To calculate the benefit to each company, we subtracted the total amount of income tax the company actually paid during the review period from the amount of tax the company would have paid during the review period had it not claimed any deductions under section 80HHC. We then divided this difference by the value of the company's total exports. On this basis, we preliminarily determine the net subsidy from this program to be 1.47 percent ad valorem for all manufacturers and exporters in India of certain iron-metal castings, except for those firms listed below which have significantly different aggregate benefits. The net subsidy for those firms is as follows:

Manufacturer/exporter	Net subsidy (percent)
Dinesh Brothers, Pvt. Ltd	0.00
Super Castings (India) Pvt. Ltd	18.75
Kajaria Iron Castings Pvt. Ltd	15.46

4. Cash Compensatory Support (CCS) Program

In 1966, the GOI established the CCS program which provides a cumulative tax rebate paid upon export and is calculated as a percentage of the f.o.b. invoice price. We verified that the rebate rate for exports of castings was set at a maximum of five percent for the review period.

As stated in $\S355.44(i)(4)(ii)$ of the Proposed Rules (54 FR 23382), the Department will find that the entire amount of any such rebate is countervailable unless the following conditions are met: (1) The program operates for the purpose of rebating prior stage cumulative indirect taxes and/or import charges; (2) the government accurately ascertained the level of the rebate; and (3) the government reexamines its schedules periodically to reflect the amount of actual indirect taxes and/or import charges paid. In prior administrative reviews of this order, the Department determined that these conditions have been met, and, as such, the entire amount of the rebate has not been countervailed (see, e.g., the 1989 Indian Castings Final Results).

However, even if a rebate program meets one of these conditions, the Department must still determine in each case whether there is an over-rebate; that is, the Department must still analyze whether the rebate for the subject merchandise exceeds the total amount of indirect taxes and import duties borne by inputs that are physically incorporated into the exported product. If the rebate exceeds the amount of allowable indirect taxes and import duties, the Department will, pursuant to \S 355.44(i)(4)(i) of the *Proposed Rules*, find a countervailable benefit equal to the difference between the rebate rate and the allowable rate determined by the Department (i.e., the over-rebate).

During this review period, the Indian manufacturers of castings have replaced domestic pig iron with imported pig iron as the basic raw material used in the production of exports destined for the U.S. market. Therefore, the manufacturers presented a tax incidence calculation based on the Indian government's rebate system on castings. The companies also provided information on the taxes paid. Based on our examination of the indirect tax incidence on inputs of castings, we preliminarily determine that two items listed as taxes, the port tax and harbor tax (incurred with respect to imported pig iron), were charges for services rather than indirect taxes. During the verification of the 1990 administrative review, the information we examined showed that the port tax included in the indirect tax incidence is a wharfage charge. The documentation submitted at the 1990 verification on the harbor tax indicated that this item included berthage, port dues, pilotage, and towing charges. (See February 25, 1994 report titled Verification of Information Submitted by RSI India Pvt. Ltd. for the 1990 Administrative Review of the Countervailing Duty Order on Certain Iron-Metal Castings from India (public version), which is on file in the Central Records Unit (room B099 of the Main Commerce Building).)

We afforded the GOI the opportunity to provide information to demonstrate that the port and harbor collections discussed above were actually indirect taxes rather than charges for services and, if so, that they were accurately reflected in the rebate rate authorized for subject castings. We received a response from the GOI on April 26, 1994. The information provided did not demonstrate that the port tax and the harbor tax, which were used in the calculation of tax incidence, are indirect taxes. Therefore, we determine that the port dues and the charges for wharfage, berthage, pilotage, and towage are service charges rather than import charges. For further discussion of this analysis, see the May 26, 1994 briefing paper titled Cash Compensatory Support (CCS) Program which is on file in the Central Records Unit (room B099 of the Main Commerce Building).

Because these two claimed charges on the physically incorporated items are service charges rather than indirect

taxes or import charges, we have preliminarily disallowed these items in the calculation of the indirect tax incidence. Therefore, we recalculated the indirect tax incidence incurred on the items physically incorporated in the manufacture of castings. We then compared that recalculated tax incidence rate to the rebates authorized on castings exports under the CCS program. Based on this comparison, we preliminarily determine that this program provides an over-rebate of indirect taxes. The amount of the overrebate is a countervailable benefit provided to exporters of the subject castings.

We verified that on February 1, 1991, manufacturers and exporters of castings stopped applying for CCS rebates on exports of subject castings to the United States. Thus, to calculate the ad valorem benefit to each company which applied for CCS rebates, we multiplied the overrebate rate by each company's exports of subject castings to the United States during the month of January, 1991. We then divided this amount by each company's total exports of subject castings to the United States during the period of review. On this basis, we preliminarily determine the net subsidy from this program to be 0.41 percent ad valorem for all manufacturers and exporters in India of certain iron-metal castings, except for those firms listed below which have significantly different aggregate benefits. The net subsidies for those firms are as follows:

Manufacturer/exporter	Net subsidy (percent)
Dinesh Brothers, Pvt. Ltd	0.00
Super Castings (India) Pvt. Ltd	0.00
Kajaria Iron Castings Pvt. Ltd	0.50

During the 1990 review, we verified that the GOI terminated the CCS program effective July 3, 1991. (See the Verification of the Government of India (GOI) Questionnaire Responses for the 1990 Administrative Review of the Countervailing Duty Order on Certain Iron-Metal Castings from India (public version).) However, exporters have two years in which to file applications for CCS rebates for exports made prior to July 3, 1991. To ascertain whether castings exporters received any residual benefits from this terminated program, we reviewed the companies' accounting ledgers through September 1993 (the time of our 1990 verification) (see verification report, *Id*). We found no evidence of any applications for or receipts of residual benefits under this program as of that date, which exceeded the two year period following the