

**§ 1301.74 Other security controls for non-practitioners; narcotic treatment programs and compounds for narcotic treatment programs.**

\* \* \* \* \*

(c) The registrant shall notify the Field Division Office of the Administration in his area of any theft or significant loss of any controlled substances immediately upon discovery of such theft or loss. The supplier shall be responsible for reporting in-transit losses of controlled substances by the common or contract carrier selected pursuant to § 1301.74(e), immediately upon discovery of such theft or loss. The registrant shall also complete DEA Form 106 regarding such theft or loss. Thefts must be reported whether or not the controlled substances are subsequently recovered and/or the responsible parties are identified and action taken against them. When determining whether a loss is significant, a registrant should consider, among others, the following factors:

(1) The actual quantity of controlled substances lost in relation to the type of business;

(2) The specific controlled substances lost;

(3) Whether the loss of the controlled substances can be associated with access to those controlled substances by specific individuals, or whether the loss can be attributed to unique activities which may take place involving the controlled substances;

(4) A pattern of such losses over a specific time period, whether the losses appear to be random, and the results of efforts taken to resolve the losses; and, if known,

(5) Whether the specific controlled substances are likely candidates for diversion;

(6) Local trends and other indicators of the diversion potential of the missing material.

\* \* \* \* \*

3. Section 1301.76 is amended by revising paragraph (b) to read as follows:

**§ 1301.76 Other security controls for practitioners.**

\* \* \* \* \*

(b) The registrant shall notify the Field Division Office of the Administration in his area of the theft or significant loss of any controlled substances immediately upon discovery of such loss or theft. The registrant shall also complete DEA Form 106 regarding such loss or theft. When determining whether a loss is significant, a registrant should consider, among others, the following factors:

(1) The actual quantity of controlled substances lost in relation to the type of business;

(2) The specific controlled substances lost;

(3) Whether the loss of the controlled substances can be associated with access to those controlled substances by specific individuals, or whether the loss can be attributed to unique activities which may take place involving the controlled substances;

(4) A pattern of such losses over a specific time period, whether the losses appear to be random, and the results of efforts taken to resolve the losses; and, if known,

(5) Whether the specific controlled substances are likely candidates for diversion;

(6) Local trends and other indicators of the diversion potential of the missing material.

\* \* \* \* \*

Dated: June 25, 2003.

**Laura M. Nagel,**

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-130262-03]

RIN 1545-BC28

#### Guidance Under Section 1502; Stock Basis After a Group Structure Change

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

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** This document contains proposed regulations under section 1502 that relate to stock basis after a group structure change. These proposed regulations affect corporations filing consolidated returns.

**DATES:** Written or electronic comments and requests for a public hearing must be received by October 6, 2003.

**ADDRESSES:** Send submissions to: CC:PA:RU (REG-130262-03), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:RU (REG-130262-03), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC 20044.

Alternatively, taxpayers may submit comments electronically directly to the IRS Internet site at [www.irs.gov/regs](http://www.irs.gov/regs).

#### FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Marlene Oppenheim or Ross Poulsen, (202) 622-7770; concerning submission of comments and/or requests for a public hearing, Sonya Cruse, (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

#### Background and Explanation of Provisions

Section 1.1502-31 applies if one corporation (P) succeeds another corporation (T) under the principles of § 1.1502-75(d)(2) or (3) as the common parent of a consolidated group in a group structure change. If a corporation acquires stock of the former common parent in a group structure change, the basis of the members in the former common parent's stock immediately after the group structure change is generally redetermined to reflect the former common parent's net asset basis. In general, the group structure change regulations were designed to prevent disparate basis consequences resulting from different forms of transactions that effect a restructuring of a consolidated group that continues to exist following the restructuring.

The IRS and Treasury are concerned that the application of the net asset basis rule may produce inappropriate results on the disposition of stock acquired in a transaction in which, under generally applicable rules, the basis of the acquired stock would otherwise be determined by reference to the acquiror's cost for the stock. Accordingly, this document proposes to modify the application of the provisions of § 1.1502-31 to permit the basis of stock acquired in a recognition transaction to reflect the cost of the acquired stock.

In particular, this document excepts from the application of the net asset basis rule stock acquired in a transaction in which gain or loss was recognized in whole. These regulations are proposed to apply to group structure changes that occur after the date these regulations are published as temporary or final regulations in the **Federal Register**. With respect to group structure changes that occur on or before the date these regulations are published as temporary or final regulations in the **Federal Register** and during consolidated return years beginning on or after January 1, 1995, these regulations are proposed to apply at the election of the group.