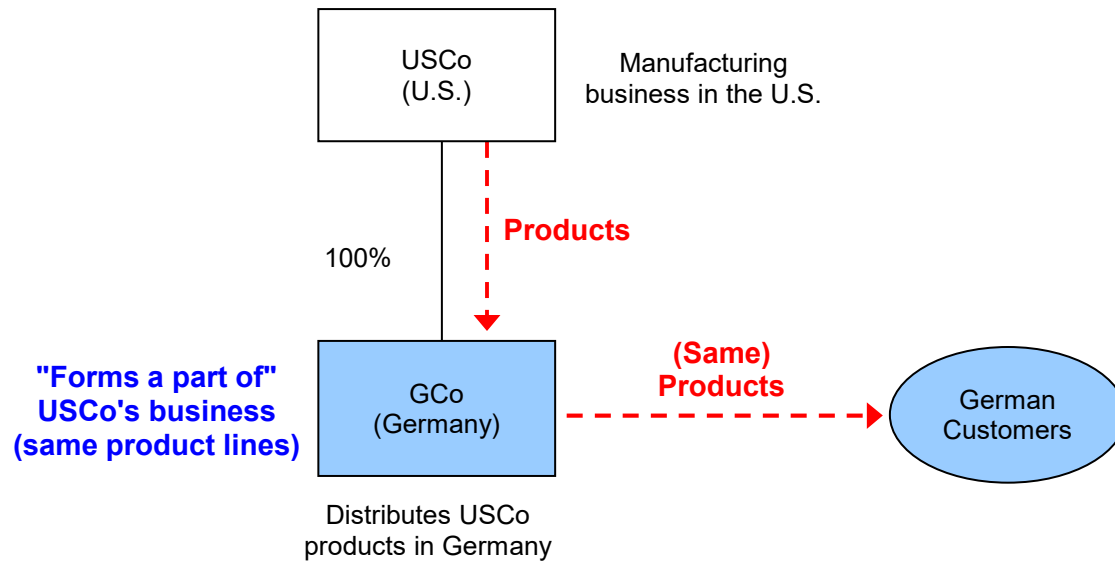


**Germany Protocol (2006)  
Treasury Tech. Explan.,  
Article 28, Paragraph 4,  
Example 1**

**German Distributor Activity  
"Forms a Part of"  
U.S. Manufacturer 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 is engaged in an active manufacturing business in the United States. USCo owns 100 percent of the shares of GCo, a company resident in the Federal Republic of Germany. GCo distributes USCo products in Germany. Because the business activities conducted by the two corporations involve the same products, GCo's distribution business is considered to form a part of USCo's manufacturing business.