

(b) Affected ADs

None.

(c) Applicability

This AD applies to The Boeing Company Model 747-400, -400D, and -400F series airplanes, certificated in any category, as specified in Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011.

(d) Subject

Joint Aircraft System Component (JASC)/ Air Transport Association (ATA) of America Code 53, Fuselage.

(e) Unsafe Condition

This AD was prompted by reports of crown frame web cracking at left buttock line (LBL) 15.0, station (STA) 320. We are proposing this AD to prevent complete fracture of the crown frame assembly, and consequent damage to the skin and in-flight decompression of the airplane.

(f) Compliance

Comply with this AD within the compliance times specified, unless already done.

(g) Crown Frame Web Measurement

At the applicable compliance time specified in paragraph 1.E., "Compliance," of Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011, except as specified in paragraph (k)(1) of this AD, measure the thickness of the crown frame web at station (STA) 320, in accordance with the Accomplishment Instructions of Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011. For airplanes with a 0.136 to 0.145-inch-thick web, no further action is required by this AD.

(h) Detailed Inspection and Web Replacement With No Web Repair Doubler

For airplanes on which the web measures 0.078- to 0.083-inch thick during the measurement required by paragraph (g) of this AD, and on which repair doubler is not installed: At the applicable time specified in paragraph 1.E., "Compliance," of Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011, except as specified in paragraph (k)(1) of this AD, do a detailed inspection for cracks and a general visual inspection for missing fasteners of the crown frame web at STA 320; and do all applicable related investigative and corrective actions; in accordance with the Accomplishment Instructions of Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011, except as specified in paragraph (k)(2) of this AD. Do the applicable related investigative and corrective actions at the applicable times in paragraph 1.E., "Compliance," of Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011, except as specified in paragraph (k)(1) of this AD. Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011, provides options for accomplishing the actions that are required for airplanes on which no cracking is found in the crown frame web.

(i) Detailed Inspection and Web Replacement With Web Repair Doubler

For airplanes on which the web measures 0.078- to 0.083-inch thick during the measurement required by paragraph (g) of this AD, and on which a repair doubler is installed: At the applicable compliance time specified in paragraph 1.E., "Compliance," of Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011, except as specified in paragraph (k)(1) of this AD, do the actions specified in paragraphs (i)(1) and (i)(2) of this AD, and do all applicable corrective actions, in accordance with the Accomplishment Instructions of Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011, except as provided by paragraph (k)(2) of this AD. Do all applicable corrective actions before further flight.

(1) Replace the web with a new web and do all applicable related investigative actions.

(2) Do a detailed inspection for cracks in the upper or lower chord of the crown frame web at STA 320.

(j) Post-Replacement Repetitive Inspections of Replaced Web

Following any web replacement required by this AD, at the times specified in paragraph 1.E., "Compliance," of Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011: Do a detailed inspection for cracks of the web, upper chord, lower chord, and lower chord splice, and do all applicable corrective actions, in accordance with the Accomplishment Instructions of Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011, except as provided by paragraph (k)(2) of this AD. Do all applicable corrective actions before further flight. If no crack is found, repeat the inspection thereafter at the intervals specified in paragraph 1.E., "Compliance," of Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011. Accomplishment of the inspections required by AD 2009-19-05, Amendment 39-16022 (74 FR 48138, September 22, 2009), terminates the requirements of this paragraph.

(k) Exceptions to the Service Information

(1) Where Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011, specifies a compliance time "after the original issue date of the service bulletin," this AD requires compliance within the specified compliance time after the effective date of this AD.

(2) Where Boeing Service Bulletin 747-53A2784, Revision 1, dated September 14, 2011, specifies to contact Boeing for appropriate action, accomplish applicable actions before further flight using a method approved in accordance with the procedures specified in paragraph (l) of this AD.

(l) Alternative Methods of Compliance (AMOCs)

(1) The Manager, Seattle Aircraft Certification Office (ACO), FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19,

send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the manager of the ACO, send it to the attention of the person identified in the Related Information section of this AD. Information may be emailed to: 9-ANM-Seattle-ACO-AMOC-Requests@faa.gov.

(2) Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office.

(3) An AMOC that provides an acceptable level of safety may be used for any repair required by this AD if it is approved by the Boeing Commercial Airplanes Organization Designation Authorization (ODA) that has been authorized by the Manager, Seattle ACO, to make those findings. For a repair method to be approved, the repair must meet the certification basis of the airplane, and the approval must specifically refer to this AD.

(m) Related Information

(1) For more information about this AD, contact Bill Ashforth, Aerospace Engineer, Airframe Branch, ANM-120S, FAA, Seattle ACO, 1601 Lind Avenue SW., Renton, Washington 98057-3356; phone: 425-917-6432; fax: 425-917-6590; email: Bill.Ashforth@faa.gov.

(2) For service information identified in this AD, contact Boeing Commercial Airplanes, Attention: Data & Services Management, P.O. Box 3707, MC 2H-65, Seattle, Washington 98124-2207; telephone 206-544-5000, extension 1; fax 206-766-5680; email me.boecom@boeing.com; Internet <https://www.myboeingfleet.com>. You may also review the referenced service information in the docket at www.regulations.gov (refer to Docket No. FAA-2012-0498). You may review copies of the referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington. For information on the availability of this material at the FAA, call 425-227-1221.

Issued in Renton, Washington, on May 31, 2012.

Michael Kaszycki,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

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DEPARTMENT OF COMMERCE**Minority Business Development Agency****15 CFR Part 1400**

[Docket No. 120517080-2132-02]

Petition for Inclusion of the Arab-American Community in the Groups Eligible for MBDA Services

AGENCY: Minority Business Development Agency, Commerce.

ACTION: Notice of proposed rulemaking and request for comments; amendment.

SUMMARY: On May 30, 2012, the Minority Business Development Agency (MBDA) published a notice of proposed rulemaking and request for comments regarding a petition received on January 11, 2012 from the American-Arab Anti-Discrimination Committee (ADC) requesting formal designation of Arab-Americans as a minority group that is socially or economically disadvantaged pursuant to 15 CFR part 1400. The Notice includes a thirty-day comment deadline of June 29, 2012, but also states that MBDA will make a decision on the petition no later than June 27, 2012.

Due to the complexity of the subject matter, the Department finds that it is not practicable to complete an in depth review of the issues involved in the petition, give adequate consideration to all comments, and make a reasoned determination on the petition by June 27, 2012. Therefore, the Department has determined that it is necessary to extend the time in which it will make its decision on the petition until July 30, 2012. This extension will not prejudice the petitioner. The deadline for the comments on the petition remains unchanged, and continues to be June 29, 2012.

FOR FURTHER INFORMATION CONTACT: For further information about this Notice, contact Josephine Arnold, Minority Business Development Agency, 1401 Constitution Avenue NW, Room 5053, Washington, DC 20230, (202) 482-2332, and jarnold@mbda.gov.

David Hinson,

National Director, Minority Business Development Agency.

[FR Doc. 2012-14225 Filed 6-11-12; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-134042-07]

RIN 1545-BG81

Basis of Indebtedness of S Corporations to Their Shareholders

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations relating to basis of indebtedness of S corporations to their shareholders. These proposed regulations provide that S corporation

shareholders increase their basis of indebtedness of the S corporation to the shareholder only if the indebtedness is bona fide. The proposed regulations affect shareholders of S corporations. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written or electronic comments must be received by September 10, 2012. Requests to speak and outlines of topics to be discussed at the public hearing scheduled for October 8, 2012, must be received by September 10, 2012.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-134042-07), room 5203, Internal Revenue Service, PO Box 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:LPD:PR (REG-134042-07), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC, or sent electronically, via the Federal eRulemaking Portal at www.regulations.gov (IRS REG-134042-07). The public hearing will be held in the auditorium, Internal Revenue Building, 1111 Constitution Avenue NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Caroline E. Hay at (202) 622-3070; concerning the submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing, Oluwafunmilayo (Funmi) P. Taylor at (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

This document proposes amendments to § 1.1366-2 of the Income Tax Regulations. In addition, this document proposes conforming changes to the effective date rules provided in § 1.1366-5.

Under section 1366(d)(1) of the Internal Revenue Code (Code), the aggregate amount of losses and deductions that a shareholder takes into account for any taxable year cannot exceed the sum of that shareholder's adjusted basis in stock and adjusted basis of any indebtedness of the S corporation to that shareholder. The Senate Report discussing section 1374 (the predecessor statute to section 1366) illustrates Congress's intent to limit the loss that a shareholder takes into account to that shareholder's investment in the corporation; that is, to the adjusted basis of the stock in the corporation owned by the shareholder and the adjusted basis of any indebtedness of the corporation to the

shareholder. S. Rept. 1983, 85th Cong., 2d Sess. 219-220 (1958) (1958-3 CB 922, 1141).

Section 1.1366-2 provides rules relating to limitations on deduction of passthrough items of an S corporation to its shareholder. Under § 1.1366-2(a)(1), a shareholder's aggregate amount of losses and deductions taken into account under § 1.1366-1(a)(2), (3), and (4) for any taxable year of the S corporation cannot exceed that shareholder's adjusted basis in stock in the corporation and adjusted basis of any indebtedness of the corporation to that shareholder. These proposed amendments to the regulations provide that, in order to increase a shareholder's basis of indebtedness, a loan must represent bona fide indebtedness of the S corporation that runs directly to the shareholder. These proposed regulations also reaffirm that a shareholder acting as guarantor of S corporation indebtedness does not create or increase basis of indebtedness simply by becoming a guarantor.

Explanation of Provisions

Section 1366(d)(1) provides that a shareholder can take into account losses and deductions to the extent of the adjusted basis of the shareholder's stock and the adjusted basis of any indebtedness of the S corporation to the shareholder (basis of indebtedness). The Code does not define basis of indebtedness, but several court cases involving passthrough losses from an S corporation interpret section 1366 to require an investment in the S corporation that constitutes "an actual economic outlay" by the shareholder to create basis of indebtedness. See, for example, *Maloof v. Comm'r*, 456 F.3d 645, 649-650 (6th Cir. 2006); *Spencer v. Comm'r*, 110 T.C. 62, 78-79 (1998), aff'd without published opinion, 194 F.3d 1324 (11th Cir. 1999); *Hitchins v. Comm'r*, 103 T.C. 711, 715 (1994); *Perry v. Comm'r*, 54 T.C. 1293, 1296 (1970). Often, the cases involve attempts by an S corporation shareholder to obtain basis of indebtedness by borrowing from another person—typically, a related entity—and then lending the proceeds to the S corporation (a back-to-back loan transaction). Alternatively, an S corporation shareholder might seek to restructure an existing loan of the S corporation into a back-to-back loan by assuming the S corporation's liability on the loan and creating a commensurate obligation from the S corporation to the shareholder. Disputes continue to arise concerning when a back-to-back loan gives rise to an actual economic outlay,