

method developed to monitor compliance with this subpart.

(b) The regulatory method must be able to confirm the identity of the marker residue in the target tissue at a minimum concentration corresponding to the  $R_m$ . FDA will determine the LOD from the submitted analytical method validation data.

(c) FDA will publish in the **Federal Register** the complete regulatory method for ascertaining the marker residue in the target tissue in accordance with the provisions of sections 409(c)(3)(A), 512(d)(1)(I), and 721(b)(5)(B) of the act.

Dated: January 3, 2002.

**Margaret M. Dotzel,**

*Associate Commissioner for Policy.*

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BILLING CODE 4160-01-S

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Parts 1 and 301

[REG-159079-01]

RIN 1545-BA38

#### Taxpayer Identification Number Rule Where Taxpayer Claims Treaty Rate and Is Entitled to an Immediate Payment

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

**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations.

**SUMMARY:** This document contains proposed regulations that provide additional guidance needed to comply with the withholding rules under section 1441 and conforming changes to the regulations under section 6109.

Specifically, these proposed regulations provide rules that facilitate compliance by withholding agents where foreign individuals who are claiming reduced rates of withholding under an income tax treaty receive an unexpected payment from the withholding agent, yet do not possess the required individual taxpayer identification number. The text of the temporary regulations on this subject in this issue of the **Federal Register**, also serves as the text of these proposed regulations set forth in this cross-referenced notice of proposed rulemaking.

**DATES:** Written or electronic comments and requests for a public hearing must be received by April 17, 2002.

**ADDRESSES:** Send submissions to: CC:ITA:RU (REG-159079-01), room

5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:ITA:RU (REG-159079-01), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option of the IRS Home Page or by submitting comments directly to the IRS internet site at [http://irs.gov/tax\\_regs/reglist.html](http://irs.gov/tax_regs/reglist.html).

#### FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Jonathan A. Sambur at (202) 622-3840; concerning submissions, Donna Poindexter, (202) 622-7180 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background and Explanation of Provisions

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend 26 CFR parts 1 and 301. The temporary regulations provide rules that facilitate compliance by withholding agents where foreign individuals who are claiming reduced rates of withholding under an income tax treaty receive an unexpected payment from the withholding agent, yet do not possess the required individual taxpayer identification number. The text of the temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations and these proposed regulations.

##### Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations. Because these regulations impose no new collection of information on small entities, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

#### Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written (preferably a signed original and eight (8) copies) or electronically generated comments that are submitted timely to the IRS. The IRS and Treasury Department request comments on the clarity of the proposed rules and how they can be made easier to understand. All comments will be available for public inspection and copying. A public hearing will be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

#### Drafting Information

The principal author of these regulations is Jonathan A. Sambur, Office of the Associate Chief Counsel (International). However, other personnel from the IRS and Treasury Department participated in their development.

#### List of Subjects

##### 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

##### 26 CFR Part 301

Administrative practice and procedure, Income taxes, Reporting and recordkeeping requirements.

#### Proposed Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 301 are proposed to be amended as follows:

#### PART 1—INCOME TAXES

**Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

**Par. 2.** Section 1.1441-1 is amended as follows:

##### § 1.1441-1 Requirement for the deduction and withholding of tax on payments to foreign persons.

[The text of the proposed amendments to this section is the same as the text of § 1.1441-1T published elsewhere in this issue of the **Federal Register**.]

**Par. 3.** Section 1.1441-6 is amended as follows:

**§ 1.1441-6 Claim of reduced withholding under an income tax treaty.**

[The text of the proposed amendments to this section is the same as the text of § 1.1441-6T published elsewhere in this issue of the **Federal Register**].

**PART 301— ADMINISTRATIVE PRACTICES AND PROCEDURE, INCOME TAXES, REPORTING AND RECORDKEEPING REQUIREMENTS**

**Par. 4.** The authority citation for part 301 continues to read in part as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

**Par. 5.** Section 301.6109-1 is amended as follows:

**§ 301.6109-1 Identifying numbers.**

[The text of the proposed amendments to this section is the same as the text of § 301.6109-1T published elsewhere in this issue of the **Federal Register**].

**Robert E. Wenzel,**

*Deputy Commissioner of Internal Revenue.*  
[FR Doc. 02-1126 Filed 1-16-02; 8:45 am]

**BILLING CODE 4830-01-P**

**POSTAL SERVICE****39 CFR Part 111****Realignment of Buffalo and Pittsburgh Postal Facilities for Deposit of DBMC Rate Standard Mail and Package Services Machinable Parcels**

**AGENCY:** Postal Service.

**ACTION:** Proposed rule.

**SUMMARY:** This proposed rule amends the Domestic Mail Manual (DMM) to realign permissible points for mailer deposit of Standard Mail machinable parcels and Package Services machinable parcels currently taken to the Buffalo, New York, Auxiliary Service Facility (ASF), and claimed at destination bulk mail center (DBMC) rates. The proposed rule would require such mail to be taken to and postage calculated from the Pittsburgh Bulk Mail Center (BMC) to qualify for the DBMC rates.

**DATES:** Comments must be received on or before February 19, 2002.

**ADDRESSES:** Written comments should be mailed or delivered to Manager, Mail Preparation and Standards, USPS, 1735 N Lynn Street, Arlington, VA 22209-6038. Copies of all written comments will be available for inspection and photocopying between 9 a.m. and 4 p.m., Monday through Friday, in the Library, Postal Service Headquarters,

475 L'Enfant Plaza SW., Washington, DC 20260-1540.

**FOR FURTHER INFORMATION CONTACT:** OB Akinwole, (703) 292-3643; or Cheryl Beller (202) 268-5166.

**SUPPLEMENTARY INFORMATION:****Background**

Currently machinable and nonmachinable parcels deposited at the Buffalo ASF are eligible for destination bulk mail center (DBMC) rates if the applicable preparation standards are met (e.g., pieces are prepared in 5-digit containers or Buffalo ASF containers) and the pieces deposited are addressed for delivery within the ZIP Code range of the Buffalo ASF service area as defined in DMM E650, Exhibit 5.1 and E751, Exhibit 1.3. For the DBMC rates, that service area currently comprises destination 3-digit ZIP Code prefixes 130 through 136 and 140 through 149. All machinable parcels and nonmachinable parcels entered at the Buffalo ASF are sorted manually by the Postal Service to the first three digits of the delivery address ZIP Codes. They are then transported to sectional center facilities (SCFs) in Rochester, Syracuse, Elmira, and Utica. At the SCFs the parcels are sorted by 5-digit ZIP Code to the associated delivery offices and subsequently transported to those delivery offices.

In contrast to this manual operation in Buffalo, machinable parcels entered at the Pittsburgh BMC are sorted on parcel sorting machines (PSMs) and finalized to 5-digit ZIP Codes in the 130-136 and 140-149 range in one or two passes. Sorted parcels destined for the Buffalo ASF service area are then transported directly from the Pittsburgh BMC to the appropriate SCFs for cross docking to the delivery offices without further sortation at the SCFs. Approximately 31 percent of the parcel volume now handled by the Pittsburgh BMC is destined for the Buffalo ASF service area ZIP Codes and, of that volume, nearly 90 percent is sorted to 5-digit ZIP Codes on the PSMs.

The diversion of machinable parcels from the Buffalo ASF to the Pittsburgh BMC is generally not the result of redirection of that volume by the Buffalo ASF. Almost since the inception of the DBMC entry rate, most drop shippers have deposited machinable parcels and some nonmachinable parcels destined for the Buffalo ASF service area at the Pittsburgh BMC, either under a 1995 Postal Service exception letter or at the direction of the Buffalo ASF.

In order to calculate postage for these diverted parcels, some mailers

depositing machinable parcels at the Pittsburgh BMC zone their mail from the Buffalo ASF, and others zone their mail from the Pittsburgh BMC. Since 1993, the Buffalo ASF has received extremely few drop shipments of machinable parcels. In fact, current records indicate that more than three years have passed since the Buffalo ASF has received any drop shipments.

Officials at the Pittsburgh BMC confirm that mailers are making appointments and dropping machinable parcels destined for the Buffalo ASF service area at the Pittsburgh BMC rather than the Buffalo ASF. This arrangement coincides with the fact that western New York is not an originating site for parcel shippers, and the volume that is destined for Buffalo generally originates outside the local area by mailers who are also likely to have parcels destined for the Pittsburgh BMC service area.

Facility restrictions at the Buffalo ASF also make it desirable that the Postal Service redirect machinable parcels from Buffalo to Pittsburgh. The Buffalo ASF lacks sufficient space to handle a large volume of parcels. Additionally, since it does not have PSMs even machinable parcels must be handled in manual operations.

Moreover, if the current parcel diversion were stopped, the cost to process the 21.5 million parcels annually that would shift from the Pittsburgh BMC to the Buffalo ASF would greatly increase because additional work hours would be required at the downstream SCFs within the Buffalo ASF to sort the parcels to the five-digit delivery offices. As previously noted, these parcels are currently finalized to 5-digits at the Pittsburgh BMC. At the same time, there would be no reduced transportation costs for the Postal Service between Pittsburgh and Buffalo because the volume of Standard Mail, not Package Services mail, primarily determines the number of daily trips between the two facilities.

**Effective Date**

The Postal Service is proposing that the following revisions become effective March 31, 2002. Mailers are permitted to enter mail under the revised standards immediately upon publication of the final rule with required compliance by June 1, 2002.

**Proposed Changes**

Under the proposed realignment, all machinable parcels claiming DBMC rates for Standard Mail, Parcel Select, and Bound Printed Matter for ZIP Codes currently listed under the Buffalo ASF service area in DMM L602 would be