

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

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

LIFO; price indexes; department stores. The October 2003 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, 2003.

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The following Department Store Inventory Price Indexes for October 2003 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, 2003.

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. 2002	Oct. 2003	Percent Change from Oct. 2002 to Oct. 2003 ¹
1. Piece Goods	485.7	487.3	0.3
2. Domestic and Draperies	581.6	556.5	-4.3
3. Women's and Children's Shoes	660.4	657.4	-0.5
4. Men's Shoes	895.6	844.9	-5.7
5. Infants' Wear	628.9	609.1	-3.1
6. Women's Underwear	544.2	520.2	-4.4
7. Women's Hosiery	339.8	352.3	3.7
8. Women's and Girls' Accessories	551.6	578.0	4.8
9. Women's Outerwear and Girls' Wear	388.2	387.8	-0.1
10. Men's Clothing	573.0	552.3	-3.6
11. Men's Furnishings	599.3	592.1	-1.2
12. Boys' Clothing and Furnishings	459.4	441.9	-3.8
13. Jewelry	897.1	883.7	-1.5
14. Notions	808.9	786.9	-2.7
15. Toilet Articles and Drugs	975.1	984.0	0.9
16. Furniture and Bedding	626.4	618.8	-1.2
17. Floor Coverings	592.6	589.4	-0.5
18. Housewares	745.8	714.3	-4.2
19. Major Appliances	223.7	210.2	-6.0
20. Radio and Television	47.6	44.4	-6.7
21. Recreation and Education ²	85.2	82.1	-3.6
22. Home Improvements ²	124.6	125.3	0.6
23. Automotive Accessories ²	111.3	111.8	0.4
Groups 1-15: Soft Goods	582.7	574.9	-1.3
Groups 16-20: Durable Goods	407.4	390.0	-4.3
Groups 21-23: Misc. Goods ²	95.7	93.8	-2.0
Store Total ³	518.1	507.8	-2.0

¹Absence of a minus sign before the percentage change in this column signifies a 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 Denise Carmichael of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Ms. Carmichael at (202) 622-6888 (not a toll-free call).
