

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

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

LIFO; price indexes; department stores. The August 1998 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, August 31, 1998.

Rev. Rul. 98-51

The following Department Store Inventory Price Indexes for August 1998 were issued by the Bureau of Labor Statistics. 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, August 31, 1998.

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, food, liquor, tobacco, and contract departments.

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

Groups	Aug. 1997	Aug. 1998	Percent Change from Aug. 1997 to Aug. 1998 ¹
1. Piece Goods	509.3	555.1	9.0
2. Domestics and Draperies	652.8	630.9	-3.4
3. Women's and Children's Shoes	644.1	656.2	1.9
4. Men's Shoes	895.6	910.5	1.7
5. Infants' Wear	621.2	616.2	-0.8
6. Women's Underwear	548.8	579.1	5.5
7. Women's Hosiery	301.6	306.5	1.6
8. Women's and Girls' Accessories	539.7	548.8	1.7
9. Women's Outerwear and Girls' Wear	397.4	399.0	0.4
10. Men's Clothing	621.2	621.0	0.0
11. Men's Furnishings	584.8	594.0	1.6
12. Boys' Clothing and Furnishings	492.2	498.8	1.3
13. Jewelry	1008.6	981.9	-2.6
14. Notions	793.8	767.8	-3.3
15. Toilet Articles and Drugs	904.7	940.7	4.0
16. Furniture and Bedding	661.0	679.6	2.8
17. Floor Coverings	598.8	601.8	0.5
18. Housewares	806.1	809.9	0.5
19. Major Appliances	242.8	238.0	-2.0
20. Radio and Television	75.4	71.4	-5.3
21. Recreation and Education ²	110.1	103.5	-6.0
22. Home Improvements ²	132.3	131.1	-0.9
23. Auto Accessories ²	108.4	107.3	-1.0
Groups 1 - 15: Soft Goods	594.5	598.7	0.7
Groups 16 - 20: Durable Goods	463.1	460.2	-0.6
Groups 21 - 23: Misc. Goods ²	112.6	107.8	-4.3
Store Total ³	549.3	548.4	-0.2

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, food, 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).

Section 6212.—Notice of Deficiency

26 CFR 301.6212-1. Notice of deficiency.

For instructions on how to enter into an agreement with the Service to rescind a notice of deficiency, see Rev. Proc. 98-54, page 7.