

Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with the comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 96-AWP-27." The postcard will be date/time stamped and returned to the commenter. All communications received on or before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in light of comments received. All comments submitted will be available for examination in the Operations Branch, Air Traffic Division, at 15000 Aviation Boulevard, Lawndale, California 90261, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of NPRM

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the Federal Aviation Administration, Operations Branch, P.O. Box 92007, Worldway Postal Center, Los Angeles, California 90009. Communications must identify the notice number of this NPRM. Persons interested in being placed on a mailing list for future NPRM's should also request a copy of Advisory Circular No. 11-2A, which describes the application procedures.

#### The Proposal

The FAA is considering an amendment to part 71 of the Federal Aviation Regulations (14 CFR part 71) by amending the Class E airspace area at San Jose, CA. The development of GPS SIAP at South County Airport of Santa Clara County has made this proposal necessary. The intended effect of this proposal is to provide adequate Class E airspace for aircraft executing the GPS RWY 14/27 SIAP at South County Airport of Santa Clara County, San Martin, CA. Class E airspace designations for airspace areas extending upward from 700 feet or more above the surface of the earth are published in Paragraph 6005 of FAA Order 7400.9D dated September 4, 1996, and effective September 16, 1996, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in this Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this proposed regulation—(1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 10034; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this proposed rule would not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

#### List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

#### The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

#### PART 71—[AMENDED]

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959-1963, Comp., p. 389; 14 CFR 11.69.

#### § 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9D, Airspace Designations and Reporting Points, dated September 4, 1996, and effective September 16, 1996, is amended as follows:

*Paragraph 6005 Class E airspace area extending upward from 700 feet or more above the surface of the earth.*

\* \* \* \* \*

AWP CA E5 San Jose, CA [Revised]

San Jose International Airport, CA  
(Lat. 37°21'42N, long. 121°55'43"W)

NAS Moffett Field TACAN  
(Lat. 37°25'57N, long. 122°03'26"W)

San Jose NDB (Jorge)  
(Lat. 37°20'56N, long. 121°54'54"W)  
South County Airport of Santa Clara County,  
CA  
(Lat. 37°04'55"N, long. 121°35'49"W)

That airspace extending upward from 700 feet above the surface within a 5-mile radius of the San Jose International Airport and within 4.3 miles each side of the NAS Moffett Field TACAN 157° radial extending from the NAS Moffett Field TACAN to 20 miles southeast of the TACAN and within 4 miles

each side of the 139° bearing from the San Jose NDB, extending from the 5-mile radius of the San Jose International Airport to 24.3 miles southeast of the NDB and within a 6.9-mile radius of the South County Airport of Santa Clara County and that airspace bounded by a line beginning a lat. 37°30'00"N, long. 121°52'04"W; to lat. 37°22'00"N, long. 122°08'04"W; to lat. 37°22'00"N, long. 122°24'04"W; to lat. 37°30'00"N, long. 122°27'04"W; to the point of beginning. That airspace extending upward from 1,200 feet above the surface bounded on the north by lat. 37°30'00"N, on the east and northeast by long. 121°50'04"W; and the southwest edge of V-107, on the southeast and south by the northwest edge of V-111, and lat. 37°00'00"N, and on the west by the east edge of V-27 to lat. 37°30'00".

\* \* \* \* \*

Issued in Los Angeles, California, on October 17, 1996.

George D. Williams,

Manager, Air Traffic Division, Western-Pacific Region.

[FR Doc. 96-28282 Filed 11-1-96; 8:45 am]

BILLING CODE 4910-13-M

## DEPARTMENT OF THE TREASURY

### Customs Service

#### 19 CFR Parts 10, 18 and 114

#### RIN 1515-AC03

#### Bilateral Carnet Agreement Between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office

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

ACTION: Notice of proposed rulemaking.

**SUMMARY:** This document proposes amendments to those Customs Regulations which apply to carnets to reflect a recently signed bilateral agreement between the Taipei Economic and Cultural Representative in the United States (TECRO) and the American Institute in Taiwan (AIT). This agreement established a TECRO/AIT Carnet for the temporary admission of goods, commercial samples and professional equipment.

**DATES:** Comments must be received on or before January 3, 1997.

**ADDRESSES:** Comments (preferably in triplicate) may be submitted to the Regulations Branch, Office of Regulations and Rulings, U.S. Customs Service, Franklin Court, 1301 Constitution Avenue, NW., Washington, DC 20229, and may be inspected at Franklin Court, 1099 14th Street, NW., Washington, DC.

**FOR FURTHER INFORMATION CONTACT:**

Sharon Goodson or Dennis Sequeira, International Organizations and Agreements Division, 202-927-0971.

#### SUPPLEMENTARY INFORMATION:

##### Background

A carnet is an international customs document, backed by an internationally valid guarantee, which may be used for the entry of articles under various customs procedures such as temporary importation and transportation in bond. The carnet is used in place of the usual national customs documentation and guarantees the payment of duties (including taxes and associated penalties) which may become due if the carnet requirements are not satisfied. The existence of a single document rather than numerous national documents facilitates international commerce.

The carnet guarantee is based on chains of national guaranteeing associations established in the countries accepting the carnets. The guaranteeing association is jointly and severally liable with the carnet holder for payment of the sums due in the event of noncompliance with the conditions or the procedures for which the carnet is used.

##### Benefits of the TECRO/AIT Carnet

In recent years, trade between the United States and Taiwan has increased. It is expected that this trend will continue, and that such trade can be facilitated through the use of carnets. However, Taiwan is currently ineligible to accede to the ATA Carnet Convention, under which carnets facilitate trade among more than fifty contracting parties. Thus, Taiwan has sought access to the carnet facility through the recently concluded TECRO/AIT Carnet Agreement. This agreement was negotiated pursuant to the authority contained in 22 U.S.C. 3305.

A Notice informing the public that Customs is accepting applications from parties desiring to undertake the obligation of an issuing and guaranteeing association for the TECRO/AIT carnet agreement that is the subject of this Notice of Proposed Rulemaking is also being published in this issue of the Federal Register.

##### Comments

Before adopting this proposal, consideration will be given to any written comments (preferably in triplicate) that are timely submitted to Customs. All such comments received from the public pursuant to this notice of proposed rulemaking will be available for public inspection in accordance with the Freedom of

Information Act (5 U.S.C. 552), § 1.4, Treasury Department Regulations (31 CFR 1.4), and § 103.11(b), Customs Regulations (19 CFR 103.11(b)), on regular business days between the hours of 9:00 a.m. and 4:30 p.m., at the Regulations Branch, 1099 14th Street, NW., Suite 4000, Washington, DC.

##### Regulatory Flexibility Act

Insofar as the proposed amendment is intended to facilitate international trade and remove some existing impediments to the conduct of business, pursuant to the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), it is certified that the amendment, if adopted, will not have a significant economic impact on a substantial number of small entities. Accordingly, it is not subject to the regulatory analysis or other requirements of 5 U.S.C. 603 and 604.

##### Executive Order 12866

The proposed amendment does not meet the criteria for a "significant regulatory action" under E.O. 12866.

##### Drafting Information

The principal author of this document was Peter T. Lynch, Regulations Branch, 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, Exports, Reporting and recordkeeping requirements.

###### 19 CFR Part 18

Customs duties and inspection, Common carriers, Surety bonds, Exports.

###### 19 CFR Part 114

Customs duties and inspection, Exports, Trade agreements.

##### Proposed Amendments to the Regulations

It is proposed to amend Parts 10, 18 and 114 of the Customs Regulations (19 CFR parts 10, 18 and 114) as set forth below:

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

1. The general authority citation for Part 10 continues to read as follows:

Authority: 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1321, 1481, 1484, 1498, 1508, 1623, 1624, 3314.

\* \* \* \* \*

2. It is proposed to amend § 10.31 by adding in paragraphs (a)(1) and (a)(2) the phrase "or a TECRO/AIT carnet" immediately after the words "A.T.A. carnet".

3. It is proposed to amend § 10.39(d)(2) by adding the words "or Agreement" immediately after the phrase "in the Convention".

#### **PART 18—TRANSPORTATION IN BOND AND MERCHANDISE IN TRANSIT**

1. The general authority citation for Part 18 is revised to read as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1551, 1552, 1553, 1624.

\* \* \* \* \*

2. It is proposed to amend § 18.1 (a)(3) by adding the phrase "or TECRO/AIT" immediately after the abbreviation "A.T.A." each time it appears.

3. It is proposed to amend § 18.8 (a)(3) by adding the phrase "or TECRO/AIT" immediately after the abbreviation "A.T.A." each time it appears.

#### **PART 114—CARNETS**

1. The authority citation for Part 114 is revised to read as follows:

Authority: 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1623, 1624.

2. It is proposed to amend § 114.1 (b) and (c) by adding the phrase "or bilateral Agreement" immediately after the words "Customs Convention" each time they appear, and by adding a new paragraph (g) to read as follows:

##### **§ 114.1 Definitions.**

\* \* \* \* \*

(g) *TECRO/AIT Carnet*. "TECRO/AIT carnet" means the document issued pursuant to the Bilateral Agreement between the Taipei Economic and Cultural Representative Office (TECRO) and the American Institute in Taiwan (AIT) to cover the temporary admission of goods.

4. It is proposed to amend § 114.2 by revising the section heading and the introductory paragraph and by adding a new paragraph (d) to read as follows:

##### **§ 114.2 Customs Conventions and Agreements.**

The regulations in this part relate to carnets provided for in the following Customs Conventions and Agreements.

\* \* \* \* \*

(d) Agreement Between The Taipei Economic and Cultural Representative Office in the United States and The American Institute in Taiwan on

TECRO/AIT Carnet for the Temporary Admission of Goods (hereinafter referred to as the Agreement).

5. It is proposed to amend § 114.3 (a) introductory text and (a)(2) by adding the words "or Agreement" immediately after the word "Convention" each time it appears.

6. It is proposed to amend § 114.11 by adding the words "or Agreement" immediately after the word "Convention" each time it appears.

7. It is proposed to amend § 114.22 by redesignating paragraph (d) as paragraph (e) and adding a new paragraph (d) to read as follows:

**§ 114.22 Coverage of carnets.**

\* \* \* \* \*

(d) *TECRO/AIT Carnet*—(1) *Use*. The TECRO/AIT carnet is acceptable for the following two categories of goods to be temporarily imported, unless importation is prohibited under the laws and regulations of the United States:

(i) Professional equipment; and  
(ii) Commercial samples and advertising material imported for the purpose of being shown or demonstrated with a view to soliciting orders.

(2) *Issue and use*. (i) Issuing associations shall indicate on the cover of the TECRO/AIT carnet the customs territory in which it is valid and the name and address of the guaranteeing association.

(ii) The period fixed for re-exportation of goods imported under cover of a TECRO/AIT carnet shall not in any case exceed the period of validity of that carnet.

\* \* \* \* \*

8. It is proposed to amend § 114.23 by adding a new paragraph (c) to read as follows:

**§ 114.23 Maximum period.**

\* \* \* \* \*

(c) *TECRO/AIT carnet*. A TECRO/AIT carnet shall not be issued with a period of validity exceeding one year from the date of issue. This period of validity cannot be extended and must be shown on the front cover of the carnet.

9. It is proposed to amend § 114.24 by adding the phrase "or TECRO/AIT" immediately after the abbreviation "A.T.A."

10. It is proposed to amend § 114.25 by adding the phrase "or TECRO/AIT" immediately after the abbreviation "A.T.A."

11. It is proposed to amend § 114.26 (a) and (b) by adding the phrase "or TECRO/AIT" immediately after the abbreviation "A.T.A." each time it appears.

12. It is proposed to amend § 114.31(b) by adding the phrase "or TECRO/AIT" immediately after the abbreviation "A.T.A."

13. It is proposed to amend § 114.32 by adding the phrase "or TECRO/AIT" immediately after the abbreviation "A.T.A." the first time it appears and by adding the phrase "or TECRO/AIT Agreement" immediately after the phrase "A.T.A. Convention".

14. It is proposed to amend § 114.33 by adding the words "or Agreement" immediately after the word "Convention".

15. It is proposed to amend § 114.34 by adding, in the heading and text of paragraph (b), the phrase "or TECRO/AIT" immediately after the abbreviation "A.T.A." each time it appears.

Approved: October 2, 1996.

George J. Weise,  
*Commissioner of Customs.*

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

[FR Doc. 96-28170 Filed 11-1-96; 8:45 am]

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**Internal Revenue Service**

**26 CFR Part 1**

[SPR-247516-96]

**Financial Asset Securitization Investment Trusts (FASITs); Solicitation for Comments**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Solicitation for comments.

**SUMMARY:** The Treasury Department and the IRS are soliciting comments on issues to be considered in developing guidance under the newly enacted FASIT provisions of the Internal Revenue Code.

**DATES:** Comments are requested on or before December 31, 1996.

**ADDRESSES:** Send written comments to: Internal Revenue Service, Attn: CC:DOM:CORP:R (FASIT solicitation), room 5226, POB 7604, Ben Franklin Station, Washington, DC 20044. Alternatively, taxpayers may submit comments in writing, by hand delivery to CC:DOM:CORP:R (FASIT solicitation), Courier's Desk, Internal Revenue Service, 1111 Constitution Ave., NW., Washington, D.C., or, electronically, via the IRS Internet site at: <http://www.irs.ustreas.gov/prod/tax—regs/comments.html>.

**FOR FURTHER INFORMATION CONTACT:** David L. Meyer at 202-622-3960 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

Section 1621(a) of the Small Business Job Protection Act of 1996, Public Law 104-188, 110 Stat. 1755 (August 20, 1996), amends the Internal Revenue Code (Code) by adding new part V (sections 860H-860L) to subchapter M of chapter 1. These provisions authorize a new statutory vehicle, called a Financial Asset Securitization Investment Trust (FASIT), that will facilitate the securitization of debt obligations, including credit card receivables and automobile loans. In general, a FASIT will use such obligations to issue new, debt-like securities, referred to as regular interests. No Federal income tax is imposed on a FASIT, even if the underlying arrangement is otherwise regarded for tax purposes as a corporation, trust, partnership, or segregated pool of assets.

A FASIT must have a single ownership interest, which has to be held entirely by a non-exempt domestic C corporation other than a corporation that qualifies as a RIC, REIT, REMIC, or subchapter T cooperative. Because a FASIT is not subject to income tax, the holder of the ownership interest generally includes in its taxable income all of the FASIT's items of income, gain, deduction and loss. In addition, the holder recognizes gain (but not loss) when (1) the FASIT acquires property from the holder or an unrelated third party, or (2) the holder uses property to support a regular interest issued by the FASIT.

A FASIT may issue one or more classes of regular interests. Regular interests are treated as debt for all purposes of the Code. Ordinarily, a regular interest may be held by any person, unless the interest is a high-yield interest, in which case it may be held only by another FASIT or a corporation that is allowed to hold an ownership interest.

The FASIT provisions become effective on September 1, 1997. Special transitional rules apply to a securitization arrangement existing on August 31, 1997, that elects FASIT treatment (a pre-effective date FASIT).

In addition to the general authority under section 7805 to prescribe regulations, the Treasury and IRS have specific authority under section 860L(h) to issue regulations that carry out the purposes of the FASIT provisions, including rules to prevent the abuse of the purposes of the FASIT provisions through transactions that are not primarily related to securitization of debt instruments by a FASIT.