



Memorandum

VIA EMAIL

Date: August 23, 2012

To: Clients and Friends

From: Stanley J. Marcuss
George F. Murphy

Re: Iraq Added to U.S. Treasury's List of Boycotting Countries

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The U.S. Treasury Department has added Iraq to its list of boycotting countries for purposes of section 999 of the Internal Revenue Code. It did so without explanation, although we have seen materials that indicate that the Iraqi patent office has begun requiring completion of a series of boycott-related questions in connection with patent applications. In previous listings of boycotting countries, Treasury noted that Iraq was not then on the list, but that its status with respect to future lists "remains" under review.

U.S. taxpayers, having operations in or related to Iraq, will now have to include such operations in their annual Form 5713 reports and be alert to the receipt of requests to enter into boycott-related agreements that would be penalized under the Internal Revenue Code. Included as penalizable agreements, for example, would be unqualified agreements to comply with Iraqi law. U.S. taxpayers may also have to adjust their internal anti-boycott compliance programs to make sure they capture the requisite information about any such requests, if their Commerce Department-related compliance programs do not already do so.