

their beneficiaries or designees. Contributions to health or welfare funds or payment for similar benefits to or on behalf of employees shall be included herein. Premiums, to the extent borne by the carrier, for group life, health, accident and other beneficial insurance for employees shall also be included in this account.

* * * * *

590 Other expenses.

This account shall include the cost of expenses expended for administrative and general services including, the expenses of aircraft, vehicles, and work equipment used for general purposes; travel, lodging, meals, memberships, and other expenses of general employees and officers; utilities services; and all other incidental general expenses not defined or classified in other accounts.

20. In Income Accounts, Account 671, paragraph (a) is amended by removing the words "all material timing differences (see definitions 30 (g) and (e)) originating and reversing in," and adding, in their place, the words "changes in material temporary timing differences (see definition 30(e)) during".

21. In Income Accounts, Account 695, is amended by removing the words "timing differences caused by recognizing an item in the account provided for extraordinary items in different periods in determining accounting income and taxable income" and adding, in their place, the words "temporary differences caused by recognizing an item in the account provided for extraordinary items".

22. In Income Accounts, Account 696, is amended by removing the words "debts or credits for the current accounting period for income taxes deferred currently, or for amortization of income taxes deferred in prior accounting periods" and adding, in their place, the words "the deferred tax expense or benefit related to temporary differences".

PART 357—ANNUAL SPECIAL OR PERIODIC REPORTS: CARRIERS SUBJECT TO PART I OF THE INTERSTATE COMMERCE ACT

1. The Authority citation for Part 357 is revised to read as follows:

Authority: 42 U.S.C. 7101–7352; 49 U.S.C. 60502; 49 App. U.S.C. 1–85 (1988).

2. Section 357.2 is revised to read as follows:

§ 357.2 FERC Form No. 6, Annual Report of Oil Pipeline Companies.

(a) *Who must file.* (1) Each pipeline carrier subject to the provisions of section 20 of the Interstate Commerce Act whose annual jurisdictional operating revenues has been \$500,000 or more for each of the three previous calendar years must prepare and file with the Commission copies of FERC Form No. 6, "Annual Report of Oil Pipeline Companies," pursuant to the General Instructions set out in that form. Newly established entities must use projected data to determine whether FERC Form No. 6 must be filed.

(2) Oil pipeline carriers exempt from filing Form No. 6 whose annual jurisdictional operating revenues have been more than \$350,000 but less than \$500,000 for each of the three previous calendar years must prepare and file pages 301, "Operating Revenue Accounts (Account 600)," and 700, "Annual Cost of Service Based Analysis Schedule," of FERC Form No. 6. When submitting pages 301 and 700, each exempt oil pipeline carrier must include page 1 of Form No. 6, the Identification and Attestation schedules.

(3) Oil pipeline carriers exempt from filing Form No. 6 and pages 301 and whose annual jurisdictional operating revenues were \$350,000 or less for each of the three previous calendar years must prepare and file page 700, "Annual Cost of Service Based Analysis Schedule," of FERC Form No. 6. When submitting page 700, each exempt oil pipeline carrier must include page 1 of Form No. 6, the Identification and Attestation schedules.

(b) *When to file.* This report must be filed on or before March 31st of each year for the previous calendar year.

(c) *What to submit.* (1) This report form must be filed as prescribed in § 385.2011 of this chapter and as indicated in the General Instructions set out in the report form, and must be properly completed and verified.

(2) A copy of the report must be retained by the pipeline carrier in its files. The conformed copies may be produced by any legible means of reproduction.

(3) Filing on electronic media pursuant to § 385.2011 of this chapter will be required with report year 2000, due on or before March 31, 2001.

PART 385—RULES OF PRACTICE AND PROCEDURE

3. The Authority citation for Part 385 is revised to read as follows:

Authority: 5 U.S.C. 551–557; 15 U.S.C. 717–717z, 3301–3432; 16 U.S.C. 791a–825r, 2601–2645; 31 U.S.C. 9701; 42 U.S.C. 7101–

7352; 49 U.S.C. 60502; 49 App. U.S.C. 1–85 (1988).

4. In § 385.2011, paragraph (a)(7) is added to read as follows:

§ 385.2011 Procedures for filing on electronic media (Rule 2011).

(a) * * *

(7) FERC Form No. 6, Annual Report of Oil Pipeline Companies.

* * * * *

[FR Doc. 00–32382 Filed 12–22–00; 8:45 am]

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DEPARTMENT OF THE TREASURY

Customs Service

19 CFR Parts 10 and 178

[T.D. 01–01]

RIN 1515–AC79

Refund of Duties Paid on Imports of Certain Wool Products

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Final rule.

SUMMARY: This document adopts as a final rule the proposed amendments to the Customs Regulations that provide for the refund of duties paid on imports of certain wool products. This document implements the provisions of section 505 of Title V of the Trade and Development Act of 2000, whereby U.S. manufacturers of certain wool articles are eligible to claim a limited refund of duties paid in each of calendar years 2000, 2001, and 2002 on imports of select wool products. The maximum amount eligible to be refunded in each of these claim years is limited to an amount not to exceed one-third of the amount of duties actually paid on such wool products imported in calendar year 1999. This document adds to the Customs Regulations the eligibility, documentation and procedural requirements necessary to substantiate a wool duty refund claim, and makes conforming changes to other regulatory provisions that are impacted by these requirements.

EFFECTIVE DATE: January 25, 2001.

FOR FURTHER INFORMATION CONTACT: Bruce Ingalls, Chief, Entry and Drawback Management (202) 927–1082.

SUPPLEMENTARY INFORMATION:

Background

On May 18, 2000, President Clinton signed into law the Trade and Development Act of 2000 ("the Act"), Public Law 106–200, 114 Stat. 251. Title

V of the Act concerns imports of certain wool articles and sets forth provisions intended to provide tariff relief to U.S. manufacturers of specific wool products. Within Title V, section 505 permits eligible U.S. manufacturers to claim a limited refund of duties paid on imports of select wool articles.

On October 26, 2000, Customs published a document in the **Federal Register** (65 FR 64178) that proposed to amend the Customs Regulations to provide for the refund of duties paid on imports of certain wool products, as authorized by section 505 of Title V of the Act. In that document, Customs explained the eligibility, documentation and procedural requirements necessary to file and substantiate a wool duty refund claim. On November 6, 2000, a document was published in the **Federal Register** (65 FR 66589) that corrected several typographical errors in the proposed rulemaking.

The proposed rulemaking was intended to implement the terms of section 505 in new § 10.184 of the Customs Regulations. The proposed rules set forth the eligibility, documentation and procedural requirements necessary for a claimant to establish the amount of duties paid on eligible wool products in calendar year 1999, and to substantiate a claim for a duty refund in the years 2000, 2001 and 2002, pursuant to the terms of the statute.

Wool Duty Refunds Authorized by Section 505

Section 505 authorizes duty refunds on certain worsted wool fabrics, wool yarn and wool fiber and wool top. The wool duty refunds authorized by section 505 were set forth in § 10.184(c) of the proposed regulations.

Letter of Intent To File a Wool Duty Refund Claim

As section 505 limits the amount of duties that may be refunded to a claimant in each of calendar years 2000, 2001, and 2002 to an amount not to exceed one-third of the amount of duties paid on eligible wool products in calendar year 1999, Customs proposed that an eligible manufacturer that anticipates seeking a section 505 duty refund in calendar years 2000, 2001, and 2002, must file with Customs a letter of intent to that effect, along with documentation that substantiates, to Customs satisfaction, the amount of duties paid on eligible wool products imported in calendar year 1999. The procedural and documentation requirements for filing a letter of intent were set forth in § 10.184(d) of the proposed regulations.

Customs Verification Letter

Section 10.184(e) of the proposed rulemaking provided that Customs would issue a wool duty refund verification letter to each prospective claimant that timely and completely substantiates, to Customs satisfaction, the amount of duties paid on eligible wool products imported in calendar year 1999.

Procedures for Filing a Wool Duty Refund Claim

The proposed rulemaking, at § 10.184(g), identified two classes of claimants that may file a wool duty refund claim: manufacturers who are the importers of eligible wool merchandise and manufacturers who are not the importers of worsted wool fabric. For both types of manufacturers, it was proposed that an eligible claimant be permitted to submit to Customs a request for a refund of duties paid on imports of eligible wool products in each of calendar years 2000, 2001 and 2002. The proposed rulemaking stated that all duty refund claims must be substantiated by relevant entry summary information and, in the case of non-importing manufacturers, the entry summary information may be submitted to Customs by the manufacturer or the importer.

Discussion of Comments

Sixteen comments from the public were received in response to the publication of the notice of proposed rulemaking. A description of the comments, together with Customs analysis thereof, is set forth below.

Comment: Filing a Letter of Intent or Claim Where the Manufacturer is Both an Importer of Worsted Wool Fabric and a Purchaser of Such Fabric in a Single Claim Year. The proposed regulations identify three types of claimants who can file a letter of intent for purposes of claiming a wool duty refund: eligible manufacturers who import eligible wool merchandise; eligible manufacturers who do not import worsted wool fabric, but who possess the relevant entry summary numbers for the imported fabric; and eligible manufacturers who do not import worsted wool fabric, and who do not possess the relevant entry summary information. The documentation these manufacturers must submit to substantiate their letters of intent was described in proposed § 10.184(d)(1), (d)(2) and (d)(3). Several commenters state that the proposed regulations suggest that a claimant can only be described by one of the three types of claimant categories, and accordingly is limited to filing one letter

of intent under either proposed paragraph (d)(1), (d)(2) or (d)(3). One of these commenters suggests that as an eligible manufacturer may have been both an importer and a purchaser of eligible wool fabric in calendar year 1999, the final regulations should permit such a manufacturer to be able to file a letter of intent, with appropriate substantiating information, under any combination of proposed § 10.184(d)(1), (d)(2) and (d)(3). To this end, this commenter suggests that the final regulations should either require more than one letter of intent for such a manufacturer or, preferably, that a single letter of intent may be filed that identifies the specific classes under which an eligible manufacturer is filing, together with the attachments/affidavits required for each class of manufacturer.

Several commenters raise the same issue regarding the procedures for filing a wool duty refund claim, as set forth in proposed § 10.184(g)(3)(i) through (g)(3)(vi). They note that as a manufacturer may be both an importer of eligible wool fabric and a purchaser of such imported fabric, the final regulations should permit a manufacturer to be able to file a single claim pursuant to the documentation requirements for both categorizations.

On a related note, several commenters state that there may be instances where a non-importing manufacturer purchases worsted wool fabric from more than one importer/supplier, and some importers are willing to provide the manufacturer with the relevant entry summary information and some are only willing to provide such information directly to Customs. In these instances, these commenters suggest that the final regulations should permit a manufacturer, both for purposes of filing a letter of intent and for filing a duty refund claim, to be able to submit relevant entry summary information directly to Customs and to have such information submitted to Customs by the importer/supplier.

Customs Response: Customs agrees that the proposed regulations did not expressly state that a manufacturer may file a letter of intent under any combination of § 10.184(d)(1), (d)(2) and (d)(3). As it was Customs intent to permit this, the final regulations provide the documentation requirements for filing a letter of intent where the manufacturer is described by two or more of paragraphs (d)(1), (d)(2) or (d)(3) of this section. This is set forth in § 10.184(d)(4). Additionally, § 10.184(g)(3)(vii) is added to the final regulations to reflect the fact that, for purposes of filing a claim, a manufacturer may be both an importer

of worsted wool fabric and a purchaser of such fabric in the same claim year. The final regulations also permit, at § 10.184(d)(2)(i)(D), (d)(2)(ii), (g)(3)(iii) and (g)(3)(iv), a non-importing manufacturer to be able to submit relevant entry summary numbers directly to Customs, and to have such entry information submitted directly to Customs by the importer(s), all in conjunction with a single claim.

Comment: Changes to proposed § 10.184(d)(2)(i)(D) and § 10.184(d)(2)(ii) and (d)(3)(ii). One commenter suggests two clarifying changes to § 10.184(d). First, it is suggested that proposed § 10.184(d)(2)(i)(D)(5) and (D)(6) be redesignated in the final regulations as (d)(2)(i)(D)(5a) and (d)(2)(i)(D)(5b), respectively, so as to correlate to the itemization in the related affidavit set forth at proposed § 10.184(d)(2)(ii). Second, the commenter suggests that the heading text of the affidavits set forth at proposed § 10.184(d)(2)(ii) and (d)(3)(ii) be amended to include the following description in the parenthetical reference: “* * * for the fabric identified in the invoices submitted with this affidavit”.

Customs Response: The final regulations reflect, at § 10.184(d)(2)(ii) and (d)(3)(ii), the amended affidavit heading text suggested by the commenter. Customs will not redesignate § 10.184(d)(2)(i)(D)(5) and (d)(2)(i)(D)(6), in that the drafting rules prescribed by the **Federal Register** do not permit the change as suggested.

Comment: Place to File a Letter of Intent. One commenter notes that the proposed regulations did not specify where a letter of intent and related documentation should be filed.

Customs Response: Customs recognizes the omission. The final regulations create a new § 10.184(d)(7) that sets forth the place where a letter of intent must be filed.

Comment: Issuance of Verification Letters. Several commenters request clarification of the time within which Customs will send written verification letters to prospective claimants. Proposed § 10.184(e) provided that Customs will issue a prospective claimant a written verification letter within 30 calendar days from the date Customs receives a completed letter of intent. The commenters note that Customs may not have the information it needs within 30 days of receiving a prospective claimant's letter of intent that relies on invoices to substantiate the amount of duties paid in calendar year 1999, and therefore will either have to file an amended verification letter at a later date or wait until 30 calendar

days from the close of the filing date for letters of intent.

Customs Response: Customs agrees that the date by which Customs will issue a verification letter requires clarification. The proposed rule stated that, in all cases, Customs will issue a verification letter within 30 calendar days of receiving a prospective claimant's letter of intent. The verification letter sets forth the amount of wool duty refund the prospective claimant is eligible to receive and, where invoices were used to substantiate the amount claimed in the letter of intent, the percentage deducted from the invoice amounts with an accompanying explanation.

Where invoices are used to substantiate a letter of intent, Customs must wait until it has received all such letters of intent because the agency will need to compare the aggregate amount of duties being claimed for each importer, as evidenced by invoices, with the amount actually paid by each importer, as evidenced by the Automated Commercial System (ACS). In other words, in situations where invoices are used to substantiate a letter of intent, Customs will not be able to ascertain the percentage to be deducted from each invoice amount, and consequently determine the maximum refund amount that a prospective claimant is eligible to claim, until it has received all letters of intent that rely on invoices. Customs will have to receive all letters of intent that rely on invoices in order to calculate the aggregate amount of duties attributable to each importer and compare this amount with the amount paid by each importer as indicated by ACS. As a result, it will not be possible for Customs to issue a verification letter within 30 calendar days after receiving a prospective claimant's letter of intent that relies on invoices, in that Customs will not have the necessary information to determine the amount to deduct from each invoice amount. Accordingly, this final rule reflects that Customs will issue a verification letter in response to a letter of intent that uses invoices, in whole or in part, to substantiate the amount of duties paid in calendar year 1999 within 30 days from the closing date for filing letters of intent. It is further noted, that this document extends the date, as proposed, by which Customs must receive all letters of intent. See discussion below. The time frame within which Customs will issue a verification letter in response to a letter of intent that is substantiated solely by entry summary information remains unchanged from the terms set forth in the proposed rulemaking (i.e., 30

calendar days from the date Customs receives the letter of intent).

Comment: Extension of Time to File a Letter of Intent. Two commenters suggest that Customs extend the time period to submit a letter of intent so as to allow prospective claimants adequate time to collect the requisite information.

Customs Response: Customs agrees. The final regulations provide in § 10.184(d)(4) that a manufacturer's letter of intent must be received by Customs no later than March 31, 2001, unless this date is extended upon due notice in the **Federal Register**.

Comment: A Claimant May File Only One Wool Duty Refund Claim, and Amended Claims Where Applicable, for Each Claim Year. Proposed § 10.184(g)(1) stated that a claimant may submit to Customs, once per calendar year, a request for a refund of duties paid on imports of eligible wool products in each of calendar years 2000, 2001, and 2002. Several commenters note that this time limitation seemingly precludes a claimant from filing two separate wool duty refund claims for two different claim years in the same calendar year. The commenters suggest that the regulations should provide that a claimant may file only one wool duty refund claim for each claim year; however, refund claims for two different claim years may be filed within the same calendar year.

Customs Response: It was Customs intent to permit a claimant to file more than one refund claim in a given calendar year, so long as the refund claims were for different claim years. Customs agrees with the commenters that the proposed language seemingly precluded this. Therefore, this final rule provides at § 10.184(g)(1) that a claimant may file one claim for a wool duty refund for each of claim years 2000, 2001, and 2002, including, where applicable, any related amended claims for such claim year. There is no prohibition against a claimant filing two separate claims in a single calendar year, so long as the claims are for two different claim years.

Comment: Time to File a Wool Duty Refund Claim and Amended Claims. Several commenters request that Customs extend the deadlines for filing wool duty refund claims and amended claims, and clarify the meaning of the term “defective claim”. Proposed § 10.184(g)(1) provided that all claims for a wool duty refund, whether original or amended, must be received by Customs within 90 calendar days from the last day of the calendar year for which a wool duty refund is being sought. The proposed rule provided that a claim may be amended within 30

calendar days from the date of the original submission or, if Customs has notified the claimant in writing that the claim is insufficient to support a duty refund claim or is otherwise defective, within 30 calendar days from the date of the Customs notification. The commenters suggest extending these deadlines so that a claim may be filed by December 31 of the year following the claim year for which a wool duty refund is being sought, and that a claim may be amended within 90 calendar days from the date of the original submission or December 31, whichever date is sooner. The commenters suggest that the time period to file an amended claim in response to a Customs notice of insufficient or defective claim be extended to 90 calendar days from the date of such notice, without the imposition of the December 31 deadline, described above, that is applicable to all other claims and amended claims. Lastly, the commenters suggest that the term "defective claim" include a claim that identifies one or more entry summaries that are not available for a refund.

Customs Response: Customs agrees with the comments. Accordingly, in this final regulation Customs is extending the deadlines set forth in proposed § 10.184(g)(1) for filing a wool duty refund claim and related amendments. The final regulations state, at § 10.184(g)(1), that should Customs notify a claimant in writing that the claim is insufficient to support a duty refund claim or is otherwise defective, Customs must receive the claimant's subsequent amended claim or claims within 90 calendar days from the date of such notification. Regarding the term "defective claim," Customs is providing in a parenthetical reference provided at § 10.184(g)(1) that an example of a defective claim is a claim that relies on any entry summary that is ineligible for a wool duty refund, as provided for in § 10.184(j). In order to facilitate the administrative processing of wool duty refund claims, the final regulations provide at § 10.184(h) that no duty refund will be issued to a claimant until the applicable amendment period has expired or unless the claimant has provided Customs with a signed waiver of amendment.

Comment: No Interest Payable in Wool Duty Refunds. Several commenters note that the proposed regulation does not describe the circumstances when interest may be payable on wool duty refunds.

Customs Response: Customs will not pay interest on wool duty refund claims. The United States Supreme Court, in *Library of Congress v. Shaw*, 478 U.S.

310, 106 S. Ct. 2957 (1986), held that interest cannot be recovered in a suit against the Federal Government in the absence of an express waiver of sovereign immunity, by specific contractual or statutory provision or by express consent by Congress. Section 505 does not expressly waive the government's sovereign immunity from an award of interest. Moreover, there can be no such waiver "by implication or by use of ambiguous language," as held by the Supreme Court in *United States v. N.Y. Rayon Importing Co.*, 329 U.S., at 659. The statute that authorizes Customs to pay interest on certain duties and fees is codified at 19 U.S.C. 1505. It specifically refers to payments of interest on "excess moneys deposited" which shall accrue through the "date of liquidation or reliquidation of the applicable entry or reconciliation." 19 U.S.C. 1505(c). Customs payment of claims for refunds under these regulations is not a payment of excess moneys deposited, nor is it triggered by the liquidation of an entry or reconciliation. Rather, these claims are analogous to claims for drawback. Just as no interest is paid on drawback claims, so no interest will be paid on these claims. After Customs has verified that the entry summaries associated with the claim have finally liquidated and the period for amending the claim has expired or the claimant has expressly waived the right to amend the claim, Customs will issue a courtesy notice informing the claimant that the payment will be forthcoming. No notice of liquidation or reliquidation will be posted regarding the claim.

Comment: Definition of the term "Supplier". Several commenters suggest that Customs define the term "supplier" to mean the entity who is not the importer that sold the fabric directly to the manufacturer.

Customs Response: Customs agrees with the commenters' view that the term "supplier," in the context of these regulations, means an entity who is not the importer that sells fabric directly to the manufacturer. We do not think it is necessary to formally define this term in the final regulation. Customs believes that the meaning of the term "supplier," as intended by Customs and suggested by the commenters, is clear from the context in which it appears in the regulations (*i.e.*, the claimant purchased imported worsted wool fabric "from an identified importer or from an identified supplier").

Comment: Definition of the term "Manufacturer". Several commenters state that the term "manufacturer" should be clarified so as to describe who is eligible to claim a wool duty refund

under the terms of these regulations. To that end, the commenters note that some manufacturers are producers of eligible products (*i.e.*, custom tailors), some are subsidiaries of larger companies or purchasers of eligible wool products from related companies, and some manufacturers acquire other manufacturers or undergo reorganizations that result in an assignment of legal interests.

Customs Response: Customs is of the view that it is not feasible to attempt to identify in the final regulations each business relationship or transaction that may affect the eligibility of a manufacturer to claim a refund, have another party file a letter of intent or refund claim on the manufacturer's behalf, or assign a successor-in-interest to an existing wool duty refund claim, etc. Customs will decide whether such situations affect the right to file a wool duty refund claim on a case by case basis. Any questions in this regard should be submitted to Customs as an attachment to a letter of intent or wool duty refund claim. Regarding the more specific questions of whether a custom tailor is an eligible claimant for purposes of the wool duty refund program and whether the legal assignee of an eligible manufacturer may exercise the assignor's claim rights, Customs notes the following. Customs is of the view that so long as a custom tailor manufactures men's or boys' suits, suit-type jackets or trousers, of imported worsted wool, the tailor is described by the terms set forth in § 10.184(c)(1) and there is no need to include any clarification in regard to this class of manufacturer. The final regulations reflect, however, in § 10.184(f)(7), that an eligible claimant may be the legal assignee, as established to Customs satisfaction, of the existing wool duty refund claim rights of an eligible manufacturer described in paragraphs (f)(1), (f)(2), (f)(3), (f)(4), (f)(5) or (f)(6) of § 10.184. The final regulations also set forth, at new paragraphs (d)(5) and (g)(viii), the documentation that a legal assignee of a manufacturer's wool duty refund claim rights must provide to Customs for purposes of filing a letter of intent and a refund claim.

Comment: Confidentiality. One commenter expresses concern with respect to confidential treatment of certain commercial information. Specifically, the commenter notes that as proposed § 10.184(e) provided that a verification letter issued to a prospective claimant will contain the ACS-generated amount of duties paid by a specific importer in calendar year 1999, the prospective claimant will be advised of the amount of duty paid by

each of their importers or suppliers. The commenter is of the view that a prospective claimant will be able to calculate from this information the prices paid for imported fabric and the mark-up cost. The commenter, citing section 645 of the Trade Secrets Act (18 U.S.C. 1905) posits that release of this information may violate the prohibition against release of confidential information by government officials.

Customs Response: In response to the concern expressed by the commenter, Customs is deleting reference in the verification letter to the ACS-generated amount of duties paid by a specific importer in calendar year 1999. Section 10.184(e) of the final regulations reflects this approach.

Comment: Use of Invoices to Substantiate Wool Duty Refund Claims. One commenter questions why the proposed regulations permit a manufacturer to substantiate a letter of intent by providing Customs with invoices for worsted wool fabric imported in calendar year 1999, but requires entry summary information to substantiate a wool duty refund claim.

Customs Response: Section 505(d) requires that "any person applying for a rebate under this section shall properly identify and make appropriate claim to the United States Customs Service for each entry involved." For this reason, the final regulations implementing the statute require a claimant to identify to Customs the entry summaries that provide the basis for a wool duty refund claim. Invoices do not provide the requisite information to substantiate a wool duty refund as mandated by section 505.

Comment: Retroactive Substitution of Entry Summary Numbers for Purposes of Drawback Claims. One commenter notes that where an importer provides entry summary numbers to its customers or directly to Customs for purposes of substantiating a wool duty refund claim, and the importer later learns that a drawback claim is available on one or more of those entry summaries, the drawback claim is invalid. The commenter suggests that in this situation the importer be allowed to replace the entry summaries identified to Customs to substantiate a wool duty refund claim with other comparable entry summaries, so long as the amount of duty paid in connection with the replacement entries is not less than the duty paid on the original entry.

Customs Response: First, it is important to recognize that in the situation posited by the commenter, the importer's drawback claim may not necessarily be forfeited. As set forth in § 10.184(j)(3) of the proposed

regulations, if an entry has been used to provide the basis for a duty refund claim pursuant to section 505, and the entire amount of duties paid on that entry was refunded to the claimant, a claim for drawback that is based on that entry will be denied by Customs. If an entry has been used to substantiate a claim for a section 505 duty refund, and an amount in duties paid on that entry has not been refunded, the remaining amount may be eligible for drawback. An entry that has already had 99% of the duties paid on that entry refunded by way of a drawback claim may not be used to provide the basis for a wool duty refund claim. Based on the foregoing, the crucial determination as to whether an importer can replace an entry summary that has already been identified to Customs for purposes of substantiating a claim with another entry summary that has had a comparable amount of duties paid in connection with that entry is whether the wool duty refund claim has been processed yet. If so, and the entire amount of duties paid on that entry was refunded to the claimant, no substitution of entry summaries will be permitted, and a claim for drawback that is based on that entry will be denied by Customs. If, however, the section 505 claim has not yet been processed, § 10.184(j)(3) of the final regulations will permit an importer to replace or substitute an entry summary pursuant to the terms discussed above.

Comment: Importer's Affidavit in Support of a Non-Importing Manufacturer's Letter of Intent. One commenter inquires whether an importer's affidavit in support of a non-importing manufacturer's letter of intent, set forth in proposed § 10.184(d)(2)(iv), covers a single manufacturer.

Customs Response: Each importer's affidavit in support of a non-importing manufacturer's letter of intent applies only to the specific manufacturer or supplier(s) identified in the affidavit.

Comment: Request that Importers be Permitted to File on Behalf of Manufacturers. One commenter requests that importers be permitted to file wool duty refund claims on behalf of smaller manufacturers.

Customs Response: For administrative and legal purposes, Customs considers it important that a manufacturer file a claim on its own behalf, in that the manufacturer, or a knowledgeable authorized officer or employee of the manufacturer, is required to provide a statement to Customs attesting to the truth and accuracy of the submitted information.

Comment: Allocation of Fabric Prices by an Importer. One commenter notes that as some manufacturers purchase fabric at different prices from different sources at different times of the year, it may not be possible for an importer to determine which fabric entry, or portion of an entry, was sold to a particular manufacturer. The commenter questions how an importer will be able to determine a method of allocating the higher price fabrics to its customers.

Customs Response: Customs does not require that an importer allocate to a manufacturer the specific entry for the fabric that was sold to that manufacturer. Rather, the importer need only allocate those entries on which an amount was paid in duties that substantiates the amount of duty refund being claimed by the manufacturer.

Comment: Distinction between HTSUS provisions that may be used to substantiate wool duty refund claims for claim year 2000, and for claim years 2001 and 2002. One commenter notes that the language in proposed § 10.184(c)(2) that read, "[A] manufacturer of worsted wool fabric, who imports wool yarn of the kind described in HTSUS subheadings 5107.10.00 and 9902.51.13 * * *," should be changed to read, in pertinent part, "* * * 5107.10.00 or 9902.51.13 * * *." The commenter points out that the amended language should reflect the construction used in paragraphs (c)(1) and (c)(3).

Customs Response: This comment precipitated Customs review of the entire structure of § 10.184(c) and (f). It is Customs view that a distinction must be made in the final regulations as to which tariff provisions may be used to substantiate a wool duty refund in each of claim years 2000, 2001, and 2002. In this regard, the final regulations state that the chapter 51, HTSUS, provisions identified in paragraphs (c) and (f) provide the basis for a wool duty refund for claim year 2000, and the HTSUS 9902 subheadings identified in these paragraphs provide the basis for a refund for claims years 2001 and 2002. This distinction is necessitated by the terms of section 505, which only authorizes the refund of duties paid in each of claim years 2000, 2001, and 2002, on imports of certain wool products described in HTSUS subheadings 9902.51.11, 9902.51.12, 9902.51.13 and 9902.51.14. As these 9902, HTSUS, provisions will only go into effect on January 1, 2001, it is impossible for a claimant to use these provisions to substantiate a year 2000 claim. For this reason, Customs is permitting claimants to substantiate year 2000 claims with the chapter 51,

HTSUS, tariff provisions identified in the regulations. Customs will not permit the chapter 51 tariff provisions to be used to substantiate wool duty refund claims for claim years 2001 and 2002, inasmuch as these tariff provisions are broader in scope (they contain no limiting micron criteria in their legal heading text) than the designated 9902, HTSUS, provisions. To do so would result in the Treasury Department refunding more monies than it is statutorily authorized to do.

Comment: Micron Limitation. One commenter notes that the proposed regulations allowed no refund of duties paid on imports of wool yarn of 18.5 micron or finer.

Customs Response: As Congress did not expressly provide for the refund of duties paid on imports of wool yarn of 18.5 micron or finer in section 505, Customs, as an administrative agency, may not exceed what is statutorily authorized.

Comment: Manufacturers of Wool Fabric and Wool Yarn. One commenter raises the issue that the proposed regulations did not provide for duty refunds where the manufacturer of wool fabric purchases imported wool yarn or where the manufacturer of wool yarn purchases imported wool fiber or wool top.

Customs Response: Sections 505(b) and 505(c) require that manufacturers of wool fabric and wool yarn also be importers of eligible wool products in order to be eligible to receive a wool duty refund under the terms of the statute. It is noted that section 505(a) does not require a manufacturer of men's or boys' suits, suit-type jackets, or trousers of worsted wool fabric to also be an importer of worsted wool fabric to be eligible for the refund. Customs has interpreted this difference in statutory construction to mean that Congress did not intend to provide wool duty refunds under sections 505(b) and 505(c) to manufacturers who are not importers.

Conclusion and Other Changes

After analysis of the comments and further review of the matter, Customs has determined to adopt as a final rule the amendments proposed in the Notice of Proposed Rulemaking published in the **Federal Register** (65 FR 64178) on October 26, 2000, as corrected by the document published in the **Federal Register** (65 FR 66589) on November 6, 2000, with the changes mentioned in the comment discussion and with the following additional change that removes unnecessary language.

Customs has removed the regulatory text language in proposed § 10.184(j)(1) regarding the order of precedence for

purposes of refunding duties paid on eligible wool imports. As each manufacturer that timely and completely files a claim pursuant to the terms set forth in this section, regardless of the date and time of filing, is eligible to receive its verified claim, there is no need to establish an order of precedence.

The Regulatory Flexibility Act and Executive Order 12866

Because these amendments conform the Customs Regulations to reflect the terms of section 505, within Title V, of the Trade and Development Act of 2000, which authorizes a refund of duties paid on imports of certain wool articles, pursuant to the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, it is certified that these amendments will not have a significant impact on a substantial number of small entities. Further, these amendments do not meet the criteria for a "significant regulatory action" as specified in Executive Order 12866.

Paperwork Reduction Act

The collection of information contained in this final rule has been reviewed and approved by the Office of Management and Budget (OMB) in accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) under control number 1515-0227. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number assigned by OMB.

The collection of information in this final rule is in § 10.184 of the Customs Regulations. The information requested is necessary to implement the terms of section 505 of the Trade and Development Act of 2000, whereby Customs is authorized to substantiate and process claims for refunds of duties paid in each of calendar years 2000, 2001, and 2002, on imports of certain wool products. The collection of information is required in order for a claimant to obtain the duty refund. The likely respondents are business organizations who seek a refund of duties paid on imports of eligible wool products in each of calendar years 2000, 2001, and 2002.

The estimated average annual burden associated with the collection of information in this final rule is 290 hours per respondent or recordkeeper. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be sent to the U.S. Customs Service, Information Services Group, Office of Finance, 1300

Pennsylvania Avenue, N.W. Washington, D.C. 20229, and to OMB, Attention: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, D.C. 20503. A copy should also be sent to the Regulations Branch at the address set forth above.

Drafting Information

The principal author of this document was Suzanne Kingsbury, Office of Regulations and Rulings, U.S. Customs Service. However, personnel from other offices participated in its development.

List of Subjects

19 CFR Part 10

Customs duties and inspection, Imports, Reporting and recordkeeping requirements, Trade agreements.

19 CFR Part 178

Administrative practice and procedure, Collections of information, Imports, Paperwork requirements, Reporting and recordkeeping requirements.

Amendments to the Regulations

For the reasons stated in the preamble, parts 10 and 178 of the Customs Regulations (19 CFR parts 10 and 178) are amended as follows:

PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.

1. The general authority citation for part 10 is revised, and a new specific authority citation for § 10.184 is added, to read as follows:

Authority: 19 U.S.C. 66, 1202 (General Note 22, Harmonized Tariff Schedule of the United States), 1321, 1481, 1484, 1498, 1508, 1623, 1624, 3314.

* * * * *

Section 10.184 is also issued under Sec. 505, Pub. L. 106-200, 114 Stat. 251;

* * * * *

2. A new § 10.184 is added to read as follows:

§ 10.184 Refund of duties on certain wool imports.

(a) *General.* Section 505 of Title V of Pub. L. 106-200 (114 Stat. 251), entitled the Trade and Development Act of 2000, authorizes the President to refund duties paid on imports of eligible wool products. The statute permits eligible importing-manufacturers and, in certain circumstances, manufacturers who are not importers, to apply for a refund of duties paid on imports of eligible wool products in each of three succeeding years. Claimants are eligible for a refund of duties paid on imports of eligible

wool products in each of calendar years 2000, 2001 and 2002, limited to an amount not to exceed one-third of the duties paid on such wool products imported in calendar year 1999. This section sets forth the legal requirements and procedures that apply for purposes of obtaining this duty refund.

(b) *Eligible wool products.* For purposes for this section, the term "eligible wool product" means an imported wool product described under a Harmonized Tariff Schedule of the United States subheading listed under paragraph (c) of this section, relevant to a manufacturer of the particular wool products specified in paragraph (c).

(c) *Refunds authorized by section 505—(1) Worsteds wool fabric.* In calendar year 2000, a manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90, and in each of calendar years 2001 and 2002, a manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool fabric of the kind described in HTSUS subheadings 9902.51.11 or 9902.51.12, is eligible to claim a limited refund of the duties paid in such calendar years on entries of such fabrics that were purchased by the manufacturer. The amount of duties eligible to be refunded to the manufacturer in each of these calendar years is limited to an amount not to exceed one-third of the amount of duties paid on calendar year 1999 imports of worsted wool fabrics described in HTSUS subheadings 5112.11.20 or 5112.19.90 that were purchased by the manufacturer. A broker or other individual acting on behalf of the manufacturer is ineligible to claim a duty refund.

(2) *Wool yarn.* A manufacturer of worsted wool fabric, who imports wool yarn of the kind described in HTSUS subheading 5107.10.00, is eligible to claim a limited refund of the duties paid by the manufacturer on entries of such wool yarn in calendar year 2000. A manufacturer of worsted wool fabric, who imports wool yarn of the kind described in HTSUS subheading 9902.51.13, is eligible to claim a limited refund of the duties paid by the manufacturer on entries of such wool yarn in each of calendar years 2001 and 2002. The amount of duties eligible to be refunded in each of these calendar years is limited to an amount not to exceed one-third of the amount of duties paid by the importing-manufacturer on wool yarn described in HTSUS subheading 5107.10.00 and imported in calendar year 1999.

(3) *Wool fiber and wool top.* A manufacturer of wool yarn or wool fabric, who imports wool fiber or wool top of the kind described in HTSUS subheadings 5101.11, 5101.19, 5101.21, 5101.29, 5101.30, 5103.10, 5103.20, 5104.00, 5105.21 or 5105.29, is eligible to claim a limited refund of the duties paid by the manufacturer on entries of such wool fiber or wool top in calendar year 2000. A manufacturer of wool yarn or wool fabric, who imports wool fiber or wool top of the kind described in HTSUS subheading 9902.51.14, is eligible to claim a limited refund of the duties paid by the manufacturer on entries of such wool fiber or wool top in each of calendar years 2001, and 2002. The amount of duties eligible to be refunded in each of these calendar years is limited to an amount not to exceed one-third of the amount of duties paid by the importing-manufacturer on wool fiber or wool top described in HTSUS subheadings 5101.11, 5101.19, 5101.21, 5101.29, 5101.30, 5103.10, 5103.20, 5104.00, 5105.21 or 5105.29 and imported in calendar year 1999.

(d) *Manufacturer's letter of intent to file a claim for a wool duty refund.* A manufacturer that anticipates filing a wool duty refund claim in calendar years 2000, 2001, and 2002, pursuant to the terms of paragraph (c) of this section, must first file with Customs a letter of intent to that effect. A manufacturer's letter of intent must substantiate, to Customs satisfaction, the amount of duties paid on eligible wool products imported in calendar year 1999.

(1) *Documentation required where the manufacturer is the importer.* Where a manufacturer is the importer of the eligible wool products imported in calendar year 1999, a letter of intent to file a wool duty refund claim must be signed by the manufacturer or a knowledgeable authorized officer or employee of the manufacturer and must state that, to the best of the signer's knowledge and belief, the information contained in the letter is accurate and truthful. The letter of intent must contain the following information:

(i) A statement of the total amount of duties paid by the importing-manufacturer on eligible wool products imported in calendar year 1999;

(ii) A list of relevant entry summary numbers, set forth as an attachment in either a paper or an electronic format (the latter submitted to Customs on diskette), that substantiates the amount set forth in paragraph (d)(1)(i) of this section; and

(iii) A statement that no entry summary has been listed in paragraph (d)(1)(ii) of this section that did not

liquidate under the HTSUS subheadings that provide a basis for a wool duty refund.

(2) *Documentation required where the manufacturer is not the importer, but the manufacturer possesses the relevant entry summary numbers.* Where a manufacturer described in paragraph (c)(1) of this section is not the calendar year 1999 importer of worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90, but possesses the relevant entry summary numbers, a letter of intent to file a wool duty refund claim must be submitted to Customs and signed by the non-importing manufacturer or a knowledgeable authorized officer or employee of the manufacturer. The letter of intent must state that, to the best of the signer's knowledge and belief, the information contained in the letter is accurate and truthful.

(i) The non-importing manufacturer's letter of intent must contain the following information:

(A) A statement as to the identity of the importer(s) or supplier(s) who sold imported worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90 to the manufacturer;

(B) Copies of all relevant invoices, set forth as an attachment, that demonstrate that the manufacturer purchased imported worsted wool fabric of the kind described in paragraph (d)(2)(i)(A) of this section from an identified importer(s) or identified supplier(s) and that establish, where applicable, that the identified supplier(s) purchased such fabric from the identified importer(s);

(C) A completed Customs Form (CF) 5106—Importer ID Input Record, set forth as an attachment; and

(D) A signed affidavit, set forth as an attachment, that contains the following information:

(1) A statement that the affiant is a U.S. manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90 (in claim year 2000), or HTSUS subheadings 9902.51.11 or 9902.51.12 (in claim years 2001 and 2002);

(2) A statement that the affiant was not the importer in calendar year 1999 of worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90;

(3) A statement as to the quantity of imported worsted wool fabric of the kind described in paragraph (d)(2)(i)(D)(2) of this section that the affiant purchased from an identified importer(s) or from an identified

supplier(s), with copies of relevant invoices attached;

(4) If the affiant purchased fabric of the kind described in paragraph (d)(2)(i)(D)(2) of this section from an identified supplier, a statement that the affiant has been provided with substantiating documentation that establishes that the subject fabric was imported by the identified importer; and

(5) A statement by the affiant that the identified importer(s) has provided a list of relevant entry summary numbers directly to the affiant that substantiates the amount of duties paid in calendar year 1999 on the fabric identified in the submitted invoices, and such information is set forth as an attachment; and/or

(6) A statement by the affiant that the identified importer has agreed to submit a signed affidavit directly to Customs with the relevant entry summary numbers attached.

(ii) A non-importing manufacturer's affidavit to substantiate the amount of duties paid on worsted wool fabric imported in calendar year 1999 must be signed by the manufacturer or a knowledgeable authorized officer or employee of the manufacturer, and be submitted to Customs in the following format:

Non-Importing Manufacturer's Affidavit in Support of a Letter of Intent to File a Wool Duty Refund Claim (where the manufacturer possesses the relevant entry summary numbers for the fabric identified in the invoices submitted with this affidavit)

1. The undersigned, (*name of manufacturer*), is a U.S. manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90 (in claim year 2000), or HTSUS subheadings 9902.51.11 or 9902.51.12 (in claim years 2001 and 2002);

2. The undersigned was not the importer in calendar year 1999 of worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90;

3. The undersigned purchased (*specify quantity*) of imported worsted wool fabric of the kind described in item (2) above from (*name of importer*) or from a supplier (*name of supplier*), and copies of the relevant invoices are attached;

4. Where the undersigned purchased imported worsted wool fabric of the kind described in item (2) above from (*name of supplier*), the undersigned has substantiating documentation that establishes that such fabric was imported by (*name of importer*);

5(a). Attached is a list of relevant entry summary numbers, provided directly to the undersigned by (*name of importer*), that substantiates the amount of duties paid in calendar year 1999 on the fabric identified in the attached invoices; and/or

5(b). The importer, (*name of importer*), has agreed to submit a signed affidavit directly to Customs that attests to the fact that the

importer sold imported worsted wool fabric of the kind described in item (2) above to the undersigned or to identified supplier(s), and to attach a list of the relevant entry summary numbers that substantiates the amount of duties paid in calendar year 1999 on the fabric identified in the attached invoices; and

6. The undersigned attests that the information set forth in this affidavit is true and accurate to the best of the affiant's knowledge and belief.

(iii) If an importer assists in the substantiation of a non-importing manufacturer's letter of intent by submitting relevant entry summary numbers directly to Customs as an attachment to a signed affidavit, the importer's affidavit must be signed by the importer or a knowledgeable officer or employee of the importer and must state that, to the best of the affiant's knowledge and belief, the information contained in the affidavit is accurate and truthful. The importer's signed affidavit must contain the following information:

(A) A statement that the affiant paid duties on worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90, imported in calendar year 1999;

(B) Identification of the claimant, or supplier to the claimant, to whom the affiant sold imported worsted wool fabric of the kind described in paragraph (d)(2)(iii)(A) of this section;

(C) A list of relevant entry summary numbers for worsted wool fabric of the kind described in paragraph (d)(2)(iii)(A) of this section, imported in calendar year 1999, set forth as an attachment in either a paper or an electronic format (the latter submitted to Customs on diskette), that substantiates the amount of duty paid in calendar year 1999 on the fabric sold to the identified claimant or identified supplier, as evidenced by the claimant's invoices; and

(D) A statement that the importer has not listed any entry summary in paragraph (d)(2)(iii)(C) of this section that did not liquidate under HTSUS subheadings 5112.11.20 or 5112.19.90.

(iv) The importer's affidavit in support of a non-importing manufacturer's letter of intent to claim a wool duty refund must be signed by the importer or a knowledgeable officer or employee of the importer, and be submitted to Customs in the following format:

Importer's Affidavit in Support of a Non-Importing Manufacturer's Letter of Intent to Claim a Wool Duty Refund

1. The undersigned, (*name of importer*), is an importer who paid duties on worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90, imported in calendar year 1999;

2. The undersigned sold worsted wool fabric of the kind described in item (1) above to a manufacturer identified as (*name of manufacturer*) or to a supplier(s) identified as (*name of supplier*);

3. Attached is a list of relevant entry summary numbers for worsted wool fabric of the kind described in item (1) above that substantiates the amount of duties paid in calendar year 1999 on the fabric that was sold to (*name of manufacturer*) or to (*name of supplier(s)*) by the undersigned;

4. The undersigned has not listed any entry summary in item (3) above that did not liquidate under HTSUS subheadings 5112.11.20 or 5112.11.90; and

5. The undersigned attests that the information set forth in this affidavit is true and accurate to the best of the affiant's knowledge and belief.

(3) *Documentation required where the manufacturer is not the importer and the manufacturer does not possess the relevant entry summary numbers.*

Where a manufacturer described in paragraph (c)(1) of this section is not the calendar year 1999 importer of worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90, and does not possess the relevant entry summary numbers, a letter of intent to file a wool duty refund claim must be submitted to Customs and signed by the non-importing manufacturer or a knowledgeable authorized officer or employee of the manufacturer. The letter of intent must state that, to the best of the signer's knowledge and belief, the information contained in the letter is accurate and truthful.

(i) The non-importing manufacturer's letter of intent, where the manufacturer does not possess the relevant entry summary numbers, must contain the following information:

(A) A statement as to the identity of the importer(s) or supplier(s) who sold imported worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90 to the non-importing manufacturer;

(B) Copies of all relevant calendar year 1999 invoices, set forth as an attachment, that demonstrate that the non-importing manufacturer purchased imported worsted wool fabric of the kind described in paragraph (d)(2)(i)(A) of this section from an identified importer(s) or identified supplier(s);

(C) A statement that if the non-importing manufacturer purchased imported worsted wool fabric of the kind described in paragraph (d)(2)(i)(A) of this section from an identified supplier, the manufacturer has substantiating documentation that establishes that such fabric was imported by the identified importer;

(D) A completed Customs Form (CF) 5106—Importer ID Input Record, set forth as an attachment; and

(E) A signed affidavit, set forth as an attachment, that contains the following information:

(1) A statement that the affiant is a U.S. manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90 (in claim year 2000), or HTSUS subheadings 9902.51.11 or 9902.51.12 (in claim years 2001 and 2002);

(2) A statement that the affiant was not the importer in calendar year 1999 of worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90;

(3) A statement of the quantity of imported worsted wool fabric of the kind described in paragraph (d)(3)(i)(D)(2) of this section that the affiant purchased from an identified importer(s) or from an identified supplier(s), with copies of the relevant invoices attached;

(4) A statement that where the affiant purchased imported worsted wool fabric of the kind described in paragraph (d)(3)(i)(D)(2) of this section from an identified supplier, the affiant has substantiating documentation that establishes that such fabric was imported by the identified importer; and

(5) A statement by the affiant that a good faith effort was made to contact the identified importer and request relevant entry summary numbers that substantiate the amount of duties paid in calendar year 1999 on fabric identified in the submitted invoices, but the identified importer is unable or unwilling to provide such assistance.

(ii) A non-importing manufacturer's affidavit to substantiate the amount of duties paid by the importer on worsted wool fabric imported in calendar year 1999, where no entry summary numbers are available, must be signed by the manufacturer or a knowledgeable authorized officer or employee of the manufacturer, and be submitted to Customs in the following format:

Non-Importing Manufacturer's Affidavit in Support of a Letter of Intent to File a Wool Duty Refund Claim (where the manufacturer does not possess the relevant entry summary numbers for the fabric identified in the invoices submitted with this affidavit)

1. The undersigned, (*name of manufacturer*), is a U.S. manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90 (in claim year 2000), or HTSUS subheadings 9902.51.11 or 9902.51.12 (in claim years 2001 and 2002);

2. The undersigned was not the importer in calendar year 1999 of worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90;

3. The undersigned purchased (*specify quantity*) of imported worsted wool fabric of the kind described in item (2) above from (*name of importer*) or from a supplier (*name of supplier*), and copies of relevant invoices are attached;

4. If the undersigned has purchased imported worsted wool fabric of the kind described in item (2) above from (*name of supplier*), the undersigned has substantiating documentation that establishes that such fabric was imported by (*name of importer*);

5. The undersigned attests that a good faith effort was made to contact the identified importer(s) and request that relevant entry summary numbers be provided to either the undersigned or directly to Customs that substantiate the amount of duties paid in calendar year 1999 on fabric identified in the submitted invoices, but the identified importer is unable or unwilling to provide such assistance;

6. The undersigned attests that the information set forth in this affidavit is true and accurate to the best of the affiant's knowledge and belief.

(4) *Documentation required where the manufacturer is both an importer and a purchaser of eligible worsted wool fabric.* Where a manufacturer described in paragraph (c)(1) of this section is both an importer and a purchaser of eligible worsted wool fabric, the manufacturer must submit to Customs a letter of intent to file a wool duty refund claim that is signed by the manufacturer or a knowledgeable authorized officer or employee of the manufacturer. The letter of intent must state that, to the best of the signer's knowledge and belief, the information contained in the letter is accurate and truthful.

(i) With respect to fabric where the manufacturer is the importer, the letter of intent must contain the information described in paragraph (d)(1) of this section.

(ii) With respect to such fabric where the manufacturer is not the importer, but the manufacturer possesses the relevant entry summary numbers, the letter of intent must contain the information described in paragraph (d)(2) of this section and the relevant entry summary numbers may be submitted directly to Customs by the manufacturer and/or the importer(s).

(iii) With respect to such fabric where the manufacturer is not the importer, and the manufacturer does not possess the relevant entry summary numbers, the letter of intent must contain the information described in paragraph (d)(3) of this section.

(5) *Documentation required where a prospective claimant is the legal assignee of an eligible manufacturer's*

potential wool duty refund rights. To file a letter of intent where the prospective claimant is the legal assignee of any potential wool duty refund claim rights attributable to an eligible manufacturer described in paragraph (c) of this section, the facts of such legal assignation, and the identity of all affected parties, must be submitted to Customs in a written attachment to the letter of intent, and additional substantiating documentation must be available to Customs upon request. Only those assignees that substantiate, to Customs satisfaction, the terms and legality of the assignation will be eligible to claim a wool duty refund.

(6) *Time to file a letter of intent.* A manufacturer's letter of intent to file a wool duty refund claim, including all attachments and, where applicable, the importer's signed affidavit in support of the manufacturer's letter of intent, must be received by Customs no later than March 31, 2001, unless this date is extended upon due notice in the **Federal Register**.

(7) *Place to file a letter of intent.* A manufacturer's letter of intent to file a wool duty refund claim, including all attachments and, where applicable, the importer's signed affidavit in support of the manufacturer's letter of intent, must be submitted to: U.S. Customs Service, Wool Refund Claim, Residual Liquidation and Protest Branch, Rm. 761, 6 World Trade Center, New York, N.Y. 10048-0945.

(e) *Customs verification letter.* Customs will issue to a prospective claimant a written verification letter within 30 calendar days from the date Customs receives a timely and complete letter of intent that relies solely on relevant entry summary numbers to substantiate, to Customs satisfaction, the amount of duties paid on eligible wool products imported in calendar year 1999. Where a prospective claimant submits a letter of intent that relies on invoices, in whole or in part, to substantiate, to Customs satisfaction, the amount of duties paid on eligible wool products imported in calendar year 1999, Customs will issue a verification letter to such prospective claimant within 30 calendar days after the date all letters of intent must be received by Customs, as set forth in paragraph (d)(5) of this section. The amount of potential duty refund will be based on the quantity of eligible wool products that was imported by the prospective claimant or, where the prospective claimant was not the importer, purchased by the prospective claimant (as indicated by submitted invoices). If entry summary numbers are used to substantiate the amount of duties paid

on eligible wool products in calendar year 1999, the potential refund amount will be limited to the amount of duties paid on such entry summaries that is attributable to that quantity of eligible wool products. If invoices are used to substantiate the amount of duties paid on worsted wool fabrics in calendar year 1999, the amount of duties will be determined by deducting 10 percent from the invoice amounts, dividing the resulting adjusted invoice amounts by 100% plus the duty rate (30.6%) to back out the duty, and then multiplying that amount times the duty rate (30.6%). If the aggregate amount of duties attributable to an importer exceeds the amount of duties paid by that importer in calendar year 1999, as indicated by ACS, an adjustment will be made to those claimants requiring use of the invoice formula. The percentage deducted from the invoice amounts for those claimants will be increased on a *pro rata* basis to ensure that the aggregate amount to be refunded does not exceed the ACS amount. Refund amounts substantiated by entry summary numbers will not be reduced. A letter of verification will set forth the following information:

(1) The prospective claimant's claim identification number;

(2) The maximum amount of wool duty refund that the individual prospective claimant will be eligible to receive in each of calendar years 2000, 2001, and 2002; and

(3) Where invoices are used to substantiate the amount of duties paid on worsted wool fabric in calendar year 1999, the percentage that was deducted from the invoice amounts, with accompanying explanation.

(f) *Eligibility criteria to claim a duty refund in calendar years 2000, 2001, and 2002.* To be eligible to claim a refund of duties paid on imports of certain wool products in calendar years 2000, 2001, and 2002, a claimant must be in receipt of a claim verification letter from Customs. Additionally, a claimant must be:

(1) In calendar year 2000, a U.S. manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90, for which duties were paid in that year;

(2) In calendar years 2001 and 2002, a U.S. manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool fabric of the kind described in HTSUS subheadings 9902.51.11 or 9902.51.12, for which duties were paid in those years;

(3) In calendar year 2000, a U.S. manufacturer of worsted wool fabric

who paid duties in that year on imported wool yarn of the kind described in HTSUS subheading 5107.10.00;

(4) In calendar years 2001 and 2002, a U.S. manufacturer of worsted wool fabric who paid duties in those years on imported wool yarn of the kind described in HTSUS subheading 9902.51.13;

(5) In calendar year 2000, a U.S. manufacturer of wool yarn or wool fabric who paid duties in that year on imported wool fiber or wool top of the kind described in HTSUS subheadings 5101.11, 5101.19, 5101.21, 5101.29, 5101.30, 5103.10, 5103.20, 5104.00, 5105.21 or 5105.29;

(6) In calendar years 2001 and 2002, a U.S. manufacturer of wool yarn or wool fabric who paid duties in those years on imported wool fiber or wool top of the kind described in HTSUS subheading 9902.51.14; or

(7) A legal assignee of the existing wool duty refund claim rights of an eligible manufacturer described in paragraphs (f)(1), (f)(2), (f)(3), (f)(4), (f)(5) or (f)(6) of this section.

(g) *Procedures for filing a claim—(1) Time to file.* An eligible claimant may file with Customs one wool duty refund claim for each of calendar claim years 2000, 2001 and 2002, including, where applicable, related amended claims. A claim may be amended within 90 calendar days from the date of the original submission or, if Customs has notified the claimant in writing that the claim is insufficient to support the claim as requested or is otherwise defective (e.g., a claim that relies on an entry summary that is ineligible for a wool duty refund, as provided for in § 10.184(j)), within 90 calendar days from the date of the Customs notification. All claims for a wool duty refund, whether original or amended in the absence of a Customs notification of insufficiency or defect, must be received by Customs no later than December 31 of the year following the calendar claim year for which a wool duty refund is being sought. An amended claim made in response to a Customs notification of insufficiency or defect may be submitted to Customs after the December 31 deadline applicable to all other claim submissions. A claimant may file two separate duty refund claims in a single calendar year, so long as the claims are for two different claim years.

(2) *Place to file.* A claim for a refund of duties paid on imports of eligible wool products must be submitted to: U.S. Customs Service, Wool Refund Claim, Residual Liquidation and Protest

Branch, Rm. 761, 6 World Trade Center, New York, N.Y. 10048-0945.

(3) *Documentation.* (i) *Where the manufacturer is the importer.* To file a wool duty refund claim, an importing-manufacturer must provide Customs with a copy of the verification letter the claimant received from Customs and an affidavit, signed by the manufacturer or a knowledgeable officer or employee of the manufacturer, that contains the following information:

(A) A statement that the affiant is a U.S. manufacturer of the kind described in either paragraphs (f)(1), (f)(2), (f)(3), (f)(4), (f)(5) or (f)(6) of this section, in the current calendar claim year;

(B) A statement of the total amount of duties paid by the affiant in that year on eligible wool products;

(C) The total amount of duty refund being claimed;

(D) A list of relevant entry summary numbers, set forth as an attachment and submitted to Customs in either a paper or an electronic format (the latter on diskette), that substantiates the amount of duties for which a refund is being claimed in paragraph (g)(3)(i)(C) of this section, and does not exceed the affiant's share of duties eligible to be refunded as set forth in the attached verification letter;

(E) A statement that no entry summary has been listed in paragraph (g)(3)(i)(D) of this section that has already had 99% or more of the amount of duties paid on that entry refunded pursuant to any refund claim authorized by law; and

(F) A statement that identifies, if applicable, any entry summary listed in paragraph (g)(3)(i)(D) of this section that is, or may become, subject to an outstanding drawback claim, protest, or any other refund claim authorized by law.

(ii) *Form of affidavit.* An importing-manufacturer's signed affidavit to substantiate a wool duty refund claim in calendar years 2000, 2001, or 2002 must be signed by the manufacturer, or a knowledgeable officer or employee of the manufacturer, and submitted to Customs in the following format:

Importing-Manufacturer's Affidavit in Support of a Claim for a Wool Duty Refund Under Section 505 of the Trade and Development Act of 2000, for Calendar Year—

1. The undersigned, (name of manufacturer), is a U.S. manufacturer of the kind described in either paragraphs (f)(1) [], (f)(2) [], (f)(3) [], (f)(4) [], (f)(5) [], or (f)(6) [] [check one] of § 10.184 of the Customs Regulations (19 CFR 10.184(f)), in the current calendar claim year;

2. The undersigned paid (total amount of duties paid) in calendar year on eligible wool products;

3. The amount of wool duty refund being claimed is \$ ____;

4. Attached is a list of the relevant current claim year entry summary numbers that substantiate the amount of duty refund being claimed in item (3) above;

5. The undersigned has not listed any entry summary in item (4) above that has had 99% or more of the amount of duties paid on that entry refunded pursuant to any refund claim authorized by law;

6. The undersigned will list any entry summary in item (4) above that is, or may become, subject to an outstanding drawback claim, protest, or any other refund claim authorized by law; and

7. The undersigned attests that the information set forth in this affidavit is true and accurate to the best of the affiant's knowledge and belief.

(iii) *Where the manufacturer is not the importer.* To file a wool duty refund claim a manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool fabric of the kind described in HSTUS subheadings 5112.11.20, 5112.19.90, 9902.51.11 or 9902.51.12, who is a purchaser but not the importer of such fabric, must provide Customs with a copy of the verification letter the claimant received from Customs and an affidavit signed by the manufacturer, or a knowledgeable officer or employee of the manufacturer, that contains the following information:

(A) A statement that in calendar claim year 2000, the affiant is a U.S. manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90, or, a statement that in calendar claim years 2001 and 2002, the affiant is a U.S. manufacturer of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool fabric of the kind described in HTSUS subheadings 9902.51.11 or 9902.51.12 in calendar claim years 2001 and 2002;

(B) A statement that the affiant is not the importer in the current calendar year of imported worsted wool fabric of the kind described in paragraph (A) above;

(C) A statement as to the quantity of imported worsted wool fabric of the kind described in paragraph (A) above that the affiant purchased from an identified importer(s) or from an identified supplier(s), with copies of relevant invoices attached;

(D) A statement that where the affiant purchased imported worsted wool fabric of the kind described in paragraph (A) above from an identified supplier(s), the affiant has substantiating documentation that establishes that such fabric was imported by the identified importer(s); and

(E) A statement by the affiant that the identified importer(s) has provided a list of relevant entry summary numbers directly to the affiant that substantiates the amount of duties paid in the current calendar claim year on the fabric identified in the submitted invoices, and such information is set forth as an attachment; and/or

(F) A statement by the affiant that the identified importer(s) has agreed to submit a signed affidavit directly to Customs with the relevant entry summary numbers attached, that substantiates the amount of duties paid in the current calendar claim year on the fabric identified in the submitted invoices.

(iv) *Form of affidavit.* A manufacturer who is not the importer of the imported worsted wool fabric must submit to Customs an affidavit to substantiate a wool duty refund claim in calendar years 2000, 2001, or 2002, signed by the manufacturer or a knowledgeable officer or employee of the manufacturer, in the following format:

Non-Importing Manufacturer's Affidavit in Support of a Claim for a Duty Refund Under Section 505 of the Trade and Development Act of 2000, for Calendar Year

1. The undersigned, (*name of manufacturer*), is a U.S. manufacturer in calendar year ____ of men's or boys' suits, suit-type jackets, or trousers, of imported worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90 (in claim year 2000), or HTSUS subheadings 9902.51.11 or 9902.51.12 (in claim years 2001 and 2002);

2. The undersigned was not the importer of imported worsted wool fabric of the kind described in item (1) above;

3. The undersigned purchased (*specify quantity*) of imported worsted wool fabric of the kind described in item (1) above from (*name of importer(s)*) or from a supplier(s), and the relevant invoices are attached;

4. Where the undersigned purchased imported worsted wool fabric of the kind described in item (1) above from (*name of supplier*), the undersigned has substantiating documentation that establishes that such fabric was imported by (*name of importer*);

5(a). Attached is a list of relevant entry summary numbers, provided directly to the undersigned by (*name of importer*), that substantiates the amount of duties paid in the current calendar claim year on the fabric identified in the attached invoices; and/or

5(b). The importer, (*name of importer*), has agreed to submit a signed affidavit directly to Customs that attests to the fact that the importer sold imported worsted wool fabric of the kind described in item (1) above to the undersigned or to (*name of supplier*), and has agreed to attach a list of the relevant entry summary numbers that substantiates the amount of duties paid in the current calendar claim year on the fabric identified in the attached invoices; and

6. The undersigned attests that the information set forth in this affidavit is true

and accurate to the best of the affiant's knowledge and belief.

(v) Required content of an importer's signed affidavit in support of a manufacturer's wool duty refund claim.

Where an importer chooses to assist in the substantiation of a non-importing manufacturer's wool duty refund claim by submitting relevant entry summary numbers directly to Customs, such entry information must be set forth as an attachment to an affidavit that is signed by the importer or by a knowledgeable officer or employee of the importer, and must contain the following information:

(A) A statement as the total amount of duties that the importer paid in the current calendar claim year on worsted wool fabric of the kind described in paragraph (g)(3)(iii) of this section;

(B) A statement that the importer sold worsted wool fabric of the kind described in paragraph (g)(3)(iii) of this section, to the identified manufacturer or to the identified supplier(s);

(C) A list of relevant entry summary numbers for the worsted wool fabric of the kind described in paragraph (g)(3)(iii) of this section, set forth as an attachment in either a paper or an electronic format (the latter submitted to Customs on diskette), that substantiates the amount of duties paid during the current calendar claim year on such fabric that was sold by the importer to the identified manufacturer or to the identified supplier(s);

(D) A statement that no entry summary number has been listed in paragraph (g)(3)(v)(C) of this section that has already had 99% or more of the amount of duties paid on that entry refunded pursuant to any refund claim authorized by law; and

(E) A statement that lists any entry summary number in paragraph (g)(3)(v)(C) of this section that is, or may become, subject to an outstanding drawback claim, protest, or any other refund claim authorized by law.

(vi) *Form of affidavit.* The importer's affidavit in support of manufacturer's wool duty refund claim must be signed by the importer or by a knowledgeable officer or employee of the importer, and be submitted to Customs in the following format:

Importer's Affidavit in Support of a Non-Importing Manufacturer's Claim for a Duty Refund Under Section 505 of the Trade and Development Act of 2000, for Calendar Year

1. The undersigned, (*name of importer*), is an importer who [check one] paid duties in calendar year 2000 [] on worsted wool fabric of the kind described in HTSUS subheadings 5112.11.20 or 5112.19.90, or who paid duties in calendar year 2001 [] or calendar year 2002 [] on worsted wool

fabric of the kind described in HTSUS subheadings 9902.51.11 or 9902.51.12;

2. The undersigned sold worsted wool fabric of the kind described in item (1) above to a manufacturer identified as (*name of manufacturer*) or to a supplier(s) identified as (*name of supplier*);

3. Attached is a list of relevant entry summary numbers for worsted wool fabric of the kind described in item (1) above that substantiates the amount of duties paid in the current calendar claim year on such fabric that was sold by the undersigned to (*name of manufacturer*) or to an identified supplier(s) (*name of supplier*);

4. The undersigned has not listed any entry summary in item (3) above that has had 99% or more of the amount of duties paid on that entry refunded pursuant to any refund claim authorized by law;

5. The undersigned will list any entry summary in item (3) above that is, or may become, subject to an outstanding drawback claim, protest, or any other refund claim authorized by law; and

6. The undersigned attests that the information set forth in this affidavit is true and accurate to the best of the affiant's knowledge and belief.

(vii) *Documentation required where the manufacturer is both an importer and a purchaser of eligible worsted wool fabric.* Where a manufacturer described in paragraph (c)(1) of this section is both an importer and a purchaser of eligible worsted wool fabric, the manufacturer must provide Customs with both the documentation described in paragraphs (g)(3)(i) and (g)(3)(ii) of this section, and the documentation described in paragraphs (g)(3)(iii) and (g)(3)(iv) of this section.

(viii) *Documentation required where the claimant is the legal assignee of an eligible manufacturer's wool duty refund claim rights.* To file a wool duty refund claim where the claimant is the legal assignee of the existing wool duty refund claim rights of an eligible manufacturer described in paragraphs (f)(1), (f)(2), (f)(3), (f)(4), (f)(5) or (f)(6) of this section, the facts of such legal assignation, and the identity of all affected parties, must be submitted to Customs in a written attachment to the

claim, and additional substantiating documentation must be available to Customs upon request. Only those assignees that substantiate, to Customs satisfaction, the terms and legality of the assignation will be eligible to claim a wool duty refund duty refund.

(h) *Wool duty refund claim processing procedures.* Upon receipt of a timely and complete wool duty refund claim filed pursuant to the terms of this section, Customs will determine the liquidation status of the entry summaries used to substantiate the claim. No duty refund will be issued to a claimant until all the entry summaries identified for purposes of substantiating the claim have been finally liquidated and the applicable amendment period, as set forth in paragraph (g)(1) of this section has expired or the claimant has submitted to Customs a signed waiver of amendment.

(i) *Denial of a wool duty refund claim.* Customs may deny a wool duty refund claim if the claim was not timely filed, if the claimant is not eligible pursuant to the terms of this section, or if the claimant has not complied with the requirements of this section. Customs will provide the claimant with written notice of the denial of the claim, including the reason for the denial.

(j) *Multiple refund claims and pending judicial review—(1) Allowance or denial of subsequent claims.* If an entry has been used to provide the basis for a duty refund claim pursuant to this section, and the entire amount of duties paid on that entry was refunded to the claimant, a claim for drawback, or any other refund claim authorized by law, that is based on that entry, will be denied by Customs. If an entry has been used to substantiate a claim for a duty refund under this section, and an amount in duties paid on that entry has not been refunded, the remaining amount may be eligible for subsequent duty refund claims under this section, drawback, or any other refund claim authorized by law.

An entry that has already had 99% or more of the duties paid on that entry refunded by way of a drawback claim, protest, or any other claim authorized by law, may not be used to provide the basis for a wool duty refund claim.

(2) *Substitution of entry summary numbers.* If a duty refund claim under this section has not yet been processed by Customs, an importer may substitute an entry summary that has already been identified to Customs for purposes of substantiating the claim with another comparable entry summary, so long as the amount of duty paid in connection with the replacement entry is not less than the duty paid on the entry that was identified to Customs originally.

(3) *Pending judicial review.* If a summons involving the tariff classification or the dutiability of an imported wool product has been filed in the Court of International Trade, Customs will deem any entry summary at issue in that judicial proceeding ineligible to substantiate a duty refund claim.

(k) *Penalties and liquidated damages.* A wool duty refund claimant's failure to comply with any of the procedural requirements set forth in this document, or failure to adhere to all applicable laws and regulations, may subject the claimant to penalties, liquidated damages or other administrative sanctions.

PART 178—APPROVAL OF INFORMATION COLLECTION REQUIREMENTS

1. The authority citation for part 178 continues to read as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 1624; 44 U.S.C. 3501 *et seq.*

2. Section 178.2 is amended by adding a new listing to the table in numerical order to read as follows:

§ 178.2 Listing of OMB control numbers.

19 CFR Section	Description	OMB Control No.
* * * *		
§ 10.184	Refund of duties on certain wool imports.	1515-0227
* * * *		

Raymond W. Kelly,
Commissioner of Customs.

Approved: December 20, 2000.

Timothy E. Skud,
Acting Deputy Assistant Secretary of the
Treasury

[FR Doc. 00-32836 Filed 12-20-00; 3:09 pm]

BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 301

[TD 8918]

RIN 1545-AY11

Removal of Federal Reserve Banks as Federal Depositaries

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Temporary regulations

SUMMARY: This document contains temporary regulations relating to the deposit of Federal taxes pursuant to section 6302 of the Internal Revenue Code. The regulations remove Federal Reserve banks as authorized depositaries for Federal tax deposits. The regulations affect taxpayers that make Federal tax deposits using paper Federal Tax Deposit (FTD) coupons (Form 8109) at Federal Reserve banks.

DATES: *Effective Date:* These regulations are effective December 26, 2000.

Applicability Date: These regulations apply to deposits made after December 31, 2000.

FOR FURTHER INFORMATION CONTACT: Brinton T. Warren (202) 622-4940 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

This document contains amendments to the Procedure and Administration Regulations (26 CFR part 301) relating to Federal tax deposits under section 6302(c) of the Internal Revenue Code (Code). Section 6302(c) provides that the Secretary may authorize Federal Reserve banks, and incorporated banks, trust companies, domestic building and loan associations, or credit unions that are depositaries or financial agents of the United States, to receive any tax imposed under the internal revenue laws, in such manner, at such times, and under such conditions as the Secretary may prescribe. Pursuant to this authority, various regulations provide that Federal Reserve banks, as well as other authorized financial

institutions, may receive certain Federal tax deposits.

In cooperation with the Treasury Department's Financial Management Service (FMS), the Federal Reserve System has been streamlining its Treasury Tax and Loan (TT&L) Operation to respond to the fact that the overwhelming majority of Federal Tax Deposits (FTDs) are now received electronically. The widespread adoption of electronic deposits by taxpayers is an important aspect of improving the efficiency, reliability, and cost-effectiveness of the Treasury Department's financial management. In general, compared to the universe of all tax deposits, the percentage of FTDs made with paper coupons has significantly declined. FTDs made with paper coupons at Federal Reserve banks now constitute only a tiny percentage of all tax deposits. For example, in Fiscal Year 1999, of the approximately 100 million Federal tax deposits, made by paper coupon and electronically, only about 270,000, or less than one half of one percent, were paper coupons presented at Federal Reserve banks. Additionally, the number of paper coupons presented at Federal Reserve banks has declined over twenty-five percent since 1997.

The Treasury Department has developed an array of other deposit options that are more convenient for taxpayers to use, and more economical to process, than deposits with Federal Reserve banks. For example, taxpayers may use their touch tone telephone or personal computer to make deposits 24 hours a day through the Electronic Federal Tax Payment System (EFTPS). For those taxpayers who still prefer paper coupons over electronic deposits, there are now more than 10,000 financial institutions nationwide that are designated as TT&L depositaries where taxpayers may make FTD deposits using paper coupons.

In response to the declining number of deposits being made with paper coupons at Federal Reserve banks, the Federal Reserve Bank of St. Louis was selected, effective May 1, 2000, to serve as the only Federal Reserve bank accepting FTDs. Even after this consolidation, however, it is no longer cost-effective for the Federal Reserve bank in St. Louis to process the small number of paper coupons it receives annually. Accordingly, these temporary regulations remove all Federal Reserve banks as depositaries for Federal taxes. To mitigate any difficulties for those taxpayers who still do not wish to use the deposit alternatives discussed above, the Treasury Department has authorized a financial agent to receive

and process FTD payments through the mail, thereby maintaining a mail-in alternative for taxpayers who do not have an account with an authorized financial institution and who do not wish to use EFTPS. The address for this mail-in alternative is Financial Agent, Federal Tax Deposit Processing, P.O. Box 970030, St. Louis, Missouri, 63197. The IRS is also issuing proposed regulations that remove Federal Reserve banks as depositaries of Federal taxes. See the notice of proposed rulemaking on this subject in the Proposed Rules section of this issue of the **Federal Register**.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, these regulations will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

Drafting Information

The principal author of these regulations is Brinton T. Warren of the Office of Associate Chief Counsel, Procedure and Administration (Administrative Provisions and Judicial Practice Division). However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects in 26 CFR Part 301

Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

Amendments to the Regulations

Accordingly, 26 CFR part 301 is amended as follows:

Paragraph 1. The authority citation for part 301 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 301.6302-1T is added to read as follows: