

(6) *Power Supply Unit*: The power supply PWB (printed wiring board) unit is assembled with other parts and components to form a power supply unit, which is then incorporated into the printer unit.

(7) *Paper Feed Tray Unit*: Various parts and plastic components are assembled to form the paper feed tray unit.

In the final assembly in Japan, the above seven units or subassemblies are assembled into a finished multifunctional machine with an additional 90 parts and components. The scanner unit and power supply unit are connected to make the mechanism unit. The speaker unit, printer unit, upper cover unit and paper feed tray unit are connected to the top of the mechanism unit. Then, the front and rear cabinets are connected to the mechanism unit. After all units have been connected, cables, labels, and other additional parts are attached to the mechanism unit to complete the machine. You state that the processes in Japan require a number of skilled workers and sophisticated equipment.

The finished product undergoes inspections to ensure that it functions as a copier, computer printer, telephone and facsimile machine. The J model is then cleaned and packaged with product manuals, trays, and a toner cartridge for shipment to the U.S.

Your request seeks a final determination pursuant to 19 CFR 177.25 that the country origin is Japan.

Issue

What is the country of origin of the multifunctional machine, Sharp Model Number FO-4700J?

Law and Analysis

As prescribed under Title III of the Trade Agreements Act, the origin of an article not wholly the growth, product, or manufacture of a single country is to be determined by the rule of substantial transformation. 19 U.S.C. 2518(4)(B). An article is not a product of a country unless it has been substantially transformed there into a new and different article of commerce with a name, character or use different from that of the article or articles from which it was transformed. 19 U.S.C. 2518(4)(B)(ii); *see also United States v. Gibson-Thomsen Co. Inc.*, 27 C.C.P.A. 267 (CAD. 98) (1940). In determining whether the combining of parts or materials constitutes a substantial transformation, the issue is the extent of operations performed and whether the parts lose their identity and become an integral part of the new article. *Belcrest Linens v. United States*, 6 CIT 204, 573 F.Supp. 1149(1983), *aff'd*, 2 Fed. Cir. 105, 741 F.2d 1368 (1984).

Additionally, if the manufacturing or combining process is merely a minor one which leaves the identity of the article intact, a substantial transformation has not occurred. *Uniroyal Inc. v. United States*, 3 CIT 220, 542 F. Supp. 1026, 1029(1982), *aff'd*, 702 F.2d 1022 (Fed. Cir. 1983). In Customs Service Decision ("C.S.D.") 85-25 (September 25, 1984), Customs set forth the standards to determine when an assembly operation constitutes a substantial transformation. To substantially transform an

article, an assembly must be complex and meaningful as opposed to a simple assembly. Factors to be considered include the time, cost and skill involved, the number of components assembled and the number of operations. *See also Texas Instruments v. United States*, 681 F.2d 778 (CCPA 1982).

In support of your assertion that the J model is substantially transformed in Japan, you cite Headquarters Ruling Letter ("HQ") 560433 (September 19, 1997), which involved the assembly of audio/video receivers from foreign components and 16 foreign subassemblies. Customs found that the components and subassemblies lost their separate identities and became an integral part of the finished audio/video receiver as a result of the manufacturing operations. The character of the foreign components was also changed as a result of the assembly in that the finished article, an audio/video receiver, is visibly different than any of the individual foreign components and it acquires a new use in that it can receive and process audio and video signals. In reaching this conclusion, Customs cited to several prior HQs, which you also cite as support for finding that the J model is substantially transformed as a result of complex assembly operations in Japan. *See HQ 734045* (October 8, 1991) (assembly of subassemblies and other components into a lap top computer is a substantial transformation); HQ 732170 (January 5, 1990) (television cabinet containing a tuner, speaker and circuit board was substantially transformed when assembled with domestic components into a finished television receiver); HQ 711967 (March 17, 1980) (television sets assembled in Mexico with components from Korea and picture tubes, cabinets, and additional wiring from the U.S. were products of Mexico for country of origin marking purposes).

Based on the information provided and consistent with the court decisions and Customs rulings cited above, we find that the components imported into Japan that are used in the production of the J model multifunctional machine in the manner described above are substantially transformed as a result of the operations performed. Seven separate subassemblies are first assembled in Japan and then are joined together, along with an additional 90 parts and components, to create the finished J model. The more than 300 parts and components which are assembled in Japan lose their separate identities when they become integral parts of the multifunctional machine. The finished machine clearly has a name, character and use distinct from the individual components from which it is made. Therefore, we find that the country of origin of the J model multifunctional machine is Japan.

You asked that our determination also be applied to similar multifunctional machines, Model Nos. FO-5550J, FO-5700J, and FO-5800J, which are produced using "virtually identical" production processes as the J Model at issue. To the extent that the processing of these other models is the same as that described above, this ruling applies.

Holding

Based on the facts presented, the non-Japanese parts, which are further processed

and assembled into the multifunctional machine in Japan, in the manner described above, are substantially transformed. Accordingly, the country of origin of the multifunctional machine, the J model, is Japan. Notice of this final determination will be given in the **Federal Register** as required by 19 CFR 177.29.

Any party-at-interest other than the party which requested this final determination may request, pursuant to 19 CFR 177.31, that Customs reexamine the matter anew and issue a new final 6 determination. Pursuant to 19 CFR 177.30, any party-at-interest, as defined at 19 CFR 177.22(d), may, within 30 days after publication of the **Federal Register** notice referenced above, seek judicial review of this final determination before the Court of International Trade.

Sincerely,

Stuart P. Seidel,
Assistant Commissioner, Office of
Regulations and Rulings.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

[FI-221-83 and FI-100-83]

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 notice of proposed rulemaking (FI-221-83) and temporary regulation (FI-100-83), Indian Tribal Governments Treated as States for Certain Purposes (§§ 305.7701-1 and 305.7871-1).

DATES: Written comments should be received on or before May 29, 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 Mark, (202) 622-3179, Internal Revenue Service, room 5244, 1111 Constitution Avenue NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION:

Title: Indian Tribal Governments Treated as States for Certain Purposes.
OMB Number: 1545-0823.

Regulation Project Number: FI-221-83 (notice of proposed rulemaking) and FI-100-83 (temporary regulation).

Abstract: These regulations relate to the treatment of Indian tribal governments as States for certain Federal tax purposes. The regulations provide that if the governing body of a tribe, or its subdivision, is not designated as an Indian tribal government or subdivision thereof for purpose of sections 7701(a)(40) and 7871 of the Internal Revenue Code, it may apply for a ruling to that effect from the Internal Revenue Service.

Current Actions: There is no change to these existing regulations.

Type of Review: Extension of a currently approved collection.

Affected Public: State, local or tribal governments.

Estimated Number of Respondents: 25.

Estimated Time Per Respondent: 1 hour.

Estimated Total Annual Burden Hours: 25.

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 matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital

or start-up costs and cost of operation, maintenance, and purchase of services to provide information.

Approved: March 20, 2001.

Garrick R. Shear,
IRS Reports Clearance Officer.

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DEPARTMENT OF THE TREASURY**Internal Revenue Service**

[INTL-50-86]

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-50-86 (TD 8110), Sanctions on Issuers and Holders of Registration-Required Obligations Not in Registered Form (§§ 1.165-12 and 1.1287-1).

DATES: Written comments should be received on or before May 29, 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: Sanctions on Issuers and Holders of Registration-Required Obligations Not in Registered Form.

OMB Number: 1545-0786.

Regulation Project Number: INTL-50-86.

Abstract: Sections 165(j) and 1287(a) of the Internal Revenue Code provide that persons holding registration-required obligations in bearer form are subject to certain penalties. These sections also provide that certain persons may be exempted from these

penalties if they comply with reporting requirements with respect to ownership, transfers, and payments on the obligations. The reporting requirements in this regulation are necessary to ensure that persons holding registration-required obligations in bearer form properly report interest income and gain on disposition of the obligations.

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

Type of Review: Extension of OMB approval.

Affected Public: Business or other for-profit organizations.

Estimated Number of Responses: 750,000.

Estimated Time Per Response: 3 minutes.

Estimated Total Annual Burden Hours: 39,742.

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 matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Approved: March 22, 2001.

Garrick R. Shear,
IRS Reports Clearance Officer.

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