

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

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

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

LIFO; price indexes; department stores. The June 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, June 30, 1996.

Rev. Rul. 96-39

The following Department Store Inventory Price Indexes for June 1996 were issued by the Bureau of Labor Statistics on July 16, 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, June 30, 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	June 1995	June 1996	Percent Change from June 1995 to June 1996 ¹
1. Piece Goods	522.9	551.1	5.4
2. Domestics and Draperies	646.7	641.0	-0.9
3. Women's and Children's Shoes	624.2	649.3	4.0
4. Men's Shoes	919.3	895.4	-2.6
5. Infants' Wear	587.9	627.1	6.7
6. Women's Underwear	515.1	535.4	3.9
7. Women's Hosiery	283.3	288.0	1.7
8. Women's and Girls' Accessories	549.5	545.5	-0.7
9. Women's Outerwear and Girls' Wear	416.3	401.1	-3.7
10. Men's Clothing	597.5	612.2	2.5
11. Men's Furnishings	562.4	584.5	3.9
12. Boys' Clothing and Furnishings	477.8	485.7	1.7
13. Jewelry	1004.9	1011.5	0.7
14. Notions	758.7	774.1	2.0
15. Toilet Articles and Drugs	859.9	877.8	2.1
16. Furniture and Bedding	663.1	673.6	1.6
17. Floor Coverings	577.0	576.4	-0.1
18. Housewares	771.8	808.7	4.8
19. Major Appliances	247.2	245.5	-0.7
20. Radio and Television	82.1	79.3	-3.4
21. Recreation and Education ²	114.0	112.8	-1.1
22. Home Improvements ²	122.6	127.4	3.9
23. Auto Accessories ²	106.8	107.5	0.7
Groups 1-15: Soft Goods	587.8	592.4	0.8
Groups 16-20: Durable Goods	462.8	469.7	1.5
Groups 21-23: Misc. Goods ²	113.9	113.7	-0.2
Store Total ³	545.8	550.3	0.8

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

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