

International Boycott Reports, 1999 and 2000

by Kathryn A. Green

Federal law prohibits U.S. “persons” from participating in economic boycotts or embargoes of other nations. During the 1970’s, the United States adopted two laws to discourage U.S. persons from participating in foreign boycotts that the United States does not sanction. These “antiboycott” laws are the 1977 amendments to the Export Administration Act of 1969 and the Ribicoff Amendment to the Tax Reform Act of 1976.

Antiboycott Laws

The Export Administration Act of 1969 (EAA) imposes criminal and civil penalties for participation in an unsanctioned boycott and is enforced by the Department of Commerce. The Ribicoff Amendment to the Tax Reform Act of 1976 (TRA76) denies tax benefits for certain types of boycott-related agreements [1]. Congress imposed these laws to prevent U.S. persons from being used to implement foreign policies of other nations that run counter to U.S. policy. In addition to penalties, these laws include reporting obligations under which the U.S. person must report any request to participate in a prohibited boycott or to provide prohibited information about its business relations. Prohibited information includes, for example, information about a business relationship with or in a boycotted country that will give a commercial disadvantage to a company in a boycotting country.

U.S. persons are required to report quarterly to the Department of Commerce any requests they have received to take certain actions to comply with, further, or support an unsanctioned foreign boycott. Furthermore, under Internal Revenue Code section 999(a), all taxpayers who have operations in, or related to, boycotting countries are required to file Form 5713, *International Boycott Report*. Additionally, taxpayers are required to file Form 5713 if they are any of the following:

- A member of a “controlled group” of corporations that has operations in, or related to, a boycotting country.

- A U.S. shareholder of a foreign corporation that has operations in, or related to, a boycotting country.
- A partner in a partnership that has operations in, or related to, a boycotting country.
- Treated as the owner of a trust that has operations in, or related to, a boycotting country.

All filers must report such operations on Form 5713. Any international boycott requests received in the tax year, agreements to such requests, and resultant tax consequences are also reported on Form 5713. Operations include all forms of business or commercial activities and transactions, regardless of whether they generate income. Form 5713 is filed with the taxpayer’s Federal income tax return.

During Calendar Years 1999 and 2000, there were 1,274 and 1,229 Forms 5713 filed, respectively. In both years, corporations filed over 90 percent of the total. Nearly 7 percent were filed by partnerships in both years. Trusts, estates, or individuals filed the remainder.

Primary Impact

The Arab League boycott of Israel is the most significant foreign economic boycott that affects U.S. taxpayers. In 1954, the Council of the League of Arab States approved a resolution calling for this boycott. Since that time, members of the League have implemented a boycott of varying effectiveness. Under TRA76, Congress enacted Internal Revenue Code section 999 in response to many countries in the Middle East attempting to require U.S. taxpayers to participate in or cooperate with that boycott. The U.S. Department of Treasury publishes a quarterly list of countries that commonly require participation or cooperation with the boycott of Israel. During 1999 and 2000, the list of countries included Bahrain, Iraq, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, the United Arab Emirates, and Yemen.

Requests to participate in the boycott of Israel may be issued by countries other than those listed by the Treasury Department. In fact, requests were made from over 40 non-listed countries during 1999 and 2000. The majority of these requests were from Jordan, Egypt, Pakistan, and Iran. While the antiboycott provisions were written in response to the Arab

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boycott of Israel, the laws apply to all boycotts imposed by foreign countries that are unsanctioned by the United States.

Limitations of Code Section 999

Not all unsanctioned boycotts are subject to tax penalties under Internal Revenue Code section 999. The principle of national sovereignty permits any country the right to define its trading partners. Therefore, restrictions on the import or export of goods from a specific country--a primary boycott--are not addressed. Code section 999 only penalizes secondary and tertiary boycotts. A secondary boycott requires the cessation of business with another country as a condition of doing business. Corporations that contribute significantly to the economic or military development of a country that is the object of a boycott may be "blacklisted" by the countries invoking the boycott. A tertiary boycott requires the cessation of business with a blacklisted corporation, or requires the cessation of business with a company whose employees are of a particular nationality, religion, or race, or to remove directors of a particular nationality, religion, or race.

Section 999(b)(3) classifies the secondary and tertiary boycotts into five types as follows:

- 1) If the person agrees, as a condition of doing business directly or indirectly within a country or with the government, a company, or a national of the country:
 - a. 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 (Type 1 request, as shown in Table 1); or
 - b. to refrain from doing business with any U.S. person engaged in trade in a country, which is the object of the boycott or with the government, companies, or nationals of that country (Type 2); or
 - c. 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. Additionally, the U.S. person may agree to remove or refrain from selecting corporate directors who are individuals of a particular nationality, race, or religion (Type 3); or

- d. to refrain from employing individuals of a particular nationality, race, or religion (Type 4); or

- 2) If the person agrees, 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 products on a carrier owned, leased, or operated by a person who does not participate in or cooperate with an international boycott (Type 5).

Table 1 presents the number of persons receiving requests, the number of requests, and the number of agreements, by type, for each of the listed countries.

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U.S. taxpayers who participate in secondary or tertiary international boycotts may be subject to penalties that reduce the foreign tax credit, the benefits of Foreign Sales Corporations (FSC's), and the tax-deferral available to U.S. shareholders of Controlled Foreign Corporations or of an Interest-Charge Domestic Sales Corporation (IC-DISC) [2]. It may be that a taxpayer complying with a boycott request will not have any of these benefits to lose. However, a single taxpayer may lose multiple benefits. Also, the Department of Commerce may prescribe penalties and fines for violations of the antiboycott regulations, as well as for export control violations.

In 1999, over 1,270 persons filed boycott reports. However, only 159 persons, approximately 13 percent, reported receiving requests to participate in or cooperate with an international boycott. Only 20 percent of these 159 persons complied with the request. About one-fourth of the 159 persons who complied lost tax benefits. All other boycott reports (1,111) were filed simply to indicate that the person had operations in a boycotting country and to fulfill the filing requirements. In 2000, of the 1,229 persons who filed boycott reports, less than 10 percent (112 persons) reported receiving requests to participate in an international boycott. Nearly one-fourth of these persons complied with the request. Only 7 persons lost tax benefits.

A U.S. person may receive multiple requests to participate in the same type of boycott from a single country. In 1999, the 159 persons who complied with the request to participate in or cooperate in a boycott received 3,893 requests. The majority of the re-

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quests, over 37 percent, were petitions to refrain from doing business with a country that was the object of a boycott (Type 1). The second most common request, 35 percent of the total, was an appeal to refrain from shipping or insuring products of a black-listed company (Type 5).

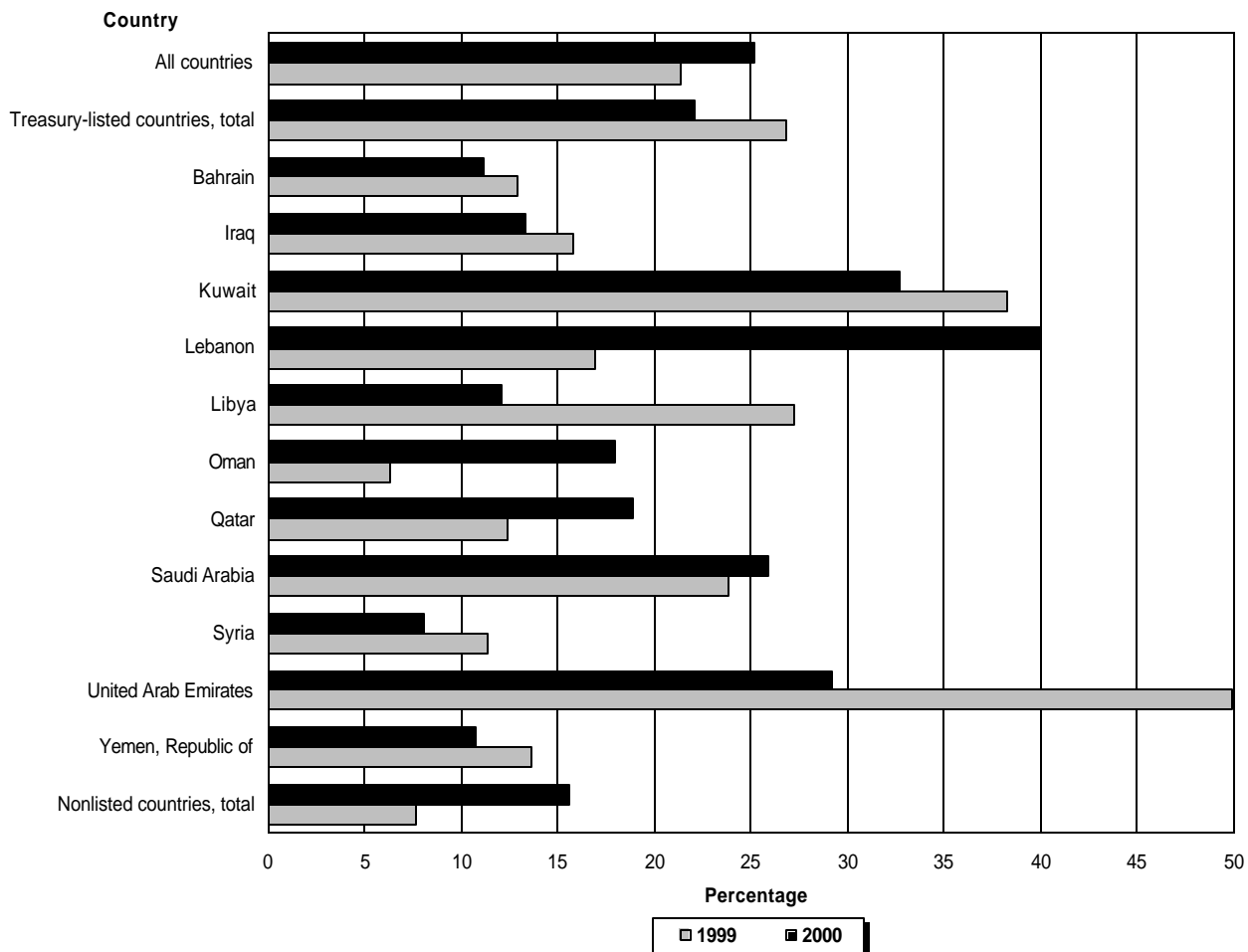
Treasury-listed boycotting countries issued nearly 92 percent of the 3,893 requests. Over half of the boycott requests originated in three countries. The United Arab Emirates, Oman, and Saudi Arabia accounted for 52 percent of the total number of requests. U.S. taxpayers complied with nearly half of the requests that originated in the United Arab

Emirates, 513 of the 1,029 requests. Overall, U.S. taxpayers agreed to comply with only one-fourth of the 3,893 requests received in 1999. Figure A shows boycott agreements as a percentage of requests received, by country, in Filing Years 1999 and 2000.

The total number of requests decreased 10 percent from 1999 to 2000. Nearly half (1,648) of the 3,497 requests in 2000 were appeals to refrain from shipping or insuring products of a blacklisted company (Type 5). Over 25 percent of the requests were appeals to refrain from doing business with a country that was the object of a boycott (Type 1). The majority of the requests received were from

Figure A

International Boycott Agreements as a Percentage of Requests Received, by Country, Filing Years 1999 and 2000



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Treasury-listed boycotting countries, over 90 percent. The United Arab Emirates and Saudi Arabia issued nearly one-third of the total requests in 2000. U.S. taxpayers agreed to comply with over 21 percent of total number of boycott requests. Lebanon and Kuwait show the highest ratios of boycott agreements to boycott participation requests in 2000, about 40 percent and 32 percent, respectively.

Tax Penalties

As already indicated, U.S. persons agreeing to participate in or cooperate with an international boycott may be denied certain tax benefits. Filers must compute the lost tax benefits by using the “international boycott factor method” or by specifically attributing taxes and income by operation in the countries with which the agreement was made.

Under the international boycott factor method, the lost tax benefit is computed by using a ratio of purchases, sales, and payroll in boycotting countries, to total purchases, sales, and payroll in all other countries (except the United States). Under the international boycott factor method, the benefits of the foreign tax credit are denied by reducing the otherwise allowable credit. Under the “specifically attributable method,” the benefits of the foreign tax credit are denied by reducing the amount of taxes eligible for the credit.

For both methods, the benefits of tax deferral of the income of foreign subsidiaries are denied by requiring a “deemed distribution” of earnings to the shareholders of the Controlled Foreign Corporation, which in effect converts certain undistributed income, otherwise nontaxable, into taxable “Subpart F income” (see the Explanation of Selected Terms below). Unlike the reduction in foreign tax credit, this consequence does not directly affect the U.S. tax liability. Rather, it increases taxable income and consequently may increase the U.S. tax liability. Similarly, for IC-DISC’s, boycott income becomes taxable to its shareholders and, therefore, the benefits of tax deferral are denied.

The benefits of exemption from tax under the FSC provisions are reduced under both methods if there is boycott participation or cooperation. Under the international boycott factor method, the FSC regulations provide that the tax-exempt foreign trade income be reduced by the same proportion as the boycott factor. Under the specifically attributable

method, the FSC computes its exempt foreign trade income; to the extent that any portion is attributable to operations in which there was participation in a boycott, it becomes non-exempt foreign trade income, taxable for the tax year.

The more common method of computing lost benefits is the specifically attributable tax and income method. In order to use this method, the filer must demonstrate that the foreign taxes paid and income earned for the taxable year are attributable to specific operations in which there was participation in, or cooperation with, an international boycott. The election to use the international boycott factor or the specifically attributable income and taxes method is an annual election. Regardless of the method used, the filer reports the foreign tax credit disallowed, the additional income taxable under Code Subpart F, and the amount of “deemed distribution” for the taxable year (see the Explanation of Selected Terms). Table 2 presents the lost tax benefits by the method of computation for filings in 1991 through 2000.

Historical Perspective

In the 10-year period ending with filings in 2000, there was a significant decrease in boycott participation and consequently the amount of lost tax benefits. Figure B and Table 2 present historical data from 1991 through 2000. Over this time period, the number of persons receiving requests to participate in boycotts decreased by more than half, from 254 in 1991, to 112 in 2000. In addition, the number of boycott requests decreased from 15,755, to 3,497, nearly 80 percent, in the same time frame. The number of agreements to participate in, or cooperate with, an international boycott decreased over 63 percent, from 2,045 in 1991 to 750 in 2000.

In 1991, there were 27 persons who reported a reduction in tax benefits due to the international boycott provisions. In 2000, only 7 persons reported a reduction in tax benefits, a decrease of nearly 75 percent. The foreign tax credit reported in 1991 was reduced by \$3,325,912. This was over 160 times larger than the reduction reported in 2000. In 1999 and 2000, the foreign tax credit benefits were reduced \$30,142 and \$20,478, respectively. The overall impact of these reductions on the total corporate foreign tax credit claimed in the United States was insignificant though, a small fraction of a percent in both years [3].

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Figure B

International Boycott Reports Filed in 1991 through 2000

Calendar year	Number of U.S. persons receiving requests	Number of boycott requests received	Number of boycott agreements	Boycott agreements as a percentage of requests received	Number of U.S. persons reporting a reduction in tax benefits
	(1)	(2)	(3)	(4)	(5)
1991.....	254	15,755	2,045	13.0	27
1992.....	278	11,179	2,890	25.9	27
1993.....	254	9,988	2,292	22.9	21
1994.....	194	7,199	1,764	24.5	21
1995.....	207	9,144	3,029	33.1	21
1996.....	189	5,068	1,975	39.0	20
1997.....	193	6,055	1,438	23.7	18
1998.....	187	4,718	2,312	49.0	11
1999.....	159	3,893	982	25.2	8
2000.....	112	3,497	750	21.4	7

Subpart F income increased \$780,440 and \$1,561,048 in 1999 and 2000, respectively. In 1991, the increase to Subpart F income was \$10,576,585. After 1998, no filer reported a denial of FSC benefits. The tax effects of participating in, or cooperating with, an international boycott considerably diminished in this 10-year period.

Explanation of Selected Terms

Controlled Foreign Corporation (CFC).--As defined in Internal Revenue Code section 957(a), any foreign corporation in which the U.S. shareholders own directly, indirectly, or constructively, more than 50 percent of either the total combined voting power or total value of all stock on any day of the taxable year of the corporation.

Controlled group.--Either a "parent-subsidiary" or a "brother-sister" group (where voting power of stock ownership is vested in individual stockholders who have a common interest in several companies, yet there is no common parent company and companies are not an affiliated group) of corporations controlled by at least 50 percent ownership of either combined voting power or total value of all stock (defined in Code section 993(a)(3)).

Export Administration Act (EAA).--The Export Administration Act, enacted in 1969, was amended in 1977 to include the antiboycott laws. The Act expired in 1990, but was continued by Executive Order 12730 of the International Emergency Economic Powers Act of 1977. The Act declared that it is the

policy of the United States to oppose restrictive trade practices or boycotts by foreign countries against countries friendly to the United States. The U.S. Department of Commerce, Bureau of Export Administration, Office of Antiboycott Compliance enforces the regulations. The principal focus of the regulatory activities of the Office of Antiboycott Compliance relate to the Arab boycott of Israel.

Foreign Sales Corporation (FSC).--A company incorporated abroad, created to promote U.S. exports, and usually controlled by a U.S. "person" (defined below). A portion of the FSC "foreign trade income" is exempt from U.S. taxation. In July 1999, the World Trade Organization deemed that the FSC provisions constituted an illegal export subsidy. Congress repealed the FSC provisions as a result, and introduced the Extraterritorial Income Exclusion Act of 2000 in November. Under this legislation, U.S. corporations continued to operate FSC's until December 2001.

Foreign Tax Credit.--U.S. taxpayers are taxed on their worldwide incomes. Under the foreign tax credit provisions, taxpayers may elect to offset their U.S. income tax liabilities by taxes levied on the same income by a foreign government, subject to limitations.

Interest Charge Domestic International Sales Corporation (IC-DISC).--Certain small domestic corporations formed to export U.S. products. An IC-DISC can defer the tax on a portion of its income, but must ultimately pay the deferred tax plus interest. Under the DISC provisions, a U.S. manufacturer

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could set up a DISC (incorporated in the United States), the income of which was not taxed at the DISC level. Instead, the corporate shareholder was taxed directly on a portion of the DISC income deemed distributed to U.S. shareholders. The portion of the income not deemed distributed is not subject to any U.S. taxation until it is actually distributed. The foreign trading partners of the United States that are party to the General Agreement on Tariffs and Trade (GATT) maintained the DISC provisions constituted an illegal export trade subsidy because they allowed indefinite deferral of direct taxes on income from exports earned in the United States. Essentially, this pre-1985 system of tax deferral for export income had been replaced by the exemption system of Foreign Sales Corporations (FSC's). To elect IC-DISC status, at least 95 percent of the gross receipts of the corporation must be "qualified export receipts," and at least 95 percent of its assets must be "qualified export assets."

Subpart F income.--The Internal Revenue Code stipulates specific cases in which "earnings and profits" are deemed to have been paid by a Controlled Foreign Corporation to a U.S. shareholder. These "deemed distributions" are taxable, even though the income may not have been repatriated to the United States in the form of an actual dividend. Internal Revenue Code Subpart F--Controlled Foreign Corporations, sections 951-964, provides that U.S. shareholders must include in their gross income:

- certain insurance income,
- "foreign base company" income,
- international boycott participation income,
- illegal bribes and other payments made to government officials that are unlawful under the Foreign Corrupt Practices Act of 1977, and
- income derived from a country which is not recognized by the United States, with which the United States does not conduct, or has severed, diplomatic relations, or which repeatedly provides support for acts of international terrorism.

Data Sources and Limitations

Statistics for the 1999 and the 2000 studies of international boycott reports were based on 100-percent

samples. Once every 4 years, these data are also used in the mandated Treasury Department report to the U.S. Congress, *The Operation and Effect of the International Boycott Provisions of the Internal Revenue Code* [4]. All data are from Forms 5713, *International Boycott Report*, attached to U.S. income tax returns. The population, rather than a statistical sample, of Forms 5713 filed by all types of filers in Calendar Years 1999 and 2000 was used.

Because the statistics are based on reports filed during a calendar year, the data, in general, reflect business operations that occurred in the prior year. For example, taxpayers may file Forms 5713 in Calendar Year 1999 to report boycott requests that were received, for the most part, in 1998.

Notes and References

- [1] For more information on the Export Administration Act, contact the U.S. Department of Commerce, Bureau of Industry and Security/Office of Antiboycott Compliance. For provisions of the Tax Reform Act of 1976, see Internal Revenue Code section 999.
- [2] For more information on foreign tax credits, see Heilbronner, Andrea and Singmaster, Rob, "Corporate Foreign Tax Credit, 1998," *Statistics of Income Bulletin*, Fall 2002, Volume 22, Number 2. For more information on Foreign Sales Corporations, see Belmonte, Cynthia, "Foreign Sales Corporation, 1996," *Statistics of Income Bulletin*, Spring 2000, Volume 19, Number 4. For more information on IC-DISC's, see Belmonte, Cynthia, "Interest-Charge Domestic International Sales Corporations, 1996," *Statistics of Income Bulletin*, Fall 2000, Volume 20, Number 2.
- [3] Based on unpublished data.
- [4] For example, see U.S. Department of the Treasury, *The Operation and Effect of the International Boycott Provisions of the Internal Revenue Code*, Seventh Report, August 1997.

SOURCE: IRS, *Statistics of Income Bulletin*, Winter 2002-2003, Publication 1136 (Rev. 4-2003).

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Table 1.--International Boycott Reports Filed in 1999 and 2000: Number of Persons Receiving Requests, Number of Requests Received, and Number of Agreements, by Boycotting Country and Type of Request

Country	Type of boycott request ¹	Number of U.S. persons receiving requests in ²		Number of boycott requests received in	
		1999	2000	1999	2000
	(1)	(2)	(3)	(4)	(5)
All countries.....	Total	159	112	3,893	3,497
	Type 1	79	63	1,451	905
	Type 2	15	13	352	305
	Type 3	15	14	356	338
	Type 4	13	13	370	301
	Type 5	105	77	1,364	1,648
Treasury-listed countries.....	Total	145	106	3,567	3,151
	Type 1	71	59	1,317	788
	Type 2	15	13	324	267
	Type 3	14	14	321	295
	Type 4	12	12	335	259
	Type 5	96	77	1,270	1,542
Bahrain.....	Total	34	31	309	367
	Type 1	16	15	73	68
	Type 2	4	5	35	56
	Type 3	**	5	33	53
	Type 4	**	5	38	53
	Type 5	21	22	130	137
Iraq.....	Total	9	12	19	15
	Type 1	4	7	**	8
	Type 2	**	**	**	**
	Type 3	--	**	--	**
	Type 4	**	--	**	--
	Type 5	5	5	9	**
Kuwait.....	Total	64	43	240	315
	Type 1	21	15	74	44
	Type 2	5	3	6	**
	Type 3	**	5	3	5
	Type 4	3	4	4	**
	Type 5	48	34	153	259
Lebanon.....	Total	44	32	148	177
	Type 1	13	8	**	57
	Type 2	5	**	11	**
	Type 3	4	**	10	**
	Type 4	3	**	**	**
	Type 5	36	27	92	115
Libya.....	Total	20	18	302	116
	Type 1	11	11	70	53
	Type 2	4	4	53	**
	Type 3	6	5	55	8
	Type 4	5	5	54	8
	Type 5	14	16	70	**
Oman.....	Total	35	27	570	178
	Type 1	20	14	175	45
	Type 2	5	5	79	16
	Type 3	4	6	78	21
	Type 4	6	4	86	15
	Type 5	25	19	152	81

Footnotes at end of table.

International Boycott Reports, 1999 and 2000

Table 1.--International Boycott Reports Filed in 1999 and 2000: Number of Persons Receiving Requests, Number of Requests Received, and Number of Agreements, by Boycotting Country and Type of Request --Continued

Country	Type of boycott request ¹	Number of boycott agreements in		Boycott agreements as a percentage of requests received in	
		1999	2000	1999	2000
	(6)	(7)	(8)	(9)	(10)
All countries.....	Total	982	750	25	21
	Type 1	597	285	41	32
	Type 2	33	--	9	--
	Type 3	26	**	7	**
	Type 4	24	**	7	**
	Type 5	302	460	22	28
Treasury-listed countries.....	Total	957	696	27	22
	Type 1	582	232	44	29
	Type 2	33	--	10	--
	Type 3	26	**	8	**
	Type 4	24	**	7	**
	Type 5	292	459	23	30
Bahrain.....	Total	40	41	13	11
	Type 1	**	**	**	**
	Type 2	**	--	**	--
	Type 3	**	**	**	**
	Type 4	--	**	--	**
	Type 5	34	35	26	26
Iraq.....	Total	3	**	16	**
	Type 1	--	--	--	--
	Type 2	--	--	--	--
	Type 3	--	--	--	--
	Type 4	--	--	--	--
	Type 5	3	**	33	**
Kuwait.....	Total	92	103	38	33
	Type 1	50	23	68	52
	Type 2	**	--	**	--
	Type 3	--	--	--	--
	Type 4	--	--	--	--
	Type 5	**	80	**	31
Lebanon.....	Total	25	71	17	40
	Type 1	**	43	**	75
	Type 2	**	--	**	--
	Type 3	--	--	--	--
	Type 4	--	--	--	--
	Type 5	17	28	19	24
Libya.....	Total	82	14	27	12
	Type 1	17	**	24	**
	Type 2	14	--	26	--
	Type 3	15	**	27	**
	Type 4	14	**	26	**
	Type 5	22	**	31	**
Oman.....	Total	36	32	6	18
	Type 1	**	8	**	18
	Type 2	**	--	**	--
	Type 3	--	--	--	--
	Type 4	--	--	--	--
	Type 5	24	24	16	30

Footnotes at end of table.

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Table 1.--International Boycott Reports Filed in 1999 and 2000: Number of Persons Receiving Requests, Number of Requests Received, and Number of Agreements, by Boycotting Country and Type of Request --Continued

Country	Type of boycott request ¹	Number of U.S. persons receiving requests in ²		Number of boycott requests received in	
		1999	2000	1999	2000
	(1)	(2)	(3)	(4)	(5)
Qatar.....	Total	29	26	226	407
	Type 1	15	18	58	63
	Type 2	6	8	25	43
	Type 3	6	9	26	51
	Type 4	7	9	27	44
	Type 5	21	22	90	206
Saudi Arabia.....	Total	57	38	436	429
	Type 1	19	17	169	163
	Type 2	5	6	42	52
	Type 3	5	8	42	54
	Type 4	4	6	41	53
	Type 5	43	27	142	107
Syria.....	Total	45	42	229	337
	Type 1	28	24	67	81
	Type 2	5	5	13	28
	Type 3	4	5	12	28
	Type 4	4	5	13	20
	Type 5	22	25	124	180
United Arab Emirates.....	Total	90	66	1,029	708
	Type 1	41	37	569	189
	Type 2	9	11	55	51
	Type 3	10	11	59	63
	Type 4	8	9	59	49
	Type 5	62	48	287	356
Yemen, Republic of.....	Total	19	18	59	102
	Type 1	8	8	28	17
	Type 2	3	4	**	9
	Type 3	**	4	3	9
	Type 4	**	5	**	11
	Type 5	14	15	21	56
Nonlisted countries.....	Total	43	25	326	346
	Type 1	23	13	134	117
	Type 2	**	3	28	38
	Type 3	3	4	35	43
	Type 4	3	5	35	42
	Type 5	26	16	94	106

Footnotes at end of table.

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Country	Type of boycott request ¹	Number of boycott agreements in		Boycott agreements as a percentage of requests received in	
		1999	2000	1999	2000
	(6)	(7)	(8)	(9)	(10)
Qatar	Total	28	77	12	19
	Type 1	**	**	**	**
	Type 2	**	--	**	--
	Type 3	--	--	--	--
	Type 4	--	--	--	--
	Type 5	24	**	27	**
Saudi Arabia	Total	104	111	24	26
	Type 1	70	73	41	45
	Type 2	**	--	**	--
	Type 3	--	--	--	--
	Type 4	--	--	--	--
	Type 5	**	38	**	36
Syria	Total	26	27	11	8
	Type 1	8	6	12	7
	Type 2	**	--	**	--
	Type 3	**	--	**	--
	Type 4	3	--	23	--
	Type 5	8	21	7	12
United Arab Emirates	Total	513	207	50	29
	Type 1	410	**	72	**
	Type 2	8	--	15	--
	Type 3	7	**	12	**
	Type 4	7	--	12	--
	Type 5	81	138	28	39
Yemen, Republic of	Total	8	11	14	11
	Type 1	**	**	**	**
	Type 2	**	--	**	--
	Type 3	--	--	--	--
	Type 4	--	--	--	--
	Type 5	5	**	24	**
Nonlisted countries	Total	25	54	8	16
	Type 1	15	**	11	**
	Type 2	--	--	--	--
	Type 3	--	--	--	--
	Type 4	--	--	--	--
	Type 5	10	**	11	**

** Data deleted to avoid disclosure of information about specific taxpayers.

¹ The five types of international boycott requests are:

Type 1 - If the person agrees, as a condition of doing business directly or indirectly within a country or with the government, a company, or a national of that country 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.

Type 2 - If the person agrees, as a condition of doing business directly or indirectly within a country or with the government, a company, or a national of that country to refrain from doing business with any U.S. person engaged in trade in a country, which is the object of the boycott, or with the government, companies, or nationals of that country.

Type 3 - If the person agrees, as a condition of doing business directly or indirectly within a country or with the government, a company, or a national of that country 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. Additionally, the selecting corporate directors who are individuals of a particular nationality, race, or religion are included in this type of boycott request.

Type 4 - If the person agrees, as a condition of doing business directly or indirectly within a country or with the government, a company, or a national of that country to refrain from employing individuals of a particular nationality, race, or religion.

Type 5 - If the person agrees, 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 products on a carrier owned, leased, or operated by a person who does not participate in or cooperate with an international boycott.

² Data in these columns may not add to the totals because persons could have received requests of more than one type and/or from more than one country.

International Boycott Reports, 1999 and 2000

Table 2.--International Boycott Reports Filed in 1991-2000: Lost Tax Benefits Due to Boycott Participation, by Type and Method of Computation

[Money amounts are in whole dollars]

Method	Calendar year	Reduction of foreign tax credit	Increase of Subpart F income	Denial of	
				Foreign Sales Corporation benefits	IC-DISC benefits ¹
	(1)	(2)	(3)	(4)	(5)
All methods.....	1991	3,325,912	10,576,585	20,443	--
	1992	3,876,303	8,572,193	374,475	--
	1993	1,631,556	7,455,541	369,579	--
	1994	476,965	6,414,923	146,650	--
	1995	280,635	6,130,890	696,255	--
	1996	115,645	2,617,031	10,041	--
	1997	23,369	1,712,112	293,082	--
	1998	--	691,839	436,833	--
	1999	30,142	780,440	--	--
	2000	20,478	1,561,048	--	--
Boycott factor method.....	1991	1,375,096	7,142,965	5,376	--
	1992	743,625	3,654,846	--	--
	1993	766,202	4,873,847	4,833	--
	1994	19,918	80,537	4,074	--
	1995	7,202	--	3,233	--
	1996	25,640	228,894	--	--
	1997	23,253	224,530	--	--
	1998	--	-15,809	4,443	--
	1999	--	-4,402	--	--
	2000	--	5,961	--	--
Specifically attributable taxes and income method.....	1991	1,950,816	3,433,620	15,067	--
	1992	3,132,678	4,917,347	374,475	--
	1993	865,354	2,581,694	364,746	--
	1994	457,047	6,334,386	142,576	--
	1995	273,433	6,130,890	693,022	--
	1996	90,005	2,388,137	10,041	--
	1997	116	1,487,582	293,082	--
	1998	--	707,648	432,390	--
	1999	30,142	784,842	--	--
	2000	20,478	1,555,087	--	--

¹ Interest Charge Domestic International Sales Corporations (see definition in Explanation of Selected Terms.)