DEPARTMENT OF HOMELAND SECURITY

Bureau of Customs and Border Protection

Agency Information Collection Activities; Protest

AGENCY: Customs and Border Protection, Department of Homeland Security.

ACTION: Proposed collection; comments requested.

SUMMARY: Customs and Border Protection (CBP) of the Department of Homeland Security has submitted the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. Protest. This is a proposed extension of an information collection that was previously approved. CBP is proposing that this collection be extended without a change to the burden hours.


Tracey Denning,
Agency Clearance Officer, Information Services Branch.

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BILLING CODE 9111–14–P

DEPARTMENT OF HOMELAND SECURITY

Bureau of Customs and Border Protection

Modification of the CBP NCAP Test Regarding Reconciliation for Entries Under the Dominican Republic-Central America-United States Free Trade Agreement


ACTION: General notice.

SUMMARY: This document announces a modification to the Customs and Border Protection Automated Commercial...
System (ACS) Reconciliation prototype test that adds to the issues subject to the Reconciliation process those arising under the Dominican Republic-Central America-United States Free Trade Agreement. Other than this modification, the test remains the same as set forth in previously published Federal Register notices.

DATES: The test modification set forth in this document is effective on September 28, 2006. The two-year testing period of this Reconciliation prototype commenced on October 1, 1998, and was extended indefinitely starting October 1, 2000. Applications to participate in the test will be accepted throughout the duration of the test.

ADDRESSES: Written inquiries regarding participation in the Reconciliation prototype test and/or applications to participate should be addressed to Ms. Monica Crockett, Reconciliation Team, Bureau of Customs and Border Protection, 1300 Pennsylvania Ave., NW., Room 5.2A, Washington, DC 20229–0001. Answers to inquiries regarding the test are also available at Recon.Help@dhs.gov.

FOR FURTHER INFORMATION CONTACT: Ms. Monica Crockett at (202) 344–2511.

SUPPLEMENTARY INFORMATION:

Background

Reconciliation, a planned component of the National Customs Automation Program (NCAP), as provided for in Title VI (Subtitle B) of the North American Free Trade Agreement Implementation Act (the NAFTA Implementation Act; Public Law 103–182, 107 Stat. 2057 (December 8, 1993)), is currently being tested by the Bureau of Customs and Border Protection (CBP) under the CBP Automated Commercial System (ACS) Prototype Test. CBP announced and explained the test in a general notice document published in the Federal Register (63 FR 6257) on February 6, 1998. Clarifications and operational changes were announced in subsequent Federal Register notices: 63 FR 44303, published on August 18, 1998; 64 FR 39187, published on July 21, 1999; 64 FR 73121, published on December 29, 1999; 66 FR 14619, published on March 13, 2001; 67 FR 61200, published on September 27, 2002 (with a correction document published at 67 FR 68238 on November 8, 2002); 69 FR 53730, published on September 2, 2004; 70 FR 1730, published on January 10, 2005; and 70 FR 46882, published on August 11, 2005. A Federal Register (65 FR 55326) notice published on September 13, 2000, extended the prototype indefinitely. This document announces a modification to the Reconciliation test to expand the issues subject to Reconciliation to include those arising under the Dominican Republic-Central America-United States Free Trade Agreement. Aside from this modification, the test remains as set forth in the previously published Federal Register notices.

For application requirements, see the Federal Register notices published on February 6, 1998, and August 18, 1998. Additional information regarding the test can be found at http://www.customs.gov/xp/cgov/import/cargo_summary/reconciliation/.

Reconciliation Generally

Reconciliation is the process that allows an importer, at the time an entry summary is filed, to identify undeterminable information (other than that affecting admissibility) to CBP and to provide that outstanding information at a later date. The importer identifies the outstanding information by means of an electronic “flag” which is placed on the entry summary at the time the entry summary is filed and payment (applicable duty, taxes, and fees) is made. Previously published Federal Register documents have set forth that the issues for which an entry summary may be “flagged” (for the purpose of later reconciliation) are limited and relate to: (1) Value issues other than claims based on latent manufacturing defects; (2) classification issues, on a limited basis; (3) issues concerning value aspects of entries filed under heading 9802, Harmonized Tariff Schedule of the United States (HTSUS) (9802 issues); and (4) issues concerning merchandise entered under the North American Free Trade Agreement (NAFTA issues/claims) and under the United States-Chile Free Trade Agreement (CFTA or Chile issues/claims) that are eligible for treatment under 19 U.S.C. 1520(d).

The flagged entry summary (the underlying entry summary is liquidated for all aspects of the entry except those issues that were flagged). The means of providing the outstanding information at a later date relative to the flagged issues is through the filing of a Reconciliation entry. The flagged issues will be liquidated at the time the Reconciliation entry is liquidated. Any adjustments in duties, taxes, and/or fees owed will be made at that time. (See the February 6, 1998, Federal Register notice for a more detailed presentation of the basic Reconciliation process.)

CBP reminds test participants that the filing of a regular consumption entry, like the filing of a regular consumption entry, is governed by 19 U.S.C. 1484 and can be done only by the importer of record as defined in that statute.

Test Modification

The Agreement and the Implementation Act

The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA–DR or the Agreement) was entered into by the governments of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and the United States on August 5, 2004. The United States Congress approved the CAFTA–DR in the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (the Implementation Act), Public Law 109–53, 119 Stat. 462 (19 U.S.C. 4001 et seq.). Under the Implementation Act, the provisions of the CAFTA–DR become effective for individual CAFTA–DR countries (defined under the Implementation Act to include all countries that are signatory to the Agreement except the United States) only when the Agreement enters into force for a CAFTA–DR country upon issuance of a presidential proclamation to that effect, an action that is conditioned upon the fulfillment of certain requirements (i.e., the CAFTA–DR country has taken measures to comply with the provisions of the Agreement). Importations of originating goods of such a CAFTA–DR country are entitled to the benefits of the Agreement as of the effective date set forth in the presidential proclamation and in accordance with the Implementation Act and new General Note 29 of the Harmonized Tariff Schedule of the United States (HTS).

As of the date of this notice, the Agreement has entered into force for three CAFTA–DR countries: El Salvador, in accordance with Presidential Proclamation 7987, issued on February 28, 2006 (71 FR 10827; March 2, 2006) (see also U.S. International Trade Commission (USITC) Publication 3829, February 2006), and Honduras and Nicaragua, in accordance with Presidential Proclamation 7996, issued on March 31, 2006 (71 FR 16971; April 4, 2006) (see also USITC Publication 3845, April 2006).


A claim for preferential tariff treatment for an originating CAFTA–DR good, in accordance with CAFTA–DR and applicable procedures (regulations are forthcoming), is made at the time of
entry summary. (See General Note 29, HTSUS, for rules of origin.) However, in some instances, an importer may not be able to make the claim at that time, usually because the importer does not possess all the information or documentation required. In those instances, an importer may make a post-importation CAFTA–DR claim under 19 U.S.C. 1520(d) (section 1520(d)), pursuant to an amendment to that section made by the Implementation Act (section 207). Under this amendment to section 1520(d), entries of goods qualifying under CAFTA–DR rules of origin are eligible for reliquidation when preferential tariff treatment under CAFTA–DR is not claimed at the time of importation, notwithstanding that a protest under 19 U.S.C. 1514 (section 1514) is not timely filed. (A section 1514 protest is a means of objecting to, among other things, the liquidation of an entry by filing the protest within 180 days of the liquidation (or other protestable decision or action by CBP).) A claimant must file a claim under section 1520(d) within one year of the applicable importation and meet other requirements, such as applicable documentary requirements, including (when requested by CBP) the filing of a certification or information demonstrating that the entered goods are originating CAFTA–DR goods.

Post-Importation CAFTA–DR Claim Under Reconciliation

This notice announces that a post-importation claim for preferential tariff treatment under section 1520(d) for an entry filed pursuant to the CAFTA–DR also may be made under the Reconciliation test, in the same way as a post-importation NAFTA or Chile claim may be made (see, respectively, notices published in the Federal Register on September 27, 2002, and September 2, 2004, cited previously). This alternative requires that an importer follow the Reconciliation test procedure which, in contrast to the ordinary section 1520(d) procedure described above, requires action at the time of entry. That action is to flag the entry summary for the CAFTA–DR issue(s), which will be followed later by the filing of a Reconciliation entry within one year of the applicable importation. It is noted that CAFTA–DR Reconciliation entries cannot include other Reconciliation-eligible issues; i.e., a CAFTA–DR Reconciliation entry is limited to covering only CAFTA–DR issues (claims). NAFTA and Chile Reconciliation entries/claims are similarly limited.

This CAFTA–DR Reconciliation alternative is available for eligible importations involving any eligible CAFTA–DR country (a CAFTA–DR country as to which the Agreement has entered into force) 90 days after the date this notice is published in the Federal Register.

Reconciliation CAFTA–DR Claim Precludes Claims by Other Means

CBP emphasizes that once an importer flags an entry summary for CAFTA–DR issues for Reconciliation, indicating that it is pursuing the post-importation, section 1520(d) claim through the Reconciliation process, the only means of perfecting the CAFTA–DR claim is by completing the Reconciliation process by filing a timely Reconciliation entry. (See the September 27, 2002, Federal Register notice for an explanation of this same limitation relative to NAFTA and Chile issues.) By flagging the entry summary, the importer makes a commitment to perfect the claim only through the Reconciliation process—to, in effect, waive filing the claim any other way. Thus, once entries have been flagged for Reconciliation of CAFTA–DR issues, CBP will not accept a claim filed for those entries under the ordinary section 1520(d) procedure. This will prevent dual filings for the same underlying entry summaries.

Benefits of Reconciliation

Finally, CBP recommends the use of the Reconciliation test procedure for making post-importation CAFTA–DR claims because the test procedure provides the importer with several benefits. First, using the test procedure is a simpler means of filing claims: i.e., the importer is able to make potentially thousands of CAFTA–DR claims on one Reconciliation entry. Second, the importer can receive one check from CBP rather than many (even up to thousands) upon CBP’s liquidation of a Reconciliation entry and issuance of a refund. Third, because processing CAFTA–DR claims under Reconciliation is simpler for CBP, the refund delivery system is more efficient.


William S. Heffelfinger III,
Acting Assistant Commissioner, Office of Field Operations.
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DEPARTMENT OF HOMELAND SECURITY

Customs and Border Protection

Quarterly IRS Interest Rates Used in Calculating Interest on Overdue Accounts and Refunds on Customs Duties

AGENCY: Bureau of Customs and Border Protection, Department of Homeland Security.

ACTION: General notice.

SUMMARY: This notice advises the public of the quarterly Internal Revenue Service interest rates used to calculate interest on overdue accounts (underpayments) and refunds (overpayments) of customs duties. For the calendar quarter beginning July 1, 2006, the interest rates for overpayments will increase from 6 to 7 percent for corporations and from 7 to 8 percent for non-corporations, and the interest rate for underpayments will increase from 7 to 8 percent. This notice is published for the convenience of the importing public and Customs and Border Protection personnel.

DATES: Effective Date: July 1, 2006.

FOR FURTHER INFORMATION CONTACT: Ron Wyman, Revenue Division, Collection and Refunds Branch, 6650 Telecom Drive, Suite #100, Indianapolis, Indiana 46278; telephone (317) 614–4516.

SUPPLEMENTARY INFORMATION:

Background

Pursuant to 19 U.S.C. 1505 and Treasury Decision 85–93, published in the Federal Register on May 29, 1985 (50 FR 21832), the interest rate paid on applicable overpayments or underpayments of customs duties must be in accordance with the Internal Revenue Code rate established under 26 U.S.C. 6621 and 6622. Section 6621 was amended (at paragraph (a)(1)(B) by the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. 105–206, 112 Stat. 685) to provide different interest rates applicable to overpayments: One for corporations and one for non-corporations.

The interest rates are based on the Federal short-term rate and determined by the Internal Revenue Service (IRS) on behalf of the Secretary of the Treasury on a quarterly basis. The rates effective for a quarter are determined during the first-month period of the previous quarter.

In Revenue Ruling 2006–30, the IRS determined the rates of interest for the calendar quarter beginning July 1, 2006, and ending September 30, 2006. The interest rate paid to the Treasury for