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**REPORT TO THE COMMITTEE ON
FINANCE, UNITED STATES SENATE,
AND THE COMMITTEE ON
WAYS AND MEANS,
HOUSE OF REPRESENTATIVES**

**Duty Payments Delayed
On Lead And Zinc Imported
Into Bonded Warehouses**

B-114898

Bureau of Customs
Department of the Treasury

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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JAN 18, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

B-114898

Chairman, Senate Committee on Finance
Chairman, House Committee on Ways and Means

This is our report on the delay of duty payments on lead and zinc imported into bonded warehouses. The Bureau of Customs, Department of the Treasury, is responsible for the collection of these duties

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67)

Copies of this report are being sent to the Director, Office of Management and Budget, the Secretary of the Treasury; the Commissioner, Bureau of Customs, and the Chairman, United States Tariff Commission.

A handwritten signature in black ink, reading "James B. Arto".

Comptroller General
of the United States

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COMPTROLLER GENERAL'S REPORT TO
THE COMMITTEE ON FINANCE,
UNITED STATES SENATE, AND THE
COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES

DUTY PAYMENTS DELAYED ON LEAD AND
ZINC IMPORTED INTO BONDED WAREHOUSES
Bureau of Customs
Department of the Treasury B-114898

D I G E S T

WHY THE REVIEW WAS MADE

During 1971 American smelting and refining companies imported about 128 million pounds of lead and about 455 million pounds of zinc into bonded warehouses. Duties on these imports totaled about \$4 million.

The Tariff Act of 1930 permits deferring payment of duties until the metal enters domestic commerce, or until 3 years elapse, whichever happens first. Duties are charged against the companies' bonds guaranteeing payment. If metals are exported, charges are canceled.

Because of the quantity of dutiable lead and zinc imported annually into bonded warehouses, the General Accounting Office (GAO) made this review to determine the adequacy of the Bureau of Customs' administration of the bonded smelting and refining program.

FINDINGS AND CONCLUSIONS

The Tariff Act provides that any lead and zinc in a company's inventory may be considered as imported metal not entered into domestic commerce and used as a basis for deferring duty payments. (See p 8)

GAO found that

--Some companies did not reduce the quantity of their inventories by the statutory wastage deduction

used to compute the metal content subject to duty at the time of entry. This inconsistency seems to be without justification. (See p 9)

--Two companies included the lead and zinc content of slag piles in their inventories. Most of this slag had been accumulated more than 30 years ago. (See p 10)

Including wastage and slag metal in inventories results in continuous delays in payment of duties because such metal is used as a basis for deferring duty payments on new imports when duties are paid on older imports.

GAO estimated the annual interest cost to the Government to borrow a sum equal to the duty payments deferred by one company at December 31, 1968, to be about \$200,000. (See p 9)

GAO also found that the liabilities for duty payments were transferred from one company to another solely to delay payment of duty. (See p 12)

RECOMMENDATIONS OR SUGGESTIONS

GAO suggested that the Secretary of the Treasury propose legislation to amend section 312 of the Tariff Act of 1930 to prohibit using metals in slag piles to satisfy bond charges. GAO suggested also that the

Secretary instruct the Commissioner of Customs to

--advise operators of bonded lead and zinc smelting and refining warehouses that their inventories for satisfying bond charges must be reduced by the wastage allowance used to compute the dutiable metal and

--revise Customs regulations to limit transfers of liability for duty payments to those instances when shipments are made by the transferring company to fill sales orders of another company

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Acting Commissioner of Customs has advised GAO that Customs does not have authority to require the exclusion of wastage from inventories or to limit transfers of liability for duty payments. The Acting Commissioner informed GAO that such restrictions must come from the Congress rather than from the adminis-

tration. He did not take a position on GAO's suggestion that legislation be proposed to prohibit using metals in slag piles to satisfy bond charges.

MATTERS FOR CONSIDERATION
BY THE COMMITTEES

GAO is recommending that section 312 of the Tariff Act of 1930 be amended to

--prohibit including wastage metal in lead and zinc inventories used to satisfy bond charges on imported material,

--prohibit using lead and zinc contained in slag piles to satisfy bond charges on imported material, and

--delete the provision permitting transfer of liability for duty payments from one company to another without a transfer of the metal

CHAPTER 1

INTRODUCTION

We have examined the policies and procedures of the Bureau of Customs, Department of the Treasury, for administering the provisions of the Tariff Act of 1930, as amended (19 U.S.C. 1312), relating to the importation of metal-bearing materials containing lead and zinc into the United States. Our review was concerned primarily with the payment of duty on lead and zinc imported under bond by companies operating two or more (multiplant) bonded warehouses and with Customs' controls over collection of these duties

Our review included a study of the legislative history of pertinent provisions of Customs laws pertaining to the importation of metal-bearing materials under bond, an examination of pertinent Customs regulations, and a review of the records concerning bonded smelting and refining warehouses. We interviewed officials of the United States Tariff Commission in Washington, D.C., and of the Bureau of Customs in Washington, D.C., El Paso, Texas, St. Louis, Missouri; and Great Falls, Montana. We also interviewed officials of five selected smelting and/or refining companies, reviewed data furnished by the companies, and observed the smelting and/or refining operations of selected companies.

IMPORTATION OF METAL-BEARING MATERIALS

Pursuant to schedule 6 of the Tariff Schedules of the United States (19 U.S.C. 1202), metal-bearing materials may be imported into the United States upon the payment of duties based on the materials' metal content. Companies which smelt and refine metal-bearing materials may import such materials into designated bonded warehouses without immediately paying duty and may smelt and refine them with materials of domestic origin. The total period of time for

which duties on imported material may remain unpaid shall not exceed 3 years from the date of importation.¹

The legislative history of section 312 of the Tariff Act indicates that the purpose of this provision was (1) to encourage exports by permitting importers to smelt and refine metals for export without the payment of duties and (2) to permit a delay in the payment of duties until the imported metals could be smelted, refined, and entered into domestic commerce

To delay paying duties on imported metal-bearing materials, a company must have established a bonded smelting and refining warehouse into which the materials are to be imported and smelted or refined. Customs is responsible for approving applications for bonded smelting and refining warehouses and for insuring that the owners of these warehouses post a bond sufficient to protect the Government against any loss of duty.

The major dutiable metals imported into such warehouses are lead and zinc. During calendar year 1971, about 128 million pounds of lead and about 455 million pounds of zinc in metal-bearing materials were imported into bonded warehouses. Under the tariff schedules the duty on these metals is 75 cents per 100 pounds on the lead content and 67 cents per 100 pounds on the zinc content. The duty applicable to the imported lead and zinc metals which entered bonded warehouses in 1971 was approximately \$4 million.

1
Presidential Proclamation No. 2948, issued October 12, 1951, authorized the Secretary of the Treasury to extend the 3-year period under certain conditions either until the end of the national emergency proclaimed on December 16, 1950 (Korean war), or until it was determined that such extensions were no longer necessary, whichever occurred first. This proclamation permitted 1-year extensions which could be renewed for additional 1-year periods. Although this proclamation is still in effect, we were advised by Customs officials at district offices that no recent extensions had been granted for metal in the bonded smelting and refining warehouses included in our review.

Exports of lead and zinc from bonded warehouses have been relatively insignificant in recent years, for example, statistics published by the Bureau of the Census show that in calendar year 1971 no lead was exported from bonded warehouses and zinc exports from these warehouses were only about 6 percent of the amount imported in that year.

Determining duty

When metal-bearing materials are imported, they are assayed to determine the amount of dutiable metals in the materials. In accordance with schedule 6, part 1, of the tariff schedules, the percentages of lead and zinc contained in the imported materials are reduced by statutory allowances, known as absolute deductions, for wastage incurred in processing. The tariff schedules further provide that under certain conditions actual losses by weight during processing (wastage), rather than the statutory wastage allowances, will be permitted. The statutory wastage allowances vary according to the type of plant at which imported materials are initially treated.

Metal-bearing materials initially treated at lead plants are allowed a wastage deduction of 2 percent of the gross dry weight of the imported materials for losses on the lead content. On the zinc content, the wastage deduction is 2 percent of the gross dry weight of the imported materials or 20 percent of the weight of the zinc content, whichever is greater. Metal-bearing materials initially treated at zinc plants are allowed a wastage deduction of 2 percent of the gross dry weight of the imported materials for losses on the lead content and 6 percent on the zinc content.

The dutiable metal content reduced by the applicable statutory wastage allowance is then applied to the gross quantity of imported materials to determine the quantity of dutiable metal contained in the imports. The following example shows how the duty would be computed on the lead content of 1 million pounds of imported metal-bearing materials initially treated at a lead plant using the statutory allowance.

Total gross dry weight of imported materials		1,000,000 lbs.
Lead content determined by assay	60%	
Less allowance for losses (absolute deduction)	<u>2%</u>	<u>58%</u>
Dutiable lead content		580,000 lbs.
Rate of duty		\$ <u>0.0075</u>
Duty payable		\$ <u>4,350</u>

ESTABLISHMENT AND CANCELLATION OF BOND CHARGES

When metal-bearing materials are imported into a bonded smelting and refining warehouse without the immediate payment of duty, the amount of duty payable is charged against the company's bond which guarantees a subsequent payment of the duty. This charge, called a bond charge, represents the amount of duty due the Government. A record of bond charges, expressed in dutiable metal content and duty payable, is maintained by Customs. According to the Tariff Act, these charges may be canceled in whole or in part.

1. Upon exportation from a bonded smelting or refining warehouse of a quantity of the same kind of metal equal to the dutiable quantity imported.
2. Upon payment of the duties.
3. Upon physical transfer of a quantity of the same kind of metal to another company's bonded smelting and refining warehouse, with a corresponding transfer of the bond charge.
4. Upon transfer of the bond charge, without physical transfer of metal, to another company's bonded smelting and refining warehouse if that warehouse has a sufficient quantity of like metal on hand to satisfy the bond charge (theoretical transfer). Theoretical transfers are discussed on page 12.

5. Upon physical transfer of a quantity of the same kind of metal to a bonded Customs warehouse, other than a bonded smelting and refining warehouse, with a corresponding transfer of the bond charge and subsequent withdrawal of the metal from such other warehouse for exportation or domestic consumption

CHAPTER 2

UNWARRANTED DELAYS IN PAYING DUTY

Customs regulations require companies operating multi-plant bonded smelting and refining warehouses to submit to Customs headquarters and to each Customs field office involved a monthly report of the domestic and imported metals on hand at each of the companies' warehouses covered by the bond and the total quantity of imported metal-bearing materials on which duties have not been paid. Under the Tariff Act of 1930, multiplant companies may aggregate the total quantity of metals on hand in all of their warehouses to satisfy the bond charges. When a company's monthly inventory report shows that the total metal on hand is less than the quantity of imported metal on which duties have not been paid, the company is required to pay the duty on that quantity of imported metal in excess of its inventory.

We reviewed the data furnished to Customs and us by five companies which operate multiplant warehouses for the smelting and/or refining of imported lead- and zinc-bearing materials. Some companies' inventories included substantial quantities of wastage metal and unrecovered residue metal in slag dumps. Including these metals in their inventories delayed duty payments on a corresponding amount of imported metal. Also, the authority to transfer bond charges to another company without the physical transfer of the metal involved was used to delay the duty payments.

Because of several variable factors, such as the level of imports, the use of domestic materials, and the level of production, it is difficult to determine precisely the length of time that duty payments have been or will be delayed because of the inclusion of lead and zinc slag and wastage in inventories. Duty payments on a specific importation generally cannot be delayed more than 3 years (see p. 4) by applying these materials against bond charges, but the materials can be used continuously to satisfy new bond charges.

We estimate that, as of December 31, 1968, the inclusion of lead and zinc slag and wastage in inventories of one of the multiplant companies included in our review permitted that company to delay paying duties totaling about \$3.7 million which it otherwise would have been required to pay as

of that date. The delay of these duty payments for 1 year would result in Government interest costs of about \$200,000 to borrow an equivalent sum, this estimate is based on the average effective interest rate of about 6 percent on four U.S Treasury notes issued from August 15, 1968, to February 15, 1969, with maturities ranging from 1-1/4 to 7 years. (See app. II.)

WASTAGE

As discussed on pages 5 and 6, the assayed metal content of imported metal-bearing materials is reduced by a statutory wastage allowance to determine the quantity of dutiable metal. We found, however, that, for four of the five companies included in our review, the inventories reported to Customs included the gross quantity of metal without reduction for the wastage allowance. Had these reductions been made, we estimate that, as of December 31, 1968, the lead inventory of three companies would have been reduced by 14 million pounds and the zinc inventory of the four companies would have been reduced by 29 million pounds. The fifth company excluded the wastage allowance from its inventory. An official of this company advised us that wastage was excluded on the basis of the company's interpretation of the Tariff Act that wastage should not be used to satisfy bond charges because it was not dutiable metal.

We proposed that the Bureau of Customs advise the operators of bonded lead and zinc smelting and refining warehouses that their inventories must be reduced by the wastage allowance that was used in computing the dutiable metal. The Acting Commissioner of Customs has advised us that, because the law's description of the metals which may be aggregated to satisfy the bond charges did not refer to "quantities subject to duty," Customs does not have the authority to require the exclusion of wastage from inventories. The Bureau pointed out that domestic ores and metals, which are not subject to duty, were also included in the inventories and that we had not recommended their exclusion.

Conclusion

Section 312(e) of the Tariff Act states that "the quantities of each kind of metal subject to duty on hand at all such warehouses may be aggregated to satisfy the bond

obligation." Schedule 6, part 1, of the tariff schedules specifically prescribes allowable deductions for losses of lead and zinc (wastage allowance) in computing the dutiable metal content.

In our opinion, the language of the law describing the composition of the inventory that may be used to satisfy the bond charges--"the quantities of each kind of metal subject to duty on hand"--does not include wastage because it is not the kind of metal subject to duty. In view of the provision of the law (19 U.S.C. 1312(a)) permitting the smelting and refining of both domestic and imported ores in bonded warehouses, we believe that domestic ores and metals, less any wastage which is included in such ores and metals, may be included in the inventories because they are the kinds of metals subject to duty.

In any event, the current administration of this law results in an obvious inconsistency a lot of imported material can be included in the inventory at a higher metal content than that used to assess the duty on the same lot.

Recommendation to the Committees

Because Customs believes that it does not have the authority to require the exclusion of wastage from inventories, we recommend that section 312 of the Tariff Act of 1930 be amended to specifically prohibit including wastage metal in lead and zinc inventories used to satisfy bond charges.

METAL IN SLAG INCLUDED IN INVENTORY

When lead- and zinc-bearing materials are processed at smelting and refining plants, a residue material, referred to as slag, is produced. Quantities of unrecovered lead and zinc are included in this material.

The records for two companies we visited showed that about 34 million pounds of lead and about 642 million pounds of zinc in slag piles were included in the companies' inventories for December 31, 1968. For the other companies included in our review, metal in slag piles was either not on hand or not included in the inventories reported to Customs.

One company's December 31, 1968, inventory showed about 18 million pounds of lead and 567 million pounds of zinc in slag piles. This slag was located at three of the company's warehouses as shown below.

	<u>Lead</u>	<u>Zinc</u>
	(pounds)	
Warehouse 1	15,094,405	129,361,033
Warehouse 2	-	401,390,207
Warehouse 3 (note a)	<u>2,840,475</u>	<u>35,778,769</u>
Total	<u>17,934,880</u>	<u>566,530,009</u>

^aThis warehouse has since been shut down and the slag from this warehouse was not included in inventory as of July 31, 1971.

The company's slag inventory records as of December 31, 1968, showed that the quantity of zinc in slag piles at warehouses 1 and 2 had been on hand since at least 1939. The quantity of lead in the slag pile at warehouse 1 had been on hand since 1940. The quantity of lead and zinc in the slag pile at warehouse 3 had been there since at least 1949.

A company official advised us that current operations did not add to the slag piles. Hot slag from current operations was processed to recover the lead and zinc. The company advised Customs that there had been no additions to the slag piles at warehouse 1 since 1949 and at warehouse 2 since 1940.

According to the company's slag inventory records, the quantity of old slag removed from the pile each year for processing was relatively small in relation to the total quantity on hand. Information provided by the company to Customs showed that the quantity of lead and zinc in slag at warehouse 1 would be recovered in 12 to 14 years and at warehouse 2 in 25 to 30 years.

Section 312 provides that each kind of metal subject to duty on hand may be aggregated to satisfy the bond obligation, the act apparently does not preclude the inclusion of the lead and zinc content of the slag piles in the inventories to satisfy bond charges.

Accordingly, we suggested in a draft of this report that the Secretary of the Treasury propose legislation to amend section 312 to prohibit using metals contained in slag piles to satisfy bond charges. The Acting Commissioner of Customs did not take a position on this suggestion.

Conclusion

We question whether the law pertaining to the payment of duty on material processed in bonded facilities contemplated the use of metal content in slag piles to satisfy bond charges. The law and regulations are designed to permit companies to delay paying duty on a specific import for 3 years or until the material is sold in domestic commerce, after giving effect to the company's right of substitution. Most of the material in the slag piles of the company whose records we reviewed has been there for more than 30 years and has acted as a permanent offset to bond charges. Consequently, there has been a deferral of duty payments on more recent imports that have, in fact, entered domestic commerce.

We believe that including the metal in slag piles in inventories results in a windfall for the companies who follow this practice. We therefore believe that the law should be amended to provide that the metal content of slag piles cannot be used to satisfy bond charges.

Recommendation to the Committees

We recommend that section 312 of the Tariff Act of 1930 be amended to prohibit using lead and zinc in slag piles to satisfy bond charges.

TRANSFER OF BOND CHARGES

As noted on page 6, a smelting and refining company may cancel bond charges by transferring them to another smelting and refining company without actually shipping the metal. These transfers are called theoretical transfers. Provision for these transfers was included in the 1962 amendments to the Tariff Act. The only requirement of the Tariff Act concerning the transfers is that the transferee have a sufficient quantity of like metal on hand to satisfy the transferred bond charge.

Our review showed that, in certain instances, theoretical transfers were made at a time when the transferor did not have sufficient inventory on hand to cover its bond charges, it appears that the only purpose of the transfers was to delay paying duty. An official of one company informed us that the company had used theoretical transfers when the company's bond charges exceeded its inventory on hand and when the company found another company with excess inventory willing to accept some bond charges. This official advised us that the company accepting the bond charges received some consideration from the transferor.

For example, one company lacked sufficient inventory to cover its bond charges and theoretically transferred, during a 4-month period, about 9.9 million pounds of excess zinc bond charges to another company which had sufficient metal on hand to cover the bond charges. If these theoretical transfers had not been made, the company making the transfer would have been required to pay duties totaling about \$66,000. The transferred bond charges remained open and duties were not paid until at least 14 months later.

Our review of the legislative history of the Tariff Act did not disclose the purpose to be served by permitting companies to make theoretical transfers. A United States Tariff Commission official advised us that, in drafting the 1962 amendments to the Tariff Act, provision was made for theoretical transfers in order to save smelting and refining companies the costs of shipping metals. For example, if company A was selling to a customer near company B, company A would ask company B to make the physical shipment in order to save transportation costs. Since company B would be reducing its physical inventory it would transfer bond charges, equal to the charges on metal shipped, to company A.

We proposed that the Bureau of Customs revise its regulations to limit the transfer of liability for duty payments to those instances where the transfer is made because of shipments made by the transferring company to fill sales orders of another company. The Acting Commissioner of Customs advised us that Customs did not have authority under the law to comply with our proposal.

Conclusion

If the intended purpose of theoretical transfers is to permit savings in shipping costs, the same result could be achieved without the transfer of bond charges. In the example noted above, company A could arrange with company B for the shipment of metal to A's customer and for the payment to company B of any interest costs incurred because of the reduction of B's inventory which could require earlier payment of duty on its bond charges.

Recommendation to the Committees

We recommend that section 312 of the Tariff Act of 1930 be amended to delete the provision which permits theoretical transfers.



THE DEPARTMENT OF THE TREASURY
BUREAU OF CUSTOMS

WASHINGTON, D C

JUN 9 1972

REFER TO

DB 713.4 10



Mr. Charles P. McAuley
Assistant Director
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. McAuley:

Your letter of March 21, 1972, requested the Bureau's comments on the United States General Accounting Office report to the Secretary of the Treasury on your review of the importation of metal-bearing materials containing lead and zinc into bonded smelting and refining warehouses in the United States.

There are several comments in the proposed draft which cause us some concern, especially those stating or describing the time limits material can remain in bonded warehouse without the payment of duties. These statements which appear on pages 2, 9, and 16 of the draft report are written in terms of the 3-year limitation on all warehouse entries, which finds its source in section 1557(a), title 19, United States Code. We find these statements somewhat incomplete in that they neglect to indicate that the 3-year entry period has been extended pursuant to the authority contained in Proclamation No. 2948, issued by the President on October 12, 1951. Consequently, if the extensions authorized by the Presidential Proclamation are followed, there is in effect no limit as to the length of time merchandise can remain in bonded warehouse.

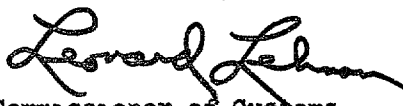
Please note in connection with the Presidential Proclamation that it had been in existence for approximately 11 years when Congress revised section 1312, title 19, United States Code, in 1962. Congress elected to ignore it as they apparently were unconcerned with the increase in time that merchandise could remain in bonded warehouse without the payment of duty. In this connection, inasmuch as your recommendation on page 17 of the report that legislation be proposed to amend section 1312 to specifically prohibit the use of metals contained in slag piles to satisfy bond charges is primarily based on the length of time these slag piles have existed, you may want to reconsider your statements.

APPENDIX I

We would also comment concerning your proposal regarding the reduction of inventory by the wastage allowance, namely that the Secretary of the Treasury instruct the Commissioner of Customs to advise the operators of bonded lead and zinc smelting and refining warehouses that their inventories for the purpose of satisfying open bond charges must be reduced by the wastage allowance used to compute the dutiable metal. In this regard section 1312(e) states, in part, that "the quantities of each kind of metal subject to duty on hand . . . may be aggregated to satisfy the bond obligation." The Bureau of Customs does not find in this provision of law the authority to reduce the amount of bond charges by the extent of the wastage allowance granted. We interpret the phrase "subject to duty" as modifying the phrase "of each kind of metal," as the law does not read "quantities subject to duty." Further, to interpret otherwise would mean that domestic metals and ores could not be included in the inventory computation, as they are no more "subject to duty" than the metals and ores covered by the wastage allowance. In this regard, there is no indication in your draft report that domestic metals and ores should be excluded from the inventory. Rather, it is specifically stated on page 6 that "Multiplant companies may aggregate the total quantity of metals on hand." (emphasis added) In the circumstances, we do not believe that we have authority under the law to impose the suggested reduction, and, consequently, are of the opinion that any such reduction must come from Congress rather than by administrative fiat.

We would also comment concerning your recommendation relating to theoretical transfers; namely, that the Bureau of Customs revise Customs regulations to limit the transfer of the liability for duty payments to another company to those instances where the transfer is made because of shipments made by the transferring company to fill sales orders of another company. It seems to us that the provision of law authorizing theoretical transfers, section 1312(b)(4), is quite clear and unequivocal as to its meaning. As you stated on page 20 of your draft "The only requirement of the Tariff Act concerning the transfers is that the company receiving the bond charge have a sufficient quantity of like metal on hand to satisfy the transferred bond charge." Here again, we believe that any diminution of the rights of the operators of bonded smelting and refining warehouses with respect to theoretical transfers must come from the Congress rather than through administrative action.

Sincerely yours,


Acting Commissioner of Customs

DUTY PAYMENTS DELAYED BY INCLUDING LEAD AND ZINC SLAG
AND WASTAGE IN INVENTORIES OF ONE MULTIPLANT COMPANY

AS OF DECEMBER 31, 1968

	<u>Zinc</u> (pounds)	<u>Lead</u>	<u>Total</u>
Inventory at December 31, 1968	<u>656,764,424</u>	<u>146,572,883</u>	
Less:			
Slag	566,530,009	17,934,880	
Wastage	<u>8,363,965</u>	<u>9,890,750</u>	
	<u>574,893,974</u>	<u>27,825,630</u>	
Adjusted inventory	<u>81,870,450</u>	<u>118,747,253</u>	
Bond charges (note a)	597,401,052	146,572,115 ^b	
Less adjusted inventory	<u>81,870,450</u>	<u>118,747,253</u>	
Bond charges not covered by adjusted inventory:			
Pounds	<u>515,530,602</u>	<u>27,824,862</u>	
Duty payments de- layed (note c)	\$ <u>3,454,055</u>	\$ <u>208,686</u>	<u>\$3,662,741</u>

a. Deferred duties on bond charges totaled about \$5 million at December 31, 1968.

b. Bond charges at December 31, 1968, were actually for 169,624,115 pounds. The company reduced the bond charges in January 1969 by paying duty on lead imports of 23,052,000 pounds not covered by its inventory at December 31, 1968.

c. Computed at the duty rate of 67 cents per 100 pounds for zinc and 75 cents per 100 pounds for lead.

APPENDIX III

PRINCIPAL OFFICIALS OF THE DEPARTMENT
 OF THE TREASURY RESPONSIBLE FOR THE
 ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF THE TREASURY		
George P Shultz	June 1972	Present
John B Connally	Feb 1971	June 1972
David M Kennedy	Jan 1969	Feb 1971
Joseph W Barr	Dec 1968	Jan 1969
Henry H Fowler	Apr 1965	Dec 1968
COMMISSIONER OF CUSTOMS		
Vernon D. Acree	May 1972	Present
Edwin F Rains (acting)	Feb 1972	May 1972
Myles J Ambrose	Aug 1969	Feb 1972
Lester D Johnson	Aug. 1965	Aug. 1969

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