

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

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

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

Rev. Rul. 98-26

The following Department Store Inventory Price Indexes for March 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, March 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	Mar. 1997	Mar. 1998	Percent Change from Mar. 1997 to Mar. 1998 ¹
1. Piece Goods	539.0	538.9	0.0
2. Domestics and Draperies	644.2	636.1	-1.3
3. Women's and Children's Shoes	646.1	658.7	2.0
4. Men's Shoes	900.9	898.3	-0.3
5. Infants' Wear	630.6	620.5	-1.6
6. Women's Underwear	544.0	576.3	5.9
7. Women's Hosiery	296.7	308.1	3.8
8. Women's and Girls' Accessories	557.3	556.8	-0.1
9. Women's Outerwear and Girls' Wear	430.0	429.5	-0.1
10. Men's Clothing	617.9	636.5	3.0
11. Men's Furnishings	587.7	608.1	3.5
12. Boys' Clothing and Furnishings	479.9	501.4	4.5
13. Jewelry	1025.2	993.0	-3.1
14. Notions	801.5	796.7	-0.6
15. Toilet Articles and Drugs	910.8	932.4	2.4
16. Furniture and Bedding	667.5	673.0	0.8
17. Floor Coverings	583.5	583.1	-0.1
18. Housewares	813.2	818.3	0.6
19. Major Appliances	244.9	237.4	-3.1
20. Radio and Television	78.5	73.4	-6.5
21. Recreation and Education ²	111.8	106.7	-4.6
22. Home Improvements ²	131.9	134.5	2.0
23. Auto Accessories ²	107.7	107.5	-0.2
Groups 1 - 15: Soft Goods	606.4	612.2	1.0
Groups 16 - 20: Durable Goods	469.2	463.0	-1.3
Groups 21 - 23: Misc. Goods ²	113.6	110.4	-2.8
Store Total ³	558.8	558.9	0.0

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).