

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

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

LIFO; price indexes; department stores. The July 2002 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, July 31, 2002.

Rev. Rul. 2002-57

The following Department Store Inventory Price Indexes for July, 2002 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 July 31, 2002.

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 | July 2001 | July 2002 | Percent Change from July 2001 to July 2002 ¹ |
|---|--------------|--------------|---|
| 1. Piece Goods----- | 495.0 | 486.4 | -1.7 |
| 2. Domestic and Draperies----- | 604.1 | 577.3 | -4.4 |
| 3. Women's and Children's Shoes----- | 652.3 | 607.4 | -6.9 |
| 4. Men's Shoes----- | 865.9 | 906.0 | 4.6 |
| 5. Infants' Wear----- | 593.7 | 590.9 | -0.5 |
| 6. Women's Underwear----- | 567.1 | 526.3 | -7.2 |
| 7. Women's Hosiery----- | 352.6 | 345.2 | -2.1 |
| 8. Women's and Girls' Accessories----- | 542.1 | 517.0 | -4.6 |
| 9. Women's Outerwear and Girls' Wear----- | 355.7 | 342.0 | -3.9 |
| 10. Men's Clothing----- | 577.6 | 565.1 | -2.2 |
| 11. Men's Furnishings----- | 588.4 | 573.1 | -2.6 |
| 12. Boys' Clothing and Furnishings----- | 476.0 | 455.1 | -4.4 |
| 13. Jewelry----- | 946.5 | 887.6 | -6.2 |
| 14. Notions----- | 805.8 | 795.1 | -1.3 |
| 15. Toilet Articles and Drugs----- | 972.5 | 970.8 | -0.2 |
| 16. Furniture and Bedding----- | 637.7 | 627.6 | -1.6 |
| 17. Floor Coverings----- | 628.7 | 617.6 | -1.8 |
| 18. Housewares----- | 771.5 | 752.9 | -2.4 |
| 19. Major Appliances----- | 225.6 | 221.4 | -1.9 |
| 20. Radio and Television----- | 53.9 | 48.4 | -10.2 |
| 21. Recreation and Education ² ----- | 89.8 | 86.3 | -3.9 |
| 22. Home Improvements ² ----- | 125.8 | 125.8 | 0.0 |
| 23. Auto Accessories ² ----- | 109.4 | 111.6 | 2.0 |
| Groups 1-15: Soft Goods----- | 575.7 | 555.9 | -3.4 |
| Groups 16-20: Durable Goods----- | 423.3 | 409.9 | -3.2 |
| Groups 21-23: Misc. Goods ² ----- | 98.5 | 96.6 | -1.9 |
| Store Total ³ ----- | 519.5 | 502.8 | -3.2 |

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) 622-7718 (not a toll-free call).

Section 501.—Exemption From Tax on Corporations, Certain Trusts, etc.

26 CFR 1.501(c)(12)-1: Local benevolent life insurance associations, mutual irrigation and telephone companies, and like organizations.

Tax-exempt electric cooperative. A tax-exempt electric cooperative's (1) distribution and sale of propane in tanks to members is not a tax-exempt activity under section 501(c)(12)(A) of the Code and may adversely affect its tax-exempt status under section 501(c)(12); (2) if the tax-exempt status of the electric cooperative is not adversely affected; income derived from this activity is unrelated business income and subject to unrelated business income