

Treasury Publishes Current List of Boycotting Countries (2014)

August 27, 2014

The U.S. Department of the Treasury (Treasury) administers an antiboycott law and associated guidelines in response to the Arab League's boycott of Israel. Treasury's rules apply to U.S. taxpayers, including members of a controlled group, regardless of whether a transaction involves any U.S. goods or services. Treasury's requirements do not prohibit conduct, but rather impose reporting requirements on U.S. taxpayers and their related companies, and deny certain tax benefits as a penalty for participating in or cooperating with an international boycott that is not sanctioned by the United States.^[1] Reports of operations in or related to boycotting countries, boycott requests, and boycott agreements must be filed on IRS Form 5713 and attached to the taxpayer's federal income tax return.

Treasury periodically publishes an official boycott list to alert the public to those countries that require or may require participation in, or cooperation with, an international boycott. On August 27, 2014, Treasury published its current list of boycotting countries, which include the following:^[2]

- Iraq
- Kuwait
- Lebanon
- Libya
- Qatar
- Saudi Arabia
- Syria

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- Yemen

We would note that the U.S. Department of Commerce (Commerce) maintains separate antiboycott regulations that include both prohibitions and reporting requirements.^[3] However, Commerce does not publish an official boycotting country list.

U.S. antiboycott laws and regulations are complex and frequently become traps for the unwary. Therefore, it is important to screen transactions for antiboycott issues and carefully review and analyze such issues to determine whether regulatory requirements apply.

[1] 26 U.S.C. § 999.

[2] *List of Countries Requiring Cooperation With an International Boycott*, 79 Fed. Reg. 52,224 (Dep't of the Treasury Aug. 27, 2014). We would note that the most recent major change to this list occurred in August 2012 when Treasury officially added Iraq to the list of boycotting countries.

[3] Additional information about Commerce's antiboycott regulations can be found at <http://www.bis.doc.gov/index.php/enforcement/oac>.