

remove the tail rotor blade and replace it with an airworthy tail rotor blade before further flight.

(e) Within 24 hours after completing the requirements of this Emergency AD, report the information requested in Appendix A for all tail rotor blades listed in the Applicability section, including the tail rotor blades that were removed as a result of this AD. Report the information to: Manager, Los Angeles Aircraft Certification Office, ATTN: Fred Guerin, 3960 Paramount Blvd., Lakewood, California 90712, telephone (562) 627-5232. Reports may also be faxed to (562) 627-5210 or emailed to fred.guerin@faa.gov.

(f) Information collection requirements contained in this AD have been approved by the Office of Management and Budget (OMB) under the provisions of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*) and have been assigned OMB Control Number 2120-0056.

(g) To request a different method of compliance or a different compliance time for this AD, follow the procedures in 14 CFR 39.19. Contact the Los Angeles Aircraft Certification Office, Transport Airplane Directorate, FAA, for information about previously approved alternative methods of compliance.

(h) This amendment becomes effective on July 17, 2003, to all persons except those persons to whom it was made immediately effective by Emergency AD 2003-08-51, issued April 15, 2003, which contained the requirements of this amendment.

Appendix A—Tail Rotor Blade Inspection (Sample Format)

Send within 24 hours to:

Manager, Los Angeles Aircraft Certification Office, ATTN: Fred Guerin, 3960 Paramount Blvd., Lakewood, California 90712.

Fax: (562) 627-5210.

Email: fred.guerin@faa.gov.

Date:

Operator or Company Name:

Name of Contact Person:

Address:

Telephone:

Fax:

Aircraft Serial Number:

Aircraft Registration Number:

Estimated average flight hours per year:

T/R Blade Part Number: Serial Number:

Total Time:

Crack found? (Yes/No): Corrosion Found? (Yes/No)

T/R Blade Part Number: Serial Number:

Total Time:

Crack found? (Yes/No): Corrosion Found? (Yes/No)

T/R Blade Part Number: Serial Number:

Total Time:

Crack found? (Yes/No): Corrosion Found? (Yes/No)

T/R Blade Part Number: Serial Number:

Total Time:

Crack found? (Yes/No): Corrosion Found? (Yes/No)

Comments/Additional Information:

Issued in Fort Worth, Texas, on June 3, 2003.

Mark R. Schilling,

*Acting Manager, Rotorcraft Directorate,
Aircraft Certification Service.*

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9066]

RIN 1545-BA79

Outbound Liquidations Into Foreign Corporations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations that provide guidance regarding the application of section 367(e)(2) to certain outbound liquidations. The regulations amend the anti-abuse rule by narrowing the scope of the rule to apply only to outbound transfers to a foreign corporation in a complete liquidation of a domestic corporation in which a principal purpose of the liquidation is the avoidance of U.S. tax. The regulations also clarify the application of the anti-abuse rule.

DATES: Effective Date: July 2, 2003.

Applicability Date: These regulations apply to distributions occurring on or after September 7, 1999, or, if the taxpayer has elected to apply the final regulations issued pursuant to TD 8834 to such distributions, to distributions in taxable years ending after August 8, 1999.

FOR FURTHER INFORMATION CONTACT: Milton M. Cahn, (202) 622-3860 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On August 9, 1999, the IRS and Treasury published final regulations (TD 8834 in the **Federal Register** at 64 FR 43072) under section 367(e)(2) regarding distributions of property in a complete liquidation under section 332 by a domestic corporation to a foreign parent corporation (outbound liquidation) and by a foreign corporation to a foreign parent corporation (foreign-to-foreign liquidations). On November 20, 2002, the IRS and Treasury published a notice of proposed rulemaking (REG-127380-

02 in the **Federal Register** at 67 FR 70031) that would amend an anti-abuse rule in the final regulations to limit its application only to outbound liquidations of domestic corporations, and to clarify what constitutes a principal purpose of tax avoidance for purposes of the anti-abuse rule.

Explanation of Provisions

The final regulations published in 1999 included an anti-abuse rule providing that the Commissioner may require a foreign or domestic liquidating corporation to recognize gain (or treat the liquidating corporation as if it had recognized a loss) on a liquidating distribution if a principal purpose of the liquidation is the avoidance of U.S. tax. § 1.367(e)-2(d). The notice of proposed rulemaking proposed amending the anti-abuse rule under § 1.367(e)-2(d) to limit the application of this rule to outbound liquidations of domestic corporations. The notice of proposed rulemaking also proposed clarifying what constitutes a principal purpose for purposes of the anti-abuse rules in § 1.367(e)-2(d) and § 1.367(e)-2(b)(2)(iii)(C)(1). One written comment responding to the notice of proposed rulemaking was received, but this comment did not request any changes. The public hearing was canceled because no requests were received to speak at the hearing. Accordingly, the proposed regulations are adopted by this Treasury decision without change.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to this regulation, and because the regulation does not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply.

Drafting Information

The principal author of these final regulations is Aaron A. Farmer of the Office of the Associate Chief Counsel (International), IRS. However, other personnel from the Treasury and the IRS participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.