

SUBTITLE A. INCOME TAXES
CHAPTER 1. NORMAL TAXES AND SURTAXES
SUBCHAPTER N. TAX BASED ON INCOME FROM SOURCES WITHIN OR WITHOUT THE
UNITED STATES
PART V. INTERNATIONAL BOYCOTT DETERMINATIONS

IRC Sec. 999

Sec. 999. Reports by taxpayers; determinations.

(a) International boycott reports by taxpayers.

(1) Report required. If any person, or a member of a controlled group (within the meaning of section 993(a)(3) [[26 USCS § 993\(a\)\(3\)](#)]) which includes that person, has operations in, or related to--

(A) a country (or with the government, a company, or a national of a country) which is on the list maintained by the Secretary under paragraph (3), or

(B) any other country (or with the government, a company, or a national of that country) in which such person or such member had operations during the taxable year if such person (or, if such person is a foreign corporation, any United States shareholder of that corporation) knows or has reason to know that participation in or cooperation with an international boycott is required as a condition of doing business within such country or with such government, company, or national,

that person or shareholder (within the meaning of section 951(b) [[26 USCS § 951\(b\)](#)]) shall report such operations to the Secretary at such time and in such manner as the Secretary prescribes, except that in the case of a foreign corporation such report shall be required only of a United States shareholder (within the meaning of such section) of such corporation.

(2) Participation and cooperation; request therefor. A taxpayer shall report whether he, a foreign corporation of which he is a United States shareholder, or any member of a controlled group which includes the taxpayer or such foreign corporation has participated in or cooperated with an international boycott at any time during the taxable year, or has been requested to participate in or cooperate with such a boycott, and, if so, the nature of any operation in connection with which there was participation in or cooperation with such boycott (or there was a request to participate or cooperate).

(3) List to be maintained. The Secretary shall maintain and publish not less frequently than quarterly a current list of countries which require or may require participation in or cooperation with an international boycott (within the meaning of subsection (b)(3)).

(b) Participation in or cooperation with an international boycott.

(1) General rule. If the person or a member of a controlled group (within the meaning of section 993(a)(3) [[26 USCS § 993\(a\)\(3\)](#)]) which includes the person participates in or cooperates with an international boycott in the taxable year, all operations of the taxpayer or such group in that country and in any other country which requires participation in or cooperation with the boycott as a condition of doing business within that country, or with the government, a company, or a national of that country, shall be treated as operations in connection with which such participation or cooperation occurred, except to the extent

that the person can clearly demonstrate that a particular operation is a clearly separate and identifiable operation in connection with which there was no participation in or cooperation with an international boycott.

(2) Special rule.

(A) Nonboycott operations. A clearly separate and identifiable operation of a person, or of a member of the controlled group (within the meaning of section 993(a)(3) [[26 USCS § 993\(a\)\(3\)](#)]) which includes that person, in or related to any country within the group of countries referred to in paragraph (1) shall not be treated as an operation in or related to a group of countries associated in carrying out an international boycott if the person can clearly demonstrate that he, or that such member, did not participate in or cooperate with the international boycott in connection with that operation.

(B) Separate and identifiable operations. A taxpayer may show that different operations within the same country, or operations in different countries, are clearly separate and identifiable operations.

(3) Definition of boycott participation and cooperation. For purposes of this section, a person participates in or cooperates with an international boycott if he agrees--

(A) as a condition of doing business directly or indirectly within a country or with the government, a company, or a national of a country--

(i) to refrain from doing business with or in a country which is the object of the boycott or with the government, companies, or nationals of that country;

(ii) to refrain from doing business with any United States person engaged in trade in a country which is the object of the boycott or with the government, companies, or nationals of that country;

(iii) to refrain from doing business with any company whose ownership or management is made up, all or in part, of individuals of a particular nationality, race, or religion, or to remove (or refrain from selecting) corporate directors who are individuals of a particular nationality, race, or religion; or

(iv) to refrain from employing individuals of a particular nationality, race, or religion; or

(B) as a condition of the sale of a product to the government, a company, or a national of a country, to refrain from shipping or insuring that product on a carrier owned, leased, or operated by a person who does not participate in or cooperate with an international boycott (within the meaning of subparagraph (A)).

(4) Compliance with certain laws. This section shall not apply to any agreement by a person (or such member)--

(A) to meet requirements imposed by a foreign country with respect to an international boycott if United States law or regulations, or an Executive Order, sanctions participation in, or cooperation with, that international boycott,

(B) to comply with a prohibition on the importation of goods produced in whole or in part in any country which is the object of an international boycott, or

(C) to comply with a prohibition imposed by a country on the exportation of products obtained in such country to any country which is the object of an international boycott.