(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**


(e) **Unsafe Condition**

This AD was prompted by reports of crown frame web cracking at left buttock line (LBL) 15.0, station (STA) 520. 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 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 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 corrective actions.

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

(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 specified in 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 to contact Boeing for authorizations, 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**


(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: 206–544–5680; email: mo.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.
DEPARTMENT OF THE TREASURY

Internal Revenue Service


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.


David Hinson, National Director, Minority Business Development Agency.

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 § 1.1366–2(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, 76–79 (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,