are seldom handled in this manner and that they do not constitute a significant part of A corporation's business, A corporation will not be considered to have a business office or other fixed place of business in the United States because of these activities of an employee of B corporation.

Example (3).—The facts are the same as in example (1) except that all orders received by A corporation are subject to review by an officer of B corporation before acceptance. Corporation A has a business office in the United States. For the determination of the income attributable to such office, see the discussion below.

Income, gain, or loss described in clause (i), (ii), or (iii) of subparagraph (B) is not to be considered effectively connected with the conduct of a trade or business in the United States unless such income, gain, or loss is attributable to a business office or other fixed place of business located in the United States. For this purpose, if only a part of the income, gain, or loss from a transaction, or series of transactions, is properly considered attributable to such office or other fixed place of business within the United States, only that part shall be treated as effectively connected with the conduct of a trade or business within the United States. In general, if a nonresident alien individual or foreign corporation has only one business office or other fixed place of business, and such office or other fixed place of business is located within the United States, all of such taxpayer's income described in clause (i), (ii), or (iii) of subparagraph (B) will be considered attributable to such office or other fixed place of business. The items of income, gain, or loss to which subparagraph (B) applies are described in clauses (i), (ii), and (iii), thereof, respectively.

Rents or royalties

Clause (i) of subparagraph (B) applies to rents or royalties for the use of, or for the privilege of using, intangible personal property located without the United States or from any interest in such property, including rents or royalties for the use, or for the privilege of using, outside the United States, patents, copyrights, secret processes and formulas, good will, trademarks, trade brands, franchises, and other like properties, and any gain or loss realized on the sale of any such property. It does not apply to rents or royalties paid for the use of, or for the privilege of using, real property or tangible personal property.

In general, an item of income constituting rents or royalties to which clause (i) of subparagraph (B) applies will not be attributed to a business office or other fixed place of business in the United States unless the lease or license giving rise to such income is made by or through such office or other fixed place of business. For this purpose, a lease or license is to be treated as made by or through a business office or other fixed place of business in the United States if such office or other fixed place of business either actively participates in soliciting, negotiating, or performing other activities required to arrange, the lease or license from which such rents or royalties are derived or performs significant services incident to such lease or license. However, no income to which clause (i) applies will be attributed to a business office or other fixed place of business in the United States merely because such office or other fixed place of busi-