

Section 472.—Last-in, First-out Inventories

26 CFR 1.472-1: Last-in, first-out inventories.

LIFO; price indexes; department stores. The May 1996 Bureau of Labor Statistics price indexes are accepted for use by department stores employing the retail inventory and last-in, first-out inventory methods for valuing inventories for tax years ended on, or with reference to, May 31, 1996.

Rev. Rul. 96-36

The following Department Store Inventory Price Indexes for May 1996 were issued by the Bureau of Labor Statistics on June 12, 1996. The indexes are accepted by the Internal Revenue Service, under § 1.472-1(k) of the Income Tax Regulations and Rev. Proc. 86-46, 1986-2 C.B. 739, for appropriate application to inventories of department stores employing the retail inventory and last-in, first-out inventory methods

for tax years ended on, or with reference to, May 31, 1996.

The Department Store Inventory Price Indexes are prepared on a national basis and include (a) 23 major groups of departments, (b) three special combinations of the major groups - soft goods, durable goods, and miscellaneous goods, and (c) a store total, which covers all departments, including some not listed separately, except for the following: candy, foods, liquor, tobacco, and contract departments.

BUREAU OF LABOR STATISTICS, DEPARTMENT STORE INVENTORY PRICE INDEXES BY DEPARTMENT GROUPS
(January 1941 = 100, unless otherwise noted)

Groups	May 1995	May 1996	Percent Change from May 1995 to May 1996 ¹
1. Piece Goods.....	507.4	545.1	7.4
2. Domestic and Draperies.....	643.5	649.3	0.9
3. Women's and Children's Shoes.....	635.2	659.7	3.9
4. Men's Shoes.....	920.2	906.5	-1.5
5. Infants' Wear.....	599.2	631.2	5.3
6. Women's Underwear.....	529.4	534.1	0.9
7. Women's Hosiery.....	283.1	286.8	1.3
8. Women's and Girls' Accessories.....	539.4	550.8	2.1
9. Women's Outerwear and Girls' Wear.....	437.0	417.9	-4.4
10. Men's Clothing.....	610.4	626.1	2.6
11. Men's Furnishings.....	575.7	593.3	3.1
12. Boys' Clothing and Furnishings.....	483.8	493.3	2.0
13. Jewelry.....	984.9	1020.1	3.6
14. Notions.....	750.3	773.8	3.1
15. Toilet Articles and Drugs.....	857.9	883.8	3.0
16. Furniture and Bedding.....	655.3	668.0	1.9
17. Floor Coverings.....	569.4	576.1	1.2
18. Housewares.....	775.1	803.9	3.7
19. Major Appliances.....	247.3	245.1	-0.9
20. Radio and Television.....	84.8	79.2	-6.6
21. Recreation and Education ²	114.3	112.8	-1.3
22. Home Improvements ²	122.3	127.2	4.0
23. Auto Accessories ²	107.2	107.4	0.2
Groups 1-15: Soft Goods.....	597.1	603.0	1.0
Groups 16-20: Durable Goods.....	465.4	467.6	0.5
Groups 21-23: Misc. Goods ²	114.2	113.7	-0.4
Store Total ³	552.4	556.3	0.7

¹Absence of a minus sign before percentage change in this column signifies price increase.

²Indexes on a January 1986=100 base.

³The store total index covers all departments, including some not listed separately, except for the following: candy, foods, liquor, tobacco, and contract departments.

DRAFTING INFORMATION

The principal author of this revenue ruling is Stan Michaels of the Office of Assistant Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Mr. Michaels on (202) 622-4970 (not a toll-free call).