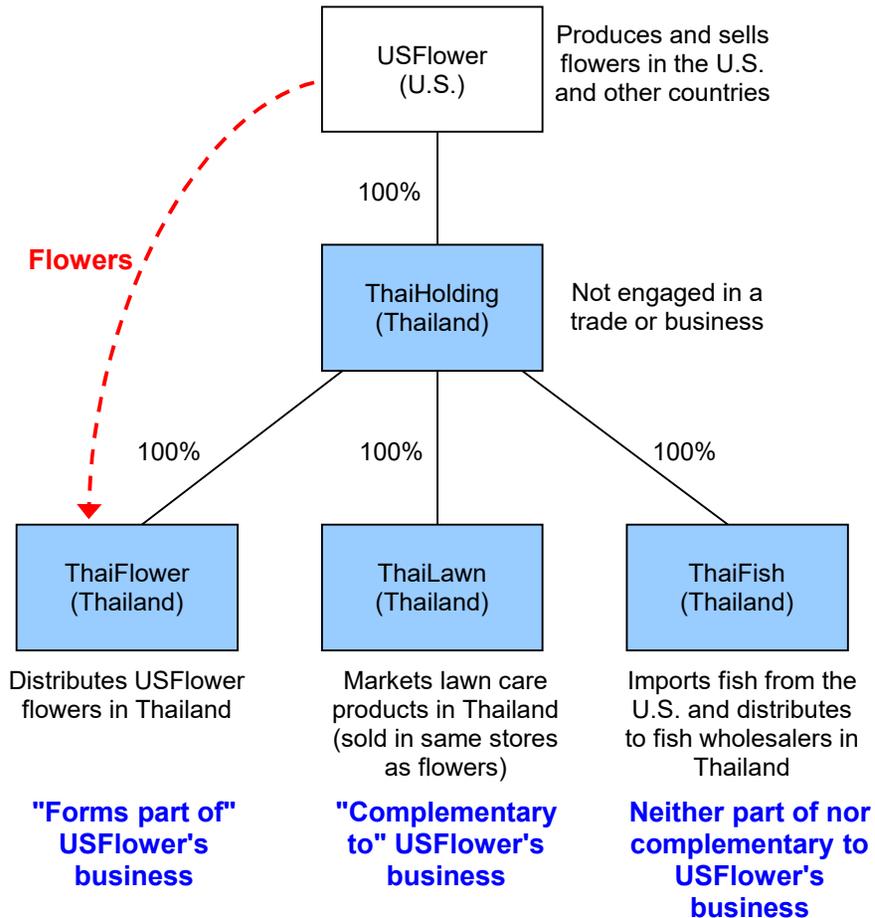


**Thailand Treaty (1996)
Treasury Tech. Explan.,
Article 18, Paragraph 2,
Example 5**

**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 ThaiHolding, a corporation resident in Thailand. ThaiHolding is a holding company that is not engaged in a trade or business. ThaiHolding owns all the shares of three corporations that are resident in Thailand: ThaiFlower, ThaiLawn, and ThaiFish. ThaiFlower distributes USFlower flowers under the USFlower trademark in Thailand. ThaiLawn markets a line of lawn care products in Thailand under the USFlower trademark. In addition to being sold under the same trademark, ThaiLawn and ThaiFlower products are sold in the same stores and sales of each company's products tend to generate increased sales of the other's products. ThaiFish imports fish from the United States and distributes it to fish wholesalers in Thailand. For purposes of paragraph 2, the business of ThaiFlower forms a part of the business of USFlower, the business of ThaiLawn is complementary to the business of USFlower, and the business of ThaiFish is neither part of nor complementary to that of USFlower.



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