

SCHEDULE B
(Form 5713)

(Rev. December 2010)
Department of the Treasury
Internal Revenue Service

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

Complete only if you are not computing a loss of tax benefits
using the international boycott factor on Schedule A (Form 5713).

OMB No. 1545-0216

Attach to Form 5713. See instructions on page 2.

Name Identifying number

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

Important: 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.

Specifically Attributable Taxes and Income by Operation (Use a separate line for each operation.)

Table with 7 columns: Name of country, Code, Description, Foreign taxes attributable to boycott operations, Prorated share of international boycott income, Taxable income attributable to boycott operations, Taxable income attributable to boycott operations. Rows a through n, plus Total.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Who Must File

Complete Schedule B (Form 5713) if:

- You participated in or cooperated with an international boycott and
- You figure the loss of tax benefits by specifically attributing taxes and income.

If you do not specifically attribute taxes and income for this purpose, you must compute the international boycott factor on Schedule A (Form 5713).

Do not use Schedule B (Form 5713) to figure the reduction to foreign trade income qualifying for the extraterritorial income exclusion. Instead, use Schedule A (Form 5713).

Certain shareholders. IC-DISC benefits, certain FSC benefits, the “deemed paid” foreign tax credit under section 902, and the deferral of subpart F income are lost at the shareholder level. Shareholders in an IC-DISC, certain FSCs, or a foreign corporation must report their prorated share of the tax benefits denied. The denial of these benefits is discussed in the specific instructions for columns (4) through (7).

Boycott Operations

All of your operations in a boycotting country are considered to be boycott operations, unless you rebut the presumption of participation in or cooperation 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 of 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.

Specific Instructions

File Schedule B (Form 5713) for the period covered by your income tax return. Report only your own taxes and income; do not include the taxes and income of other members of any controlled groups to which you belong.

Columns (1) through (7)

In completing columns (1) through (7), show all specifically identifiable taxes and income in each appropriate column from one operation on one line.

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 where you have operations. For example, if you have operations 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). See the Instructions for Form 5713 for a list of boycotting countries.

Column (2). Enter the principal business activity code of the boycott operation from the list in the Instructions for Form 5713.

Column (3). Briefly describe the principal business activity of the boycott operation. For IC-DISCs, enter the major product code and description in parentheses. See the Instructions for Schedule N of Form 1120-IC-DISC for a list of the codes.

Column (4). Enter the foreign taxes paid, accrued, or deemed paid that are attributable to the boycott operation. These taxes are not eligible for the foreign tax credit. Omit foreign taxes otherwise disallowed under sections 901 through 907, 911, and 6038. For more information, see Part N of the Treasury Department’s International Boycott Guidelines.

Enter the column (4) total on line 2b, Schedule C (Form 5713).

Column (5). Enter your prorated share of the controlled foreign corporation’s income that is attributable to the boycott operation. (This includes your share of the non-exempt income of a FSC. See section 923(a)(2), as in effect before its repeal.) This amount is not eligible for tax deferral. Omit the foreign corporation’s income attributable to earnings and profits that are included in gross income under section 951 (except by reason of section 952(a)(3)). Also omit amounts excluded from subpart F income by section 952(b). In figuring the amount to enter in column (5), you are allowed a reasonable amount for deductions (including foreign taxes) allocable to that income.

Enter the column (5) total on line 3b, Schedule C (Form 5713).

Column (6). An IC-DISC’s taxable income attributable to boycott participation or cooperation is not eligible for deferral.

If you are a shareholder in an IC-DISC, follow these steps for each boycott operation and enter the result in column (6).

1. Determine the portion of the amount on Form 1120-IC-DISC, Schedule J, Part I, line 7, that is attributable to the boycott operation.

2. Subtract that amount from the IC-DISC’s taxable income attributable to the boycott operation for the tax year, before reduction for any distributions.

3. If you are a C corporation, determine your pro rata share of the remainder and multiply that amount by 16/17. If you are not a C corporation, determine your pro rata share of the remainder.

4. Enter the result in column (6).

Enter the column (6) total on line 4b, Schedule C (Form 5713).

Column (7). A FSC’s taxable income attributable to boycott participation or cooperation is not eligible for exemption from income tax. Enter in column (7) the taxable income attributable to foreign trade income of a FSC for each boycott operation that would have been exempt had there not been boycott participation or cooperation.

Enter the column (7) total on line 5b, Schedule C (Form 5713).