

(h) Compliance Times for the Requirements of Paragraph (g) of This AD

Do the actions required by paragraph (g) of this AD at the earliest of the times specified in paragraphs (h)(1), (h)(2), and (h)(3) of this AD, or within 30 days after the effective date of this AD, whichever occurs later.

(1) Before the accumulation of 5,000 total flight cycles after the date of manufacture of the airplane.

(2) Before the accumulation of 7,500 total flight hours after the date of manufacture of the airplane.

(3) Within 30 months after the date of manufacture of the airplane.

(i) Exclusion From Actions Required by Paragraph (g) of This AD

An airplane that does not have a manufacturer serial number specified in figure 1 to paragraphs (g) and (i) of this AD is excluded from the requirements of paragraph (g) of this AD, provided that, a FVP having P/N 786073-1-0 with a serial number specified in figure 2 to paragraphs (g) and (i) of this AD has not been installed on that airplane after July 2012. If a FVP having P/N 786073-1-0 with a serial number specified in figure 2 to paragraphs (g) and (i) of this AD is installed, or the serial number cannot be identified: Within 12 months after the effective date of this AD, replace the FVP with a serviceable part, in accordance with the Accomplishment Instructions of Airbus Service Bulletin A320-28-1221, Revision 02, dated January 11, 2016. A review of airplane maintenance records is acceptable if it can be conclusively determined from that review that a FVP having a serial number specified in figure 2 to paragraphs (g) and (i) of this AD has not been installed on that airplane after July 2012.

(j) Parts Installation Limitation

As of the effective date of this AD, a FVP having P/N 786073-1-0 and a serial number listed in figure 2 to paragraphs (g) and (i) of this AD may be installed on any airplane, provided the FVP is marked with "Amdt B."

(k) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs)*: The Manager, International Branch, ANM-116, Transport Airplane Directorate, 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 International Branch, send it to ATTN: Sanjay Ralhan, Aerospace Engineer, International Branch, ANM-116, Transport Airplane Directorate, FAA, 1601 Lind Avenue SW., Renton, WA 98057-3356; telephone 425-227-1405; fax 425-227-1149. Information may be emailed to: 9-ANM-116-AMOC-REQUESTS@faa.gov. 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.

(2) *Contacting the Manufacturer*: For any requirement in this AD to obtain corrective actions from a manufacturer, the action must be accomplished using a method approved by the Manager, International Branch, ANM-116, Transport Airplane Directorate, FAA; or the European Aviation Safety Agency (EASA); or Airbus's EASA Design Organization Approval (DOA). If approved by the DOA, the approval must include the DOA-authorized signature.

(3) *Required for Compliance (RC)*: If any service information contains procedures or tests that are identified as RC, those procedures and tests must be done to comply with this AD; any procedures or tests that are not identified as RC are recommended. Those procedures and tests that are not identified as RC may be deviated from using accepted methods in accordance with the operator's maintenance or inspection program without obtaining approval of an AMOC, provided the procedures and tests identified as RC can be done and the airplane can be put back in an airworthy condition. Any substitutions or changes to procedures or tests identified as RC require approval of an AMOC.

(l) Related Information

(1) Refer to Mandatory Continuing Airworthiness Information (MCAI) EASA Airworthiness Directive 2016-0114, dated June 15, 2016; corrected June 23, 2016; for related information. This MCAI may be found in the AD docket on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA-2015-7526.

(2) For service information identified in this AD, contact Airbus, Airworthiness Office—EIAS, 1 Rond Point Maurice Bellonte, 31707 Blagnac Cedex, France; telephone +33 5 61 93 36 96; fax +33 5 61 93 44 51; email account.airworth-eas@airbus.com; Internet <http://www.airbus.com>. You may view this referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, WA. For information on the availability of this material at the FAA, call 425-227-1221.

Issued in Renton, Washington, on September 26, 2016.

Dionne Palermo,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 2016-23787 Filed 10-20-16; 8:45 am]

BILLING CODE 4910-13-P

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulation.

SUMMARY: The Department of the Treasury (Treasury Department) and the IRS are issuing temporary regulations that affect corporations and partnerships that issue purported indebtedness to related corporations or partnerships in the Rules and Regulations section of this issue of the **Federal Register**. The temporary regulations provide rules addressing the treatment of instruments issued by partnerships, consolidated groups, and certain transactions involving qualified cash-management arrangements. The text of the temporary regulations also serves as the text of these proposed regulations.

DATES: Written or electronic comments and requests for a public hearing must be received by January 19, 2017.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-130314-16), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20224. 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-130314-16), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC 20224, or sent electronically via the Federal eRulemaking Portal at <http://www.regulations.gov> (IRS REG-130314-16).

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Austin M. Diamond-Jones, (202) 317-5363, or Joshua G. Rabon, (202) 317-6937; concerning submissions of comments or requests for a public hearing, Regina Johnson, (202) 317-5177 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:**Background**

The temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** contain rules under sections 385 and 752 of the Internal Revenue Code (Code) that establish requirements that ordinarily must be satisfied in order for certain related-party interests in a corporation to be treated as indebtedness for federal tax purposes. The text of the temporary regulations also serves as the text of the proposed regulations herein. The preamble to the temporary regulations explains the temporary regulations and the corresponding proposed regulations.

DEPARTMENT OF THE TREASURY**Internal Revenue Service****26 CFR Part 1**

[REG-130314-16]

RIN 1545-BN68

Treatment of Certain Interests in Corporations as Stock or Indebtedness

AGENCY: Internal Revenue Service (IRS), Treasury.

Special Analyses

I. Regulatory Planning and Review

Executive Orders 13563 and 12866 direct agencies to assess costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. Related rules in the final and temporary regulations under section 385 in TD 9790, published in the Rules and Regulations section of this issue of the **Federal Register**, have been designated a “significant regulatory action” under section 3(f) of Executive Order 12866. For a discussion of the economic impact of those final and temporary regulations, as well as these proposed regulations, please see the Regulatory Assessment accompanying TD 9790, published in the Rules and Regulations section of this issue of the **Federal Register**.

II. Regulatory Flexibility Act

Pursuant to the Regulatory Flexibility Act (5 U.S.C. Chapter 6), it is hereby certified that the final and temporary regulations in TD 9790, published in the Rules and Regulations section of this issue of the **Federal Register**, and accordingly, these proposed regulations proposed by cross-reference to the temporary regulations, will not have a significant economic impact on a substantial number of small entities. Accordingly, a regulatory flexibility analysis is not required.

To facilitate the federal tax analysis of an interest in a corporation, taxpayers are required under existing law to substantiate their classification of an interest as stock or indebtedness for federal tax purposes. Section 1.385-3 provides that certain interests in a corporation that are held by a member of the corporation’s expanded group and that otherwise would be treated as indebtedness for federal tax purposes are treated as stock. Section 1.385-3T provides that for certain debt instruments issued by a controlled partnership, the holder is deemed to transfer all or a portion of the debt instrument to the partner or partners in the partnership in exchange for stock in the partner or partners. Section 1.385-4T provides rules regarding the application of §§ 1.385-3 and 1.385-3T to members of a consolidated group. Sections 1.385-3 and 1.385-3T include

multiple exceptions that limit their application. In particular, the threshold exception provides that the first \$50 million of expanded group debt instruments that otherwise would be reclassified as stock or deemed to be transferred to a partner in a controlled partnership under § 1.385-3 or § 1.385-3T will not be reclassified or deemed transferred under § 1.385-3 or § 1.385-3T. Although it is possible that the classification rules in §§ 1.385-3, 1.385-3T, and 1.385-4T could have an effect on small entities, the threshold exception of the first \$50 million of debt instruments otherwise subject to recharacterization or deemed transfer under §§ 1.385-3, 1.385-3T, and 1.385-4T makes it unlikely that a substantial number of small entities will be affected by §§ 1.385-3T or 1.385-4T.

Pursuant to section 7805(f) of the Code, the final regulations in TD 9790, published in the Rules and Regulations section of this issue of the **Federal Register**, have been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business. Comments were received requesting that the monetary thresholds contained in proposed §§ 1.385-2, 1.385-3, and 1.385-4 be increased in order to mitigate the impact on small businesses. These comments are addressed in Parts IV.B.1.d and V.E.4 of the Summary of Comments and Explanation of Revisions in the preamble of TD 9790, published in the Rules and Regulations section of this issue of the **Federal Register**. No comments were received concerning the economic impact on small entities from the Small Business Administration.

Comments and Requests for Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the “Addresses” heading. Treasury and the IRS request comments on all aspects of the proposed rules. All comments will be available at www.regulations.gov or upon request. A public hearing will be scheduled if requested in writing by any person that timely submits electronic or written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

Drafting Information

The principal authors of these regulations are Austin M. Diamond-Jones of the Office of Associate Chief Counsel (Corporate) and Joshua G.

Rabon of the Office of Associate Chief Counsel (International). However, other personnel from the Treasury Department and the IRS participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for part 1 is amended by adding an entry in numerical order to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Section 1.385-4 also issued under 26 U.S.C. 385 and 1502.

■ **Par. 2.** Section 1.385-3 is amended by:

- 1. Revising paragraph (b)(3)(vii).
- 2. Revising paragraph (d)(4).
- 3. Revising paragraph (f).
- 4. Revising paragraphs (g)(5)–(8), (15)–(17), and (22)–(23).
- 5. Revising *Example 12* through *Example 19* in paragraph (h)(3).
- 6. Adding paragraph (k).

The revisions and additions read as follows:

§ 1.385-3 Transactions in which debt proceeds are distributed or that have a similar effect.

* * * * *

(b) * * *

(3) * * *

(vii) [The text of the proposed amendment to § 1.385-3(b)(3)(vii) is the same as the text of § 1.385-3T(b)(3)(vii) published elsewhere in this issue of the **Federal Register**.]

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(d) * * *

(4) [The text of the proposed amendment to § 1.385-3(d)(4) is the same as the text of § 1.385-3T(d)(4) published elsewhere in this issue of the **Federal Register**.]

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(f) [The text of the proposed amendment to § 1.385-3(f) is the same as the text of § 1.385-3T(f) published elsewhere in this issue of the **Federal Register**.]

(g) * * *

(5) [The text of the proposed amendment to § 1.385-3(g)(5) is the same as the text of § 1.385-3T(g)(5) published elsewhere in this issue of the **Federal Register**.]

(6) [The text of the proposed amendment to § 1.385-3(g)(6) is the

same as the text of § 1.385–3T(g)(6) published elsewhere in this issue of the **Federal Register**.

(7) [The text of the proposed amendment to § 1.385–3(g)(7) is the same as the text of § 1.385–3T(g)(7) published elsewhere in this issue of the **Federal Register**.]

(8) [The text of the proposed amendment to § 1.385–3(g)(8) is the same as the text of § 1.385–3T(g)(8) published elsewhere in this issue of the **Federal Register**.]

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(15) [The text of the proposed amendment to § 1.385–3(g)(15) is the same as the text of § 1.385–3T(g)(15) published elsewhere in this issue of the **Federal Register**.]

(16) [The text of the proposed amendment to § 1.385–3(g)(16) is the same as the text of § 1.385–3T(g)(16) published elsewhere in this issue of the **Federal Register**.]

(17) [The text of the proposed amendment to § 1.385–3(g)(16) is the same as the text of § 1.385–3T(g)(17) published elsewhere in this issue of the **Federal Register**.]

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(22) [The text of the proposed amendment to § 1.385–3(g)(22) is the same as the text of § 1.385–3T(g)(22) published elsewhere in this issue of the **Federal Register**.]

(23) [The text of the proposed amendment to § 1.385–3(g)(23) is the same as the text of § 1.385–3T(g)(23) published elsewhere in this issue of the **Federal Register**.]

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(h) * * *
(3) * * *

Example 12. [The text of the proposed amendment to § 1.385–3(h)(3), *Example 12* is the same as the text of § 1.385–3T(h)(3), *Example 12* published elsewhere in this issue of the **Federal Register**.]

Example 13. [The text of the proposed amendment to § 1.385–3(h)(3), *Example 13* is the same as the text of § 1.385–3T(h)(3), *Example 13* published elsewhere in this issue of the **Federal Register**.]

Example 14. [The text of the proposed amendment to § 1.385–3(h)(3), *Example 14* is the same as the text of § 1.385–3T(h)(3), *Example 14* published elsewhere in this issue of the **Federal Register**.]

Example 15. [The text of the proposed amendment to § 1.385–3(h)(3), *Example 15* is the same as the text of § 1.385–3T(h)(3), *Example 15* published elsewhere in this issue of the **Federal Register**.]

Example 16. [The text of the proposed amendment to § 1.385–3(h)(3), *Example 16* is the same as the text of § 1.385–3T(h)(3), *Example 16* published elsewhere in this issue of the **Federal Register**.]

Example 17. [The text of the proposed amendment to § 1.385–3(h)(3), *Example 17* is the same as the text of § 1.385–3T(h)(3),

Example 17 published elsewhere in this issue of the **Federal Register**.]

Example 18. [The text of the proposed amendment to § 1.385–3(h)(3), *Example 18* is the same as the text of § 1.385–3T(h)(3), *Example 18* published elsewhere in this issue of the **Federal Register**.]

Example 19. [The text of the proposed amendment to § 1.385–3(h)(3), *Example 19* is the same as the text of § 1.385–3T(h)(3), *Example 19* published elsewhere in this issue of the **Federal Register**.]

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(k) [The text of the proposed amendment to § 1.385–3(k) is the same as the text of § 1.385–3T(k) published elsewhere in this issue of the **Federal Register**.]

■ **Par. 3.** Section 1.385–4 is added to read as follows:

§ 1.385–4 Treatment of consolidated groups.

[The text of proposed § 1.385–4 is the same as the text of § 1.385–4T published elsewhere in this issue of the **Federal Register**.]

■ **Par. 4.** Section 1.752–2 is amended by:

- 1. Revising paragraph (c)(3).
- 2. Revising paragraph (l)(4).

The addition and revision read as follows

§ 1.752–2 Partner's share of recourse liabilities.

* * * * *

(c) * * *

(3) [The text of the proposed amendment to § 1.752–2(c)(3) is the same as the text of § 1.752–2T(c)(3) published elsewhere in this issue of the **Federal Register**.]

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(l) * * *

(4) [The text of the proposed amendment to § 1.752–2(l)(4) is the same as the text of § 1.752–2T(l)(4) published elsewhere in this issue of the **Federal Register**.]

John Dalrymple,

Deputy Commissioner for Services and Enforcement.

[FR Doc. 2016–25104 Filed 10–13–16; 5:00 pm]

BILLING CODE 4830–01–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2016–0929]

RIN 1625–AA00

Safety Zone; Willamette River, Portland, OR

AGENCY: Coast Guard, DHS.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Coast Guard proposes to establish a temporary safety zone for certain waters of the Willamette River. This action is necessary to provide for the safety of life on these navigable waters during a fireworks display on November 13, 2016. This proposed rulemaking would prohibit persons and vessels from being in the safety zone unless authorized by the Captain of the Port Sector Columbia River or a designated representative. We invite your comments on this proposed rulemaking.

DATES: Comments and related material must be received by the Coast Guard on or before November 4, 2016.

ADDRESSES: You may submit comments identified by docket number USCG–2016–0929 using the Federal eRulemaking Portal at <http://www.regulations.gov>. See the “Public Participation and Request for Comments” portion of the **SUPPLEMENTARY INFORMATION** section for further instructions on submitting comments.

FOR FURTHER INFORMATION CONTACT: If you have questions about this proposed rulemaking, call or email Mr. Kenneth Lawrenson, Waterways Management Division, U.S. Coast Guard; telephone 503–240–9319, email msupdxwwm@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR—Code of Federal Regulations
DHS Department of Homeland Security
FR **Federal Register**
NPRM Notice of proposed rulemaking
§ Section
U.S.C. United States Code

II. Background, Purpose, and Legal Basis

On September 22, 2016, Western Display Fireworks, Ltd., notified the Coast Guard that it will be conducting a fireworks display from 7 p.m. to 7:30 p.m. on November 13, 2016, for a celebration of life of recently deceased Donald W. Gardner. The fireworks are to be launched from a barge in the Willamette River between the Burnside and Steel Bridges. Hazards from firework displays include accidental discharge of fireworks, dangerous projectiles, and falling hot embers or other debris. The Captain of the Port Sector Columbia River (COTP) has determined that potential hazards associated with the fireworks to be used in this display would be a safety concern for anyone within a 450-yard radius of the barge.