

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

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

LIFO; price indexes; department stores. The May 2004 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, May 31, 2004.

Rev. Rul. 2004-81

The following Department Store Inventory Price Indexes for May 2004 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, May 31, 2004.

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	May 2003	May 2004	Percent Change from May 2003 to May 2004 ¹
1. Piece Goods	456.3	483.5	6.0
2. Domestic and Draperies	557.6	542.2	-2.8
3. Women's and Children's Shoes	637.0	645.0	1.3
4. Men's Shoes	855.8	868.4	1.5
5. Infants' Wear	599.6	575.6	-4.0
6. Women's Underwear.....	519.8	512.2	-1.5
7. Women's Hosiery	349.5	338.2	-3.2
8. Women's and Girls' Accessories	550.2	567.5	3.1
9. Women's Outerwear and Girls' Wear	374.5	377.2	0.7
10. Men's Clothing	562.3	548.4	-2.5
11. Men's Furnishings.....	587.2	594.3	1.2
12. Boys' Clothing and Furnishings	463.5	445.2	-3.9
13. Jewelry.....	877.9	905.2	3.1
14. Notions	789.7	797.5	1.0
15. Toilet Articles and Drugs	979.7	1001.4	2.2
16. Furniture and Bedding	620.2	613.8	-1.0
17. Floor Coverings	578.9	587.9	1.6
18. Housewares.....	730.9	714.8	-2.2
19. Major Appliances.....	213.7	201.6	-5.7
20. Radio and Television.....	45.9	42.4	-7.6
21. Recreation and Education ²	83.4	80.8	-3.1
22. Home Improvements ²	126.1	129.1	2.4
23. Automotive Accessories ²	111.6	112.1	0.4
Groups 1-15: Soft Goods	568.1	570.1	0.4
Groups 16-20: Durable Goods.....	397.1	384.2	-3.2
Groups 21-23: Misc. Goods ²	94.7	93.4	-1.4
Store Total ³	506.0	503.2	-0.6

¹ Absence of a minus sign before the percentage change in this column signifies a price increase.

² Indexes on a January 1986 = 100 base.

³ The 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 Michael Burkom of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Mr. Burkom at (202) 622-7924 (not a toll-free call).