

FAA, ATTN: Taylor Martin, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4138; fax: (816) 329-4090; has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. Before using any approved AMOC on any airplane to which the AMOC applies, notify your appropriate principal inspector (PI) in the FAA Flight Standards District Office (FSDO), or lacking a PI, your local FSDO.

(2) Airworthy Product: For any requirement in this AD to obtain corrective actions from a manufacturer or other source, use these actions if they are FAA-approved. Corrective actions are considered FAA-approved if they are approved by the State of Design Authority (or their delegated agent). You are required to assure the product is airworthy before it is returned to service.

(3) Reporting Requirements: For any reporting requirement in this AD, under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 et seq.), the Office of Management and Budget (OMB) has approved the information collection requirements and has assigned OMB Control Number 2120-0056.

#### Related Information

(h) Refer to European Aviation Safety Agency (EASA) AD No: G-2006-0003, dated February 2, 2006; and BAE SYSTEMS Jetstream Series 3100 and 3200 Service Bulletin 57-JA020740, Revision 2, dated November 2, 2005, for related information.

#### Material Incorporated by Reference

You must use BAE SYSTEMS Jetstream Series 3100 and 3200 Service Bulletin 57-JA020740, Revision 2, dated November 2, 2005, to do the actions required by this AD, unless the AD specifies otherwise.

(1) The Director of the Federal Register approved the incorporation by reference of this service information under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) For service information identified in this AD, contact BAE Systems, Prestwick International Airport, Ayrshire, KA9 2RW, Scotland.

(3) You may review copies at the FAA, Central Region, Office of the Regional Counsel, 901 Locust, Room 506, Kansas City, Missouri 64106; or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: <http://www.archives.gov/federal-register/cfr/ibr-locations.html>.

Issued in Kansas City, Missouri, on July 9, 2007.

**Sandra J. Campbell,**

*Acting Manager, Small Airplane Directorate, Aircraft Certification Service.*

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## DEPARTMENT OF HOMELAND SECURITY

### Bureau of Customs and Border Protection

#### 19 CFR Part 123

[CBP Dec. 07-53]

#### Advance Electronic Presentation of Cargo Information for Truck Carriers Required To Be Transmitted Through ACE Truck Manifest at Ports in the States of Maine and Minnesota

**AGENCY:** Customs and Border Protection, Department of Homeland Security.

**ACTION:** Final rule.

**SUMMARY:** Pursuant to section 343(a) of the Trade Act of 2002 and implementing regulations, truck carriers and other eligible parties are required to transmit advance electronic truck cargo information to Customs and Border Protection (CBP) through a CBP-approved electronic data interchange. In a previous document, CBP designated the Automated Commercial Environment (ACE) Truck Manifest System as the approved interchange and announced that the requirement that advance electronic cargo information be transmitted through ACE would be phased in by groups of ports of entry. This document announces that at all land border ports in Maine and Minnesota truck carriers will be required to file electronic manifests through the ACE Truck Manifest System.

**DATES:** Trucks entering the United States through land border ports of entry in the states of Maine and Minnesota will be required to transmit the advance information through the ACE Truck Manifest system effective October 16, 2007.

**FOR FURTHER INFORMATION CONTACT:** Mr. James Swanson, via e-mail at [james.d.swanson@dhs.gov](mailto:james.d.swanson@dhs.gov).

#### SUPPLEMENTARY INFORMATION:

##### Background

Section 343(a) of the Trade Act of 2002, as amended (the Act; 19 U.S.C. 2071 note), required that CBP promulgate regulations providing for the mandatory transmission of electronic cargo information by way of a CBP-approved electronic data interchange (EDI) system before the cargo is brought into or departs the United States by any mode of commercial transportation (sea, air, rail or truck). The cargo information required is that which is reasonably necessary to enable high-risk shipments to be identified for purposes of ensuring

cargo safety and security and preventing smuggling pursuant to the laws enforced and administered by CBP.

On December 5, 2003, CBP published in the **Federal Register** (68 FR 68140) a final rule to effectuate the provisions of the Act. In particular, a new section 123.92 (19 CFR 123.92) was added to the regulations to implement the inbound truck cargo provisions. Section 123.92 describes the general requirement that, in the case of any inbound truck required to report its arrival under section 123.1(b), if the truck will have commercial cargo aboard, CBP must electronically receive certain information regarding that cargo through a CBP-approved EDI system no later than 1 hour prior to the carrier's reaching the first port of arrival in the United States. For truck carriers arriving with shipments qualified for clearance under the FAST (Free and Secure Trade) program, section 123.92 provides that CBP must electronically receive such cargo information through the CBP-approved EDI system no later than 30 minutes prior to the carrier's reaching the first port of arrival in the United States.

#### ACE Truck Manifest Test

On September 13, 2004, CBP published a notice in the **Federal Register** (69 FR 55167) announcing a test allowing participating Truck Carrier Accounts to transmit electronic manifest data for inbound cargo through ACE, with any such transmissions automatically complying with advance cargo information requirements as provided in section 343(a) of the Trade Act of 2002. Truck Carrier Accounts participating in the test were given the ability to electronically transmit the truck manifest data and obtain release of their cargo, crew, conveyances, and equipment via the ACE Portal or electronic data interchange messaging.

A series of notices announced additional deployments of the test, with deployment sites being phased in as clusters. Clusters were announced in the following notices published in the **Federal Register**: 70 FR 30964 (May 31, 2005); 70 FR 43892 (July 29, 2005); 70 FR 60096 (October 14, 2005); 71 FR (January 24, 2006); 71 FR 23941 (April 25, 2006); 71 FR 42103 (July 25, 2006), 71 FR 77404 (December 26, 2006); 72 FR 7058 (February 14, 2007); 72 FR 14127 (March 26, 2007); and 72 FR 32135 (June 11, 2007).

CBP has now tested ACE at all of the planned ports, with the exception of Alaska. CBP expects to announce the test of the ACE truck manifest system at the land border ports in Alaska in a future notice in the **Federal Register**.

### Designation of ACE Truck Manifest System as the Approved Data Interchange System

In a notice published October 27, 2006 (71 FR 62922), CBP designated the Automated Commercial Environment (ACE) Truck Manifest System as the approved EDI for the transmission of required data and announced that the requirement that advance electronic cargo information be transmitted through ACE would be phased in by groups of ports of entry.

ACE will be phased in as the required transmission system at some ports even while it is still being tested at other ports. However, the use of ACE to transmit advance electronic truck cargo information will not be required in any port in which CBP has not first conducted the test.

The October 27, 2006, document identified all land border ports in the states of Washington and Arizona and the ports of Pembina, Neche, Walhalla, Maida, Hannah, Sarles, and Hansboro in North Dakota as the first group of ports where use of the ACE Truck Manifest System is mandated. Subsequently, CBP announced on January 19, 2007 (72 FR 2435) that, after 90 days notice, the use of the ACE Truck Manifest System will be mandatory at all land border ports in the states of California, Texas and New Mexico. On February 23, 2007 (72 FR 8109), CBP announced that, after 90 days notice, the ACE Truck Manifest System will be mandatory at all land border ports in Michigan and New York. On April 13, 2007 (72 FR 18574), CBP announced that, after 90 days notice, the ACE Truck Manifest System will be mandatory at all land border ports in Vermont and New Hampshire, and at the land border ports in North Dakota at which ACE had not been required by any previous notice. On May 8, 2007 (72 FR 25965), CBP announced that, again after 90 days notice, the ACE Truck Manifest System will be mandatory at all land border ports in the states of Idaho and Montana, as well.

### ACE Mandated at Land Border Ports of Entry in Maine and Minnesota

Applicable regulations (19 CFR 123.92(e)) require CBP, 90 days prior to mandating advance electronic information at a port of entry, to publish notice in the **Federal Register** informing affected carriers that the EDI system is in place and fully operational. Accordingly, CBP is announcing in this document that, effective 90 days from the date of publication of this notice, truck carriers entering the United States through land border ports of entry in the states of Maine and Minnesota will be

required to present advance electronic cargo information regarding truck cargo through the ACE Truck Manifest System.

Although other systems that have been deemed acceptable by CBP for transmitting advance truck manifest data will continue to operate and may still be used in the normal course of business for purposes other than transmitting advance truck manifest data, use of systems other than ACE will no longer satisfy advance electronic cargo information requirements at the ports of entry announced in this document as of October 16, 2007.

### Compliance Sequence

CBP has now either required the use of ACE for the transmission of advance electronic truck cargo information, or provided 90 days notice that it intends to do so, at every land border port in which CBP originally planned to require the use of ACE, with the exception of the land border ports in the state of Alaska.

Following the testing of the ACE truck manifest system at the land border ports in Alaska, CBP expects to announce in a **Federal Register** notice that it is providing 90 days' notice before ACE will be the mandatory transmission system for those ports as well.

Dated: July 12, 2007.

**Deborah J. Spero,**

*Acting Commissioner, Customs and Border Protection.*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[TD 9341]

RIN 1545-BE87

### Treatment of Excess Loss Accounts

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

**ACTION:** Final regulations and removal of temporary regulations.

**SUMMARY:** This document contains final regulations under section 1502. Section 1.1502-19(d) governs basis determinations and adjustments of subsidiary stock in certain transactions involving members of a consolidated group. Section 1.1502-80(c) governs the determination of when subsidiary stock is treated as worthless under section 165. These final regulations affect

affiliated groups of corporations filing consolidated returns.

**DATES:** *Effective Date:* These final regulations are effective on July 18, 2007.

*Applicability Dates:* Section 1.1502-19(d) applies to transactions occurring on or after July 18, 2007. Section 1.1502-80(c) applies to taxable years for which the original consolidated Federal income tax return is due (without extensions) after July 18, 2007.

**FOR FURTHER INFORMATION CONTACT:** For questions regarding § 1.1502-19(d), contact Theresa M. Kolish, (202) 622-7530 (not a toll-free number). For questions regarding § 1.1502-80(c), contact Theresa Abell, (202) 622-7700 (not a toll-free number).

### SUPPLEMENTARY INFORMATION:

#### Background

On January 26, 2006, the IRS and Treasury Department published a notice of proposed rulemaking (REG-138879-05, 71 FR 4319) by cross-reference to a temporary regulation under § 1.1502-19 (TD 9244, 71 FR 4264). Prior to the publication of the proposed and temporary regulations, the direction of a transaction determined whether an excess loss account would be reduced or eliminated. For example, if P had owned all the stock of S with an excess loss account of \$100 and all of the stock of T with a basis of \$150, and T had merged into S in a reorganization described in section 368(a)(1)(D) in which P received additional shares of S stock, under § 1.1502-19(d), P's excess loss account in its original shares of S stock was first eliminated. Therefore, P's original S shares would have had an aggregate basis of \$0 and P's new S shares would have had an aggregate basis of \$50. However, if S instead had merged into T in a reorganization described in section 368(a)(1)(D) in which P received additional shares of T stock, § 1.1502-19(d) would not have applied because P did not already have T shares with an excess loss account. Therefore, P's original T shares would have had a basis of \$150 and P's new T shares would have had an excess loss account of \$100.

The IRS and Treasury Department found the electivity of the rule based on the direction of the transaction to be undesirable. Accordingly, the IRS and Treasury Department added § 1.1502-19T(d), which provides that, if a member would otherwise determine shares of a class of S's stock (a new share) to have an excess loss account and such member owns one or more other shares of the same class of S's stock, the basis of such other shares is