

*Type of Review:* Extension.

*Title:* Information Return for Publicly Offered Original Issue Discount Instruments.

*Description:* Form 8281 is filed by the issuer of a publicly offered debt instrument having Original Issue Discount (OID). The information is used to update Publication 1212, List of Original Issue Discount Instruments.

*Respondents:* Business or other for-profit.

*Estimated Number of Respondents/Recordkeepers:* 500.

*Estimated Burden Hours Per Respondent/Respondent:*

Recordkeeping—5 hr., 16 min.

Learning about the law or the form—24 min.

Preparing, copying, assembling, and sending the form to the IRS—35 min.

*Frequency of Response:* On occasion.

*Estimated Total Reporting/*

*Recordkeeping Burden:* 3,080 hours.

*OMB Number:* 1545-0892.

*Form Number:* IRS Form 8300.

*Type of Review:* Revision.

*Title:* Report of Cash Payments Over \$10,000 Received in a Trade or Business.

*Description:* Anyone in a trade or business who, in the course of such trade or business, receives more than \$10,000 in cash or foreign currency in one or more related transactions must report it to the IRS and provide a statement to the payor. Any transaction which must be reported under Title 31 on Form 4789 is exempted from reporting the same transaction on Form 8300.

*Respondents:* Business or other for-profit, Farms, Federal Government.

*Estimated Number of Respondents/Recordkeepers:* 46,800.

*Estimated Burden Hours Per Respondent/Recordkeeper:* 21 minutes.

*Frequency of Response:* On occasion.

*Estimated Total Reporting/*

*Recordkeeping Burden:* 63,539 hours.

*OMB Number:* 1545-1131.

*Regulation Project Number:* INTL-485-89 Final.

*Type of Review:* Extension.

*Title:* Taxation of Gain or Loss from Certain Nonfunctional Currency Transactions (Section 988 Transactions).

*Description:* Section 988(c)(1) (D) and (E) require taxpayers to make certain elections which determine whether section 988 applies. In addition, sections 988(a)(1)(B) and 988(d) requires taxpayers to identify transactions which generate capital gain or loss or which are hedges of other transactions.

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

*Estimated Number of Respondents/Recordkeepers:* 5,000.

*Estimated Burden Hours Per Respondent/Recordkeeper:* 40 minutes.

*Frequency of Response:* Annually.

*Estimated Total Reporting/*

*Recordkeeping Burden:* 3,333 hours.

*Clearance Officer:* Garrick Shear (202) 622-3869, Internal Revenue Service, Room 5571, 1111 Constitution Avenue, NW., Washington, DC 20224.

*OMB Reviewer:* Alexander T. Hunt (202) 395-7860, Office of Management and Budget, Room 10226, New Executive Office Building, Washington, DC 20503.

**Lois K. Holland,**

*Departmental Reports Management Officer.*

[FR Doc. 97-8732 Filed 4-4-97; 8:45 am]

BILLING CODE 4830-01-P

## DEPARTMENT OF THE TREASURY

### Customs Service

#### Country of Origin Marking Requirements for Wearing Apparel

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

**ACTION:** Notice of withdrawal of proposed change of practice.

**SUMMARY:** This notice advises the public that Customs is withdrawing its proposed change of practice regarding the country of origin marking of wearing apparel. As provided in T.D. 54640(6), wearing apparel, such as shirts, blouses, coats, sweaters, etc., must be marked with the name of the country of origin by means of a fabric label or label made from natural or synthetic film, sewn or otherwise permanently affixed on the inside center of the neck midway between the shoulder seams or in that immediate area, or otherwise permanently marked in that area in some other manner. Button tags, string tags and other hang-tags, paper labels, and other similar methods of marking will not be acceptable.

**EFFECTIVE DATE:** Withdrawal effective April 7, 1997.

**FOR FURTHER INFORMATION CONTACT:** Monika Rice, Special Classification & Marking Branch, Office of Regulations & Rulings (202-482-6980).

#### SUPPLEMENTARY INFORMATION:

##### Background

Section 304 of the Tariff Act of 1930, as amended (19 U.S.C. 1304), provides that, unless excepted, every article of foreign origin (or its container) imported into the U.S. shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or its container) will permit, in such a manner as to indicate to the

ultimate purchaser in the U.S. the English name of the country of origin of the article. Part 134, Customs Regulations (19 CFR Part 134), implements the country of origin marking requirements and exceptions of 19 U.S.C. 1304.

A proposed change of practice was published in the **Federal Register** (60 FR 57621) on November 16, 1995, advising the public that Customs intended to review the country of origin marking of certain wearing apparel. By T.D. 54640(6), 93 Treas. Dec. 301 (1958), Customs requires wearing apparel, such as shirts, blouses, coats, sweaters, etc., to be legibly and conspicuously marked with the name of the country of origin by means of a fabric label or label made from natural or synthetic film, sewn or otherwise permanently affixed on the inside center of the neck midway between the shoulder seams or in that immediate area, or otherwise permanently marked in that area in some other manner. Button tags, string tags and other hang-tags, paper labels and other similar methods of marking are not considered acceptable.

The proposed change of practice, if adopted, would have modified that portion of T.D. 54640(6) relating to the requirement of a fabric label or label made from natural or synthetic film sewn to the article, and the disallowance of button tags, string tags and other hang-tags, paper labels and other similar methods of marking. Rather, it was proposed to evaluate the country of origin marking of wearing apparel, such as shirts, blouses, coats, sweaters, etc., on a case-by-case basis to determine if it is conspicuous, legible, indelible, and permanent to a degree sufficient enough to remain on the shirt until it reaches the ultimate purchaser.

The notice of the proposed change of practice arose from a ruling request dated June 1, 1994, concerning the country of origin marking on a man's football shirt which featured a woven textile label, identified as a "jock tag," 2 inches long by 4½ inches wide, stitched on the exterior right-hand side of the shirt, approximately 2 inches above the bottom hem and 1 inch from the side seam. Embroidered on the left side of this label in red and blue threads on a white background was a stitched logo and trade name. The size of the garment, care instructions, the country of origin, and RN number were stitched on the right side of the label in bright blue lettering on a light background. The inquirer requested that Customs allow the use of a hang-tag in the center of the neck midway between the shoulder seams to indicate the country of origin of the shirt, rather than require

a sewn-in label since the woven textile label on the outside of the shirt satisfies the conspicuous, legible, indelible, and permanent requirements of 19 U.S.C. 1304.

Customs has provided an exception to the sewn-in label requirement of T.D. 54640(6) only in the context of reversible garments. By T.D. 55015(4), 95 Treas. Dec. 3 (1960), the country of origin marking of reversible garments was permitted to be looped around a hanger. On the basis of this extension, Customs has allowed ladies' reversible jackets to be marked with a cardboard hang-tag affixed to the neck area by means of a plastic anchor tag. Customs noted that since the jacket was reversible, a fabric label sewn into the jacket could damage the jacket when the label was removed. See Headquarters Ruling Letter (HRL) 731513 dated November 15, 1988. Similarly, in HRL 733890 dated December 31, 1990, Customs allowed women's reversible silk tank tops to be marked with a cloth label, showing the country of origin and other pertinent information sewn into a lower side seam, and a hang-tag which also provided the required information attached at the neck. See also HRL 734889 dated June 22, 1993.

Upon request, an extension of time to March 15, 1996, within which to submit comments on the proposal was granted, and a notice to that effect was published in the **Federal Register** (61 FR 3763) on February 1, 1996.

#### Analysis of Comments

Seventeen comments were received in response to the notice; seven favored the change of practice, ten opposed. Supporters of the change stated their belief that a more flexible approach, other than only allowing a sewn-in label, will be consistent with the conspicuous and permanent requirements of 19 U.S.C. 1304. Several commenters stated that, as with sewn-in labels, other marking methods would have to be permanently affixed to the garment sufficient enough to remain on the article until it reaches the ultimate consumer. Some supporters stated that hang-tags display the country of origin more conspicuously than sewn-in labels, and compliance costs would decrease if sewn-in labels were not required.

Several commenters alleged that the use of sewn-in labels has not discouraged unlawful behavior, and a company determined to misrepresent the true country of origin will simply sew in false labels. Supporters also stated that hang-tags withstand normal commercial and retail handling. These commenters also alleged that sewn-in

labels irritate the consumer's neck, and that the garment may be damaged when the label is removed from the garment. The supporters also noted that the Federal Trade Commission country of origin requirement (16 CFR 303.15) does not require a sewn-in label. One commenter also stated that under NAFTA and the Uruguay Round Agreements Act, the U.S. made commitments to achieve global harmonization in labeling regulations, and the use of other means other than a sewn-in label would facilitate cross-border trade and just-in-time deliveries. However, while supporters favored a more flexible approach, several commenters suggested that rather than a case-by-case evaluation, Customs should establish clear standards as to acceptable alternatives to sewn-in labels.

All of the comments opposing the proposal alleged that methods of marking, other than sewn-in labels, will make it easier to transship garments and misrepresent the true country of origin by changing the label without damaging the garment. The easiest method of discovering transshipments is claimed to either be an incorrect country of origin label, a missing country of origin label, or a damaged country of origin label. One commenter stated that the reason for section 334 of the Uruguay Round Agreements Act (codified at 19 U.S.C. 2592) is to improve the ability to track and investigate illegal transshipments, especially in circumstances where assembly confers origin and the country of origin label is sewn into the good in the country of assembly.

Some of the opposing commenters also stated that the use of hang-tags, paper labels, or other markings not permanently attached will not satisfy the requirements of 19 U.S.C. 1304 that the country of origin marking shall be in a conspicuous place as legibly, indelibly, and permanently as the nature of the article will permit. Another commenter stated that consumers know and have expected for 40 years that the care label shows the country of origin. Some commenters stated that hang-tags are often lost during packing and shipping, when garments are tried on, when hangers are switched or not used, or are discarded at the point of sale by sales people who see little or no need for them and may even see them as a deterrent to a sale. Finally, one commenter stated that there would be less concern over the proposed modification of T.D. 54640(6) if permanent country of origin markings were required for articles made in the U.S.

#### Withdrawal of Proposed Change of Practice

Customs has determined, after reviewing all of the comments and upon considering all factors, that the requirement imposed by T.D. 54640(6) shall remain in effect. As required by 19 CFR 134.41, the degree of permanence should be at least sufficient to insure that in any reasonably foreseeable circumstance the marking shall remain on the article until it reaches the ultimate purchaser unless it is deliberately removed. All of the commenters in opposition to hang-tags have warned against the deliberate removal of hang-tags. While supporters claim that hang-tags remain on an article until it reaches the ultimate purchaser and that any misrepresentation of the true country of origin usually occurs at the time of assembly, it is Customs' opinion that because of the long-standing expectations by importers and ultimate purchasers that the country of origin marking will be found at the center of the neckline on a sewn-in label, the requirements of T.D. 54064(6) should remain in effect without modification. Accordingly, the subject proposed change of practice is withdrawn.

Therefore, wearing apparel, such as shirts, blouses, coats, sweaters, etc., must be marked with the name of the country of origin by means of a fabric label or label made from natural or synthetic film, sewn or otherwise permanently affixed on the inside center of the neck midway between the shoulder seams or in that immediate area, or otherwise permanently marked in that area in some other manner. Button tags, string tags and other hang-tags, paper labels, and other similar methods of marking will not be acceptable. While Customs has allowed and will continue to allow, due to exigent circumstances, various exceptions from the required location of the sewn-in label, no exception from the sewn-in (permanently affixed) labeling requirement imposed by T.D. 54640(6) will be granted, other than the one allowed under T.D. 55015(4), and proposals for further exceptions from T.D. 54640(6) will not be evaluated on a case-by-case basis.

**George J. Weise,**

*Commissioner of Customs.*

Approved: March 5, 1997.

**Dennis M. O'Connell,**

*Acting Deputy Assistant Secretary of the Treasury.*

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