

civil applications (e.g. medical or environmental use).

(3) The destruction equipment controlled by this category related to biological agents in paragraph (b) is that equipment specifically designed to destroy only the agents identified in paragraph (b) of this category.

(4) Technical data and defense services in paragraph (l) include libraries, databases and algorithms specifically designed or modified for use with articles controlled in paragraph (f) of this category.

(5) The tooling and equipment covered by paragraph (l) of this category includes molds used to produce protective masks, over-boots, and gloves controlled by paragraph (f) and leak detection equipment specifically designed to test filters controlled by paragraph (f) of this category.

(6) The resulting product of the combination of any controlled or non-controlled substance compounded or mixed with any item controlled by this subchapter is also subject to the controls of this category.

**Note 1:** This Category does not control formulations containing 1% or less CN or CS or individually packaged tear gases or riot control agents for personal self-defense purposes.

**Note 2:** Categories XIV(a) and (d) do not include the following:

- (1) Cyanogen chloride;
- (2) Hydrocyanic acid;
- (3) Chlorine;
- (4) Carbonyl chloride (Phosgene);
- (5) Ethyl bromoacetate;
- (6) Xylyl bromide;
- (7) Benzyl bromide;
- (8) Benzyl iodide;
- (9) Chloro acetone;
- (10) Chloropicrin (trichloronitromethane);
- (11) Fluorine;
- (12) Liquid pepper.

**Note 3:** Chemical Abstract Service (CAS) registry numbers do not cover all the substances and mixtures controlled by this category. The numbers are provided as examples to assist the government agencies in the license review process and the exporter when completing their license application and export documentation.

**Note 4:** With respect to U.S. obligations under the Chemical Weapons Convention (CWC), refer to Chemical Weapons Convention Regulations (CWC) (15 CFR parts 710 through 722). As appropriate, the CWC schedule is provided to assist the exporter.

\* \* \* \* \*

**§§ 121.7, 121.12 and 121.13 [Removed and Reserved]**

3. Sections 121.7, 121.12 and 121.13 are removed and reserved.

Dated: August 22, 2002.

**John R. Bolton,**

*Under Secretary Arms Control and International Security, Department of State.*

[FR Doc. 02-29595 Filed 11-26-02; 8:45 am]

**BILLING CODE 4710-25-P**

**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Part 1**

**[TD 9016]**

**RIN 1545-AY71**

**Obligations of States and Political Subdivisions; Correction**

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

**ACTION:** Correction to final regulations.

**SUMMARY:** This document contains corrections to final regulations that were published in the **Federal Register** on Monday, September 23, 2002 (67 FR 59756) relating to the definition of private activity bonds applicable to tax-exempt bonds issued by state and local governments for output facilities.

**DATES:** This correction is effective November 22, 2002.

**FOR FURTHER INFORMATION CONTACT:** Rose M. Weber (202) 622-3880 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

The final regulations that are the subject of these corrections is under section 141 of the Internal Revenue Code.

**Need for Correction**

As published, the final regulations contain errors that may prove to be misleading and are in need of clarification.

**Correction of Publication**

Accordingly, the publication of final regulations (TD 9016), that were the subject of FR Doc. 02-24137, is corrected as follows:

1. On page 59758, column 2, in the preamble under the paragraph heading "Explanation of Provisions", first line, the language "through 821(c) (or by a state authority" is corrected to read "through 825r (or by a state authority)".

**§ 1.141-7 [Corrected]**

2. On page 59761, column 2, § 1.141-7(g)(1)(ii)(B), line 5, the language "Act (16 U.S.C. 791a through 821c) (or by" is corrected to read "Act (16 U.S.C. 791a through 825r) (or by)".

3. On page 59761, column 3, § 1.141-7(g)(3), fifth line from the top of the column, the language "U.S.C. 791a through 821(c) (does not" is corrected to read "U.S.C. 791a through 825r) (or by a state regulatory authority under comparable provisions of state law) does not".

**Cynthia E. Grigsby,**

*Chief, Regulations Unit, Associate Chief Counsel, (Income Tax and Accounting).*

[FR Doc. 02-30140 Filed 11-26-02; 8:45 am]

**BILLING CODE 4830-01-P**

**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Part 46**

**[TD 9024]**

**RIN 1545-AY93**

**Liability For Insurance Premium Excise Tax**

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

**ACTION:** Final regulations.

**SUMMARY:** This document contains final regulations under section 4374 relating to liability for the insurance premium excise tax. This document affects persons who make, sign, issue, or sell a policy of insurance, indemnity bond, annuity contract, or policy of reinsurance issued by any foreign insurer or reinsurer.

**DATES:** *Effective Date:* These regulations are effective November 27, 2002.

*Applicability Date:* These regulations are applicable to premiums paid on or after November 27, 2002.

**FOR FURTHER INFORMATION CONTACT:** David Lundy at (202) 622-3880 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

On January 7, 2002, the IRS and Treasury published a notice of proposed rulemaking (REG-125450-01), 2002-5 IRB 457) in the **Federal Register** (67 FR 707) under section 4374 relating to the insurance premium excise tax imposed by section 4371 on certain policies issued by foreign insurance and reinsurance companies. One comment letter responding to the notice of proposed rulemaking was received. After consideration of these comments, the proposed regulations are adopted as final regulations as revised by this Treasury decision.

### Explanation of Provisions

These final section 4374 regulations clarify the persons who are liable for payment of the insurance premium excise tax and conform the regulations to the amendments made to section 4374 by the Tax Reform Act of 1976 (90 Stat. 1525). In particular, these regulations clarify that liability for the excise tax is incurred by any person who makes, signs, issues, or sells any of the documents and instruments subject to the tax, or for whose use or benefit the same are made, signed, issued, or sold.

One commentator suggested that the final regulation restrict application of the section 7270 penalty to a failure to pay the excise tax by the person who remitted the tax to the foreign insurer or reinsurer. Section 46.4374-1(d) of the regulation only is a cross-reference to section 7270, which section imposes a penalty of double the amount of tax when an underpayment results from an intention to evade the tax. Substantive guidance on the application of section 7270 is beyond the scope of this regulation, and accordingly, no change to the regulation was made as a result of this suggestion.

The same commentator suggested that the final regulation clarify whether the insured person under an insurance policy may be liable for the excise tax if all or a portion of the risks from such policy are reinsured with a foreign reinsurer on the basis that the insured may be treated as a person for whose benefit the reinsurance policy was made, signed, issued or sold. In response to the commentator's suggestion, § 46.4374-1(a) of these regulations has been revised to provide that in the case of a reinsurance policy other than assumption reinsurance, the insured person on the underlying insurance policy, the risk of which is covered in whole or in part by such reinsurance policy, shall not constitute a person for whose use or benefit the reinsurance policy was made, signed, issued or sold. In these cases, when an insurer or reinsurer reinsures a risk with a foreign reinsurer, the insurer or reinsurer generally is the person for whose use or benefit the reinsurance policy is issued or sold for purposes of section 4374.

### Effective Date

The final regulations are effective for premiums paid on or after November 27, 2002.

### Special Analyses

It has been determined that this Treasury decision 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, and because these regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

### Drafting Information

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

### List of Subjects in 26 CFR Part 46

Excise taxes, Insurance, Reporting and recordkeeping requirements.

### Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 46 is amended as follows:

#### **PART 46—EXCISE TAX ON POLICIES ISSUED BY FOREIGN INSURERS AND OBLIGATIONS NOT IN REGISTERED FORM**

**Paragraph 1.** The authority citation for part 46 continues to read as follows:

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

**Par. 2.** Section 46.4374-1 is revised to read as follows:

#### **§ 46.4374-1 Liability for tax.**

(a) *In general.* Any person who makes, signs, issues, or sells any of the documents and instruments subject to the tax, or for whose use or benefit the same are made, signed, issued, or sold, shall be liable for the tax imposed by section 4371. For purposes of this section, in the case of a reinsurance policy that is subject to the tax imposed by section 4371(3), other than assumption reinsurance, the insured person on the underlying insurance policy, the risk of which is covered in whole or in part by such reinsurance policy, shall not constitute a person for whose use or benefit the reinsurance policy is made, signed, issued, or sold.

(b) *When liability for tax attaches.* The liability for the tax imposed by

section 4371 shall attach at the time the premium payment is transferred to the foreign insurer or reinsurer (including transfers to any bank, trust fund, or similar recipient, designated by the foreign insurer or reinsurer), or to any nonresident agent, solicitor, or broker. A person required to pay tax under this section may remit such tax before the time the tax attaches if he keeps records consistent with such practice.

(c) *Payment of tax.* The tax imposed by section 4371 shall be paid on the basis of a return by the person who makes payment of the premium to a foreign insurer or reinsurer or to any nonresident agent, solicitor, or broker. If the tax is not paid by the person who paid the premium, the tax imposed by section 4371 shall be paid on the basis of a return by any person who makes, signs, issues, or sells any of the documents or instruments subject to the tax imposed by section 4371, or for whose use or benefit such document or instrument is made, signed, issued, or sold.

(d) *Penalty for failure to pay tax.* Any person who fails to comply with the requirements of this section with intent to evade the tax shall, in addition to other penalties provided therefor, pay a fine of double the amount of tax. (See section 7270.)

(e) *Effective date.* This section is applicable for premiums paid on or after November 27, 2002.

**Robert E. Wenzel,**

*Deputy Commissioner of Internal Revenue.*

Approved: November 13, 2002.

**Pamela F. Olson,**

*Assistant Secretary of the Treasury (Tax Policy).*

[FR Doc. 02-30139 Filed 11-26-02; 8:45 am]

**BILLING CODE 4830-01-P**

## **DEPARTMENT OF TRANSPORTATION**

### **Coast Guard**

#### **33 CFR Part 117**

**[CGD01-02-133]**

#### **Drawbridge Operation Regulations: Hackensack River, NJ**

**AGENCY:** Coast Guard, DOT.

**ACTION:** Notice of temporary deviation from regulations.

**SUMMARY:** The Commander, First Coast Guard District, has issued a temporary deviation from the drawbridge operation regulations for the Amtrak Portal Bridge, mile 5.0, across the Hackensack River at Little Snake Hill, New Jersey. Under this deviation the bridge may remain closed