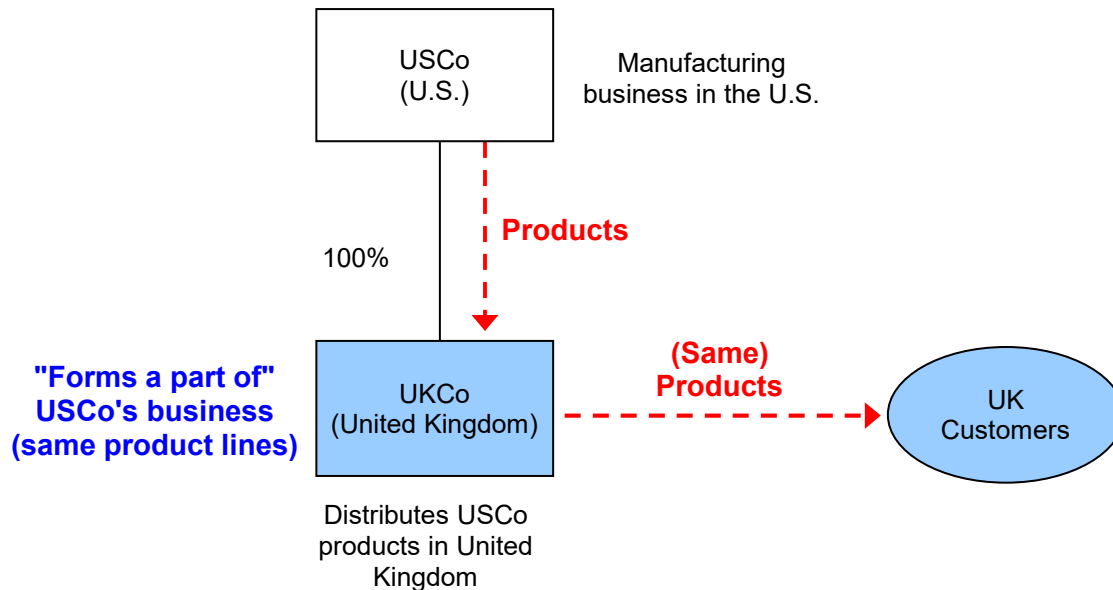


**United Kingdom Treaty (2001)  
Treasury Tech. Explan.,  
Article 23, Paragraph 4,  
Example 1**

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

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**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 UKCo, a company resident in the United Kingdom. UKCo distributes USCo products in the United Kingdom. Because the business activities conducted by the two corporations involve the same products, UKCo's distribution business is considered to form a part of USCo's manufacturing business.