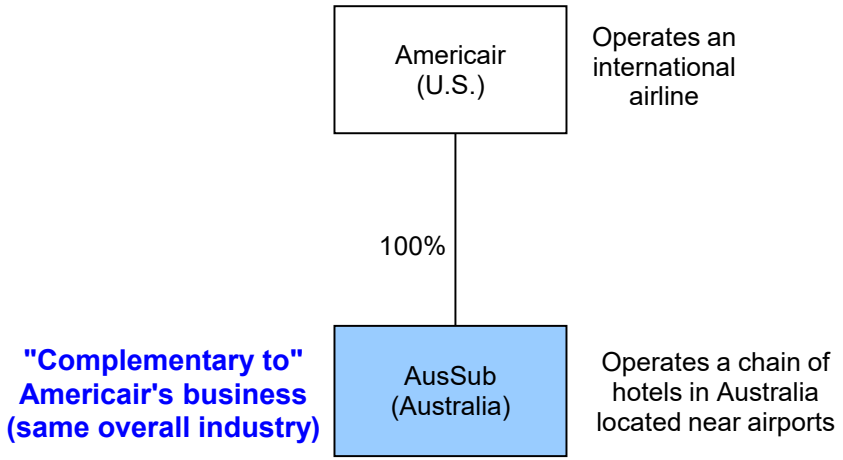
Australian Protocol (2001)
Treasury Tech. Explan.,
Article 16, Paragraph 3,
Example 3

Australian 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")

Americair is a corporation resident in the United States that operates an international airline. AusSub is a wholly-owned subsidiary of Americair resident in Australia. AusSub operates a chain of hotels in Australia that are located near airports served by Americair flights. Americair frequently sells tour packages that include air travel to Australia and lodging at AusSub 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 AusSub's business does not form a part of Americair's business. However, AusSub's business is considered to be complementary to Americair'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