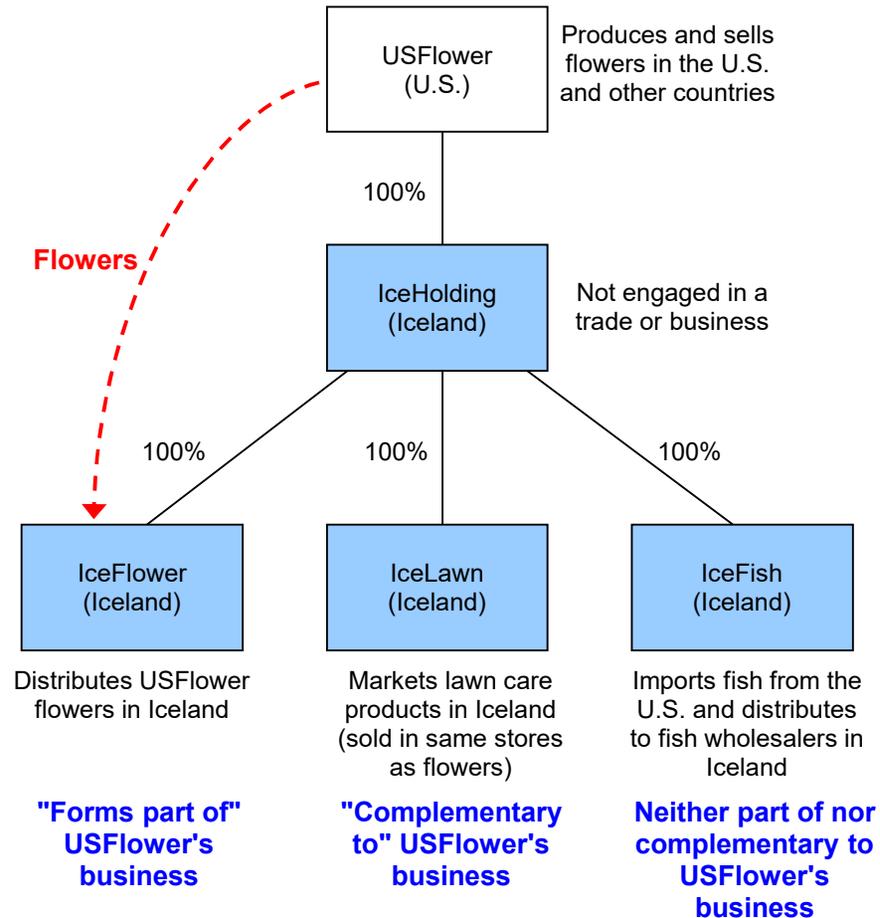


**Iceland Treaty (2007)
Treasury Tech. Explan.,
Article 21, Paragraph 4,
Example 5**

**Flower (Part of),
Lawn (Complem. to),
& Fish (Neither)**

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USFlower is a corporation resident in the United States. USFlower produces and sells flowers in the United States and other countries. USFlower owns all the shares of IceHolding, a corporation resident in Iceland. IceHolding is a holding company that is not engaged in a trade or business. IceHolding owns all the shares of three corporations that are resident in Iceland: IceFlower, IceLawn, and IceFish. IceFlower distributes USFlower flowers under the USFlower trademark in Iceland. IceLawn markets a line of lawn care products in Iceland under the USFlower trademark. In addition to being sold under the same trademark, IceLawn and IceFlower products are sold in the same stores and sales of each company's products tend to generate increased sales of the other's products. IceFish imports fish from the United States and distributes it to fish wholesalers in Iceland. For purposes of paragraph 3, the business of IceFlower forms a part of the business of USFlower, the business of IceLawn is complementary to the business of USFlower, and the business of IceFish is neither part of nor complementary to that of USFlower.



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