

**§ 1307.12 Distribution to supplier or manufacturer.**

(a) Any person lawfully in possession of a controlled substance listed in any schedule may distribute (without being registered to distribute) that substance to the person from whom he/she obtained it or to the manufacturer of the substance, or, if designated, to the manufacturer's registered agent for accepting returns, provided that a written record is maintained which indicates the date of the transaction, the name, form and quantity of the substance, the name, address, and registration number, if any, of the person making the distribution, and the name, address, and registration number, if known, of the supplier or manufacturer. In the case of returning a controlled substance in Schedule I or II, an order form shall be used in the manner prescribed in part 1305 of this chapter and be maintained as the written record of the transaction. Any person not required to register pursuant to sections 302(c) or 1007(b)(1) of the Act (21 U.S.C. 822(c) or 957(b)(1)) shall be exempt from maintaining the records required by this section.

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Dated: July 3, 2003.

**Laura M. Nagel,***Deputy Assistant Administrator, Office of Diversion Control.*

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**DEPARTMENT OF THE TREASURY****Internal Revenue Service****26 CFR Parts 1 and 602****[TD 9075]****RIN 1545-AX52****Compensation Deferred Under Eligible Deferred Compensation Plans****AGENCY:** Internal Revenue Service (IRS), Treasury.**ACTION:** Final regulations.

**SUMMARY:** This document contains final regulations that provide guidance on deferred compensation plans of state and local governments and tax-exempt entities. The regulations reflect the changes made to section 457 by the Tax Reform Act of 1986, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, the Economic Growth and Tax Relief Reconciliation Act of 2001, the Job Creation and Worker Assistance Act of 2002, and other legislation. The regulations also

make various technical changes and clarifications to the existing final regulations on many discrete issues. These regulations provide the public with guidance necessary to comply with the law and will affect plan sponsors, administrators, participants, and beneficiaries.

**DATES:** *Effective Date:* These final regulations are effective July 11, 2003.

*Applicability Date:* These regulations apply to taxable years beginning after December 31, 2001. See "Effective date of the regulations" for additional information concerning the applicability of these regulations.

**FOR FURTHER INFORMATION CONTACT:** Cheryl Press, (202) 622-6060 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:****Paperwork Reduction Act**

The collection of information contained in these final regulations has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1580. Responses to this collection of information are mandatory.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number assigned by the Office of Management and Budget.

The estimated burden per respondent varies from .033 hour to 2 hours per trust established depending upon individual respondents' circumstances, with an estimated average of one hour for each trust established, and from 20 hours to 50 hours per application for approval as a custodian with an estimated average of 35 hours for each application submitted to qualify as a custodian.

Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be sent to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, W:CAR:MP:T:T:SP Washington, DC 20224, and to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503.

Books or records relating to this collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

**Background**

Section 131 of the Revenue Act of 1978 (92 Stat. 2779) added section 457 to the Internal Revenue Code of 1954. On September 27, 1982, final regulations (TD 7836, 1982-2 C.B. 91) under section 457 (the 1982 regulations) were published in the **Federal Register** (47 FR 42335). The 1982 regulations provided guidance for complying with the changes to the applicable tax law made by the Revenue Act of 1978 relating to deferred compensation plans maintained by state and local governments and rural electric cooperatives.

Section 1107 of the Tax Reform Act of 1986 (100 Stat. 2494) extended section 457 to tax-exempt organizations. Section 6064 of the Technical and Miscellaneous Act of 1988 (102 Stat. 3700) codified certain exceptions for certain plans. Notice 88-68, 1988-1 C.B. 556, addressed the treatment of nonelective deferred compensation of nonemployees, and provided an exception under which section 457 does not to apply to certain church plans.

Section 1404 of the Small Business Job Protection Act of 1996 (110 Stat. 1755) added section 457(g) which requires that section 457(b) plans maintained by state and local government employers hold all plan assets and income in trust, or in custodial accounts or annuity contracts (described in section 401(f) of the Internal Revenue Code), for the exclusive benefit of participants and beneficiaries.

Section 1071 of the Taxpayer Relief Act of 1997 (111 Stat. 788) permits certain accrued benefits to be cashed out.

Sections 615, 631, 632, 634, 635, 641, 647, and 649 of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) (115 Stat. 38) included increases in elective deferral limits, repeal of the rules coordinating the section 457 plan limit with contributions to certain other types of plans, catch-up contributions for individuals age 50 or over, extension of qualified domestic relation order rules to section 457 plans, rollovers among various qualified plans, section 403(b) contracts and individual retirement arrangements (IRAs), and transfers to purchase service credits under governmental pension plans.

Section 411(o)(8) and (p)(5) of the Job Creation and Worker Assistance Act of 2002 (116 Stat. 21) clarified certain provisions in EGTRRA concerning section 457 plans, including the use of certain compensation reduction