

**SCHEDULE A
(Form 5713)**

(Rev. April 1978)

Department of the Treasury
Internal Revenue Service

**Computation of the International
Boycott Factor (Section 999(c)(1))**

(To be completed only by persons not computing loss of tax benefits by the specifically attributable taxes and income method on Schedule B (Form 5713).)

▶ **Attach to Form 5713.**

▶ **See Instructions on Back.**

Name	Taxpayer identifying number
------	-----------------------------

Name of country being boycotted (check one):
 Israel Other (identify) ▶

Name of country (1)	Purchases, sales, and payroll attributable to boycotting operations, by operation		
	Boycott purchases (2)	Boycott sales (3)	Boycott payroll (4)
(a)			
(b)			
(c)			
(d)			
(e)			
(f)			
(g)			
(h)			
(i)			
(j)			
(k)			
(l)			
(m)			
(n)			
(o)			
Totals			

1 Numerator of boycott factor (add totals of columns (2), (3), and (4)) 2 Denominator of boycott factor: (a) Total purchases from countries other than United States (b) Total sales to or from countries other than United States (c) Total payroll paid or accrued for services performed in countries other than United States (d) Total of lines 2(a), (b), and (c)	<div style="border: 1px solid black; height: 100px; background-color: #cccccc;"></div>
3 International boycott factor (line 1 over line 2(d)). Enter here and on Schedule C (Form 5713) (see instructions) ▶	

Note: If you are involved in any boycott other than the boycott reported on this schedule, complete a separate Schedule A for each separate boycott and attach to Form 5713.

General Instructions

A. General Information.—Schedule A (Form 5713) is to be completed only by persons who report acts of participation in or cooperation with an international boycott and who do not choose to compute the loss of tax benefits by the specifically attributable taxes and income method on Schedule B (Form 5713).

The international boycott factor reflects not only the purchases, sales, and payroll of the person filing Schedule A, but also those of each member of the controlled group (within the meaning of section 993(a)(3)) of which that person is a member. In addition, for purposes of computing the international boycott factor, a person is deemed to have a pro rata share of the purchases, sales, and payroll of each partnership of which it is a partner, and of each trust of which it is treated as the owner under section 671. Thus, a person's international boycott factor may also reflect purchases, sales, and payroll of a partnership or a trust.

To determine the relevant taxable years for which a person filing Schedule A must report the purchases, sales, and payroll of members of controlled groups, partnerships, and trusts, see the rules set forth in the specific instructions to questions 7-13 of Form 5713.

B. Members of Controlled Groups.—Because the international boycott factor of a person reflects the purchases, sales, and payroll not only of that person but also of each member of the controlled group of which that person is a member, all members of a controlled group generally share a single, common international boycott factor. However, the international boycott factor of a person that is a member of two or more controlled groups will reflect the purchases, sales, and payroll of that person and of all other members of the two or more controlled groups of which that person is a member.

C. Presumption.—Generally, one act of participation in or cooperation with an international boycott by a person will taint all the operations of that person and of each member of the controlled group of which that person is a member in each country that is associated with a group of countries in carrying out that particular international boycott unless rebutted as explained below. The effect of this taint is that all purchases, sales, and payroll attributable to all operations in boycotting countries for which the taint is not rebutted must be included in the numerator of the international boycott factor.

The presumption of boycott participation or cooperation is rebutted for a particular operation if it is clearly demonstrated that that operation is a clearly separate and identifiable operation in connection with which there was no participation in or cooperation with an international boycott. Since the presumption applies only to operations in countries associated in carrying out an international boycott, the presumption need not be rebutted for operations outside (but related to) those countries. If the presumption is rebutted with respect to a particular operation or does not apply to a particular operation, then the purchases, sales, and payroll attributable to

that operation are not reflected in the numerator of the international boycott factor. They will, however, be reflected in the denominator.

D. Boycotting Operations.—For purposes of computing the international boycott factor, all operations that are not in boycotting countries but in connection with which there is participation in or cooperation with an international boycott are considered boycotting operations. In addition, all operations that are in boycotting countries, other than those operations for which the presumption of boycott participation or cooperation has been rebutted in accordance with General Instruction C, are considered boycotting operations.

However, operations that would be considered boycotting operations in accordance with the preceding paragraph will not be considered boycotting operations if:

- (i) They are completed before November 4, 1976, or
- (ii) They are carried out in accordance with the terms of a binding contract entered into before September 2, 1976 and are completed on or before December 31, 1977.

E. Numerator of International Boycott Factor.—To compute the international boycott factor, you must first identify those operations that are boycotting operations within the meaning of General Instruction D. Once those boycotting operations have been identified, the following purchases, sales, and payroll attributable to those boycotting operations are included in the numerator of the international boycott factor:

- (i) Purchases made from boycotting countries,
- (ii) Sales made to or from boycotting countries, and
- (iii) Payroll paid or accrued for services performed in boycotting countries.

Transitional Rules.—The following transitional rules apply in determining the numerator of the international boycott factor and are illustrated in the example in Regs. sections 7.999(e)(1) and (2):

(a) In the case of a boycotting operation not described in (b) below that began before November 4, 1976, but continues after that date, only a portion of the purchases, sales, and payroll attributable to that operation is included in the numerator of the international boycott factor. The amount included is the total of such purchases, sales, and payroll multiplied by a fraction, the numerator of which is the number of days in the taxable year of the person having the operation (or the common taxable year if applicable) remaining after November 3, 1976, and the denominator of which is the number of days in the taxable year.

(b) In the case of a boycotting operation carried out in accordance with the terms of a binding contract entered into before September 2, 1976, that continues after December 31, 1977, only a portion of the purchases, sales, and payroll attributable to that operation is included in the numerator of the international boycott factor. The amount included is the total of such purchases, sales, and payroll multiplied by a fraction, the numerator of which is the number of days in the taxable year of the person having the operation (or the com-

mon taxable year if applicable) remaining after December 31, 1977, and the denominator of which is the number of days in the taxable year.

F. Denominator of International Boycott Factor.—The denominator of the international boycott factor will reflect all purchases, sales, and payroll of a person (and, if applicable, of members of a controlled group, partnerships, and trusts) in or related to all countries other than the United States.

G. Partnerships.—Since tax benefits are denied to partners, not partnerships, partnerships need complete only lines (a) through (o), the totals of column(s) (2), (3) and (4), and line 2. This information must be supplied to each partner so that each may compute his own international boycott factor.

Specific Instructions

Compute a separate boycott factor and complete a separate Schedule A for each particular international boycott. Supply the relevant information for your operations and, if applicable, the operations of partnerships, trusts, and members of your controlled group.

Column (1).—Enter, for each boycotting operation, the name of a country on the list maintained by the Secretary under section 999(a)(3) (or any other country that you know or have reason to know requires participation in or cooperation with an international boycott) to which your international boycott operation relates. For example, if you have an operation in Country Z (which is not a boycotting country) and the operation relates to Country X (which is a boycotting country), enter the name of Country X.

Column (2).—Enter, for each boycotting operation, the amount of all purchases that are attributable to that operation and that are made from boycotting countries. (See General Instruction E.)

Column (3).—Enter, for each boycotting operation, the amount of all sales that are attributable to that operation and that are made to or from boycotting countries. (See General Instruction E.)

Column (4).—Enter, for each boycotting operation, the amount of all payroll that is attributable to that operation and that is paid or accrued for services performed in boycotting countries. (See General Instruction E.)

Line 3.—Enter the international boycott factor from line 3 on the appropriate line of Schedule C (Form 5713) as follows:

If you are reducing your foreign tax credit (section 908(a)), enter the amount from line 3 on line 2(a)(2) of Schedule C (Form 5713);

If you are being denied a deferral of taxation of income under subpart F (section 952(a)(3)), enter the amount from line 3 on line 3(a)(4) of Schedule C (Form 5713); or

If you are being denied a deferral of taxation of DISC income (section 995(b)(1)(F)), enter the amount from line 3 on line 4(a)(2) of Schedule C (Form 5713).