§ 404.1596 Circumstances under which we may suspend and terminate your benefits before we make a determination.

(d) When the suspension is effective. We will suspend your benefits effective with the month in which it is determined in accordance with paragraph (b)(2)(i) of this section that your disability benefits should stop due to your failure, without good cause (see § 404.911), to comply with our request for necessary information for your continuing disability review. This review is to determine whether or not you continue to meet the disability requirements of the law. When we have received the information, we will reinstate your benefits for any previous month for which they are otherwise payable, and continue with the CDR or age-18 redetermination process.

(e) When we will terminate your benefits. We will terminate your benefits following 12 consecutive months of benefit suspension because you did not comply with our request for information in accordance with paragraph (b)(2)(i) of this section. We will count the 12-month suspension period from the start of the first month that you stopped receiving benefits (see paragraph (d) of this section). This termination is effective with the start of the 13th month after the suspension began because you failed to cooperate.

PART 416—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

Subpart I—[Amended]

4. The authority citation for subpart I of part 416 continues to read as follows:

Authority: Secs. 702(a)(5), 1611, 1614, 1619, 1631(a), (c), (d)(1) and (p), and 1633 of the Social Security Act (42 U.S.C. 902(a)(5), 1382, 1382c, 1382h, 1383(a), (c), (d)(1), and (p), and 1383(b); secs. 4(c) and 5, 6(c)(–e), 14(a), and 15, Pub. L. 98–466, 90 Stat. 1794, 1801, 1802, and 1808 (42 U.S.C. 421 note, 423 note and 1382h note).

5. Section 416.992 is added to read as follows:

§ 416.992 What happens if you fail to comply with our request for information.

We will suspend your payments before we make a determination regarding your continued eligibility for disability payments if you fail to comply, without good cause (see § 416.1411), with our request for information for your continuing disability review or age-18 redetermination. The suspension is effective with the month in which it is determined in accordance with § 416.1322 that your eligibility for disability payments has ended due to your failure to comply with our request for necessary information. When we have received the information, we will reinstate your payments for any previous month for which they are otherwise payable, and continue with the CDR or age-18 redetermination process.

§ 404.1596 Circumstances under which we may suspend and terminate your benefits before we make a determination.

(d) When the suspension is effective. We will suspend your benefits effective with the month in which it is determined in accordance with paragraph (b)(2)(i) of this section that your disability benefits should stop due to your failure, without good cause (see § 404.911), to comply with our request for necessary information for your continuing disability review. This review is to determine whether or not you continue to meet the disability requirements of the law. When we have received the information, we will reinstate your benefits for any previous month for which they are otherwise payable, and continue with the CDR or age-18 redetermination process. We will terminate your eligibility for payments following 12 consecutive months of payment suspension as discussed in § 416.1335.

[FR Doc. E6–17181 Filed 10–16–06; 8:45 am]

BILLING CODE 4191–02–P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

21 CFR Part 1310

[Docket No. DEA–254P]

RIN 1117–AA90

Control of Sodium Permanganate as a List II Chemical

AGENCY: Drug Enforcement Administration (DEA), U.S. Department of Justice.

ACTION: Final rule.

SUMMARY: On March 1, 2005, the Drug Enforcement Administration (DEA) published a Notice of Proposed Rulemaking (70 FR 9889) which proposed the addition of sodium permanganate as a List II chemical because of its direct substitutability for potassium permanganate (a List II chemical) in the illicit production of cocaine. This rulemaking finalizes control of sodium permanganate. As a List II chemical, handlers of sodium permanganate shall be subject to Controlled Substances Act (CSA) chemical regulatory controls including recordkeeping, reporting, and import/export requirements. DEA has determined that these controls are necessary to prevent the diversion of this chemical to cocaine laboratories. This rulemaking is also establishing a cumulative threshold of 55 kilograms and 500 kilograms (respectively) for domestic and international transactions. DEA also proposed that chemical mixtures (containing sodium permanganate) having less than or equal to 15 percent sodium permanganate shall qualify for automatic exemption from CSA chemical regulatory controls pursuant to 21 CFR Part 1310. Since DEA recognizes that the concentration limit exemption criteria cannot identify all mixtures that should receive exemption status, DEA has implemented an application process to exempt additional mixtures (21 CFR 1310.13). This application process was finalized in a Final Rule published in the Federal Register May 1, 2003 (68 FR 23195). Under the application process, manufacturers may submit an application for exemption for those mixtures that do not qualify for automatic exemption. Exemption status can be granted if DEA determines that...
the mixture is formulated in such a way that it cannot be easily used in the illicit production of a controlled substance and the listed chemical cannot be readily recovered (i.e., it meets the conditions in 21 U.S.C. 802(39)(A)(v)). An application may be for a single or a multiple number of formulations.

**Sodium Permanganate Industry and Legitimate Uses**

Sodium permanganate is an inorganic oxidant that is a direct substitute for potassium permanganate. Due to its high solubility in water, sodium permanganate has distinct advantages over potassium permanganate in many industrial applications. It is becoming widely used for industrial purposes, including (1) Printed circuit board production, (2) pharmaceutical and chemical synthesis, (3) soil and groundwater remediation, (4) metal cleaning formulations, (5) acid mine drainage and (6) hydrogen sulfide odor control.

DEA has identified only one domestic producer of sodium permanganate. However, sodium permanganate is also imported into the United States (U.S.) and there are at least three other major suppliers of sodium permanganate in the U.S.

The U.S. firm that manufactures sodium permanganate distributes it through 15–20 major authorized distributors and more than 100 branch distributors. This U.S. supplier has advised DEA that it is aware of “one (sodium permanganate) manufacturer in Germany, more than one manufacturer in China and at least nine suppliers in other countries.”

**Reason for This Control Action**

Sodium permanganate is directly substitutable for potassium permanganate, an important List II chemical used illicitly in the production of cocaine. Potassium permanganate is widely used as an oxidizing agent for removing impurities from coca base in the illicit production of cocaine. Potassium permanganate is utilized because it produces an aesthetically pleasing, white, crystalline form of cocaine hydrochloride, which is easily marketed.

Because of its importance in cocaine production, potassium permanganate has been the target of international cooperative efforts to monitor potassium permanganate shipments and prevent its diversion. This effort remains an international priority involving the competent authorities of 22 countries.

Recently, the world’s largest producer of potassium permanganate (a U.S. company) informed DEA of its recent conversion of production processes away from potassium permanganate and toward the increased production and distribution of sodium permanganate. Because of sodium permanganate’s direct substitutability for potassium permanganate, this company has agreed with DEA concerns regarding the potential illicit use of sodium permanganate as a direct substitute for potassium permanganate in cocaine processing. This producer advised DEA that it would welcome the control of sodium permanganate as a listed chemical.

Even though production of sodium permanganate has historically been limited, sodium permanganate has been seized by law enforcement at illicit cocaine laboratories in Latin America. As reported in the 2001 and 2002 Statistical Summary on Drugs, compiled by the Organization of American States (OAS), and the Inter-American Drug Abuse Control Commission (CICAD), the Government of Colombia (as reported by the Colombian Ministerio de Justicia y del Derecho, Dirección Nacional de Estupefacientes) reported the seizure of 1,400 kilograms of sodium permanganate in 1997, 236 kilograms in 1998 and 404 kilograms in 1999.

Because of its direct substitutability for potassium permanganate and increased production, DEA sees the urgent need to regulate sodium permanganate as a List II chemical to prevent its diversion to cocaine laboratories. Hence, this rulemaking subjects sodium permanganate to the same CSA regulatory controls which have been put forth for potassium permanganate. As such, sodium permanganate shall be subject to List II chemical controls, including recordkeeping, reporting, and import/export requirements as specified in 21 CFR Parts 1310 and 1313.

**Comments Received in Response to the NPRM**

In response to the March 1, 2005, NPRM, DEA received four comments. One commenter simply stated that they supported the control of sodium permanganate as a List II chemical.

Another commenter stated that they disagreed with the exemption of chemical mixtures containing less than 15 percent sodium permanganate, but did not provide any supportive reason for their opposition.

Two comments addressed the issue of the establishment of a domestic threshold of 55 kilograms for domestic transactions. One commenter stated that the threshold was too high and instead suggested that DEA establish a domestic threshold of 5 kilograms. Another commenter stated that they believed the 55 kilogram threshold was too low, and stated that they believed it would increase the recordkeeping burden on wastewater treatment facilities.

DEA believes, however, that the threshold of 55 kilograms for domestic transactions will not impact these wastewater treatment facilities because these facilities are end-users. As such, they are not required to maintain records and therefore do not incur any regulatory burden. Their suppliers, however, must maintain records of all distributions greater than 55 kilograms.

Furthermore, DEA believes that the 55 kilogram threshold for domestic transactions is appropriate, since this is the threshold that currently exists for potassium permanganate (which is the direct substitute for sodium permanganate in these industries.)

One comment was received from the sole U.S. producer of sodium permanganate. The company stated that it supports DEA’s proposal to control sodium permanganate as a List II chemical. The company further stated that controls on sodium permanganate should be exactly the same as the controls which currently exist on potassium permanganate. DEA agrees.

**What This Final Rule Does and Regulatory Controls That Shall Apply to This Chemical**

After careful consideration of all comments, DEA has determined that all control provisions as proposed in the March 1, 2005, NPRM (70 FR 9889) shall become final. As such, the exact regulatory controls which currently apply to potassium permanganate shall be implemented for sodium permanganate effective December 18, 2006.

As a List II chemical, sodium permanganate shall be subject to the chemical regulatory control provisions and civil and criminal sanctions of the CSA. As such, recordkeeping, reporting and import/export notification requirements (as described in 21 CFR Parts 1310 and 1313) shall apply. As a List II chemical, manufacturers, distributors, importers and exporters of sodium permanganate will not be required to register with DEA pursuant to the provisions of 21 CFR Part 1309.

Handlers of this chemical shall be required to maintain records and meet CSA import/export notification requirements for “regulated transactions” involving sodium permanganate. The CSA (21 U.S.C. 802(39)) defines the term “regulated transaction” as a “distribution, receipt, sale, importation, or exportation of, or an international transaction involving
the shipment of, a listed chemical, or if the Attorney General establishes a threshold amount for a specific listed chemical,” a transaction involving a threshold amount. The CSA, therefore, provides the Attorney General with authority to establish a threshold amount for listed chemicals if the Attorney General so elects.

DEA is establishing a threshold of 55 kilograms for domestic transactions and 500 kilograms for international transactions. Consequently, all transactions which meet or exceed these threshold quantities shall be considered regulated transactions and be subject to recordkeeping, reporting and import/export notification requirements of the CSA.

Regulatory Requirements for Persons Handling Regulated Transactions of Sodium Permanganate

Records and Reports. The CSA (21 U.S.C. 830) requires certain records to be kept and reports to be made involving listed chemicals. Regulations describing recordkeeping and reporting requirements are set forth in 21 CFR Part 1310. A record must be made and maintained for two years after the date of a regulated transaction involving a List II chemical. Only a distribution, receipt, sale, importation, or exportation of a regulated mixture at or above the established threshold (e.g. 55 kilograms for domestic transactions and 500 kilograms for international transactions) is a regulated transaction (21 CFR 1300.02(b)(28)).

Each regulated bulk manufacturer of a regulated mixture shall submit manufacturing, inventory and use data on an annual basis (21 CFR 1310.05(d)). Bulk manufacturers producing the mixture solely for internal consumption, e.g., formulating a non-regulated mixture, are not required to submit this information. Existing standard industry reports containing the required information are acceptable, provided the information is readily retrievable from the report.

21 CFR 1310.05 requires that each regulated person shall report to DEA any regulated transaction involving an extraordinary quantity, an uncommon method of payment or delivery, or any other circumstance that causes the regulated person to believe that the listed chemical will be used in violation of the CSA.

Imports/Exports. All import/exports and brokered transactions of regulated mixtures shall comply with the CSA (21 U.S.C. 957), and brokered transactions of regulated chemicals described in 21 CFR Part 1310.05. 

Administrative Inspection. Places, including factories, warehouses, or other establishments and conveyances, where regulated persons may lawfully hold, manufacture, or distribute, dispense, administer, or otherwise dispose of a listed chemical or where records relating to those activities are maintained, are controlled premises as defined in 21 CFR 1316.02(c). The CSA (21 U.S.C. 880) allows for administrative inspections of these controlled premises as provided in 21 CFR Part 1316, Subpart A.

Specific Requirements That Will Apply to Regulated Chemical Mixtures Containing Sodium Permanganate

Effective December 18, 2006, a chemical mixture that is regulated because it contains greater than 15 percent sodium permanganate will be treated as a List II chemical. Transactions that meet or exceed the cumulative monthly threshold of 55 kilograms for domestic transactions and 500 kilograms for international transactions shall be regulated transactions.

The regulatory requirements for regulated chemical mixtures containing List II chemicals are the same as for regulated chemical mixtures containing List I chemicals, except that registration requirements do not apply. Therefore, the same requirements for records and reports, imports/exports (except that pertaining to 21 U.S.C. 957), and administrative inspection, as outlined above, apply to handlers of List II regulated chemical mixtures.

Persons who submit an application for exemption (21 CFR 1310.13) and whose application is pending or subsequently denied by DEA shall be required to comply with all chemical control requirements, including recordkeeping and reporting, effective December 18, 2006. Therefore, all transactions of the chemical mixture would be regulated, if above threshold, while an application for exemption is pending or awaiting correction. This is necessary because not regulating these transactions could result in increased diversion of chemicals desirable to cocaine traffickers.

Potential Impact of Regulation Upon Industry

In an effort to better estimate the potential impact of this action, DEA conducted an analysis of various data sources relating to the manufacture, distribution, and use of the permanganates. This included an analysis of current chemical producers and marketing directories (to identify companies listing themselves as sources of these chemicals).

As previously stated in the NPRM, the DEA has identified only a limited number of companies which distribute sodium permanganate which has been either domestically produced or imported. While sodium permanganate has industrial uses, DEA has not been able to identify any ‘household’ uses for this chemical. Therefore, the number of firms that are likely to be affected by this proposed regulation is relatively small.

This final rulemaking is not expected to have an impact upon a substantial number of firms, given the limited distribution of this chemical. Additionally, it is likely that the CSA recordkeeping requirements are already being met as part of normal business practice. Since sodium permanganate is being added as a List II chemical there is no registration requirement. Additionally, DEA is establishing a cumulative threshold of 55 kilograms for domestic transactions and 500 kilograms for international transactions. Therefore, small transactions involving research quantities of sodium permanganate will not be subject to regulatory requirements.

Regulatory Certifications

Regulatory Flexibility Act

The Deputy Administrator hereby certifies that this rulemaking has been drafted in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this regulation, and by approving it certifies that this regulation will not have a significant economic impact on a substantial number of small entities. As noted previously, this rulemaking is not considered to have an impact upon a substantial number of firms, given the limited distribution of this chemical. Further, this impact is being limited by the fact that DEA is adding sodium permanganate as a List II chemical, rather than the more stringent requirements of a List I chemical. Additionally, it is likely that the CSA recordkeeping requirements are already being met as part of normal business practice. The cumulative threshold of 55 kilograms for domestic transactions and 500 kilograms for international transactions established here would remove from regulatory control small transactions involving research quantities of sodium permanganate.

Executive Order 12866

The Deputy Administrator further certifies that this rulemaking has been drafted in accordance with the
principles in Executive Order 12866 section 1(b). It has been determined that this is a “significant regulatory action”. Therefore, this action has been reviewed by the Office of Management and Budget. DEA has identified only one U.S. firm which manufactures sodium permanganate. This firm supports control of sodium permanganate as a List II chemical.

Paperwork Reduction Act

This rulemaking adds sodium permanganate as a List II chemical under the CSA. As a List II chemical, there is no requirement of registration to handle this chemical. Further, as most persons who handle this product are end-users and, as such, are not required to maintain records or file reports, there is no impact on these persons.

Handlers of sodium permanganate that distribute above threshold quantities are required to maintain records. Normal business records are deemed adequate if they contain the information required in 21 CFR 1310.06. As normal business records meet DEA’s regulatory requirements, the maintenance of these records does not fall under the parameters of the Paperwork Reduction Act. Further, persons importing and exporting this List II chemical in quantities greater than 500 kilograms, cumulatively, per month, must provide DEA with advance notification of these transactions. As DEA does not have any information on which to base an estimate of the impact of this new reporting requirement for persons importing or exporting sodium permanganate in quantities greater than 500 kilograms, cumulatively, per month, DEA will adjust the burden related to this information collection (OMB control number 1117–0023 “Import/Export Declaration: Precursor and Essential Chemicals”) upon its renewal.

Executive Order 12988

This regulation meets the applicable standards set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 Civil Justice Reform.

Executive Order 13132

This rulemaking does not preempt or modify any provision of State law; nor does it impose enforcement responsibilities on any State; nor does it diminish the power of any State to enforce its own laws. Accordingly, this rulemaking does not have federalism implications warranting the application of Executive Order 13132.

Unfunded Mandates Reform Act of 1995

This rule will not result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of $115,000,000 or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Small Business Regulatory Enforcement Fairness Act of 1996

This rule is not a major rule as defined by Section 804 of the Small Business Regulatory Enforcement Fairness Act of 1996. This rule will not result in an annual effect on the economy of $114,000,000 or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based companies to compete with foreign-based companies in domestic and export markets.

List of Subjects in 21 CFR Part 1310

Drug Traffic Control, List I and List II chemicals, Reporting and Recordkeeping Requirements.

PART 1310—REPORTS OF LISTED CHEMICALS AND CERTAIN MACHINES

1. The authority citation for part 1310 continues to read as follows:


2. §1310.02 is amended by adding a new paragraph (b)(12) to read as follows:

§1310.02 Substances Covered.

(b) * * * *(12) Sodium Permanganate 6588 * * * * *

3. §1310.04 is amended by adding new paragraphs (f)(2)(ii)(H) and (f)(2)(ii)(I) to read as follows:

§1310.04 Maintenance of records.

(f) * * * *

(ii) * * *

(H) Sodium permanganate N/A 6588 * * * *

(i) * * *

(I) Sodium permanganate 500 kilograms * * * *

§1310.12 is amended by adding an entry for “sodium permanganate” to the table in paragraph (c) to read as follows:

§1310.12 Exempt chemical mixtures.

(c) * * *

Table of Concentration Limits

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<tr>
<th>DEA chemical code No.</th>
<th>Concentration (percent)</th>
<th>Special conditions</th>
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<td>Sodium Permanganate</td>
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<td>15% by Weight.</td>
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DEPARTMENT OF THE TREASURY
Internal Revenue Service

26 CFR Part 301

[TD 9274]
RIN 1545–BB16

Disclosure of Return Information by Certain Officers and Employees for Investigative Purposes; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document corrects final regulations (TD 9274) that were published in the Federal Register on Tuesday, July 11, 2006 (71 FR 38985). The document contains final regulations relating to the disclosure of return information pursuant to section 6103(k)(6) of the Internal Revenue Code.

DATES: This correcting amendment is effective October 17, 2006.

FOR FURTHER INFORMATION CONTACT: Helene R. Newsome, (202) 622–4570 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background
The notice of final regulations (TD 9274) that is the subject of these corrections is under section 6103(k)(6) of the Internal Revenue Code.

Need for Correction
As published, TD 9274 contains errors that may prove to be misleading and are in need of clarification.

List of Subjects in 26 CFR Part 301
Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

Correction of Publication
Accordingly, 26 CFR Part 301 is corrected by making the following correcting amendments:

Paragraph 1. On page 38985, column 1, in the preamble, under the caption “DATES”, second line, the language “are effective July 11, 2006.” is corrected to read “are effective July 6, 2006.”.

Par. 2. On page 38986, column 2, in the preamble, under the paragraph heading “Special Analyses”, sixth line from the top of the column, the language “and because the regulation does not” is corrected to read “and because the regulations do not”.

PART 301—PROCEDURE AND ADMINISTRATION

§ 301.6103(k)(6)–1 Disclosure of return information by certain officers and employees for investigative purposes.

(e) Effective date. This section is applicable on July 6, 2006.

Guy R. Traynor,
Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel, (Procedure and Administration).

BILLS AND CODE 4830–01–P

DEPARTMENT OF THE TREASURY
Internal Revenue Service

26 CFR Part 301

[TD 9291]
RIN 1545–BB97

Miscellaneous Changes to Collection Due Process Procedures Relating to Notice and Opportunity for Hearing Prior to Levy

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final Regulations.

SUMMARY: This document contains final regulations amending the regulations relating to a taxpayer’s right to a hearing before or, in limited cases, after levy under section 6330 of the Internal Revenue Code. The final regulations make certain clarifying changes in the way collection due process (CDP) hearings are held and specify the period during which a taxpayer may request an equivalent hearing. The final regulations affect taxpayers against whose property or rights to property the Internal Revenue Service (IRS) intends to levy.

DATES: Effective Date: These regulations are effective on November 16, 2006.

Applicability Date: These regulations apply to requests for CDP or equivalent hearings on or after November 16, 2006.

FOR FURTHER INFORMATION CONTACT: Laurence K. Williams, 202–622–3600 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background
This document contains amendments to the Regulations on Procedure and Administration (26 CFR part 301) relating to the provision of notice under section 6330 of the Internal Revenue Code to taxpayers of a right to a CDP hearing (CDP Notice) before or, in limited cases, after levy. Final regulations (TD 8980) were published on January 18, 2002, in the Federal Register (67 FR 2549) (the 2002 final regulations). The 2002 final regulations implemented certain changes made by section 3401 of the Internal Revenue Service Restructuring and Reform Act of 1998 (Pub. L. 105–206, 112 Stat. 685)(RRA 1998), including the addition of section 6330 to the Internal Revenue Code.

Section 3401 of RRA 1998 also added section 6320 to the Internal Revenue Code. That statute provides for notice to taxpayers of a right to a hearing after the filing of a notice of Federal tax lien (NFTL). A number of the provisions in section 6330 concerning the conduct and judicial review of a CDP hearing are incorporated by reference in section 6330. On January 18, 2002, final regulations (TD 8979) under section 6320 were published in the Federal Register (67 FR 2558) along with the 2002 final regulations under section 6330.

On September 16, 2005, the IRS and the Treasury Department published in the Federal Register (70 FR 54687) a notice of proposed rulemaking and notice of public hearing (REG–150091–02). The IRS received one set of written comments responding to the notice of proposed rulemaking. Because no one requested to speak at the public hearing, the hearing was cancelled. After considering all of the comments, the proposed regulations are adopted as amended by this Treasury decision.

On August 17, 2006, the Pension Protection Act of 2006, Public Law 109–280, 120 Stat. 780 (the PPA), was enacted. Section 855 of the PPA amended section 6330(d) of the Internal Revenue Code to withdraw judicial review of CDP notices of determination from United States district court jurisdiction, leaving review solely in the United States Tax Court. This amendment to section 6330(d), effective for notices of determination issued on or after October 17, 2006, requires the removal of references to district court review in the 2002 final regulations.