sales of non-subject merchandise. Accordingly, we have treated NTN's reported HM billing adjustments as direct adjustments to price for these final results.

Comment 24: NSK claims that certain rebate, discount and commission programs should be treated as direct expenses and not as indirect expenses because they either meet the Department's definition of a direct expense of the sales in question (see Final Results of Antidumping Duty Administrative Reviews and Revocation in Part of an Antidumping Duty Order, 58 FR 39729, 39759 (July 26, 1993)) or they meet the "reasonable relationship" requirement for a deduction in price in calculating FMV (see Smith-Corona Group, SČM Corporation v. United States, 713F.2d 1568 (Fed. Cir. 1983)). These adjustments should be accepted as direct adjustments to price for the following reasons: (1) Post-sale price adjustments (PSPAs), reported as REBATEH3, are reported on a partnumber and customer-specific basis; (2) lump sum post-sale adjustments (REBATEH4) are reported on a customer-specific basis and adjustment rates have been demonstrated to be the same for scope and non-scope merchandise; (3) early payment discounts (OTHDISE) are reported on a distributor-specific basis, and each customer that receives the discount typically pays within the same number of days each month. Therefore, the discount is equally applicable to both scope and non-scope products throughout the POR. (4) Stock transfer commissions (COMMH2) are reported on a distributor-specific basis and the commission rate is a fixed percentage for all products and all customers.

Torrington contends that: (1) PSPAs reported as REBATEH3 are not reported on a transaction-specific basis and therefore do not qualify as a direct adjustment to price (see Antifriction Bearings, 58 Fed. Reg. at 39,759), and that because of certain reporting errors by NSK, the Department should not make any adjustment for REBATEH3; (2) although NSK claims that customers receiving lump-sum PSPA rebates, reported as REBATEH4, purchase virtually the same proportion of scope merchandise to total purchases, NSK has not provided any evidence that lump sum rebates are related to in-scope products. Therefore, the Department should make no adjustment for REBATEH4; (3) the Department has neither the assurance that the amounts claimed for OTHDISH are related to sales of in-scope merchandise or specific invoices that were paid early, nor the basis that the transactions

uniformly involved sales of in-scope merchandise; (4) because NSK allocated stock transfer commissions (COMMH2) over all sales, the Department has no assurance that the commissions paid with respect to non-scope merchandise are not allocated to subject sales; therefore, this adjustment should not be treated as a direct expense. Federal-Mogul argues further that the Department should treat NSK's reported return rebates (REBATEH1) and distributor incentive rebates (REBATEH2) not as direct adjustments to FMV, but rather, as indirect selling expenses because they were not reported on a transaction-specific basis.

Department's Position: We agree with Torrington with respect to REBATEH4, COMMH2, and OTHDISH and have disallowed these adjustments because we do not accept adjustments to FMV which include discounts, rebates, or commissions paid on out-of-scope merchandise. See Torrington I. See also Comment 10. Although NSK supplied information in its December 16, 1993, Supplemental Response, at 7-8, demonstrating that early payment discounts (OTHDISH) granted for four distributors had remained relatively stable during the POR, NSK did not demonstrate that early payment discount percentages were stable for all customers for which an early payment discount was reported. Similarly, with respect to lump-sum rebates (REBATEH4), NSK submitted information in its December 16, 1993, Supplemental Response, at 14–16, indicating that the percentage of scope merchandise sales to total sales for five customers remained stable during the POR and, therefore, lump-sum rebates have been reasonably allocated to scope merchandise. However, an analysis of five customers' sales does not sufficiently demonstrate that all customers for which lump sum rebates were reported had stable purchasing histories with respect to scope and nonscope merchandise.

With respect to Torrington's claim that PSPAs, reported as REBATEH3, should be rejected because of reporting errors, we determined at verification that the value of unreported PSPAs which were unfavorable to NSK (a reduction of FMV) was more than 50 percent greater than unreported price increases. Furthermore, the value of the unreported price increases was an insignificant percentage of total bearings sold in the HM during the POR. Because this error in computer logic used to compile PSPA data affected an insignificant portion of total HM sales, we have accepted NSK's REBATEH3. REBATEH3 has been treated as an

indirect selling expense because it was not reported on a transaction-specific basis.

We agree with Federal-Mogul's claim that REBATEH1 and REBATEH2 should not be considered as direct adjustments to HM price. Because REBATEH2 was reported as a customer-specific allocation of all distributor incentive rebates paid on all sales, NSK has not demonstrated that the reported REBATEH2 does not include rebates paid on non-scope merchandise Therefore, we have disallowed this adjustment. REBATE1H was reported on a product- and customer-specific basis, not on a transaction-specific basis. Therefore, we have treated this rebate as an indirect adjustment to HM price.

Comment 25: Petitioner claims that NSK's method for estimating after-sale rebates for 1993 U.S. sales fails to account for the fact that customers purchase a greater volume of merchandise during the final months of a program year to qualify for a salesvolume rebate. Petitioner contends that NSK should have compared data for the eight months of 1992 to the data for the same eight months of 1993, or alternatively, could have reported fullyear 1993 actual rebates. With this in mind, Torrington holds that the Department should assume that all eligible customers qualified for 1993 rebates and should make adjustments to all U.S. sales.

NSK contends it properly reported U.S. rebates. Torrington cites no support for its statement that "customers often purchase a greater volume of merchandise during the final months of a program year in order to obtain a sales volume rebate." NSK claims there is not support on the record for this statement. Additionally, NSK notes the Department has a regulation prohibiting the voluntary submission of new information following verification. See 19 CFR 353.31(ii). NSK Corp., was verified on December 7 through December 9, 1993, and could not submit new information following the preliminary determination.

Department's Position: We agree with NSK. Torrington has provided no evidence on the record that supports its claim that customers purchase a greater volume of merchandise during the final months of a program year. We have accepted NSK's estimation methodology for 1993 rebates as reasonable and accurate.

7. Families, Model Match and Differences in Merchandise

Comment 1: Federal-Mogul states that, after finding that the most similar HM model was sold below cost in more