

Dated: August 24, 1995.

Mary C. King,

Acting Director, AES Development Team
[FR Doc. 95-21911 Filed 9-1-95; 8:45 am]
BILLING CODE 4820-02-P

Notice of Issuance of Final Determination Concerning Carddock Units

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

ACTION: Notice of final determination.

SUMMARY: This document provides notice that Customs has issued a final determination concerning the country of origin of certain CardDock units which are being offered to the U.S. Air Force ("Air Force"), under a procurement designated under Air Force Solicitation No. F01620-94-R-A430. The final determination found that based upon the facts presented, the country of origin of CardDock units which are manufactured in the U.S. from U.S. and foreign components is the U.S.

DATES: The final determination was issued on August 21, 1995. Any party-at-interest, as defined at 19 CFR 177.22(d), may seek judicial review of this final determination within 30 days of September 5, 1995. A copy of the nonconfidential portions of this final determination will be published in the Customs Bulletin.

FOR FURTHER INFORMATION CONTACT: Anthony A. Tonucci, Attorney-Advisor, Office of Regulations and Rulings, (202) 482-7073.

SUPPLEMENTARY INFORMATION: Notice is hereby given that on August 21, 1995, pursuant to Subpart B of Part 177, Customs Regulations (19 CFR Part 177, Subpart B), Customs issued a final determination concerning the country of origin of certain CardDock units which are being offered to the Air Force, under a procurement designated under Air Force Solicitation No. F01620-94-R-A430. The U.S. Customs ruling number is HQ 559255. This final determination was issued at the request of one of the offerors under procedures set forth at 19 CFR 177 subpart B, which implements Title III of the Trade Agreements Act of 1979, as amended (19 U.S.C. 2511-18). The final determination concluded that based upon the facts presented, ISA boards, frame assemblies and connector cables are substantially transformed in the U.S. as a result of being assembled with U.S. origin Bay Boards into CardDock units. Accordingly, the country of origin of the CardDock units is the U.S. This document gives notice pursuant to section 177.29, Customs

Regulations, (19 CFR 177.29), of that final determination. Any party-at-interest, as defined at 19 CFR 177.22(d), may seek judicial review of this final determination within 30 days of September 5, 1995.

Dated: August 21, 1995.

Harvey B. Fox,

Director, Office of Regulations and Rulings.
[FR Doc. 95-21910 Filed 9-1-95; 8:45 am]
BILLING CODE 4820-02-P

Notice to Test the Use of Reconciliation for Adjustments Made to the Price of Imported Merchandise by Related Party Companies under 26 U.S.C. 482

AGENCY: Customs Service, Department of the Treasury.

ACTION: Final notice.

SUMMARY: This notice announces Customs plan to conduct a test regarding the use of reconciliation for those related party importers which have reason to believe upward adjustments may be made to the price of imported merchandise for tax purposes pursuant to 26 U.S.C. 482. This notice invites public participation in the test, and sets out the eligibility requirements for voluntary participation in the testing of reconciliation, for this purpose, and describes the basis on which Customs will select participants.

DATES: The test will commence no earlier than October 1, 1995, and will run until December 31, 1996. To participate in this reconciliation test, the application must be filed and approved by Customs on or before October 1, 1995.

ADDRESSES: To be considered for voluntary participation in this test applications should be submitted to Mr. William F. Inch, Director, Office of Regulatory Audit, Office of Strategic Trade, U.S. Customs Service, 1301 Constitution Avenue, NW., Room 2311, Washington, DC 20229-0001.

FOR FURTHER INFORMATION CONTACT: Matthew Krimski 202-927-0411.

SUPPLEMENTARY INFORMATION:

Background

Section 1059A of the Internal Revenue Code

Section 1059A of the Internal Revenue Code provides that in related party transactions the amount of any costs—

- (1) Which are taken into account in computing the basis or inventory cost of such property by the purchaser, and
- (2) Which are also taken into account in computing the customs value of such

property shall not, for purposes of computing such basis or inventory cost for purposes of this chapter, be greater than the amount of such costs taken into account in computing such customs value.

The legislative history of section 1059A indicates that Congress intended to preclude the "whipsaw" effect on U.S. revenue which occurs when a party is allowed to claim a price for "computing the customs value of such property by the purchaser" that is lower than the price claimed for tax purposes.

When section 1059A was enacted, Congress was aware that the Customs value statute recently had been amended to make price paid the critical cost factor taken into account by the Customs Service in valuing goods for duty purposes. The legislative history of section 1059A also indicates that Congress wanted section 1059A to address this situation by attempting to place a ceiling on "the amount of any (such) costs" that can be claimed for tax purposes. All of the applicable legislative reports indicate, without exception, that Congress intended that section 1059A would instill some uniformity on the amount of costs which may be claimed to the IRS for tax purposes by limiting the amount of such costs to the amount claimed to, and taken into account by, the Customs Service in computing the Customs value.

The legislative history did state that appropriate adjustments may be made in cases where customs pricing rules differ from appropriate tax rules—as, for example, with the inclusion or exclusion of freight charges. Finally, the history states section 1059A applies to transfer prices subject to section 482 of the Internal Revenue Code.

In July of 1994, the Internal Revenue Service (IRS) issued final regulations implementing 26 U.S.C. 482. The IRS subsequently began considering whether and to what extent the 1059A regulations should be amended in the context of the new section 482 regulations. The section 482 regulations, specifically 26 CFR 1.482-1(a)(3), permits a controlled taxpayer, if necessary to reflect an "arm's length result," to "report on timely filed U.S. income tax return (including extensions) the results of its controlled transactions based upon prices different from those actually charged." The IRS is considering whether the 1059A regulations should be amended to allow the taxpayer, under appropriate circumstances, to make the upward section 482 adjustment.

This document announces a test that will facilitate the IRS/Customs decision

as to whether reconciliation procedures provide a viable and appropriate circumstance for a taxpayer/importer to make a post entry upward adjustment to the price of imported merchandise.

Customs Value Law

For Customs purposes the appraised value of imported merchandise is determined pursuant to section 402 of the Tariff Act of 1930, as amended by the Trade Agreements Act (TAA) of 1979. Transaction value is the primary basis of appraisal. Transaction value is defined in section 402(b)(1) as the "price actually paid or payable for the merchandise when sold for exportation to the United States" plus specified statutory additions.

Pursuant to section 402(b)(2)(A)(iv) the transaction value of imported merchandise shall be the appraised value only if the buyer and seller are not related, or if the buyer and the seller are related, the transaction value is acceptable under 402(b)(2)(B). Section 402(b)(2)(B) provides that transaction value between a related buyer and seller is acceptable if the buyer demonstrates that the declared transaction value meets one of the following two tests: (1) Circumstances of the Sale or (2) Test Values.

The reconciliation test, announced in this document, is designed for participants that engage in related party transactions.

Related Party Transactions

Under section 402(g) of the TAA the following persons are treated as related:

- (1) Members of the same family, including brothers and sisters (whether by whole or half blood), spouse, ancestors, and lineal descendants.
- (2) Any officer or director of an organization and such organization.
- (3) An officer or director of an organization and an officer or director of another organization, if each such individual is also an officer or director in the other organization.
- (4) Partners.
- (5) Employer and employee.
- (6) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 percent or more of the outstanding voting stock or shares of any organization and such organization.
- (7) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person.

For purposes of 402(g)(G), the phrase "two or more persons directly or indirectly controlling, controlled by, or under common control with, any person" is understood to cover the following situations:

- (1) Where one of them directly or indirectly controls the other;
- (2) Where both of them are directly or indirectly controlled by a third person; or
- (3) Where together they directly or indirectly control a third person.

For purposes of this test, Customs will consider the fact that the related party importer has reason to believe that an upward adjustment may be made to the price as evidence that the relationship may have affected the price actually paid or payable for the imported merchandise. Therefore, transaction value may not be acceptable.

Rather, the merchandise may be appraised under section 402(f). The appraised value pursuant to section 402(f) will be derived from the transaction value method. That is, the appraised value will be the price for the imported merchandise after the upward section 482 adjustment is undertaken by the importer/taxpayer plus the applicable statutory additions: Packing, selling commissions, assists, royalties/license fees and proceeds of subsequent resale. In order to participate in the test, the importer/taxpayer must agree that 402(f) is the proper basis of appraisal, in the event an upward section 482 adjustment is, in fact, claimed for tax purposes.

Title VI of the North American Free Trade Agreement Implementation Act

In order for the importer to comply with Customs value law, when making upward adjustments, a mechanism must be established that permits the importer to submit information related to the upward adjustment after the time of entry. Customs has determined that the reconciliation provisions of the North American Free Trade Agreement Implementation Act (the Act) create a possible vehicle permitting these circumstances. Specifically, Title VI of the Act, Public Law 103-182, 107 Stat. 2057 (December 8, 1993), contains provisions pertaining to Customs Modernization (107 Stat. 2170). Subtitle B of Title VI establishes the National Customs Automation Program (NCAP), an automated and electronic system for the processing of commercial importations. Section 637 in Subtitle B of the Act amends section 484 of the Tariff Act of 1930 by establishing a new subsection (b) entitled "Reconciliation". Reconciliation is a planned component of the NCAP. Section 631 of the Act authorizes tests of planned NCAP components. Section 101.9(b) of the Customs Regulations, provides the regulations governing the testing of NCAP components. See T.D. 95-21 (60 FR 14211, March 16, 1995).

This test is established pursuant to those regulations.

Reconciliation

Reconciliation will allow an importer to provide Customs with information not available at the time of entry summary filing and which is necessary to ascertain the final classification and appraisal of imported merchandise. The reconciliation must be filed no later than 15 months from the date of the first entry summary filed under that reconciliation.

A reconciliation permits the liquidation of an entry summary/summaries despite the fact that undetermined information will be transmitted to Customs at a later time through the reconciliation process. Assuming there are no other outstanding issues, the entry summaries will be liquidated for all purposes other than that which is identified by the importer as pending reconciliation. The reconciliation will be liquidated in accordance with 19 U.S.C. 1500. The liquidation of the reconciliation may be protested, in accordance with 19 U.S.C. 1514, but the protest may only pertain to issues covered by the liquidated reconciliation.

A draft notice was published requesting comments from interested parties on July 5, 1995. We received ten comments and the following is Customs analysis and response to those comments.

Discussion of Comments

Bond Requirement

Comment: The commenter, a surety company, states that language should be added to clearly define the bond requirements for the reconciliation entry.

Customs Response: All entries which are pending reconciliation must be secured by a continuous bond. Customs will allow only one surety for all entries under the reconciliation. If a participant changes sureties during the reconciliation period, Customs must be notified before the change is actually made. No additional entries will be added to the first reconciliation, and a new reconciliation entry will be initiated. In this situation, Customs will issue a separate reconciliation entry number for the future entries to be filed during the remainder of the reconciliation period. Both reconciliation summaries will be due at the close of the reconciliation period.

A separate bond will not be required for the reconciliation entry. The continuous bond on the subject entries will provide coverage for the

reconciliation entry. The Basic Importation and Entry Bond Conditions under 19 CFR 113.62 provide for an agreement of the principal and surety to pay, as demanded by Customs, all additional duties, taxes, and charges subsequently found due, legally fixed, and imposed on any entry secured by the bond. The bond conditions as prescribed by regulation also provide for agreement by the principal to file within the time and in the manner prescribed by law and regulation, documentation to enable Customs to properly assess duties on the merchandise, collect accurate statistics with respect to the merchandise, and determine whether applicable law and regulation are met.

Bond Sufficiency

Comment: The commenter, a surety company, is concerned that a continuous bond may not adequately cover the amount due on the reconciliation entry.

Customs Response: For purposes of this test, Customs believes the continuous bond for the entry summaries will adequately cover the amount due on the reconciliation entry. Customs will monitor each reconciliation individually and should additional coverage be deemed necessary, it will be requested. Customs is conducting research into bond sufficiency from the standpoint of the Chief Financial Officers Act, with respect to all programs under the Mod Act.

Notice to Sureties

Comment: The commenter, a surety company, states that Customs must notify the surety bonding the entries subject to reconciliation that the importer is using reconciliation. Accordingly, the commenter suggests that Customs advise the surety, electronically if possible, as to which entries are subject to reconciliation as well as the specific issue pending reconciliation.

Customs Response: Upon acceptance into this reconciliation prototype, Customs will issue a confirmation letter to the participant. This letter will provide the reconciliation entry number which is to be utilized. In this document, Customs will also confirm that all entries filed on behalf of the applicant, within the designated time frame, meeting the scope as defined by the applicant, will be subject to reconciliation of the entered value pending upward adjustments in accordance with 26 U.S.C. 482. A courtesy copy of this confirmation letter will be sent to the surety company, which is designated in the application.

This will serve as the notice to the surety that all entries filed within the designated time frame, meeting the scope as defined by the applicant, will be subject to reconciliation of the entered value. The value element on the subject entries will be liquidated on the reconciliation entry.

Identification of Reconciliation

Comment: The commenter, a surety company, asks how Customs will identify such reconciliation.

Customs Response: Each reconciliation will be identified by a separate entry number issued by Customs.

Scope of Reconciliation

Comment: The commenter, a surety company, is concerned that Customs will be withholding liquidation pending reconciliation of the valuation on all entries filed by the applicant, when in fact, not all merchandise on those entries may be subject to the possible upward adjustment.

Customs Response: For the purposes of this reconciliation prototype, the importer is required to provide, in the application, the scope of the reconciliation. The scope will be defined in the application to include the importer, filer, surety, merchandise (by Harmonized Tariff Schedule number) which will be subject to the reconciliation, and reconciliation time frame (October 1, 1995 through March 31, 1996, or the end of their tax year, whichever comes first). During the reconciliation period, the entered value, with respect to upward 482 adjustments, on the entries meeting the designated scope criteria will be held open pending the reconciliation.

Liquidation

Comment: The commenter, a surety company, requests information regarding the liquidation of the reconciliation.

Customs Response: The reconciliation is an entry, identified by entry type 09. The reconciliation will permit the liquidation of the entries despite the fact that the undetermined value information will be provided to Customs at a later time. Upon liquidation of the entries, any Customs decision entering into that liquidation, e.g., classification, may be protested pursuant to 19 U.S.C. 1514. When the value information is provided in the reconciliation, the reconciliation will be treated as an entry and liquidated. The liquidation of the reconciliation may also be protested but the protest may only pertain to elements contained in the liquidated reconciliation, i.e., the

protest may not re-visit elements previously liquidated in the entries.

Customs will take action to liquidate all reconciliation entries filed pursuant to this prototype, and extend the liquidation if necessary. Should the reconciliation NOT be filed, the importer will be subject to liquidated damages as the terms of the bond have been breached. In such a case, Customs will analyze the individual situation and liquidate the reconciliation appropriately.

Possible Abuse of Reconciliation

Comment: The commenter, a surety company, states that Customs should limit the number of reconciliations an importer can use, so as to avoid separate reconciliations for each issue for each entry.

Customs Response: For the purposes of this test, the only element open for reconciliation is valuation, specifically an adjustment to the price made to comply with 26 U.S.C. 482. Customs will be able to adequately monitor the amount of reconciliations requested through the application process. The intent of the reconciliation is to link all entries with common, undetermined value information to one reconciliation entry.

Expansion to Include Downward Adjustments

Comment: The test should be expanded to include both upward and downward adjustments.

Customs Response: This test is designed to address a specific issue identified by the Internal Revenue Service. That is, if an importer must make an upward adjustment to its transfer price in order to comply with 26 U.S.C. 482, section 1059A acts as a bar to such adjustment if the lower price was declared to Customs. The section 1059A bar does not apply to situations in which the importer contemplates making a downward adjustment to the price. Given the restricted scope of the test, Customs has concluded that the test will continue to be limited to importers that contemplate making an upward adjustment to their transfer prices to comply with 26 U.S.C. 482. However, Customs is analyzing whether downward adjustments to prices can and should be addressed in future reconciliation tests.

Bases of Appraisalment

Comment: There is no reason why section 1401a(a)(I)(f) must be the applicable basis of appraisalment in the proposed test.

Customs Response: As was stated in the initial notice, Customs considers the

fact that the related party importer has reason to believe that an upward adjustment may be made to the price of the imported merchandise as evidence that the relationship may have affected the price actually paid or payable for the merchandise. Therefore, transaction value will not be considered to be the proper basis of appraisal. The importer continues to have the right to have the hierarchy of appraisal applied to its transactions. However, if the importer claims another basis of appraisal, such as deductive value, then the importer will not be able to participate in the proposed test. This is due to the fact that the test is designed to determine how Customs can use the prices that the importer paid to the seller and the upward adjustments to those prices by using reconciliation. If a basis of appraisal is used that does not use these adjusted prices then the information is meaningless, for purposes of this test. Appraisal under section 402(f) of the Tariff Act of 1930, as amended by the Trade Agreements Act of 1979 allows Customs to utilize the importer's information on the price it paid, and to reasonably appraise the merchandise using that information.

Providing Customs With IRS Form 5472

Comment: One commenter responded with a suggestion that the Internal Revenue Service routinely provide the U.S. Customs Service with the IRS Form 5472 which requests information on import transactions and the related party status of the exporter/importer. The information on the Form 5472 would identify differences between the basis or inventory costs of imported goods as carried for IRS purposes and the Customs value of the imported goods. If such differences did exist, IRS Form 5472 requires an explanation for such differences and if supporting documentation exists in the United States.

Customs Response: Under existing IRS confidentiality statutes, the routine transfer of IRS information to the U.S. Customs Service is prohibited. Only in cases where the Customs Service has a Customs Regulatory Audit planned or in progress, can Customs request certain specific information from the IRS and only in cases when the importer has refused to provide the information voluntarily. The existing provisions for these transfers are contained in Public Law 103-182 passed December 8, 1993.

Description of Test

This test will be limited to participants who meet the eligibility criteria set forth below. It will cover

entry summaries filed by those participants from October 1, 1995 to March 31, 1996 or the end of the participant's tax year, whichever comes first. Each reconciliation is limited to one importer/filer/surety combination.

By statute, reconciliation must be filed within 15 months of the entry summary. The reconciliation entry (i.e. the intent to file the reconciliation) is considered filed when the application is submitted to Customs. For purposes of this test, participants must file the reconciliation summary, which provides the outstanding value information, within 15 months of the filing of the first affected entry summary or by December 31, 1996, whichever comes first. All reconciliation entries will be filed to the attention of Matthew Krimski, Office of Regulatory Audit, Office of Strategic Trade, U.S. Customs Service, 1301 Constitution Avenue, NW, Washington, DC 20229. Customs will advise participants where additional duties resulting from the reconciliation are to be tendered.

All entries which are pending reconciliation must be secured by a continuous bond. Customs will allow only one surety for all entries under the reconciliation. If a participant changes sureties during the reconciliation period, Customs must be notified before the change actually is made. No additional entries will be added to the first reconciliation, and a new reconciliation entry will be initiated. In this situation, Customs will issue a separate reconciliation entry number for the future entries to be filed during the remainder of the reconciliation period. Both reconciliation summaries will be due at the close of the reconciliation period.

The continuous bond on the subject entries will provide coverage for the reconciliation entry. The Basic Importation and Entry Bond Conditions under 19 CFR 113.2 provide for an agreement of the principal and surety to pay as demanded by Customs all additional duties, taxes, and charges subsequently found due, legally fixed and imposed on any entry secured by the bond. The bond conditions as prescribed by regulation also provide for agreement by the principal to file within the time and in the manner prescribed by law and regulation, documentation to enable Customs to properly assess duties on the merchandise, collect accurate statistics with respect to the merchandise and determine whether applicable law and regulation are met.

The reconciliation is an entry identified by entry type 09. The reconciliation will permit the liquidation of the entries despite the fact

that the undetermined value information will be provided to Customs at a later time. Upon liquidation of the entries, any Customs decision entering into liquidation e.g. classification, may be protested pursuant to 19 U.S.C. 1514. When the value information is provided in the reconciliation, the reconciliation will be treated as an entry and liquidated. The liquidation of the reconciliation also may be protested, but the protest may only pertain to elements contained in the liquidated reconciliation, i.e. the protest may not re-visit elements previously liquidated in the entry.

Note: In those cases in which the Harmonized Tariff Schedule (HTS) classification is determined by the unit value, the classification for those commodities also will be held open pending the reconciliation.

Customs will take action to liquidate all reconciliation entries filed pursuant to this prototype and extend the liquidation if necessary. Should the reconciliation not be filed, the importer will be subject to liquidation damages as the terms of the bond have been breached. In such cases, Customs will analyze the individual situation and liquidate the reconciliation appropriately.

Application

Applications will be submitted to Mr. William F. Inch, Director, Office of Regulatory Audit, United States Customs Service, 1301 Constitution Ave. NW., Room 2311, Washington, DC 20229-0001. All applicants will be notified in writing of approval or disapproval regarding test participation. All applicants who meet the eligibility criteria will be chosen to participate in this test. The application must address the ability to meet the eligibility requirements. The applicant must consent, in the application, to all the conditions set forth in the description of this test and eligibility criteria. The applicant must set forth in the application the date on which the applicant's tax year ends. The following information must be included in the application:

1. Importer and IR number;
2. Filer;
3. Surety;
4. Reconciliation Time frame (October 1, 1995 through end of tax year or March 31, 1996, whichever comes first;
5. Merchandise, by Harmonized Tariff Schedule number, impacted by the possible 482 adjustment;
6. Countries of origin of impacted merchandise; and
7. Ports of entry through which the subject merchandise will be imported during the reconciliation period.

By applying, applicants agree that the value for merchandise covered by all entry summaries filed by them or on their behalf on or after October 1, 1995 until the end of the tax year or March 31, 1996, whichever comes first, shall be finally determined by the liquidation of the reconciliation filed in accordance with the test. The Office of Regulatory Audit will review the application to determine that the applicant has met all eligibility requirements.

Documentation Required to Support Reconciliation

The approved participant shall maintain and produce upon Customs request all relevant documentation to support the change in the entered value. The reconciliation shall include the following information:

1. The entry numbers and entry dates, total entered value and ports of entry of all entries filed with Customs falling within the scope of the test.
2. Broken down by entry number, a cumulative list of units imported by classification number and the change (final entered value) to that entered value.
3. Proposed duty due pursuant to reconciliation.

In order to support the reconciliation, the approved applicant shall maintain and produce upon Customs request all relevant documentation to support the change in entered value. The approved applicant may be required to provide any or all of the following documentation:

1. The IRS Schedule M-1, and the Form 1120 Corporate Tax Return.
2. Any and all other supporting documentation filed along with the M-1 and the Form 1120 that was furnished to the IRS.
3. Any or all IRS documents or communications with the participant regarding the relevant 482 adjustment.
4. Any and all documentation including any books and records or computerized data to relate the 482 adjustment to the entries filed with Customs.

Such information and supporting material should be provided in a format or electronic media commonly in use. Examples are an IBM compatible computer 3.5 disk utilizing a software product such as Access or Excel or other similar spreadsheet or database application such as Lotus 1, 2, 3.

Verification

Customs Regulatory Audit, in conjunction with other Customs disciplines, will determine if any verification effort is necessary to establish the accuracy of the details

submitted. The extent of the verification will be determined by Regulatory Audit, and if an audit is required, established Regulatory Audit procedures will be followed.

Eligibility Criteria

In order to qualify for this test of reconciliation, importers must have reason to believe they may invoke the IRS regulations to make upward adjustments to the price of the imported merchandise. Importers must provide, on an entry-by-entry basis, the electronic entry of merchandise and the electronic entry summary of required information (ABI). Other requirements and conditions are as follows:

1. The test only applies to the related party transactions engaged in by participants who qualify under Internal Revenue Service Section 482 requirements to make upward adjustments and which are not subject to Antidumping/Countervailing Duty proceedings.
2. Participants' tax year must end between October 31, 1995 and March 31, 1996.
3. Customs decision to allow a company to participate in the test program will be made in consultation with the Internal Revenue Service.
4. Each participant must provide U.S. Customs with the methodology that will be used to arrive at the final price of the imported merchandise.
5. Each participant agrees that appraisal is under section 402(f) of the Tariff Act of 1930, as amended by the Trade Agreements Act of 1979, if, in fact, an upward section 482 adjustment is made for tax purposes.
6. Entries involving merchandise under this test will not be eligible for drawback.

Selectivity Criteria

The Office of Regulatory Audit, in conjunction with other Customs disciplines, will review the application to ensure the eligibility requirements are met. All applicants who meet the eligibility criteria will be allowed to participate, provided no other Customs office objects.

Objectives of the Test

- The objectives of this test are:
1. To work with the trade community to further compliance in the value area regarding related party transactions.
 2. To allow companies intending to make Internal Revenue Service Section 482 adjustments, which may ultimately result in an upward adjustment to the price for merchandise, the opportunity to reconcile their business operations regarding U.S. Customs and Internal

Revenue Service requirements applicable to related party transactions.

3. To determine if reconciliation is a viable method to ensure a coordinated and consistent Customs response to Internal Revenue Section 482 adjustments which result in the upward adjustment of the Customs valuation under Section 1059A.

5. To test the type of information needed by Customs to process a reconciliation.

Test Evaluation Criteria

The criteria which will be used to evaluate whether or not reconciliation is a viable means to allow importers which make upward adjustments to the price of imported merchandise will be based on measurable outcomes which include:

1. The number of participants;
2. Customs resources expended to administer and monitor the program;
3. Customs resources expended to verify final reconciliation entry claims and the methodologies applied;
4. Amount of additional revenue collected;
5. Survey of participants on the conduct of the test and its effect on their business operations; and
6. IRS and Census satisfaction with the results of the test.

Dated: August 30, 1995.

Edward F. Kwas,

Assistant Commissioner, Office of Strategic Trade.

[FR Doc. 95-21909 Filed 9-1-95; 8:45 am]

BILLING CODE 4820-02-P

UNITED STATES INFORMATION AGENCY

Culturally Significant Objects Imported for Exhibition Determination

Notice is hereby given of the following determination: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985, 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978 (43 FR 13359, March 29, 1978), and Delegation Order No. 85-5 of June 27, 1985 (50 FR 27393, July 2, 1985), I hereby determine that the objects in the exhibit, "Pandora's Box: Women in Classical Greece" (see list ¹) imported from abroad for the temporary exhibition without profit within the United States, are of cultural significance. These objects are imported pursuant to loan agreements with the

¹ A copy of this list may be obtained by contacting Ms. Carol Epstein of the Office of the General Counsel of USIA. The telephone number is 202/619-6981, and the address is Room 700, U.S. Information Agency, 301 4th Street, SW., Washington, DC 20547.