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LIFO LOOKOUT

A Periodic Update of LIFO - News, Views and Ideas

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LIFO UPDATE

If you had called me personally to ask "What's happening lately with LIFO that I need to know about?"... Here's what I'd say:

#1. WELCOME TO OUR 18th YEAR OF PUBLICATION & THE "NEW" LIFO LOOKOUT. This is the first issue or edition of the *LIFO Lookout* under our new schedule for providing you with reliable, practical information concerning major LIFO developments on a need-to-know basis.

Whenever a major tax case is decided or the IRS issues a major ruling or other guidance that significantly affects our practices, that development will become the basis for a "Special Edition" of the *LIFO Lookout*.

There also will be a *LIFO Lookout* "Year-End" major update and planning issue (as there has been in the past). The Year-End issue will also include all of the detailed annual inflation rate information that you can use for dealership LIFO reserve change projections and financial statement conformity estimates.

There may be a mid-summer issue or an autumn issue, if there are other LIFO developments of significance to report. However, that will depend on the nature and significance of the events that present themselves, rather than on the regularity of the passage of time in quarterly intervals.

Within each issue of the *Lookout*, there will be the usual "*LIFO Update*" section with my signature bullet-point update on new recent developments. In addition, a new section - the "*LIFO Bulletin Board*" - will summarize selected other LIFO developments. You can check out these *Bulletin Board* developments since our last issue on pages 2-3.

(By the way, one of these may shock you ... if you recently terminated a dealership's LIFO election and thought it could be done by filing Form 3115 and treating the termination as an automatic change in method.)

I hope you'll like this new approach and welcome your feedback on it.

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#2. AUTOMOBILE DEALERSHIPS CAN NOW USE A SINGLE, COMBINED LIFO POOL FOR ALL NEW VEHICLES. This is the major development featured in this Special Edition of the *LIFO Lookout*. We've covered all of the nitty-gritty details, including how you can help your dealership clients understand and make these changes ... when the time is right.

Don't jump to the conclusion (or assume) that a dealership should automatically make the change for 2007 ... or that it should wait until 2008. The change for 2007 can be made either on the calendar year 2007 income tax return when it is filed ... or on an amended return for 2007.

What you need to know right now, along with all the details, is inside. *

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