

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

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

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

Rev. Rul. 98-62

The following Department Store Inventory Price Indexes for October 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, October 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	Oct. 1997	Oct. 1998	Percent Change from Oct. 1997 to Oct. 1998 ¹
1. Piece Goods	534.5	548.9	2.7
2. Domestics and Draperies	638.4	637.5	-0.1
3. Women's and Children's Shoes	672.2	679.2	1.0
4. Men's Shoes	910.2	921.6	1.3
5. Infants' Wear	615.5	640.2	4.0
6. Women's Underwear	560.1	572.6	2.2
7. Women's Hosiery	301.6	308.9	2.4
8. Women's and Girls' Accessories	541.7	551.6	1.8
9. Women's Outerwear and Girls' Wear	431.3	423.5	-1.8
10. Men's Clothing	625.3	620.1	-0.8
11. Men's Furnishings	601.0	607.8	1.1
12. Boys' Clothing and Furnishings	505.9	521.0	3.0
13. Jewelry	995.5	982.7	-1.3
14. Notions	844.4	757.6	-10.3
15. Toilet Articles and Drugs	916.4	946.4	3.3
16. Furniture and Bedding	666.2	673.7	1.1
17. Floor Coverings	578.2	601.0	3.9
18. Housewares	812.1	817.1	0.6
19. Major Appliances	243.3	238.3	-2.1
20. Radio and Television	74.5	70.6	-5.2
21. Recreation and Education ²	108.6	102.8	-5.3
22. Home Improvements ²	132.7	129.5	-2.4
23. Auto Accessories ²	107.9	107.9	0.0
Groups 1 - 15: Soft Goods	610.1	612.7	0.4
Groups 16 - 20: Durable Goods	463.9	460.5	-0.7
Groups 21 - 23: Misc. Goods ²	111.6	107.3	-3.9
Store Total ³	558.5	556.9	-0.3

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).

26 CFR 1.472-6: Change from LIFO inventory method.

26 CFR 1.472-8: Dollar value method of pricing LIFO inventories.

What procedures must a taxpayer use to obtain automatic consent of the Commissioner to change from the LIFO method of accounting for all its LIFO inventory, or to change to an alternate LIFO inventory method. See Rev. Proc. 98-60, page 16.