

# Specifically Attributable Taxes and Income (Section 999(c)(2))

(To be completed only by persons not computing loss of tax benefits by the international boycott factor on Schedule A (Form 5713).)

▶ Attach to Form 5713.

▶ See Instructions on Back.

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

**Part I** Specifically Attributable Taxes and Income By Country (Use a separate line for each country)

Name of country (1)	Foreign tax credit			Subpart F income		DISC income	
	Total taxable income (2)	Foreign taxes (3)	Foreign taxes attributable to boycott operations (4)	Earnings and profits (5)	Pro-rata share of international boycott income (6)	Export gross receipts (7)	Taxable income attributable to boycott operations (8)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11 Total . . . . . ▶							

**Part II** Specifically Attributable Taxes and Income By Operation (Use a separate line for each operation)

Name of Country (1)	Code (2)	Principal business activity		Foreign tax credit	Subpart F income	DISC income
		Description (3)	Foreign taxes attributable to boycott operations (4)	Pro-rata share of international boycott income (5)	Taxable income attributable to boycott operations (6)	
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22 Total . . . . . ▶						

**Part III** Adjustment Factor (To be used only if your taxable year included November 3, 1976) (See Instructions)

23 Enter date of last day of the taxpayer's taxable year that included November 3, 1976 . . . . .	
24 Enter number of days for the period after November 3, 1976 to the end of the taxpayer's taxable year . . . . .	
25 Adjustment factor $\left( \frac{\text{line 24}}{\text{number of days in taxable year}} \right)$ . . . . .	
26 Foreign tax adjustment (multiply total from line 22, column (4) by line 25). (Enter here and on line 2(b), Schedule C (Form 5713)) . . . . .	
27 Subpart F adjustment (multiply total from line 22, column (5) by line 25). (Enter here and on line 3(b), Schedule C (Form 5713)) . . . . .	
28 DISC adjustment (multiply total from line 22, column (6) by line 25). (Enter here and on line 4(b), Schedule C (Form 5713)). . . . .	

**Note:** If you are involved in more than one international boycott, use a separate Schedule B (Form 5713) to compute the specifically attributable taxes and income for each boycott.

# General Instructions

## A. General Information

Schedule B (Form 5713) is to be completed only by persons not computing the loss of tax benefits by the international boycott factor on Schedule A (Form 5713). Taxpayers using the specifically attributable taxes and income method for computing the loss of tax benefits are to report taxes and income for the period covered by their own income tax return. Under the specific attribution method, taxes and income are reported on this schedule on an individual basis and not for all members of the controlled group.

## B. Effective dates for tax sanctions.—

1. *Generally.*—The sanctions of the international boycott provisions apply to agreements to participate in or cooperate with an international boycott, made after November 3, 1976, and to agreements made on or before November 3, 1976, that continue in effect thereafter.

**Example 1. Calendar Year.**—If a person who reports his tax liability on a calendar year basis made an agreement, for example, on November 20, 1976, to participate in or cooperate with an international boycott, all operations of the person during the entire 1976 taxable year (including pre-November 20, 1976, operations) in or related to a boycotting country or with the government, a company, or a national of such country will be included in the amount of taxes or income specifically attributable to operations in which there was participation in or cooperation with an international boycott for the taxable year. However, under section 999(c)(2), the tax benefits specifically attributable to specific operations for which the presumption of participation in or cooperation with the boycott has been rebutted will not be denied.

The sanctions are applied to the year 1976 on a pro rata basis. If a person identifies specifically attributable taxes and income, the tax benefits denied under sections 908, 952(a), and 995(b)(1) are computed by first ascertaining the tax benefits of the foreign tax credit, deferral, and DISC respectively for the taxable year attributable to operations for which the presumption of boycott participation has not been rebutted, and then multiplying that amount by 58/366. For purposes of this example, 58 represents the number of days after November 3, 1976 through the end of the taxpayer's taxable year.

**Example 2. Renunciation of an Agreement.**—If under a contract made, for example, after December 31, 1976, a person agreed to refrain from an activity described in section 999(b)(3), and later renounced the agreement and communicated such renunciation to the government or person with which the agreement was made, all operations of the person during the entire taxable year within which the agreement was renounced (including post-renunciation operations) in or related to a boycotting country or with the government, a company, or a national of such country will be included in the amount of taxes or income specifically attributable to operations in which there was participation in or cooperation with an international boycott for the taxable year. However, the tax benefits specifically attributable to specific operations for which the presumption of participation in or cooperation with the boycott has been rebutted will not be denied. There is no proration between the pre-renunciation and post-renunciation portions of the taxable year.

2. *Exception.*—In the case of operations which constitute participation in or cooperation with an international boycott and are carried out in accordance with the terms of a binding contract entered into before September 2, 1976, the tax sanctions of the

international boycott provision shall apply to such participation or cooperation only after December 31, 1977.

## Specific Instructions

### PART I.—Specifically Attributable Taxes and Income By Country

**Column 1.** Enter the name of the boycotting country. In reporting with respect to operations of a controlled foreign corporation (CFC), enter the name of the country in which the principal place of business of the CFC is located (Form 3646, line H, page 1).

**Column 2.** Enter, by country, the amount of taxable income or (loss) from sources outside the U.S. (total of column(s) 16, Schedule A from all applicable Form(s) 1118 (corporations); or total of column(s) 4, Schedule A from all applicable Form(s) 1116 (individuals)).

**Column 3.** Enter, by country, the amount of foreign taxes paid, accrued, or deemed paid before adjustment (total of lines 1 and 2, Part II, Schedule B, from all applicable Form(s) 1118 (corporations); or total of line(s) 1, Schedule C from all applicable Form(s) 1116 (individuals)).

**Column 4.** Enter, by country, the amount of foreign taxes paid, accrued, or deemed paid (other than foreign taxes otherwise disallowed by reason of the provisions of sections 901–907, 911, 1503(b), or 6038) that has not been clearly demonstrated to be attributable to operations in which there was no participation in or cooperation with an international boycott.

**Column 5.** Enter, by country (principal place of business of the CFC), the amount of earnings and profits for the taxable year (after reduction for any income, war profits, and excess profits taxes) as determined under section 902 or section 964 (see Form 3646, Schedule H, line 9).

**Column 6.** Enter, by country, your pro rata share of the income of the controlled foreign corporation (other than income attributable to earnings and profits of the foreign corporation included in gross income under section 951 (other than by reason of section 952(a)(3))) that has not been clearly demonstrated to be attributable to operations in which there was no participation in or cooperation with an international boycott.

**Column 7.** Enter, by country, the total amount of export gross receipts of the DISC (from Schedule N (Form 1120–DISC), Part I, Section A, column 2).

**Column 8.** Enter, by country, your pro rata share of one-half of the excess of the taxable income of the DISC for the taxable year, before reduction for any distributions during the year, over the sum of the amounts deemed distributed for the taxable year under subparagraphs (A), (B), (C), (D), and (E) of section 995(b)(1), that has not been clearly demonstrated to be attributable to operations in which there was no participation in or cooperation with an international boycott. The taxable income of the DISC attributable to such operations is gross income of the DISC for the taxable year specifically attributable to such operations minus the deductions which are prop-

erly apportioned or allocated to such income.

### PART II.—Specifically Attributable Taxes and Income By Operation

**Column 1.** Enter, by operation, the name of the boycotting country. In reporting with respect to operations of a controlled foreign corporation (CFC), enter the name of the country in which the principal place of business of the CFC is located (Form 3646, line H, page 1).

**Column 2.** Enter, by operation, the principal business activity code (see page 4 of instructions for Form 5713) for each boycott operation.

**Column 3.** Enter, by operation, a brief description of the principal business activity.

**DISC's.**—Enter, by operation, in parentheses, the product code and description. (See Instructions for Schedule N (Form 1120–DISC).)

**Column 4.** Enter, by operation, the amount of foreign taxes paid, accrued, or deemed paid (other than foreign taxes otherwise disallowed by reason of the provisions of sections 901–907, 911, 1503(b), or 6038) that has not been clearly demonstrated to be attributable to operations in which there was no participation in or cooperation with an international boycott.

If your taxable year did not include November 3, 1976, enter this amount on line 2(b), Schedule C (Form 5713).

**Column 5.** Enter, by operation, your pro rata share of the income of the controlled foreign corporation (other than income attributable to earnings and profits of the foreign corporation included in gross income under section 951 (other than by reason of section 952(a)(3))) that has not been clearly demonstrated to be attributable to operations in which there was no participation in or cooperation with an international boycott.

If your taxable year did not include November 3, 1976, enter this amount on line 3(b), Schedule C (Form 5713).

**Column 6.** Enter, by operation, your pro rata share of one-half of the excess of the taxable income of the DISC for the taxable year, before reduction for any distributions during the year, over the sum of the amounts deemed distributed for the taxable year under subparagraphs (A), (B), (C), (D), and (E) of section 995(b)(1), that has not been clearly demonstrated to be attributable to operations in which there was no participation in or cooperation with an international boycott. The taxable income of the DISC attributable to such operations is gross income of the DISC for the taxable year specifically attributable to such operations minus the deductions which are properly apportioned or allocated to such income.

If your taxable year did not include November 3, 1976, enter this amount on line 4(b), Schedule C (Form 5713).

### PART III.—Adjustment Factor

All operations of the taxpayer must be reflected in determining specifically attributable taxes and income. However, for taxable years including November 3, 1976, specifically attributable taxes and income must be adjusted to reflect the effective date of section 999 (November 3, 1976). Complete Part III if your taxable year includes November 3, 1976.