

(b) of this AD, and the actions in paragraph (d) of this AD.

#### No Reporting Requirements

(f) Although the Accomplishment Instructions of Airbus Service Bulletin A330-53-3135, Revision 01, dated July 7, 2003; and Airbus Service Bulletin A340-53-4141, Revision 02, dated August 13, 2004; describe procedures for submitting certain information to the manufacturer, this AD does not require those actions.

#### Alternative Methods of Compliance

(g) In accordance with 14 CFR 39.19, the Manager, International Branch, ANM-116, FAA, Transport Airplane Directorate, is authorized to approve alternative methods of compliance for this AD.

**Note 1:** The subject of this AD is addressed in French airworthiness directives 2003-205(B), dated May 28, 2003; and 2003-206(B), dated May 28, 2003.

Issued in Renton, Washington, on November 10, 2004.

**Ali Bahrami,**

Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 04-25793 Filed 11-19-04; 8:45 am]

BILLING CODE 4910-13-P

## DEPARTMENT OF COMMERCE

### Bureau of Industry and Security

#### 15 CFR Part 700

[Docket No. 041026293-4293-01]

RIN 0694-AD35

#### Defense Priorities and Allocations System: Electronic Transmission of Reasons for Rejecting Rated Orders

**AGENCY:** Bureau of Industry and Security, Department of Commerce.

**ACTION:** Proposed rule.

**SUMMARY:** This proposed rule would amend the Defense Priorities and Allocations System (DPAS) regulations to allow a person who has rejected a rated order to give his or her reasons for the rejection through electronic means rather than requiring the person to submit the rationale in writing.

**DATES:** Comments must be received on or before December 22, 2004.

**ADDRESSES:** Written comments should be sent to the Federal eRulemaking Portal: <http://www.regulations.gov> or to William J. Denk, Director of the Defense Programs Division, Office of Strategic Industries and Economic Security, Room 3876, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; Fax: (202) 482-5650, or e-mail: [wdenk@bis.doc.gov](mailto:wdenk@bis.doc.gov).

**FOR FURTHER INFORMATION CONTACT:** Mr. Stephen Baker, Office of Strategic Industries and Economic Security, telephone: (202) 482-2017 or e-mail: [sbaker@bis.doc.gov](mailto:sbaker@bis.doc.gov).

**SUPPLEMENTARY INFORMATION:** Under Title I of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061 *et seq.*), the President is authorized to require preferential acceptance and performance of contracts or orders supporting certain approved national defense and energy programs, and to allocate materials, services, and facilities in such a manner as to promote these approved programs. Additional priorities authority is found in section 18 of the Selective Service Act of 1948 (50 U.S.C. App. 468), 10 U.S.C. 2538, and 50 U.S.C. 82. DPAS authority has also been extended to support emergency preparedness activities under Title VI of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (45 U.S.C. 5915 *et seq.*).

Originally published in 1984, the DPAS regulations were revised on June 11, 1998 (63 FR 31918), to update, streamline, and clarify a number of provisions. The purpose of the DPAS is to assure the timely availability of industrial resources to meet current national defense and emergency preparedness program requirements, including critical infrastructure protection and restoration, as well as provide an operating system to support rapid industrial response in a national emergency. In pursuit of the DPAS mission, the Department of Commerce endeavors to minimize disruptions to the normal commercial activities of industry.

The Bureau of Industry and Security (BIS) is proposing to amend the regulations that require persons to transmit rejections of DPAS rated orders in writing to allow these transmissions to be made electronically. Industry has asserted that the current procedure hampers efficiency. As a result, BIS proposes to amend 15 CFR 700.13(d)(1) to allow a person the option of transmitting his or her rationale for rejecting a rated order electronically to the appropriate contracting officer or agency. If this rule is adopted, a person would be able to transmit his or her rationale for rejection either electronically or in writing. This amendment to the DPAS regulations should allow this information to be transmitted more quickly.

#### Rulemaking Requirements

1. *Executive Order 12866:* This rule has been determined to be not significant under EO 12866.

2. *Executive Order 13132:* This rule does not contain policies with Federalism implications as this term is defined in EO 13132.

3. *Paperwork Reduction Act:* This rule contains collection of information requirements subject to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (PRA).

Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with a collection of information, subject to the requirements of the PRA unless that collection of information displays a currently valid Office of Management and Budget (OMB) control number. Comments may be sent to Mr. Stephen Baker, Office of Strategic Industries and Economic Security; fax: (202) 482-5650; e-mail: [sbaker@bis.doc.gov](mailto:sbaker@bis.doc.gov). These collections have been approved by the OMB under control number 0694-0092, "Procedures for Acceptance or Rejection of a Rated Order," which carries a burden hour estimate of 1 to 15 minutes per response. Send comments regarding these burden estimates or any other aspect of these collections of information, including suggestions for reducing the burden, to David Rostker, OMB Desk Officer, by e-mail at [david\\_rostker@omb.eop.gov](mailto:david_rostker@omb.eop.gov) or by fax to (202) 395-7285; and to the Regulatory Policy Division, Bureau of Industry and Security, Department of Commerce, P.O. Box 273, Washington, DC 20044.

4. *Regulatory Flexibility Act:* The Chief Counsel for Regulation of the Department of Commerce has certified to the Counsel for Advocacy of the Small Business Administration that this rule would not have a significant economic impact on a substantial number of small entities (*i.e.*, companies or other organizations involved in production for the U.S. defense industrial base).

This rule would amend DPAS regulations to allow a person who has rejected a rated order to give his or her reasons for the rejection through electronic means rather than requiring the person to submit the rationale in writing. Previously, BIS required the rationale for rejection be transmitted in writing, not electronically. This change will reduce the burden on industry for staff time and postage and improve the efficiency of small business record keeping. Those small businesses without electronic capability will

continue to be able to submit their rejection rationale in writing.

It is estimated that 25 percent (or 1,750) of the 7,000 DPAS respondents tasked with notifying their customer of their rationale for rejection are small entities affected by this rule. This estimate is based on data provided by the Department of Defense (DoD)<sup>1</sup> on the number of entities participating in the DPAS program. DoD estimates that one percent (or 7,000) of 700,000 rated orders result in rejection notices and require the related transmittal of the rationale for rejection.

This rule would have a minor positive impact on the small entities affected by this rule. It would save these entities approximately five minutes per response (or 146 hours annually) in reduced public burden. Because the impact to small entities would be small, I certify that this rule would not have a significant economic impact on a substantial number of small entities. This amendment does not include any new reporting or recordkeeping requirements and will not duplicate, overlap or conflict with other laws or regulations.

#### List of Subjects in 15 CFR Part 700

Administrative practice and procedure, Business and industry, Government contracts, National defense, Reporting and recordkeeping requirements, Strategic and critical materials.

Accordingly, the DPAS regulations (15 CFR part 700) are proposed to be amended as follows:

#### PART 700—[AMENDED]

1. The authority citation is revised to read as follows:

**Authority:** Titles I and VII of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061, *et seq.*), Title VI of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5195 *et seq.*), and Executive Order 12919, as amended, 59 FR 29525, 3 CFR, 1994 Comp., p. 901, as amended by Executive Order 13286, 68 FR 10619, 3 CFR, 2003 Comp., p. 166; section 18 of the Selective Service Act of 1948 (50 U.S.C. App. 468), 10 U.S.C. 2538, 50 U.S.C. 82, and Executive Order 12742, 56 FR 1079, 3 CFR, 1991 Comp., p. 309; and

<sup>1</sup> Consistent with section 201(b) of Executive Order 12919, the Department of Commerce has delegated authority to DoD to use the DPAS regulations for priority rating of contracts and orders for all materials, services, and facilities needed in support of approved programs with respect to military production and construction, military assistance to foreign nations, stockpiling, outer space, and directly related activities. See Department of Commerce DPAS Delegation #1 (July 1, 1998). DoD is the single largest user of the DPAS regulations.

Executive Order 12656, 53 FR 226, 3 CFR, 1988 Comp., p. 585.

2. Revise § 700.13(d)(1) to read as follows:

#### § 700.13 Acceptance and rejection of rated orders.

\* \* \* \* \*

(d) Customer notification requirements. (1) A person must accept or reject a rated order and transmit the acceptance or rejection in writing (hard copy), or in electronic format, within fifteen (15) working days after receipt of a DO rated order and within ten (10) working days after receipt of a DX rated order. If the order is rejected, the person must also provide the reasons for the rejection, pursuant to paragraphs (b) and (c) of this section, in writing (hard copy) or electronic format.

\* \* \* \* \*

Dated: November 12, 2004.

**Peter Lichtenbaum,**

*Assistant Secretary for Export Administration.*

[FR Doc. 04-25718 Filed 11-19-04; 8:45 am]

BILLING CODE 3510-33-P

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-145535-02]

RIN 1545-BB85

#### Guidance Regarding Predecessors and Successors Under Section 355(e); Limitation on Gain Recognition Under Section 355(e)

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

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** This document contains proposed regulations that define the terms predecessor and successor for purposes of section 355(e). These proposed regulations provide guidance in determining whether a corporation is a predecessor or successor of a distributing or controlled corporation, as well as rules to assist taxpayers in determining whether an acquisition of an interest in a corporation would cause a distributing corporation to recognize gain under section 355(e). These proposed regulations affect corporations that distribute the stock of controlled corporations in distributions described in section 355.

**DATES:** Written or electronic comments and requests for a public hearing must be received by February 22, 2005.

**ADDRESSES:** Send submissions to: CC:PA:LPD:PR (REG-145535-02), 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-145535-02), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC, or sent electronically, via the IRS Internet site at <http://www.irs.gov/regs> or via the Federal eRulemaking Portal at <http://www.regulations.gov> (IRS-REG-145535-02).

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations, Krishna P. Vallabhaneni at (202) 622-7550; concerning submissions of comments or requests for a hearing, Robin R. Jones, (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

#### Background and Explanation of Provisions

This document contains proposed regulations under section 355(e) of the Internal Revenue Code of 1986. Section 355(e), enacted as part of the Taxpayer Relief Act of 1997 (Pub. L. 105-34, 111 Stat 788 (1997)), provides that stock of a controlled corporation (Controlled) generally will not be treated as qualified property under section 355(c)(2) or 361(c)(2) if the Controlled stock is distributed as part of a plan (or series of related transactions) pursuant to which one or more persons acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation (Distributing) or Controlled. On April 26, 2002, the Internal Revenue Service (IRS) and the Treasury Department published temporary regulations (TD 8988) in the **Federal Register** (67 FR 20632) under section 355(e) providing guidance regarding whether a distribution and an acquisition of Distributing or Controlled are part of a "plan (or series of related transactions)." See *Treas. Reg. § 1.355-7T*. Section 355(e)(4)(D) provides that, for purposes of section 355(e), "any reference to a controlled corporation or a distributing corporation shall include a reference to any predecessor or successor of such corporation."

Practitioners have commented that guidance regarding the definitions of predecessor and successor is desirable. Therefore, these regulations propose definitions of predecessor and successor, rules for determining whether there has been an acquisition of a predecessor of Distributing, Distributing, or Controlled in certain