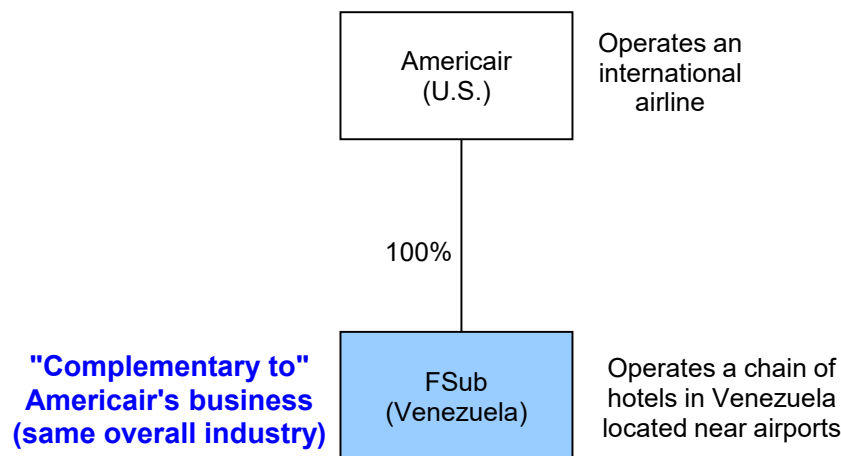


**Venezuela Treaty (1999)
Treasury Tech. Explan.,
Article 17, Paragraph 1,
Example 3**

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