

Treasury Publishes List of Boycotting Countries (2018)

May 17, 2018

The U.S. Department of the Treasury (Treasury) administers an antiboycott law and associated guidelines in response to the Arab League's boycott of Israel. As part of its administration of this legal regime, Treasury periodically publishes an official boycott list to alert the public to those countries that require or may require participation in, or cooperation with, an international boycott. On May 16, 2018, Treasury published its current list of boycotting countries, which are as follows:

- Iraq
- Kuwait
- Lebanon
- Libya
- Qatar
- Saudi Arabia
- Syria
- United Arab Emirates
- Yemen

Notably, each of these countries has been previously designated as a boycotting country. Indeed, the most recent major change to this list occurred in August 2012 when Treasury officially added Iraq to the list of boycotting countries.^[1]

Treasury's rules apply to U.S. taxpayers, including members of a controlled group, regardless of whether a transaction involves any U.S. goods or services. The agency's requirements do not prohibit conduct, but rather impose reporting requirements on U.S. taxpayers

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and their related companies. Treasury's rules also deny certain tax benefits as a penalty for participating in or cooperating with an international boycott that is not sanctioned by the United States. U.S. taxpayers and their related companies are required to report operations in or related to boycotting countries, the receipt of boycott requests, and boycott agreements on IRS Form 5713, which is filed with the taxpayer's federal income tax return.

U.S. antiboycott laws and regulations 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. As a result, it is important to screen transactions for antiboycott issues and to carefully review and analyze such issues to determine whether regulatory requirements apply. When in doubt as to the applicability or implications of these requirements, we recommend consulting counsel. Please contact one of the attorneys listed on this alert if you have any questions or concerns.

[1] The U.S. Department of Commerce (Commerce) maintains separate antiboycott regulations that include both prohibitions and reporting requirements, but the agency does not publish an official boycotting country list. Additional information about Commerce's antiboycott regulations can be found at: <https://www.bis.doc.gov/index.php/enforcement/oac>.