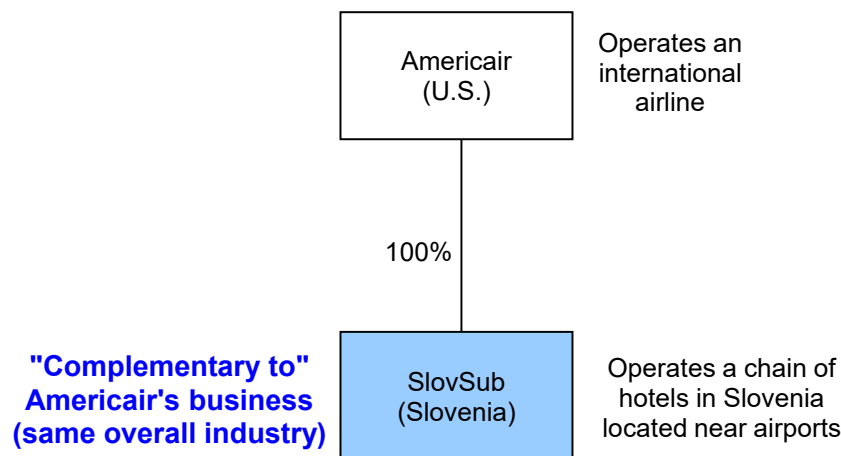


**Slovenia Treaty (1999)
Treasury Tech. Explan.,
Article 22, Paragraph 3,
Example 3**

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