## PART 126—GENERAL POLICIES AND PROVISIONS

■ 1. The authority citation for part 126 continues to read as follows:

**Authority:** Secs. 2, 38, 40, 42, and 71, Pub. L. 90–629, 90 Stat. 744 (22 U.S.C. 2752, 2778, 2780, 2791, and 2797); 22 U.S.C. 2778; E.O. 11958, 42 FR 4311; 3 CFR, 1977 Comp., p. 79; 22 U.S.C. 2658; 22 U.S.C. 287c; E.O. 12918, 59 FR 28205, 3 CFR, 1994 Comp., p. 899.

■ 2. Section 126.1 is amended by revising paragraph (a) and adding paragraph (h) to read as follows:

### § 126.1 Prohibited exports and sales to certain countries.

(a) *General.* It is the policy of the United States to deny licenses, other approvals, exports and imports of defense articles and defense services, destined for or originating in certain countries. This policy applies to Belarus, Cuba, Iran, Iraq, Libya, North Korea, Syria, and Vietnam. This policy also applies to countries with respect to which the United States maintains an arms embargo (*e.g.* Burma, China, Haiti, Liberia, Somalia, Sudan and Democratic Republic of the Congo (formerly Zaire)) or whenever an export would not otherwise be in furtherance of world peace and the security and foreign policy of the United States. Information regarding certain other embargoes appears elsewhere in this section. Comprehensive arms embargoes are normally the subject of a State Department notice published in the **Federal Register**. The exemptions provided in the regulations in this subchapter, except §§ 123.17 and 125.4(b)(13) of this subchapter, do not apply with respect to articles originating in or for export to any proscribed countries, areas, or persons in this § 126.1.

* * * * *

(h) *Rwanda.* It is the policy of the United States to deny licenses, other approvals, exports and imports of defense articles and defense services, destined for or originating in Rwanda except for the Government of Rwanda, which will be reviewed on a case-by-case basis. UN Security Council Resolution 1011 (1995) lifted the embargo only with respect to the Government of Rwanda.

Dated: June 24, 2003.

**John R. Bolton,**

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

[FR Doc. 03–17602 Filed 7–29–03; 8:45 am]

BILLING CODE 4710–25–P

## DEPARTMENT OF THE INTERIOR

## Bureau of Indian Affairs

## 25 CFR Part 11

**RIN 1076–AE41**

## Law and Order on Indian Reservations

**AGENCY:** Bureau of Indian Affairs, Interior.

**ACTION:** Final rule and request for comments.

**SUMMARY:** The Bureau of Indian Affairs is amending its regulations that govern law and order on Indian reservations. This rule removes the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony (Western Region, Nevada) from the listing of Courts of Indian Offenses. The tribe has reassumed tribal court function and has requested their removal from the list.

**DATES:** This rule is effective on July 30, 2003. Comments must be received on or before September 29, 2003.

**ADDRESSES:** Send comments on this rule to Ralph Gonzales, Office of Tribal Services, Bureau of Indian Affairs, 1951 Constitution Avenue, NW., MS 320–SIB, Washington, DC 20240.

**FOR FURTHER INFORMATION CONTACT:** Sharlot Johnson, Tribal Government Officer, Western Regional Office, Bureau of Indian Affairs, 400 N. Fifth Street, Phoenix, Arizona, 85004, (602) 379–6786; or Ralph Gonzales, Branch of Judicial Services, Office of Tribal Services, Bureau of Indian Affairs, 1951 Constitution Avenue, NW., MS 320–SIB, Washington, DC 20240, (202) 513–7629.

**SUPPLEMENTARY INFORMATION:** The authority to issue this rule is vested in the Secretary of the Interior by 5 U.S.C. 301 and 25 U.S.C. 2 and 9; and 25 U.S.C. 13, which authorizes appropriations for ''Indian judges.'' See *Tillett* v. *Hodel,* 730 F. Supp. 381 (W.D. Okla. 1990), *aff'd,* 931 F.2d 636 (10th Cir. 1991) *United States* v. *Clapox,* 13 Sawy. 349, 35 F. 575 (D. Ore. 1888). This rule is published in exercise of the rulemaking authority delegated by the Secretary of the Interior to the Assistant Secretary—Indian Affairs.

On September 18, 2001, the Bureau of Indian Affairs (BIA) published a temporary final rule (66 FR 48085) amending its regulations contained in 25 CFR part 11 to add the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony (Western Region, Nevada) to the list of Courts of Indian Offenses. This amendment established a Court of Indian Offenses for a period not to exceed one year. On September 24, 2002, the BIA published a final rule (67 FR 59781) establishing the Court of Indian Offenses for an indefinite period. The purpose of establishing a Court of Indian Offenses at the Fallon Reservation and Colony was to protect persons, land, lives and property of people residing there until the tribe reassumed its Law and Order program. The tribe has reassumed the tribal court function and notified the BIA by Tribal Resolution No. 03–F–054 that it is operating the court in accordance with its Constitution, Article VI, Section 1(h), and requested the removal of their listing from 25 CFR 11.100(a).

### Determination To Publish a Final Rule Effective Immediately

In accordance with the requirements of the Administrative Procedure Act (5 U.S.C. 553(B)), we have determined that publishing a proposed rule would be impractical because of the risk to public safety as well as further risk of exposure of the Federal Government to a lawsuit for failure to execute diligently its trust responsibility and to provide adequate judicial services for law enforcement on trust land. For this reason, an immediate effective date is in the public interest and in the interest of the tribe not to delay implementation of this amendment. We are therefore publishing this change as a final rule with request for comments.

BIA has determined it appropriate to make the rule effective immediately by waiving the 5 U.S.C. 553(d) requirement of publication 30 days in advance of the effective date. This is because of the critical need to ensure that uninterrupted court services are provided at the Fallon Reservation and Colony. Therefore, this final rule is effective immediately.

We invite comments on any aspect of this rule and we will revise the rule if comments warrant. Send comments on this rule to the address in the **ADDRESSES** section.

### Regulatory Planning and Review (Executive Order 12866)

In accordance with the criteria in Executive Order 12866, this rule is not a significant regulatory action. OMB makes the final determination under Executive Order 12866.

(a) This rule will not have an annual economic effect of $100 million or adversely affect an economic sector, productivity, jobs, the environment, or other units of government. A cost-benefit and economic analysis is not required. The operational cost of the tribal court is estimated to be less than $200,000 annually. The cost associated with the operation of this court will be

with the Bureau of Indian Affairs and the tribe.

(b) This rule will not create inconsistencies with other agencies' actions. The Department of the Interior, through the Bureau of Indian Affairs, has responsibility and authority to ensure that there are judicial systems in place on Indian reservations to protect persons, land, lives and property of people residing there.

(c) This rule will not materially affect entitlements, grants, user fees, loan programs, or the rights and obligations of their recipients. This tribal court will not affect any program rights of the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony. Its primary function will be to administer justice for people within the tribe's reservation and colony.

(d) This rule will not raise novel legal or policy issues. Tribal governments have inherent sovereign authority to establish their own form of government, including tribal justice systems (25 U.S.C. 3601).

**Regulatory Flexibility Act**

The Department of the Interior, BIA, certifies that this rule will not have a significant economic effect on a substantial number of small entities as defined under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). An initial Regulatory Flexibility Analysis is not required. Accordingly, a Small Entity Compliance Guide is not required. The amendment to 25 CFR 11.100(a) removes the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony (Western Region, Nevada) from the listing of Courts of Indian Offenses. Accordingly, there will be no impact on any small entities.

**Small Business Regulatory Enforcement Fairness Act**

This rule is not a major rule under 5 U.S.C. 804(2), the Small Business Regulatory Enforcement Fairness Act. This rule:

(a) Does not have an annual effect on the economy of $100 million or more. This court's operating cost is estimated to be less than $200,000 annually. The cost associated with the operation of this court will be with the BIA and the tribe.

(b) Will not cause a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions. This is a court established specifically for the administration of justice for people located within the exterior boundaries of the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony and will not have any cost or price impact on any other entities in the geographical region.

(c) Does not have significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises. This is a court established specifically for the administration of justice for people located within the exterior boundaries of the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony, Fallon, Nevada, and will not have an adverse impact on competition, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises.

**Unfunded Mandates Reform Act**

In accordance with the Unfunded Mandates Reform Act (2 U.S.C. 1501 *et seq.*):

(a) This rule will not ''significantly or uniquely'' affect small governments. A Small Government Agency Plan is not required. The tribal court will not have jurisdiction to affect any rights of small governments. Its primary function will be to administer justice for people within the Fallon Indian Reservation and Colony.

(b) This rule will not produce a Federal mandate of $100 million or greater in any year; *i.e.*, it is not a ''significant regulatory action'' under the Unfunded Mandates Reform Act.

**Takings Implication Assessment (Executive Order 12630)**

In accordance with Executive Order 12630, this rule does not have significant takings implications. A takings implication assessment is not required. The amendment to 25 CFR 11.100(a) will provide for a tribal justice system with jurisdiction over people within a limited geographical area at Fallon, Nevada. Accordingly, there will be no jurisdictional basis for the tribal court to affect adversely any property interest outside of its jurisdiction.

**Federalism (Executive Order 13132)**

In accordance with Executive Order 13132, this rule does not have significant Federalism effects. A Federalism assessment is not required. This rule concerns the recognition by the Federal Government of a tribe's inherent authority to establish their own justice systems and does not infringe on states' judicial systems. If the tribe chooses, they can establish their own judicial system apart from any State or local government in accordance with 25 CFR 11.100(c). The Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony (Western Region, Nevada) is acting under the purview of this provision in reassuming the judicial function on their reservation.

**Civil Justice Reform (Executive Order 12988)**

In accordance with Executive Order 12988, it has been determined that this rule does not unduly burden the judicial system and meets the requirements of sections 3(a) and 3(b)(2) of the Order. Congress, through statutes, treaties, and the exercise of administrative authorities, has recognized the self-determination, self-reliance, and inherent sovereignty of Indian tribes to establish their own form of government, including tribal justice systems (25 U.S.C. 3601).

**Paperwork Reduction Act**

This regulation does not require an information collection under the Paperwork Reduction Act. The information collection is not covered by an existing OMB approval. An OMB form 83–I has not been prepared and has not been approved by the Office of Policy Analysis. No information is being collected as a result of this court exercising its limited jurisdiction over people within the exterior boundaries of the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony.

**National Environmental Policy Act**

We have analyzed this rule in accordance with the criteria of the National Environmental Policy Act and 516 DM. This rule does not constitute a major Federal action significantly affecting the quality of the human environment. An environmental impact statement/assessment is not required. This tribal court exercises jurisdiction over people within the exterior boundaries of the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony and does not have any impact on the environment.

**Consultation and Coordination with Indian Tribal Governments (Executive Order 13175)**

Pursuant to Executive Order 13175 of November 6, 2000, ''Consultation and Coordination with Indian Tribal Governments,'' we have evaluated potential effects on federally recognized Indian tribes and have determined that there are no potential effects. The amendment to 25 CFR 11.100(a) does not apply to any of the 562 federally recognized tribes, except the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony. The tribe is exercising its inherent sovereignty by

providing a judicial system for people within the exterior boundaries of the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony. The Department of the Interior is fulfilling its trust responsibility and complying with the unique government-to-government relationship that exists between the Federal Government and Indian tribes by assisting the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony to support this justice system.

**List of Subjects in 25 CFR Part 11**

Courts, Indians—law, Law enforcement, Penalties.

■ For the reasons stated in the preamble, we are amending part 11, chapter I of title 25 of the Code of Federal Regulations, as follows:

## PART 11—LAW AND ORDER ON INDIAN RESERVATIONS

■ 1. The authority citation for part 11 continues to read as follows:

**Authority:** 5 U.S.C. 301; R.S. 463; 25 U.S.C. 2; R.S. 465; 25 U.S.C. 9; 42 Stat. 208; 25 U.S.C. 13; 38 Stat. 586; 25 U.S.C. 200.

**§ 11.100 [Amended]**

■ 2. In § 11.100, remove paragraph (a)(15).

Dated: July 18, 2003.

**Aurene M. Martin,**

*Acting Assistant Secretary—Indian Affairs.*

[FR Doc. 03–19314 Filed 7–29–03; 8:45 am]

**BILLING CODE 4310–4J–P**

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

### 26 CFR Parts 1 and 602

**[TD 9084]**

**RIN 1545–AY27**

## Dual Consolidated Loss Recapture Events

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

**ACTION:** Final regulations.

**SUMMARY:** This document contains final regulations under section 1503(d) regarding the events that require the recapture of dual consolidated losses. These regulations are issued to facilitate compliance by taxpayers with the dual consolidated loss provisions. The regulations generally provide that certain events will not trigger recapture of a dual consolidated loss or payment of the associated interest charge. The regulations provide for the filing of certain agreements in such cases. This document also makes clarifying and conforming changes to the current regulations.

**DATES:** *Effective Dates:* These regulations are effective January 1, 2002.

**FOR FURTHER INFORMATION CONTACT:** Kenneth D. Allison or Kathryn T. Holman, (202) 622–3860 (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 of 1995 (44 U.S.C. 3507(d)) under control number 1545–1583. Responses to this collection of information are required to obtain the benefit of avoiding entering into a closing agreement with the IRS.

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

The estimated annual burden per recordkeeper varies from 1 to 3 hours, depending on individual circumstances, with an estimated average of 2 hours.

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 a collection of information must be retained as long as their contents might 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

Final regulations implementing section 1503(d) were adopted by TD 8434 (1992–C.B. 240), on September 9, 1992, and published in the **Federal Register** at 57 FR 41079 (REG–106879–00). On August 1, 2002, proposed regulations amending the final regulations, to reduce administrative burdens in certain cases, were published in the **Federal Register** at 67 FR 49892. Three written comments were received. No public hearing was requested or held. After consideration of the comments, these final regulations are adopted by this Treasury decision. The changes and clarifications made in the final regulations in response to the comments received are discussed below.

### Explanation of Provisions and Summary of Comments

Section 1503(d) generally provides that a ''dual consolidated loss'' of a domestic corporation cannot offset the taxable income of any other member of the corporation's consolidated group. The statute, however, authorizes the issuance of regulations permitting the use of a dual consolidated loss to offset the income of a domestic affiliate if the loss does not offset the income of a foreign corporation under foreign law.

Section 1.1503–2(g)(2)(i) currently permits a taxpayer to elect to use a dual consolidated loss of a dual resident corporation or separate unit to offset the income of a domestic affiliate by filing an agreement ((g)(2)(i) agreement) under which the taxpayer certifies that the dual consolidated loss has not been, and will not be, used to offset the income of another person under the laws of a foreign country. Section 1.1503–2(g)(2)(iii) provides that, in the year of a ''triggering event,'' the taxpayer must recapture and report as gross income the amount of a dual consolidated loss that is subject to the (g)(2)(i) agreement and must pay the interest charge required by paragraph (g)(2)(vii). Section 1.1503–2(g)(2)(iv)(B), however, provides that specified acquisitions are not considered to be triggering events if certain conditions are satisfied. In particular, the parties to the acquisition must enter into a closing agreement with the IRS under section 7121, and the acquiring corporation or consolidated group must file a new (g)(2)(i) agreement with

The proposed regulations provided that a triggering event generally does not occur in two types of acquisitions, without any requirement to enter into a closing agreement or file a new (g)(2)(i) agreement: (1) When an unaffiliated dual resident corporation or unaffiliated domestic owner that filed a (g)(2)(i) agreement becomes a member of a consolidated group; and (2) when a dual resident corporation, or domestic owner, that is a member of a consolidated group that filed a (g)(2)(i) agreement (the acquired group) becomes a member of another consolidated group (the acquiring group) in an acquisition, so long as each member of the acquired group that is an includible corporation under section 1504(b) is included immediately after the acquisition in a consolidated U.S. income tax return filed by the acquiring group. Instead, in