

**SCHEDULE A
(Form 5713)**

(Rev. December 2004)
Department of the Treasury
Internal Revenue Service

**International
Boycott Factor (Section 999(c)(1))**

*Complete only if you are **not** computing a loss of tax benefits using the specifically attributable taxes and income method on Schedule B (Form 5713)*
▶ **Attach to Form 5713.** ▶ **See instructions on page 2.**

OMB No. 1545-0216

| | |
|------|--------------------|
| Name | Identifying number |
|------|--------------------|

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

Important: *If you are involved in more than one boycott, use a separate Schedule A for each boycott and attach to Form 5713.*

| 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 | | | |
| Total | | | |

- 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 2a, b, and c
- 3 **International boycott factor** (divide line 1 by line 2d). Enter here and on Schedule C (Form 5713) (see instructions) ▶



General Instructions

References are to the Internal Revenue Code.

Who Must File

Complete Schedule A (Form 5713) if:

- You participated in or cooperated with an international boycott and
- You are using the international boycott factor to figure the loss of tax benefits.

You must use the international boycott factor to figure the reduction to foreign trade income qualifying for the extraterritorial income exclusion. To figure the loss of all other applicable tax benefits, you may either use the international boycott factor or you may specifically attribute taxes and income by operation on Schedule B (Form 5713).

Boycott Operations

All your operations in a boycotting country are considered to be boycott operations, unless you rebut the presumption of participating in or cooperating with the boycott (as explained below). In addition, your operations that are not in a boycotting country are boycott operations if they are connected to your participation in or cooperation with the boycott.

Rebutting the presumption of boycott participation or cooperation.

One act of participation or cooperation creates the presumption that you participate in or cooperate with the boycott unless you rebut the presumption. The presumption applies to all your operations and those of each member of any controlled groups (defined in section 993(a)(3)) to which you belong, in each country that helps carry out the boycott.

You can rebut the presumption of participation in or cooperation with a boycott for a particular operation by demonstrating that the operation is separate from any participation in or cooperation with an international boycott. The presumption applies only to operations in countries that carry out the boycott. Therefore, you do not need to rebut the presumption for operations that are related to those countries if the operations take place outside of those countries.

International Boycott Factor

Your international boycott factor reflects boycott purchases, boycott sales, and boycott payroll.

Controlled groups. All members of a controlled group generally share one

international boycott factor, which reflects all their purchases, sales, and payroll. However, if you belong to two or more controlled groups, your international boycott factor will reflect the purchases, sales, and payroll of all the controlled groups to which you belong.

Partnerships and trusts. You are deemed to have a prorated share of the purchases, sales, and payroll of each partnership in which you are a partner and of each trust of which you are treated as the owner under section 671. As a result, your international boycott factor may also reflect purchases, sales, and payroll of partnerships or trusts.

Specific Instructions

Compute a **separate** boycott factor and a separate schedule for **each** international boycott you participated in or cooperated with. Include your own operations and, if applicable, the operations of partnerships, trusts, and members of your controlled group.

See the instructions for lines 8 through 13, on page 3 of the Instructions for Form 5713, to determine the years for which you should report purchases, sales, and payroll for partnerships, trusts, and controlled groups.

Columns (1) Through (4)

In completing columns (1) through (4), show all boycott purchases, boycott sales, and boycott payroll from one operation on one line.

Partnerships. Complete **only** lines **a** through **o**, the total of columns (2), (3), and (4), and line 2. Do not complete line 3. Give this information to all partners so they can compute their own international boycott factor.

Column (1). Enter the name of the country that requires participation in or cooperation with an international boycott as a condition of doing business in that country. The country named in column (1) is not necessarily the country in which the operation takes place. For example, if you have an operation in Country Z that is not a boycotting country and the operation relates to Country X that is a boycotting country, enter the name of Country X in column (1). The Secretary maintains a list, under section 999(a)(3), of countries that require participation in or cooperation with an international boycott. See page 2 of the Instructions for Form 5713 for the current list of boycotting countries.

Column (2). Enter all purchases that are made from boycotting countries that are attributable to the operation reported on each line.

Column (3). Enter the sales that are made to or from boycotting countries and that are attributable to the operation reported on each line.

Column (4). Enter the total payroll that was paid or accrued for services performed in boycotting countries and that are attributable to the operation reported on each line.

Lines 1 Through 3

Line 1. Add the totals of columns (2), (3), and (4). This amount is the numerator of your international boycott factor.

Do not include amounts attributable to operations for which you rebutted the presumption of participating in or cooperating with the boycott.

Line 2. The denominator of the international boycott factor reflects all your purchases, sales, and payroll in or related to all countries other than the United States. If applicable, the denominator also reflects these items for your controlled groups, partnerships, and trusts. Include the amounts that are attributable to operations for which you rebutted the presumption of participating in or cooperating with the boycott.

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

| IF you . . . | THEN enter the international boycott factor on . . . |
|---|--|
| Are required to reduce your foreign tax credit, | Line 2a(2). |
| Are denied a tax deferral on subpart F income, | Line 3a(4). |
| Are denied a tax deferral on IC-DISC income, | Line 4a(2). |
| Are denied an exemption of foreign trade income of a FSC, | Line 5a(2). |
| Are required to reduce foreign trade income qualifying for the extraterritorial income exclusion, | Line 6b. |

