Department after such meeting was held; the provisions of this section, including its effective time, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such lemons; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period herein specified; and compliance with this section will not require any special preparation on the part of persons subject hereto which cannot be completed on or before the effective date hereof. Such committee meeting was held on January 20, 1970.

(b) *Order.* (1) The respective quantities of lemons grown in California and Arizona which may be handled during the period January 25, 1970, through January 31, 1970, are hereby fixed as follows:

(i) District 1: 32,550 cartons;

(ii) District 2: 69,750 cartons;

(iii) District 3: 83,700 cartons.

(2) As used in this section; "handled", "District 1", "District 2", "District 3", and "carton" have the same meaning as when used in the said amended marketing agreement and order.

(Secs. 1–19, 48 Stat. 31, as amended; 7 U.S.C. 601–674)

Dated: January 22, 1970.

PAUL A. NICHOLSON,
Deputy director, Fruit and Vegetable Division, Consumer and Marketing Service.

[F.R. Doc. 70-994; Filed, Jan. 23, 1970; 8:49 a.m.]

Title 15—COMMERCE AND FOREIGN TRADE

Chapter III—Bureau of International Commerce, Department of Commerce

SUBCHAPTER B—EXPORT REGULATIONS

[12th Gen. Rev. of Export Regs., Amdt. 10]

MISCELLANEOUS AMENDMENTS TO CHAPTER

Parts 373, 374, and 379 of the Code of Federal Regulations are amended to read as set forth below.

(Sec. 3, 63 Stat. 7; 50 U.S.C. App. 2023; E.O. 10945, 26 F.R. 4487, 3 CFR 1959–1963 Comp.; E.O. 11038, 27 F.R. 7003, 3 CFR 1959–1963 Comp.)

Effective date: January 22, 1970.

RAUER H. MEYER,
Director, Office of Export Control.

PART 373—SPECIAL LICENSING PROCEDURES

In § 373.3(d)(3), subdivision (iv) is amended to read as follows:

(iv) *Comprehensive narrative statement.* A comprehensive narrative statement shall be submitted by the applicant in support of the application. This statement shall describe the applicant's marketing program pertinent to the application and shall detail the nature and duration of the business relationship existing between the applicant and each consignee. If the consignee is a subsidiary, affiliate, or branch of the U.S. exporter, the statement shall show clearly that the qualifications set forth in § 373.3 (c) are met and shall show the form of ownership or other control exercised by the U.S. exporter. If the consignee is a distributor other than a subsidiary, affiliate, or branch of the U.S. exporter, the statement shall include both the terms of the distributorship agreement and the written agreement assuring compliance with U.S. export control regulations as described in § 373.3(c)(1)(ii). In addition, the statement shall list, for each consignee, the volume of business in the commodities involved for the preceding year, describing the commodities in the same detail as on the license application.

In § 373.7, paragraphs (j) and (k) are amended to read as follows:

(j) *Records.* A U.S. exporter is required to maintain records of all exports for a period of 3 years in accordance with the provisions of § 387.11 of this chapter.

(1) A foreign-based service facility or a foreign manufacturer is required to retain records of all reexports made under the provisions of this SL Procedure for a period of 3 years and to make all such records available for inspection in accordance with the provisions of § 387.11 of this chapter, upon request, by officials of the U.S. Government. As a minimum, the record of each reexport shall show:

(i) The Form IA–544 approval number and the full name and address of the individual or firm to which the parts were reexported;

(ii) A description of the equipment for which the parts are intended;

(iii) A description of the parts exported;

(iv) Quantity or value of each part reexported; and

(v) Date of reexport.

(2) In the event that a foreign governmental regulation or statute prohibits a U.S. Government representative from inspecting these records in the foreign country, the Office of Export Control may, in substitution, require the submission of specified records, documents, or both.

(k) *Reports.* (1) Each exporter who has been issued an SL License under the provisions of § 373.7(f) (1) shall prepare and submit, on a monthly basis, a report on all exports made during the preceding month under the SL License. The report shall cite the license number indicated on the export license and shall show, as a minimum for each consignee, a separate aggregate value for each commodity category as shown on his license (i.e., for each "A" commodity, or "A" product group, and for each non-"A" commodity category). Where exports are made to service vessels or aircraft, both the country of registry and the country to which the shipment was made shall be listed. Yugoslav End-Use Certificates and Swiss Blue Import Certificates covering exports to these destinations shall be submitted as attachments to the report.

(2) If exports of commodities identified by the symbol "A" on the Commodity Control List have been made to Country Group W or Y under the SL Procedure, the monthly report shall show each of these shipments separately, the date of each shipment, and shall include the following additional information for each such commodity:

(i) A description of the equipment serviced in Commodity Control List terms;

(ii) The quantity or number and the value of such items of equipment serviced; and

(iii) The country in which the equipment was serviced.

(3) If the U.S. exporter has authorized his approved foreign-based service facility to reexport such commodities identified by the symbol "A" to Country Group W or Y, a similar monthly report shall be submitted in the same detail set forth above.

(4) In addition, the Office of Export Control may require additional reports regarding any aspect of exports or reexports under the provisions of this § 373.7.

(5) The reports shall be submitted in original only and transmitted to the Office of Export Control (Attention: 852), U.S. Department of Commerce, Washington, D.C. 20230.

PART 374—REEXPORTS

In § 374.3(d), subparagraph (1) is amended by deleting "Lebanon" from the listing of countries affected by this procedure.

PART 379—TECHNICAL DATA

In § 379.3, paragraph (c) is amended to read as follows:

(c) *Patent applications.* (1) Data contained in a patent application prepared wholly from foreign origin technical data where such application is being sent to the foreign inventor to be executed and returned to the United States for subsequent filing in the U.S. Patent Office; or

(2) Data contained in an application, filed in accordance with the regulations of the U.S. Patent Office, for the foreign filing of a patent application, provided that (a) the patent application has been filed abroad in an "early publication country"[1] or (b) the U.S. Patent Office has issued a notice that the patent has been scheduled for printing and publication in the U.S. Patent Office Official Gazette.

In § 379.5(e)(2), subdivision (x) is redesignated subdivision (xi) and a new

[1] The term "early publication country" used in this sentence and in this context only refers to Belgium, Costa Rica, Denmark, Ecuador, Finland, France, Honduras, Iceland, Jamaica, Luxembourg, Netherlands, Nicaragua, Norway, Panama, Portugal, Sweden, Trinidad, Turkey, Republic of South Africa, Uruguay, Venezuela, and West Germany (Federal Republic of Germany).

subdivision (x) is established to read as follows:

(x) Submersible watercraft other than military or naval types.[2]

[F.R. Doc. 70-920; Filed, Jan. 23, 1970; 8:46 a.m.]

Title 20—EMPLOYEES' BENEFITS

Chapter V—Manpower Administration, Department of Labor

PART 625—DISASTER UNEMPLOYMENT ASSISTANCE

Provisions on "Deductions"

Pursuant to section 12, 83 Stat. 125; sections 1(9) and 3(b), E.O. 11495, 34 F.R. 18447; and the delegation of authority from the Director of the Office of Emergency Preparedness to the Secretary of Labor, published at 34 F.R. 19684, paragraph (b) of § 625.6 and paragraph (c) of § 625.8 of Title 20, Code of Federal Regulations, are hereby amended in the manner set forth below.

The purpose of the amendments is (1) to correct a reference in paragraph (b) of § 625.6, (2) to provide for additional deductions from the disaster unemployment assistance payable to an applicant in order to prevent duplication of payments, (3) to treat retirement pensions or annuities with respect to disaster unemployment assistance as they are treated under the applicable State unemployment compensation law, and (4) to make technical changes in the language of the deduction provisions to more clearly express the intent of such provisions.

The provisions of 5 U.S.C. 553 which require notice of proposed rule making, public participation in their adoption, and delay in effective date are not applicable because the regulations relate solely to public benefits, and further, notice, public participation, and delay is found not to be in the public interest which in this instance makes desirable the prompt payment of the assistance.

The amendments shall become effective on the date of their publication in the FEDERAL REGISTER.

1. Paragraph (b) of § 625.6 is amended to change the reference therein from "§ 625.6" to "§ 625.2(f)." As amended § 625.6 reads as follows:

§ 625.6 Eligibility.

* * * * *

(b) No disaster unemployment assistance shall be payable for a week of unemployment which begins earlier than the applicant's effective date of initial application as defined in § 625.2(f) or which is the result of a major disaster that occurs after December 31, 1970.

2. Paragraph (c) of § 625.8 is amended to read as follows:

§ 625.8 Amount.

* * * * *

(c) *Deductions.* The disaster unemployment assistance payable to an applicant for a week shall be reduced by:

(1) the amount of unemployment compensation, or training allowance under the Manpower Development and Training Act of 1962, as amended (other than transportation and subsistence payments), or trade readjustment allowance under the Trade Expansion Act of 1962 or the Automotive Products Trade Act of 1965, which he has received or is seeking with respect to such week; but if the appropriate State agency finally determines that the applicant was not entitled to unemployment compensation, or any of the enumerated allowances with respect to such week, the reduction shall not apply with respect to such week;

(2) the amount of any private income protection insurance payable to the applicant with respect to the week;

(3) The amount of any compensation or insurance payable to the applicant from any source with respect to the week for loss of wages due to illness or disability;

(4) the amount of a retirement pension or annuity under a public or private retirement plan or system (including title II of the Social Security Act) prorated, where necessary, by weeks, but only if, and to the extent that, such amount would be deducted from unemployment compensation payable under the State law;

(5) any amount payable to the applicant with respect to such week as a supplemental unemployment benefit pursuant to a collective bargaining agreement; and

(6) one-half of any wages paid in the week for services performed in excess of 20 hours.

* * * * *

(Secs. 1(9) and 3(b) of E.O. 11495, 34 F.R. 18447; 34 F.R. 19684)

Signed at Washington, D.C., this 21st day of January, 1970.

GEORGE P. SHULTZ,
Secretary of Labor.

[F.R. Doc. 70-947; Filed, Jan. 23, 1970; 8:48 a.m.]

Title 21—FOOD AND DRUGS

Chapter II—Bureau of Narcotics and Dangerous Drugs, Department of Justice

PART 320—DEPRESSANT AND STIMULANT DRUGS; DEFINITIONS, PROCEDURAL AND INTERPRETATIVE REGULATIONS

Effective Date Confirmation of Regulation for Exportation of Controlled Substances

On November 7, 1969, a notice was published in the FEDERAL REGISTER (34 F.R. 18042) stating that the Director, Bureau of Narcotics and Dangerous Drugs, pursuant to the provisions of section 701 of the Food, Drug, and Cosmetic Act, 52 Stat. 1055, as amended (21 U.S.C. 371); and under the authority vested in the Attorney General by Reorganization Plan No. 1 of 1968 (33 F.R. 5611) and redelegated to the Director, Bureau of Narcotics and Dangerous Drugs by § 0.200 of Title 28 of the Code of Federal Regulations, proposed to establish definite procedures for the exportation of controlled dangerous substances to allow the efficient enforcement of the provisions of section 801(d) of the Act (21 U.S.C. 381).

After reviewing the comments received as a result of the notice mentioned in the preceding paragraph, the Director, Bureau of Narcotics and Dangerous Drugs, caused to be published in the FEDERAL REGISTER on December 13, 1969 (34 F.R. 19654) a new § 320.20, an amendment to Part 320 of Title 21 of the Code of Federal Regulations. Notice is hereby given that no objections were filed to the above-identified regulations, and accordingly, based on the authority cited in the preceding paragraph, § 320.20 became effective on January 12, 1970.

Dated: January 21, 1970.

JOHN E. INGERSOLL,
Director, Bureau of Narcotics and Dangerous Drugs.

[F.R. Doc. 70-930; Filed, Jan. 23, 1970; 8:47 a.m.]

Title 26—INTERNAL REVENUE

Chapter I—Internal Revenue Service, Department of the Treasury

SUBCHAPTER D—MISCELLANEOUS EXCISE TAXES

[T.D. 7023]

PART 46—REGULATIONS RELATING TO MISCELLANEOUS EXCISE TAXES PAYABLE BY RETURN

PART 47—DOCUMENTARY STAMP TAXES

Policies Issued by Foreign Insurers and Sugar Act Amendments of 1965

On March 27, 1969, notice of proposed rule making with respect to the amendment of the Miscellaneous Excise Tax Regulations (26 CFR Parts 46, 47) to reflect section 804 of the Excise Tax Reduction Act of 1965 (79 Stat. 160), relating to excise tax on policies issued by foreign insurers, to reflect sections 9 (b) and (c), 13, and 14 of the Sugar Act amendments of 1965 (79 Stat. 1271), and to delete obsolete portions of existing regulations relating to the tax on the first domestic processing of coconut and palm oil, was published in the FEDERAL REGISTER (34 F.R. 5739). After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, the amendment as proposed is hereby adopted, subject to the following change. These regulations, supersede temporary regulations § 145.5-1, relating to the payment of the excise tax on policies issued by foreign insurers on the basis of a

[2] Technical data relating to military or naval submersible watercraft are subject to the export licensing authority of the U.S. Department of State.

return, prescribed in Treasury Decision 6868 (30 F.R. 15737, C.B. 1966–1, 593), approved December 17, 1965.

Section 46.4371–2, as set forth in paragraph (3) of the notice of proposed rule making, is changed by revising paragraph (c)(2).

[SEAL] RANDOLPH W. THROWER,
Commissioner of Internal Revenue.

Approved: January 21, 1970.

EDWIN S. COHEN,
Assistant Secretary of the Treasury.

In order to reflect section 804 of the Excise Tax Reduction Act of 1965 (79 Stat. 160), relating to the excise tax on policies issued by foreign insurers, to reflect sections 9 (b) and (c), 13, and 14 of the Sugar Act Amendments of 1965 (79 Stat. 1271), and to delete obsolete portions of existing regulations relating to the tax on the first domestic processing of coconut and palm oil, the excise tax regulations under Parts 46 and 47 are amended as follows:

PARAGRAPH 1. Section 46.0–1 is amended by revising paragraphs (a), (b), and so much of paragraph (c) as precedes subparagraph (1) thereof, to read as follows:

§ 46.0–1 Introduction.

(a) *In general.* The regulations in this part (Part 46, Subchapter D, Chapter I, Title 26 (1954), Code of Federal Regulations) relate to (1) the tax on policies issued by foreign insurers, (2) the tax on the manufacture of manufactured sugar imposed by chapter 37 of the Internal Revenue Code of 1954, (3) the tax on circulation other than of national banks imposed by subchapter E of chapter 39 of the Internal Revenue Code of 1954, and (4) certain related administrative provisions of subtitle F of the Internal Revenue Code of 1954. References in these regulations to the "Internal Revenue Code" or the "Code" are references to the Internal Revenue Code of 1954, as amended, unless otherwise indicated. References to a section or other provision of law are references to a section or other provision of the Internal Revenue Code, as amended, unless otherwise indicated.

(b) *Division of regulations.* The regulations in this part are divided into six subparts. Subpart A of this part contains provisions relating to the arrangement and numbering of the sections of the regulations in this part, general definitions and use of terms, scope of the regulations, and the extent to which the regulations in this part supersede prior regulations. Subpart A1 of this part relates to the excise tax imposed by section 4371 on policies issued by foreign insurers. Subpart B of this part relates to the excise tax on manufactured sugar. Subpart C of this part is reserved. Subpart D of this part relates to the regulatory taxes on circulation other than of national banks. Subpart E of this part relates to selected provisions of subtitle F (Procedure and Administration) of the Code which have special application to the taxes imposed by section 4371, chapter 37, and subchapter E of chapter 39 of the Code.

(c) *Arrangement and numbering.* Each section of the regulations in Subparts A1, B, D, and E of this part is preceded by the section, subsection, or paragraph of the Internal Revenue Code which it interprets. The sections of the regulations can readily be distinguished from sections of the Code since—

* * * * *

PAR. 2. Section 46.0–3 is amended to read as follows:

§ 46.0–3 Scope of regulations.

The regulations in this part which relate to the taxes imposed on the manufacture of manufactured sugar and circulation other than of national banks, except where otherwise specifically provided, have application to transactions occurring after December 31, 1954. The regulations in this part which relate to the tax imposed on policies issued by foreign insurers have application to premiums paid on or after January 1, 1966.

PAR. 3. The following new Subpart A1 is added, after Subpart A, to Part 46, Subchapter D, Chapter I:

Subpart A1—Tax on Policies Issued by Foreign Insurers

Sec.

46.4371 Statutory provisions; imposition of tax.
46.4371–1 Applicability of subpart.
46.4371–2 Imposition of tax on policies issued by foreign insurers; scope of tax.
46.4371–3 Rate and computation of tax.
46.4372 Statutory provisions; definitions.
46.4373 Statutory provisions; exemptions.
46.4374 Statutory provisions; payment of tax.
46.4374–1 Payment of tax.
46.4375 Statutory provisions; cross references.
46.4375–1 Cross references.

Subpart A1—Tax on Policies Issued by Foreign Insurers

§ 46.4371 Statutory provisions; imposition of tax.

SEC. 4371. *Imposition of tax.* There is hereby imposed, on each policy of insurance, indemnity bond, annuity contract, or policy of reinsurance issued by any foreign insurer or reinsurer, a tax at the following rates:

(1) *Casualty insurance and indemnity bonds.* Four cents on each dollar, or fractional part thereof, of the premium charged on the policy of casualty insurance or the indemnity bond, if issued to or for, or in the name of, an insured as defined in section 4372(d).

(2) *Life insurance, sickness, and accident policies, and annuity contracts.* One cent on each dollar, or fractional part thereof, of the premium charged on the policy of life, sickness, or accident insurance, or annuity contract, unless the insurer is subject to tax under section 819.

(3) *Reinsurance.* One cent on each dollar, or fractional part thereof, of the premium charged on the policy of reinsurance covering any of the contracts taxable under paragraph (1) or (2).

If the tax imposed by this section is paid on the basis of a return under regulations prescribed under section 4374, the tax under paragraphs (1), (2), and (3) shall be computed on the premium paid in lieu of the premium charged.

[Sec. 4371 as amended and in effect January 1, 1966]

§ 46.4371–1 Applicability of subpart.

The provisions of this subpart apply only to premiums paid on or after January 1, 1966. See Subpart H, Part 47 of this chapter for provisions relating to premiums paid or charged before January 1, 1966. If any portion of the tax imposed by section 4371 was paid on the basis of the premium charged before January 1, 1966, in accordance with the provisions of § 47.4371–2 of this chapter (documentary stamp tax), then, to the extent that such portion was paid by stamp, no further tax is due under the provisions of this subpart.

§ 46.4371–2 Imposition of tax on policies issued by foreign insurers; scope of tax.

(a) *Certain insurance policies, and indemnity, fidelity, or surety bonds.* Section 4371(1) imposes a tax upon each policy of insurance (other than those referred to in paragraph (b) of this section), upon each indemnity, fidelity, or surety bond, or upon each certificate, binder, covering note, receipt, memorandum, cablegram, letter, or other instrument by whatever name called, whereby a contract of insurance or an obligation in the nature of an indemnity, fidelity, or surety bond is made, continued, or renewed, if issued—

(1) By a nonresident alien individual, a foreign partnership, or a foreign corporation, as insurer (unless the policy or other instrument is signed or countersigned by an officer or agent of the insurer in a State, Territory, or the District of Columbia in which the insurer is authorized to do business); and either

(2) To or for, or in the name of, a domestic corporation, domestic partnership, or an individual resident of the United States, against or with respect to hazards, risks, losses, or liabilities wholly or partly within the United States; or

(3) To or for, or in the name of, a foreign corporation, foreign partnership, or nonresident individual, engaged in a trade or business within the United States with respect to hazards, risks, or liabilities wholly within the United States.

For definition of the term "indemnity bond," see section 4372(c).

(b) *Life insurance, sickness, and accident policies, and annuity contracts.* Unless the insurer is subject to tax under section 819, section 4371(2) imposes a tax upon each policy of insurance or annuity contract, or upon each certificate, binder, covering note, receipt, memorandum, cablegram, letter, or other instrument by whatever name called, whereby a contract of insurance or an annuity contract is made, continued, or renewed, if issued—

(1) By a nonresident alien individual, a foreign partnership, or a foreign corporation, as insurer (unless the policy or other instrument is signed or countersigned by an officer or agent of the insurer in a State, Territory, or the District of Columbia in which such insurer is authorized to do business); and

(2) To any person with respect to the life or hazards to the person of a citizen or resident of the United States.

(c) *Reinsurance.* Section 4371(3) imposes a tax upon each policy of reinsurance, certificate, binder, covering note, receipt, memorandum, cablegram, letter, or other instrument by whatever name called, whereby a contract of reinsurance is made, continued, or renewed, if issued—

(1) By a nonresident alien individual, a foreign partnership, or a foreign corporation, as reinsurer (unless the policy or other instrument is signed or countersigned by an officer or agent of the reinsurer in a State, Territory, or the District of Columbia in which such reinsurer is authorized to do business); and

(2) To any person against, or with respect to, any of the hazards, risks, losses, or liabilities covered by contracts of the type described in section 4371 (1) or (2).

(d) *Exempt indemnity bonds.* The tax imposed by section 4371 does not apply to any indemnity bond described in section 4373(2).

§ 46.4371–3 Rate and computation of tax.

(a) *Rate of tax.* (1) The tax under section 4371(1) is imposed at the rate of 4 cents on each dollar, or fractional part thereof, of the premium payment.

(2) The tax under section 4371 (2) and (3) is imposed at the rate of 1 cent on each dollar, or fractional part thereof, of the premium payment.

(b) *Meaning of premium payment.* For purposes of this subpart, the term "premium payment" means the consideration paid for assuming and carrying the risk or obligation, and includes any additional assessment or charge paid under the contract, whether payable in one sum or installments.

§ 46.4372 Statutory provisions; definitions.

SEC. 4372. *Definitions*—(a) *Foreign insurer or reinsurer.* For purposes of this subchapter, the term "foreign insurer or reinsurer" means an insurer or reinsurer who is a nonresident alien individual, foreign partnership, or a foreign corporation. The term includes a nonresident alien individual, foreign partnership, or foreign corporation which shall become bound by an obligation of the nature of an indemnity bond.

(b) *Policy of casualty insurance.* For purposes of section 4371(1), the term "policy of casualty insurance" means any policy (other than life) or other instrument by whatever name called whereby a contract of insurance is made, continued, or renewed.

(c) *Indemnity bond.* For purposes of this subchapter, the term "indemnity bond" means any instrument by whatever name called whereby an obligation of the nature of an indemnity, fidelity, or surety bond is made, continued, or renewed. The term includes any bond for indemnifying any person who shall have become bound or engaged as surety, and any bond for the due execution or performance of any contract, obligation, or requirement, or the duties of any office or position, and to account for money received by virtue thereof, where a premium is charged for the execution of such bond.

(d) *Insured.* For purposes of section 4371 (1), the term "insured" means—

(1) A domestic corporation or partnership, or an individual resident of the United States, against, or with respect to, hazards, risks, losses, or liabilities wholly or partly within the United States, or

(2) A foreign corporation, foreign partnership, or nonresident individual, engaged in a trade or business within the United States, against, or with respect to, hazards, risks, losses, or liabilities within the United States.

(e) *Policy of life, sickness, or accident insurance, or annuity contract.* For purposes of section 4371(2), the term "policy of life, sickness, or accident insurance, or annuity contract" means any policy or other instrument by whatever name called whereby a contract of insurance or an annuity contract is made, continued, or renewed with respect to the life or hazards to the person of a citizen or resident of the United States.

(f) *Policy of reinsurance.* For purposes of section 4371(3), the term "policy of reinsurance" means any policy or other instrument by whatever name called whereby a contract of reinsurance is made, continued, or renewed against, or with respect to, any of the hazards, risks, losses, or liabilities covered by contracts taxable under paragraph (1) or (2) of section 4371.

[Sec. 4372 as amended and in effect Jan. 1, 1966]

§ 46.4373 Statutory provisions; exemptions.

SEC. 4373. *Exemptions.* The tax imposed by section 4371 shall not apply to—

(1) *Domestic agent.* Any policy, indemnity bond, or annuity contract signed or countersigned by an officer or agent of the insurer in a State, Territory, or District of the United States within which such insurer is authorized to do business.

(2) *Indemnity bond.* Any indemnity bond required to be filed by any person to secure payment of any pension, allowance, allotment, relief, or insurance by the United States, or to secure a duplicate for, or the payment of, any bond, note, certificate of indebtedness, war-saving certificate, warrant, or check, issued by the United States.

[Sec. 4373 as amended and in effect Jan. 1, 1966]

§ 46.4374 Statutory provisions; payment of tax.

SEC. 4374. *Payment of tax.* Any person to or for whom or in whose name any policy, indemnity bond, or annuity contract referred to in section 4371 is issued, or any solicitor or broker acting for or on behalf of such person in the procurement of any such instrument shall affix the proper stamps to such instrument. Notwithstanding the preceding sentence, the Secretary or his delegate may, by regulations, provide that the tax imposed by section 4371 shall be paid on the basis of a return.

[Sec. 4374 as amended and in effect Jan. 1, 1966]

§ 46.4374–1 Payment of tax.

(a) *In general.* In the case of premiums paid on or after January 1, 1966, the tax imposed by section 4371 shall be paid on the basis of a return. Such tax shall be remitted by the person who makes the payment of the premium to a foreign insurer or reinsurer or to any nonresident agent, solicitor, or broker. For purposes of this paragraph, the person who makes payment means that resident person who actually transfers the money, check, or its equivalent 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. (See section 4372(a) for definition of foreign insurer or reinsurer.) For persons liable for the tax imposed by section 4371, see section 4384 and the regulations thereunder.

(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 remit tax under this section may remit such tax before the time the tax attaches if he keeps records consistent with such practice.

(c) *Penalty for failure to pay tax.* Any person who on or after January 1, 1966, fails to comply with the requirements of paragraph (a) 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.)

§ 46.4375 Statutory provisions; cross references.

SEC. 4375. *Cross references.* For penalties and other general and administrative provisions, see section 4384 and subtitle F.

[Sec. 4375 as amended and in effect January 1, 1966]

§ 46.4375–1 Cross references.

For general and administrative provisions, see Subpart E of this part and the applicable sections of subtitle F and the regulations in Part 301 of this chapter (Regulations on Procedure and Administration).

PAR. 4. Section 46.4501 and the historical note thereto are amended as follows:

§ 46.4501 Statutory provisions; imposition of tax.

SEC. 4501. *Imposition of tax*—(a) *General.* * * *

(b) *Termination of tax.* No tax shall be imposed under this subchapter on the manufacture or use of sugar or articles composed in chief value of sugar after June 30, 1972. Notwithstanding the provisions of subsection (a), no tax shall be imposed under this subchapter with respect to unsold sugar held by a manufacturer on June 30, 1972, or with respect to sugar or articles composed in chief value of sugar held in customs custody or control on such date.

[Sec. 4501 as amended by sec. 19, Act of May 29, 1956 (Pub. Law 545, 84th Cong., 70 Stat. 221); sec. 162(b), Excise Tax Technical Changes Act 1958 (72 Stat. 1306); sec. 2, Act of July 6, 1960 (Pub. Law 86–592, 74 Stat. 330); sec. 2(a), Act of March 31, 1961 (Pub. Law 87–15, 75 Stat. 40); sec. 302 (a) and (b), Tariff Classification Act 1962 (76 Stat. 77); sec. 18(a), Sugar Act Amendments 1962 (76 Stat. 166); sec. 13, Sugar Act Amendments 1965 (79 Stat. 1280)]

§§ 46.4511–46.4514 [Deleted]

PAR. 5. Subpart C of Part 46 is deleted and reserved.

PAR. 6. Section 46.6001–1 is amended by revising paragraph (c) to read as follows:

§ 46.6001–1 Records in general.

* * * * *

(c) *Records of claimants.* Any person who, pursuant to the regulations in this part, claims a refund, credit, or abatement shall keep a complete and detailed record with respect to the tax, interest, addition to the tax, additional amount, or assessable penalty to which the claim relates. Such record shall include any records required of the claimant by paragraph (b) of this section and by §§ 46.6001–2 to 46.6001–4, inclusive, which relate to the claim.

§ 46.6001–3 [Deleted]

PAR. 7. Section 46.6001–3 is deleted and reserved.

PAR. 8. A new § 46.6001–4 is added to read as follows:

§ 46.6001–4 Records required with respect to foreign insurance policies.

(a) Each person required under the provisions of § 46.4374–1 to remit the tax imposed by section 4371 shall keep or cause to be kept accurate records of all policies or other instruments subject to such tax upon which premiums have been paid. Such records must identify each such policy or other instrument in such a manner as to clearly establish the following: (1) The gross premium paid; (2) whether such policy or other instrument is (i) a policy of casualty insurance or an indemnity bond subject to tax under section 4371(1), (ii) a policy of life, sickness, or accident insurance or an annuity contract subject to tax under section 4371(2), or (iii) a policy of reinsurance subject to tax under section 4371(3); (3) the identity of the insured (as defined in section 4372(d)); (4) the identity of the foreign insurer or reinsurer (as defined in section 4372(a)); and (5) the total premium charged and, if the premium is to be paid in installments, the amount and anniversary date of each such installment.

(b) The records required under the provisions of this section must be kept on file at the place of business or at some other convenient location, for a period of at least 3 years from the date any part of the tax became due or the date any part of the tax is paid, whichever is later, in such manner as to be readily accessible to authorized internal revenue officers or employees. The person having control or possession of a policy or other instrument subject to tax under section 4371 shall retain such policy or other instrument for at least 3 years from the date any part of the tax with respect to such policy was paid.

PAR. 9. Section 46.6011(a)–1 is amended by revising paragraph (a) to read as follows:

§ 46.6011(a)–1 Returns.

(a) *In general.* Liability for tax imposed under section 4371 or 4501(a) shall be reported on Form 720. Except as provided in paragraph (b) of this section, a return on Form 720 shall be filed for a period of one calendar quarter. Every person required to make a return on Form 720 for a return period ended December 31, 1954, shall make a return for each subsequent calendar quarter, month, or semimonthly period (whether or not liability was incurred for any tax reportable on such return for such return period) until he has filed a final return in accordance with § 46.6011(a)–2. Every person not required to make a return on Form 720 for a return period ended December 31, 1954, shall make a return for the first calendar quarter thereafter in which he incurs liability for tax imposed under section 4371 or 4501(a) and shall make a return for each subsequent calendar quarter, month, or semimonthly period until he has filed a final return in accordance with § 46.6011(a)–2.

* * * * *

PAR. 10. Section 46.6109–1 is amended by revising paragraphs (a) and (b) to read as follows:

§ 46.6109–1 Employer identification numbers.

(a) *Requirement of application*—(1) *In general.* An application on Form SS–4 for an employer identification number shall be made by every person who performs any manufacturing or processing operation with respect to which a tax is imposed by section 4501(a), or who is required to remit the tax imposed by section 4371, but who prior to such time neither has been assigned an employer identification number nor has applied therefor. The application, together with any supplementary statement, shall be prepared in accordance with the form, instructions, and regulations applicable thereto, and shall set forth fully and clearly the data therein called for. Form SS–4 may be obtained from any district director or director of a service center. The application shall be filed with the internal revenue officer designated in the instructions applicable to Form SS–4. The application shall be signed by (i) the individual, if the person is an individual; (ii) the president, vice president, or other principal officer, if the person is a corporation; (iii) a responsible and duly authorized member or officer having knowledge of its affairs, if the person is a partnership or other unincorporated organization; or (iv) the fiduciary, if the person is a trust or estate. An employer identification number will be assigned to the person in due course upon the basis of information reported on the application required under this section.

(2) *Time for filing Form SS–4.* The application for an employer identification number shall be filed on or before the seventh day after the date of performance, by the person who is required to make the application, of the first manufacturing or processing operation with respect to which a tax is imposed by section 4501(a). The application for an employer identification number shall be filed on or before the seventh day after the date on which the person who is required to make the application makes a premium payment (on or after Jan. 1, 1966) upon which he is required to remit the tax imposed by section 4371.

(b) *Use of employer identification number.* The employer identification number assigned to a person liable for the tax imposed by section 4501(a) shall be shown in any return, statement, or other document made by such person. The employer identification number assigned to a person required to remit the tax imposed by section 4371 shall be shown in any return, statement, or other document made by such person for any period commencing on or after January 1, 1966.

* * * * *

PAR. 11. Section 46.6418 and the historical note thereto are amended to read as follows:

§ 46.6418 Statutory provisions; credits and refunds of the tax on sugar.

SEC. 6418. *Sugar*—(a) *Use as livestock feed or for distillation or production of alcohol.* Upon the use of any manufactured sugar, or article manufactured therefrom, as livestock feed, or in the production of livestock feed, or for the distillation of alcohol, or for the production of alcohol (other than alcohol produced for human food consumption), there shall be paid by the Secretary or his delegate to the person so using such manufactured sugar, or article manufactured therefrom, the amount of any tax paid under section 4501 with respect thereto.

* * * * *

[Sec. 6418 as amended by sec. 21(b), Act of May 29, 1956 (Public Law 545; 84th Cong., 70 Stat. 221); sec. 302(c), Tariff Classification Act 1962 (76 Stat. 77); sec. 9(b), Sugar Act Amendments 1965 (79 Stat. 1278)]

PAR. 12. Section 46.6418–1 is amended to read as follows:

§ 46.6418–1 Sugar used as livestock feed or for distillation or production of alcohol.

(a) *Claims for payment.* Any person using any manufactured sugar, or an article manufactured therefrom, with respect to which a tax has been paid under section 4501(a), (1) as livestock feed, (2) in the production of livestock feed, (3) for the distillation of alcohol, or (4) for the production (on or after Nov. 8, 1965) of alcohol (other than alcohol produced for human food consumption), may file a claim for payment of the amount of tax paid thereon. The claim shall be executed by the claimant on Form 843 in the manner prescribed in § 301.6402–2 of this chapter (Regulations on Procedure and Administration), except that, after June 30, 1969, any such claim shall be filed with the service center serving the internal revenue district in which the claimant's principal place of business is located. For periods prior to July 1, 1969, any such claim shall be filed with the district director of internal revenue for the district in which the claimant's principal place of business is located. Hand-carried claims may be filed in accordance with paragraph (b) of § 301.6091–1 of this chapter. No interest shall be paid in respect of any such claim.

(b) *Proof of claim.* No claim for payment under section 6418(a) of the tax

paid under section 4501(a) will be allowed unless the claimant establishes to the satisfaction of the district director—

(1) That the tax with respect to the manufactured sugar upon which the claim is based was actually paid;

(2) That the manufactured sugar, or article manufactured therefrom, was actually used in the production of livestock feed, or as livestock feed, or for the distillation of alcohol, or for the production (on or after Nov. 8, 1965) of alcohol (other than alcohol produced for human food consumption);

(3) The quantity and test of the manufactured sugar upon which the claim is based; and

(4) Such other facts as may be required to determine the claimant's right to the payment.

PAR. 13. Section 46.6418–2 is amended by revising paragraph (b) to read as follows:

§ 46.6418–2 Sugar exported.

* * * * *

(b) *Claim for payment.* Claim for payment shall be executed by the claimant on Form 843, in the manner prescribed in § 301.6402–2 of this chapter (Regulations on Procedure and Administration), except that, after June 30, 1969, any such claim shall be filed with the service center serving the internal revenue district in which the claimant's principal place of business is located. For periods prior to July 1, 1969, any such claim shall be filed with the district director of internal revenue for the district in which the claimant's principal place of business is located. Hand-carried claims may be filed in accordance with paragraph (b) of § 301.6091–1 of this chapter. No interest shall be paid in respect of any such claim.

* * * * *

PAR. 14. Section 46.6511(e) is amended by revising the title of paragraph (1) of section 6511(e) and adding a historical footnote to read as follows:

§ 46.6511(e) Statutory provisions; limitations on credit or refund.

SEC. 6511. *Limitations on credit or refund.* * * *

(e) *Special rules in case of manufactured sugar*—(1) *Use as livestock feed or for distillation or production of alcohol.* * * *

[Sec. 6511(e) as amended by sec. 9(c), Sugar Act Amendments 1965 (79 Stat. 1278)]

PAR. 15. Section 46.6511(e)–1 is amended by revising the title of paragraph (a) to read as follows:

§ 46.6511(e)–1 Special rules applicable to manufactured sugar.

(a) *Use as livestock feed and for distillation or production of alcohol.* * * *

* * * * *

PAR. 16. A new § 47.4371–0 is added, following § 47.4371, to read as follows:

§ 47.4371–0 Applicability of subpart.

The provisions of this subpart apply only to premiums charged or paid before January 1, 1966. See Subpart A1, Part 46 of this chapter for provisions relating to premiums paid on or after January 1, 1966.

(Secs. 4374 and 7805 of the Internal Revenue Code of 1954; 68A Stat. 522, 917; 26 U.S.C. 4374, 7805)

[F.R. Doc. 70–941; Filed, Jan. 23, 1970; 8:48 a.m.]

Title 39—POSTAL SERVICE

Chapter I—Post Office Department

MISCELLANEOUS AMENDMENTS TO CHAPTER

The regulations of the Post Office Department are amended as follows:

PART 132—SECOND CLASS

§ 132.1 [Amended]

Section 132.1 is amended to eliminate obsolete rate information. Accordingly, in § 132.1 Rates (34 F.R. 13870), make the following changes:

1. In paragraph (a)(1) the information appearing under Rates opposite Category 2 is amended to read as follows:

Rates
1.5 cents per pound or fraction of a pound. 0.2 cent minimum charge per piece.

2. In paragraph (a) subparagraph (2) is redesignated as subparagraph (3); and new subparagraph (2) is inserted reading as follows:

(2) *When mailed at office of additional entry.* The 1.5 cents per pound and 0.2 cent minimum charge prescribed by Category 2 above also apply to copies of publications of whatever frequency mailed at an office of additional entry located within the county (see restriction in § 132.3(c)(4) where published and entered, to addresses residing within the county, for delivery at all offices within or without the county including the office of additional entry by whatever delivery services are provided.

NOTE: The corresponding Postal Manual sections are 132.111 and 132.112.

3. In paragraph (b)(1), subdivision (i), delete the column headed "Jan. 1, 1969".

4. In paragraph (b)(2), subdivision (i), delete the column headed "Jan. 1, 1969".

NOTE: The corresponding Postal Manual sections are 132.121 and 132.122.

PART 133—CONTROLLED CIRCULATION PUBLICATIONS

Sections 133.1 and 133.2 are amended by updating the tabular data and changing office designations.

§ 133.1 [Amended]

1. In § 133.1 *Rates* amend the tabular data by deleting the columns headed January 7, 1968 and January 1, 1969.

NOTE: The corresponding Postal Manual section is 133.1.

§ 133.2 [Amended]

2. In § 133.2 *Permits*, amend paragraph (b) to read as follows:

(b) *Applications.* Apply by letter to the postmaster at the office where mailings are to be made. A form is not provided for this kind of application. State the name of the publication, frequency of issue, where published, the name of the publisher, and whether the publication is circulated free or mainly free. Submit two copies of the issue published nearest the date of application. The postmaster will submit the application and one copy of the publication to the Office of Mail Classification, Bureau of Finance and Administration. Notice of authorization or disapproval will be furnished by the Director.

NOTE: The corresponding Postal Manual section is 133.2.

PART 134—THIRD CLASS

I. Section 134.4 is amended to provide that an alphabetical record of patrons who have paid the annual $30 fee for bulk third-class mailing privileges must be kept.

§ 134.4 [Amended]

In § 134.4 *Preparation—payment of postage*, amend paragraph (b)(1) to read as follows:

(1) *Annual fee.* A fee of $30 must be paid once each calendar year by or for any person who mails at the bulk third-class rates. Any person who engages a business concern or another individual to mail for him must pay the $30 fee. A permit is not issued for this fee. It is separate from the $15 fee that must be paid for a permit to mail under the permit imprint system (§ 144.1). An alphabetical record of patrons who have paid the $30 fee must be kept at the weighing section or any other place where bulk mailings are accepted and cleared. The record must show whether the mailer has been authorized to mail as one of the organizations or associations named in § 134.5.

NOTE: The corresponding Postal Manual section is 134.421.

II. Section 134.5 is amended to change captions and office designations; and to provide for recognition of income tax exemption as a basis for authorizing mailings as special third-class rates.

In § 134.5 *Nonprofit organizations*, make the following changes:

1. Amend the section caption to read as follows:

§ 134.5 Qualification requirements and application procedure for special third-class rates.

2. Amend paragraph (a) to read as follows:

(a) *Eligibility*—(1) *Kinds of organizations or associations that may qualify.* Only the following organizations or associations not organized for profit and none of the net income of which benefits any private stockholder or individual may be authorized to mail pieces at the rates provided by § 134.1(b) (1) and (2).

(i) Religious.
(ii) Educational.
(iii) Scientific.
(iv) Philanthropic.
(v) Agricultural.