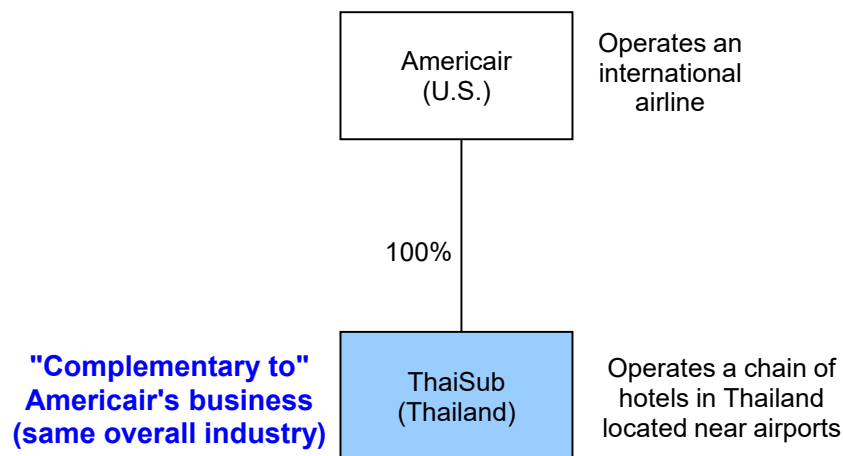


**Thailand Treaty (1996)  
Treasury Tech. Explan.,  
Article 18, Paragraph 2,  
Example 3**

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