

calling the Treasury Bureau Clearance Officer listed. Comments regarding this information collection should be addressed to the OMB reviewer listed and to the Treasury Department Clearance Officer, Department of the Treasury, Room 2110, 1425 New York Avenue, NW., Washington, DC 20220.

DATES: Written comments should be received on or before June 20, 2001 to be assured of consideration.

Internal Revenue Service (IRS)

OMB Number: 1545-1270.

Regulation Project Number: PS-66-93 and PS-120-90 Final.

Type of Review: Extension.

Title: Gasohol; Compressed Natural Gas (PS-66-93); and Gasoline Excise Tax (PS-120-90).

Description: PS-66-93: Buyers of compressed natural gas for a non taxable use must give a certificate. Persons who pay a "first tax" on gasoline must file a report.

PS-120-90: Gasoline refiners, traders, terminal operators, chemical companies a notify each other of their registration status and/or use of product before transactions may be made tax-free.

Respondents: Business or other for-profit, Not-for-profit institutions, Farms, State, Local or Tribal Government.

Estimated Number of Respondents: 3,170.

Estimated Burden Hours Per

Respondents: 7 minutes.

Frequency of Response: On occasion, Annually.

Estimated Total Reporting Burden: 371 hours.

OMB Number: 1545-1331.

Regulation Project Number: PS-55-89 Final.

Type of Review: Extension.

Title: General Asset Accounts Under the Accelerated Cost Recovery System.

Description: The regulations describe the time and manner of making the election described in Internal Revenue Code (IRC) section 168(i)(4). Basic information regarding this election is necessary to monitor compliance with the rules in IRC section 168.

Respondents: Business or other for-profit, Farms.

Estimated Number of Respondents: 1,000.

Estimated Burden Hours Per

Respondents: 15 minutes.

Frequency of Response: Annually.

Estimated Total Reporting Burden: 250 hours.

OMB Number: 1545-1338.

Regulation Project Number: PS-103-90 Final.

Type of Review: Extension.

Title: Election Out of Subchapter K for Producers of Natural Gas.

Description: Under section 1.761-2(d)(5)(i), gas producers subject to gas balancing agreements on the regulation's effective date are to file Form 3115 and certain additional information to obtain the Commissioner's consent to a change in method of accounting to either of the two new permissible accounting methods in the regulations.

Respondents: Business or other for-profit, Individuals or households.

Estimated Number of Respondents: 10.

Estimated Burden Hours Per

Respondents: 30 minutes.

Frequency of Response: Other (one time only).

Estimated Total Reporting Burden: 5 hours.

OMB Number: 1545-1413.

Regulation Project Number: IA-30-95 Final.

Type of Review: Extension.

Title: Reporting of Nonpayroll Withheld Tax Liabilities.

Description: These regulations concern the Secretary's authority to require a return of tax under section 6011 and provide for the requirement of a return by persons deducting and withholding income tax from "Nonpayroll" payments.

Respondents: Business or other for-profit, Individuals or households, Not-for-profit institutions, Farms, Federal Government, State, Local or Tribal Government.

Estimated Number of Respondents: 1.

Estimated Burden Hours Per

Respondents: 1 hour.

Frequency of Response: Annually.

Estimated Total Reporting Burden: 1 hour.

OMB Number: 1545-1433.

Regulation Project Number: CO-11-91 Final and CO-24-95 Final.

Type of Review: Extension.

Title: Consolidated Groups and Controlled Groups-Intercompany Transactions and Related Rules (CO-11-91); and Consolidated Groups-Intercompany Transactions and Related Rules (CO-24-95).

Description: The regulations require common parents that make elections under Section 1.1502-13 to provide certain information. The information will be used to identify and assure that the amount, location, timing and attributes of intercompany transactions and corresponding items are properly maintained.

Respondents: Business or other for-profit.

Estimated Number of Respondents/Recordkeepers: 2,200.

Estimated Burden Hours Per Respondent/Recordkeeper: 29 minutes.

Frequency of Response: On occasion.

Estimated Total Reporting/

Recordkeeping Burden: 1,050 hours.

Clearance Officer: Garrick Shear, Internal Revenue Service, Room 5244, 1111 Constitution Avenue, NW., Washington, DC 20224.

OMB Reviewer: Alexander T. Hunt, (202) 395-7860, Office of Management and Budget, Room 10202, New Executive Office Building, Washington, DC 20503.

Mary A. Able,

Departmental Reports Management Officer.

[FR Doc. 01-12735 Filed 5-18-01; 8:45 am]

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DEPARTMENT OF THE TREASURY

Customs Service

[T.D. 01-41]

Amendments to U.S. Customs Mitigation Guidelines Pertaining to Claims Arising From Foreign Trade Zone Violations

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

ACTION: General notice.

SUMMARY: This document revises the "Guidelines for Cancellation for Liquidated Damages" which were published in the **Federal Register** as Treasury Decision 94-38 on April 14, 1994. This document revises the Section IX portion of those Guidelines which concerns claims arising from violations of foreign trade zone regulations. New provisions are added to that section of the Guidelines allowing for cancellation of claims arising from violations of foreign trade zone regulations, under certain conditions and limitations, in instances in which the violator voluntarily informs Customs of a violation prior to Customs discovery of the existence of that violation.

EFFECTIVE DATE: These guidelines will take effect upon May 21, 2001, and shall be applicable to all cases which are currently open at the petition or supplemental petition stage.

FOR FURTHER INFORMATION CONTACT: Steven Bratcher, Penalties Branch, Office of Regulations and Rulings, 202-927-2328.

SUPPLEMENTARY INFORMATION:

Background

"Guidelines for Cancellation of Claims for Liquidated Damages" were published in the **Federal Register** (59 FR 17830) on April 14, 1994, as Treasury Decision 94-38. Section IX of these guidelines is entitled "Guidelines

for Cancellation of Claims Arising from Violations of Foreign Trade Zone Regulations (19 CFR part 146, 19 CFR 113.73)." In this document Customs is revising the Section IX portion of the "Guidelines for Cancellation of Claims for Liquidated Damages." The revision involves the addition of provisions which allow for the cancellation of claims arising from the violation of foreign trade zone regulations, under certain conditions and limitations, in instances in which the violator voluntarily informs Customs of a violation prior to Customs discovery of the existence of that same violation. Foreign trade zone regulations are found in part 146, Customs Regulations (19 CFR 146) and in 19 CFR 113.73.

This change to the Customs guidelines with respect to violation of foreign trade zones regulations has been requested by members of the trade on the basis that these provisions will encourage self-policing of zone operations. Members of the trade have brought to Customs attention that Treasury Decision 99-29 (published in the **Federal Register** on March 26, 1999), which sets forth guidelines for the cancellation of claims for liquidated damages and mitigation of penalties for various violations that are non-foreign trade zone related, includes language which allows for cancellation of claims in instances in which the violator voluntarily informs Customs of a violation prior to Customs discovery of the violation.

As Customs has adopted a clear policy of encouraging self-policing by importers and promoting importers' voluntary compliance with Customs rules and regulations, Customs believes, in the interest of fairness, companies operating in foreign trade zones should obtain the same benefit for voluntary compliance as do non-foreign trade zone entities. Therefore, the guidelines for cancellation of claims arising from foreign trade zone regulations is revised to allow for cancellation of claims when the violator voluntarily informs Customs of a violation prior to Customs discovery of the violation. Two new provisions are added to the end of section C of the Guidelines and one new provision is added to the end of section D of the Guidelines.

The text of Section IX of the "Guidelines for Cancellation of Claims for Liquidated Damages," which was published in the **Federal Register** (59 FR 17830) on April 14, 1994, is revised as republished below.

Dated: May 15, 2001.

Charles W. Winwood,
Acting Commissioner of Customs.

IX. Guidelines for Cancellation of Claims Arising From Violations of Foreign Trade Zone Regulations (19 CFR Part 146, 19 CFR 113.73)

A. Defaults involving merchandise. Defaults involving merchandise include those violations relating to merchandise which:

1. Cannot be located or accounted for in the activated area of a foreign trade zone.
2. Has been removed from the activated area of the zone without a proper Customs permit; or
3. Has been admitted, manipulated, manufactured, exhibited or destroyed in the activated area of a zone:
 - a. Without a proper Customs permit; or
 - b. Not in accordance with the description of the activity in the Customs permit.

B. Defaults not involving merchandise. Defaults not involving merchandise means any instance of failure, other than one involving merchandise or late payment of the annual fee, to comply with the laws or regulations governing foreign trade zones. A default involving one zone lot or unique identifier may not be combined with a default under another lot or unique identifier.

C. Defaults involving merchandise; petitions. Claims arising from defaults involving merchandise should be processed in accordance with the following:

1. If the breach resulted from clerical error or mistake (a non-negligent inadvertent error), the claim should be cancelled without payment.
2. If the breach resulted from negligence, but no threat to the revenue occurred (*e.g.*, the merchandise was not manipulated in accordance with the permit to manipulate) the claim should be cancelled upon payment of an amount between one and 15 percent of the value of the merchandise involved in the breach, but not less than \$100 nor more than \$10,000. If the merchandise involved in the breach is restricted merchandise, that shall be considered an aggravating factor which shall result in mitigation on the higher end of the range. If the merchandise involved in the breach is domestic status merchandise, that shall be considered a mitigating factor which shall result in mitigation on the lower end of the range.
3. If the breach resulted from negligence and a potential loss of revenue resulted (*e.g.*, merchandise

cannot be located in the zone, merchandise is removed from the zone without a permit), the claim shall be cancelled upon payment of an amount between one and three times the loss of revenue (loss of revenue to include duties, fees and taxes). If the merchandise involved in the breach is restricted merchandise, the claim shall be cancelled upon payment of an amount between three and five times the loss of revenue but in no case less than 10 percent of the value of such merchandise.

4. If the breach is intentional (*e.g.*, the foreign trade zone operator conspired to remove merchandise from the warehouse zone without proper entry being made), there will be no relief granted from liquidated damages.

5. Aggravating factors.

a. Principal's failure or refusal to cooperate with Customs.
b. Large number of violations compared to number of transactions handled.

c. Experience of principal.
d. Principal's carelessness or willful disregard toward its responsibilities.

6. Mitigating factors.
a. Contributory error by Customs.
b. Small number of violations compared to number of transactions handled.

c. Remedial action taken by principal.
d. Cooperation with Customs.
e. Lack of experience of principal.
f. Merchandise which cannot be located or which has been removed without permit is returned to Custom custody.

g. The merchandise involved in the breach is domestic status merchandise.

7. If the violator comes forward and informs Customs of a violation, prior to Customs discovery of the violation, the claim for liquidated damages may be cancelled, at the discretion of the appropriate Customs officer, upon payment of an amount equal to the duties, fees, taxes and charges that would have been due on the merchandise had entry been properly made, plus \$50.

8. If the violator comes forward and informs Customs of a violation, prior to Customs discovery of the violation, and the violation involves restricted merchandise, then the claim for liquidated damages may be cancelled, at the discretion of the appropriate Customs officer, upon payment of an amount equal to the duties, fees, taxes and charges that would have been due on the merchandise had entry been properly made, plus 5 percent of the value of the merchandise, but not less than \$500. The kind and character of the restriction will be considered before relief under this provision is allowed.

D. *Defaults not involving merchandise; modified CF 5955A.* Defaults not involving merchandise shall be processed in accordance with the following guidelines.

1. *Modified CF 5955A.* Notices of liquidated damages incurred may be issued on a modified CF 5955A. The modified form shall specify two options from which the petitioner may choose to resolve the demand.

a. *Option 1.* He may pay a specified sum within 60 days, and the case will be closed. By electing this option in lieu of petitioning, he waives his right to file a petition. He may, however, file a supplemental petition, if he does so in accordance with the Customs Regulations and has some new fact or information which merits consideration in accordance with these guidelines.

b. *Option 2.* Petition for relief. The bond principal or surety may file a petition for relief. By filing a petition for relief, the petitioner will no longer be afforded the Option 1 mitigation amount. The port director shall grant full relief when the petitioner demonstrates that the violation did not occur. If the petitioner fails to demonstrate that the violation did not occur, the port director may cancel the claim upon payment of an amount no less than \$100 greater than the Option 1 amount.

2. *Maximum assessments.* In cases involving violations which do not involve merchandise which are assessed at \$1,000 for each business day that the violation continues, a maximum of \$10,000 shall be assessed for any one such continuing violation unless the port director can articulate a legitimate enforcement purpose for exceeding said limit. These claims shall be cancelled in conformance with the terms of these guidelines.

3. *Clerical error.* If the breach resulted from clerical error, the claim may be cancelled without payment.

4. *Negligence.* If the breach resulted from negligence, the claim may be cancelled upon payment of an amount between \$100 and \$250 per default actually assessed, depending on the presence of aggravating or mitigating factors. For example, if a document is filed 100 days late, Customs, by policy, will generally limit the assessment to \$10,000. Mitigation will be based on the \$10,000 actual assessment and not relate to the \$100,000 potential assessment.

5. *Intentional breach.* If the breach was intentional, no relief shall be granted.

6. *Violator disclosing violation before Customs discovery.* If the violator comes forward and discloses the violation to Customs prior to Customs discovery of

the violation, whether or not the violation is a continuing one, the claim for liquidated damages may be cancelled, at the discretion of the appropriate Customs officer, upon payment of the amount of \$50.

E. *Cancellation of claims for late payment of the annual fee.*

1. If the late payment resulted from clerical error or mistake, the claim may be cancelled upon payment of the amount due but not paid.

2. If the late payment resulted from negligence, cancel the claim upon payment of the amount due but not paid plus the following percent of that amount for each day payment is in arrears:

a. First seven calendar days—not less than one-third of one percent nor more than three-fourths of one percent per day.

b. Second seven calendar days—not less than one and one-third percent nor more than one and three-fourths percent per day.

c. After the fourteenth calendar day—not less than two and one-third percent nor more than two and three-fourths percent per day.

3. If the late payment was intentional, no relief shall be granted.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

[INTL-29-91]

Proposed Collection; Comment Request for Regulation Project

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning an existing final regulation, INTL-29-91 (TD 8556), Computation and Characterization of Income and Earnings and Profits Under the Dollar Approximate Separate Transactions Method of Accounting (DASTM) (§ 1.985-3).

DATES: Written comments should be received on or before July 20, 2001 to be assured of consideration.

ADDRESSES: Direct all written comments to Garrick R. Shear, Internal Revenue Service, room 5244, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection should be directed to Larnice Mack, (202) 622-3179, Internal Revenue Service, room 5244, 1111 Constitution Avenue NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION:

Title: Computation and Characterization of Income and Earnings and Profits Under the Dollar Approximate Separate Transactions Method of Accounting (DASTM).

OMB Number: 1545-1051.

Regulation Project Number: INTL-29-91.

Abstract: This regulation provides that taxpayers operating in hyperinflationary currencies must use the United States dollar as their functional currency and compute income using the dollar approximate separate transactions method (DASTM). Small taxpayers may elect an alternate method by which to compute income or loss. For prior taxable years in which income was computed using the profit and loss method, taxpayers may elect to recompute their income using DASTM.

Current Actions: There is no change to this existing regulation.

Type of Review: Extension of a currently approved collection.

Affected Public: Business or other for-profit organizations.

Estimated Number of Responses: 700.

Estimated Time Per Respondent: 1 hour, 26 minutes.

Estimated Total Annual Burden Hours: 1,000.

The following paragraph applies to all of the collections of information covered by this notice:

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 OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request for Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a