

Treasury Publishes List of Boycotting Countries (2017)

April 3, 2017

On March 30, 2017, the U.S. Department of the Treasury (Treasury) published its current list of countries that require cooperation with an international boycott. Treasury, along with the U.S. Department of Commerce (Commerce), administers antiboycott laws and associated guidelines that were enacted 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 the transaction involves U.S. goods or services. The agency's rules do not prohibit conduct, but instead impose reporting requirements on U.S. taxpayers and their related companies. Taxpayers that have cooperated with an unsanctioned boycott are denied certain tax benefits as penalty. 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's official boycott list, which is published periodically, is intended to alert the public to those countries that require or may require participation in, or cooperation with, an international boycott. Treasury's current list^[1], published on March 30, 2017, includes the following countries:

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

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Practice Areas

International Trade

- Syria
- United Arab Emirates
- Yemen

All nine of these countries have previously been designated as boycotting countries.

Notably, Commerce maintains separate antiboycott regulations, and unlike Treasury's, Commerce's regulations include prohibitions as well as reporting requirements. Commerce, however, does not publish an official boycotting list.

U.S. antiboycott laws and regulations are complex and impact both U.S. and foreign companies that conduct business overseas, particularly in the Middle East. Although often overlooked, the failure to comply with these complex laws and regulations may result in significant penalties.

[1] *List of Countries Requiring Cooperation With an International Boycott*, 82 Fed. Reg. 15,793 (Dep't Treasury Mar. 30, 2017).