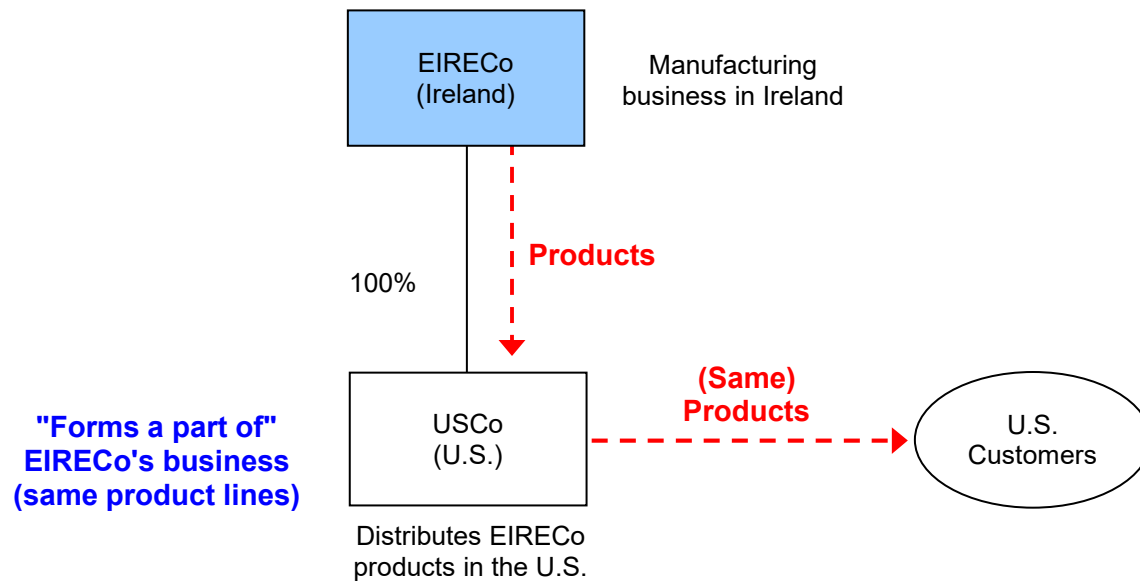


**Ireland Treaty (1997)  
Treasury Tech. Explan.,  
Article 23, Paragraph 3,  
Example 1**

**U.S. Distributor Activity  
"Forms a Part of"  
Irish Manufacturer Activity**

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**Limitation on benefits:**

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

EIRECo is a corporation resident in Ireland. EIRECo is engaged in an active manufacturing business in Ireland. EIRECo owns 100 percent of the shares of USCo, a corporation resident in the United States. USCo distributes EIRECo products in the United States. Since the business activities conducted by the two corporations involve the same products, USCo's distribution business is considered to form a part of EIRECo's manufacturing business within the meaning of subparagraph 3(b)(i).