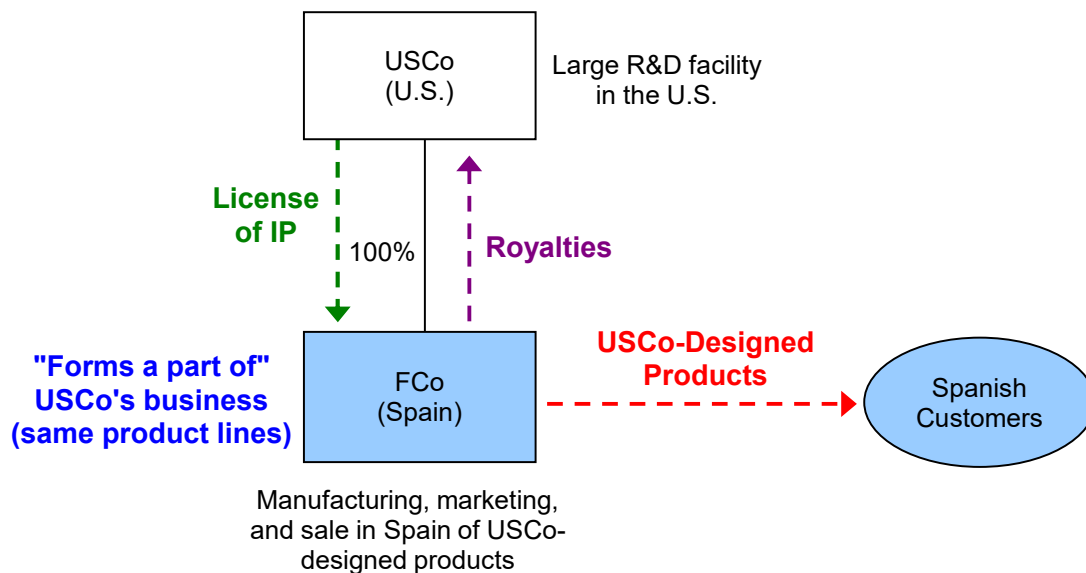


**Spain Protocol (2013)
Treasury Tech. Explan.,
Article 17, Paragraph 4,
Example 2**

**Spanish Manufacturer
Activity "Forms a Part of"
U.S. R&D Activity**

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



Limitation on benefits:

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

USCo is a corporation resident in the United States. USCo owns 100 percent of the shares of FCo, a corporation resident in Spain. USCo operates a large research and development facility in the United States that licenses intellectual property to affiliates worldwide, including FCo. FCo and other USCo affiliates then manufacture and market the USCo-designed products in their respective markets. Since the activities conducted by FCo and USCo involve the same product lines, these activities are considered to form a part of the same trade or business.

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