date of this AD, whichever occurs later. Where the threshold column in the table in paragraph B, Mandatory Maintenance Operations, of Chapter 5–40–01, Airworthiness Limitations, Revision 10, dated January 1, 2019, of the Dassault Aviation Falcon 20 Maintenance Manual specifies a compliance time in years, those compliance times start from the date of issuance of the original airworthiness certificate or the original export certificate of airworthiness. Accomplishing the actions required by this paragraph terminates the actions required by paragraph (g) of this AD.

(j) New No Alternative Actions or Intervals

After the existing maintenance or inspection program has been revised as required by paragraph (i) of this AD, no alternative actions (*e.g.,* inspections) or intervals may be used unless the actions or intervals are approved as an AMOC in accordance with the procedures specified in paragraph (l)(1) of this AD.

(k) Terminating Actions for Certain Actions in AD 2010–26–05

Accomplishing the actions required by paragraph (g) or (i) of this AD terminates the requirements of paragraph (g)(1) of AD 2010–26–05, for Dassault Aviation Model FAN JET FALCON, FAN JET FALCON SERIES C, D, E, F, and G airplanes.

(l) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, International Section, Transport Standards Branch, 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 Section, send it to the attention of the person identified in paragraph (m)(2) of this AD. Information may be emailed to *9-ANM-116-AMOC-REQUESTS@faa.gov.*

(i) 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.

(ii) AMOCs approved previously for AD 2019–03–14 are approved as AMOCs for the corresponding provisions of this AD.

(2) *Contacting the Manufacturer:* As of the effective date of this AD, 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 Section, Transport Standards Branch, FAA; or the European Union Aviation Safety Agency (EASA); or Dassault Aviation's EASA Design Organization Approval (DOA). If approved by the DOA, the approval must include the DOA-authorized signature.

(m) Related Information

(1) Refer to Mandatory Continuing Airworthiness Information (MCAI) EASA AD 2019–0142, dated June 17, 2019, 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–2019–0860.

(2) For more information about this AD, contact Tom Rodriguez, Aerospace Engineer, International Section, Transport Standards Branch, FAA, 2200 South 216th St., Des Moines, WA 98198; telephone and fax 206–231–3226.

(3) For service information identified in this AD, contact Dassault Falcon Jet Corporation, Teterboro Airport, P.O. Box 2000, South Hackensack, NJ 07606; telephone 201–440–6700; internet *https://www.dassaultfalcon.com.* You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Issued in Des Moines, Washington, on October 29, 2019.

Dionne Palermo,

Acting Director, System Oversight Division, Aircraft Certification Service.

[FR Doc. 2019–23990 Filed 11–1–19; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–123112–19]

RIN 1545–BP51

The Treatment of Certain Interests in Corporations as Stock or Indebtedness

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: This document announces that the Department of the Treasury (Treasury Department) and the IRS intend to issue proposed regulations regarding the treatment of certain interests in corporations as stock or indebtedness and requests comments from the public regarding the contemplated rules. This document also announces that, following the expiration of the 2016 Temporary Regulations (described in the Background section of this advance notice of proposed rulemaking), a taxpayer may rely on the 2016 Proposed Regulations (also described in the Background) until further notice is given in the **Federal Register**, provided that the taxpayer consistently applies the rules in the 2016 Proposed Regulations in their entirety.

DATES: Written or electronic comments must be received by February 3, 2020.

ADDRESSES: Submit electronic submissions via the Federal eRulemaking Portal at *https://www.regulations.gov* (indicate IRS and REG–123112–19) by following the online instructions for submitting comments. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Treasury Department and the IRS will publish for public availability any comment received to its public docket, whether submitted electronically or in hard copy. Send hard copy submissions to: CC:PA:LPD:PR (REG–123112–19), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposals, Azeka J. Abramoff at (202) 317–6938; concerning submissions of comments, Regina Johnson at (202) 317–6901 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

I. Overview

Section 385 authorizes the Secretary of the Treasury or his delegate (Secretary) to prescribe rules to determine whether an interest in a corporation is treated as stock or indebtedness (or as in part stock and in part indebtedness). On October 21, 2016, the Treasury Department and the IRS published T.D. 9790 in the **Federal Register** (81 FR 72858), which included final regulations under section 385 and temporary regulations under section 385 (Temporary Regulations). On the same date, the Treasury Department and the IRS also published a notice of proposed rulemaking (REG–130314–16) in the **Federal Register** (81 FR 72751) (2016 Proposed Regulations) by cross-reference to the Temporary Regulations, which include §§ 1.385–3T and 1.385–4T. Technical corrections to the final regulations and the Temporary Regulations were published in the **Federal Register** (82 FR 8169) on January 24, 2017.

The final regulations under section 385, the Temporary Regulations, and the 2016 Proposed Regulations address the classification of certain related-party debt as debt or equity for Federal tax purposes. Treasury Decision 9790 included rules set forth in § 1.385–2, which establish minimum documentation requirements that ordinarily must be satisfied in order for debt obligations among related parties to be treated as debt for Federal tax purposes (Documentation Regulations). Treasury Decision 9790 also included §§ 1.385–3, 1.385–3T, and 1.385–4T, which treat as stock certain debt that is issued by a corporation to a controlling

shareholder in a distribution or in another related-party transaction that achieves an economically similar result (the Distribution Regulations). The Distribution Regulations are applicable for taxable years ending on or after January 19, 2017.

The Temporary Regulations set forth rules regarding the treatment under the Distribution Regulations of certain qualified short-term debt instruments, transactions involving controlled partnerships, and transactions involving consolidated groups. The Temporary Regulations apply to taxable years ending on or after January 19, 2017. The Temporary Regulations expired on October 13, 2019. See section 7805(e); § 1.385–3T(l); § 1.385–4T(h).

The 2016 Proposed Regulations cross-referencing the Temporary Regulations are proposed to apply to taxable years ending on or after January 19, 2017; in contrast to the Temporary Regulations, the 2016 Proposed Regulations do not expire.

II. Executive Order 13789

Executive Order 13789 (E.O. 13789), issued on April 21, 2017, instructed the Secretary to review all significant tax regulations issued on or after January 1, 2016, and to take concrete action to alleviate the burdens of regulations that (i) impose an undue financial burden on U.S. taxpayers; (ii) add undue complexity to the Federal tax laws; or (iii) exceed the statutory authority of the IRS. E.O. 13789 further instructed the Secretary to submit to the President within 60 days a report (First Report) that identifies regulations that meet these criteria. Notice 2017–38, 2017–30 I.R.B. 147, which was published on July 24, 2017, included the final section 385 regulations in a list of eight regulations identified by the Secretary in the First Report as meeting at least one of the first two criteria specified in E.O. 13789.

E.O. 13789 further instructed the Secretary to submit to the President a report (Second Report) that recommended specific actions to mitigate the burden imposed by regulations identified in the First Report. On October 16, 2017, the Secretary published in the **Federal Register** the Second Report (82 FR 48013), which stated that (i) the Treasury Department and the IRS were considering a proposal to revoke the Documentation Regulations as issued and (ii) the Treasury Department will reassess the distribution regulations in light of impending tax reform and the Treasury Department and the IRS may then propose more streamlined and targeted regulations. On September 24, 2018, the Treasury Department and the IRS issued proposed regulations that, if finalized, would remove the Documentation Regulations from the Code of Federal Regulations. See 83 FR 48265 (September 24, 2018). The Treasury Department and the IRS are publishing in the Rules section of this issue of the **Federal Register** final regulations that remove the Documentation Regulations.

Some taxpayers submitted comments in response to E.O. 13789 and the September 2018 proposed regulations recommending that the Treasury Department and the IRS revoke the Distribution Regulations in addition to the Documentation Regulations, while another comment recommended that the Treasury Department and the IRS issue more streamlined and targeted Distribution Regulations. This advance notice of proposed rulemaking announces that the Treasury Department and the IRS intend to propose more streamlined and targeted Distribution Regulations.

III. The Distribution Regulations

Under the Distribution Regulations' general rule, the issuance of a debt instrument by a member of an expanded group to another member of the same expanded group in a distribution, or an economically similar transaction, may result in the treatment of the debt instrument as stock. See § 1.385–3(b)(2). The Distribution Regulations include a funding rule that treats as stock a debt instrument that is issued as part of a series of transactions that achieves a result similar to a distribution of a debt instrument. See § 1.385–3(b)(3)(i). Specifically, § 1.385–3(b) treats as stock a debt instrument that was issued in exchange for property, including cash, to fund a distribution to an expanded group member or another transaction that achieves an economically similar result. Id. Furthermore, the Distribution Regulations include a per se rule, which treats a debt instrument as funding a distribution to an expanded group member or other transaction with a similar economic effect if it was issued in exchange for property during the period beginning 36 months before and ending 36 months after the issuer of the debt instrument made the distribution or undertook a transaction with a similar economic effect. See § 1.385–3(b)(3)(iii). The Distribution Regulations also include several exceptions limiting their scope. See, *e.g.,* § 1.385–3(c).

The Distribution Regulations address debt instruments that do not finance any new investment in the operations of the borrower and therefore have the potential to create significant Federal tax benefits, including interest deductions that erode the U.S. tax base, without having meaningful non-tax significance. The Treasury Department and the IRS are cognizant that a complete withdrawal of the Distribution Regulations could restore incentives for multinational corporations to generate additional interest deductions without new investment. Accordingly, the Treasury Department and the IRS have determined that the Distribution Regulations continue to be necessary at this time.

Explanation of Contemplated Regulations

Pursuant to E.O. 13789, the Treasury Department and the IRS intend to issue proposed regulations modifying the Distribution Regulations. To make the Distribution Regulations more streamlined and targeted, the Treasury Department and the IRS intend to issue proposed regulations substantially modifying the funding rule, including by withdrawing the per se rule. The Treasury Department and the IRS intend that the proposed regulations would not treat a debt instrument as funding a distribution or economically similar transaction solely because of their temporal proximity; rather, the proposed regulations would apply the funding rule to a debt instrument only if its issuance has a sufficient factual connection to a distribution to a member of the taxpayer's expanded group or an economically similar transaction (for example, when the funding transaction and distribution or economically similar transaction are pursuant to an integrated plan). Thus, under the proposed regulations, a debt instrument issued without such a connection to a distribution or similar transaction would not be treated as stock. As a result, the proposed distribution regulations would be more streamlined and targeted while continuing to deter tax-motivated uneconomic activity. As part of the intended revisions of the funding rule, the Treasury Department and the IRS also are considering substantial revisions to, or removal of, certain exceptions in the regulations, consistent with the revised standard. The proposed distribution regulations would not alter materially the definition of a covered member (defined in § 1.385–1(c)(2) as a member of an expanded group that is a domestic corporation).

Proposed Applicability Date

The Treasury Department and the IRS intend to provide that the proposed regulations would apply to taxable years beginning on or after the date of publication of the Treasury decision

adopting those rules as final regulations in the **Federal Register**.

Reliance on the 2016 Proposed Regulations

For periods after October 13, 2019 (the expiration date of the Temporary Regulations), a taxpayer may rely on the 2016 Proposed Regulations until further notice is given, provided that the taxpayer consistently applies the rules in the 2016 Proposed Regulations in their entirety.

Request for Comments

The Treasury Department and the IRS request comments on all aspects of the rules described in part III of this advance notice of proposed rulemaking. In particular, the Treasury Department and the IRS request comments on the appropriate standard for determining the existence of a connection between a debt instrument and a distribution or economically similar transaction under the funding rule. For example, the funding rule could apply solely in cases in which a debt instrument is issued as part of an overall plan to fund the distribution or economically similar transaction. The Treasury Department and the IRS also request comments on whether the proposed regulations should include particular factors that indicate when the funding rule applies and factors that indicate when the funding rule does not apply. The Treasury Department and the IRS also request comments on what additional guidance, if any, should be issued (or which provisions should be eliminated from the final regulations) to reduce the compliance burdens associated with the Distribution Regulations. The Treasury Department and the IRS also request comments on how the Distribution Regulations may affect small businesses. All comments will be available at *http://www.regulations.gov* or upon request.

Effect on Other Documents

Notice 2019–58, 2019–44 I.R.B. 1022 (October 28, 2019), which addresses the status of the 2016 Proposed Regulations after October 13, 2019, is obsoleted.

Statement of Availability

IRS Notices and other guidance cited in this document are published in the Internal Revenue Bulletin and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at *https://www.irs.gov*.

Drafting Information

The principal author of this advance notice of proposed rulemaking is Azeka J. Abramoff of the Office of Associate Chief Counsel (International). However, other personnel from the Treasury Department and the IRS participated in its development.

Sunita Lough,

Deputy Commissioner for Services and Enforcement.

[FR Doc. 2019–23819 Filed 10–31–19; 4:15 pm]

BILLING CODE 4830–01–P

DEPARTMENT OF THE TREASURY

31 CFR Part 150

RIN 1505–AC59

Assessment of Fees on Certain Bank Holding Companies and Nonbank Financial Companies Supervised by the Federal Reserve Board To Cover the Expenses of the Financial Research Fund

AGENCY: Departmental Offices, Treasury.

ACTION: Proposed rule.

SUMMARY: The Department of the Treasury (''Treasury'') is requesting comment on a proposed rule to implement section 401 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (the ''Economic Growth Act''), which amends section 155 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the ''Dodd-Frank Act''). As amended, section 155 requires the Secretary of the Treasury to establish, by regulation, an assessment schedule applicable to bank holding companies with total consolidated assets of $250 billion or greater and nonbank financial companies supervised by the Board of Governors of the Federal Reserve System (''the Board''), to collect assessments equal to the total expenses of the Office of Financial Research (the ''OFR''). The Department is also proposing other amendments to the part to simplify the method for determining the amount of total assessable assets for foreign banking organizations, which have been made possible by the introduction of a new regulatory data source.

DATES: Comments must be received by December 4, 2019.

ADDRESSES: Submit comments electronically through the Federal eRulemaking Portal at *http://www.regulations.gov,* or by mail to: U.S. Department of the Treasury, Office of Financial Research, Attn: John Zitko, 717 14th Street NW, Washington, DC 20220. Because mail in the Washington, DC area may be subject to delay, it is recommended that comments be submitted electronically. Please include your name, affiliation, address, email address, and telephone number in your comment. Comments will be available for public inspection on *www.regulations.gov.* In general, all comments received, including attachments and other supporting materials, are part of the public record and will be made available to the public. Do not submit any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT: John Zitko, Senior Counsel, OFR, (202) 927–8372, *john.zitko@ofr.treasury.gov*.

SUPPLEMENTARY INFORMATION:

I. Background

Section 155(d) of the Dodd-Frank Act directs the Secretary of the Treasury to establish, by regulation, and with the approval of the Financial Stability Oversight Council (the ''Council''), an assessment schedule to collect assessments from certain companies equal to the total expenses of the OFR. Included in the OFR's expenses are expenses of the Council, pursuant to section 118 of the Dodd-Frank Act, and certain expenses of the Federal Deposit Insurance Corporation (the ''FDIC''), pursuant to section 210 of the Dodd-Frank Act. Section 401 of the Economic Growth Act, Public Law 115–174, also provides that any bank holding company, regardless of asset size, that has been identified as a global systemically important bank (''G–SIB'') under § 217.402 of title 12, Code of Federal Regulations, shall be considered a bank holding company with total consolidated assets equal to or greater than $250 billion for purposes of section 155(d) of the Dodd-Frank Act. On May 21, 2012, Treasury published a final regulation implementing section 155(d) in the **Federal Register**, codified at 31 CFR part 150 (the ''Original Rules''). Before the enactment of the Economic Growth Act, pursuant to section 155(d) and the implementing regulation, Treasury collected assessments from bank holding companies with total consolidated assets of $50,000,000,000 or greater and nonbank financial companies supervised by the Board.

On May 24, 2018, the Economic Growth Act was signed into law. Section 401(c)(1) of the Economic Growth Act replaced the $50 billion reference in section 155(d) of the Dodd-Frank Act with $250 billion. In addition, section 401(f) of the Economic Growth Act required any bank holding company identified as a G–SIB pursuant