



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. IRS REVISES FORM 3115 FOR LIFO (AND OTHER) ACCOUNTING METHOD CHANGES.

The IRS has revised Form 3115 and the new Form shows a revision date of December 2003. Other than some general face-lifting, the changes are not significant, and you should be using the new version for filings with the IRS after April 1.

Before you get all choked up about the new Form, you might want to read some of the IRS' own disclaimers about its authorship on forms and instructions. These are included in the article beginning on page 5.

In the next issue of the *Lookout*, we will discuss the changes to Form 3115 in some detail and include a few *Practice Guides* covering some common LIFO changes.

#2. IRS RESISTS USE OF DUAL INDEXES FOR IPIC LIFO CALCULATIONS ... & TEACHES A FEW OTHER LESSONS AS WELL.

In last year's Letter Ruling 200328001, the IRS again expressed its negative attitude toward the use of the dual-index method. This Letter Ruling involved a distributor who was using the Bureau of Labor Statistics/IPIC method, and it provides a refresher on the differences between the earliest acquisition method and a dual index method. They are not the same thing!

Equally significant are other lessons coming out of this LTR for LIFO practitioners who might not be paying as much attention as they should be to the form and content of what they are including on Forms 3115 filed with the IRS. For more, see page 5.

#3. ANY QUESTIONS? THEY'RE ALWAYS WELCOME.

We receive and respond to many questions throughout the year raised by our readers. It's always good to hear from you and meet for the first time by phone or to get reacquainted with some of you longer-term subscribers. As you can see, this is our 14th year of publication, and many of you have been

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with us since the first issue many, many years ago when I was young and energetic.

Your calls or e-mails are always welcome, and they help me to be more aware of areas and issues where you are seeking guidance and/or clarification. Often, your questions result in an article or *Update* discussion in the next issue of the *Lookout*.

In some instances, readers are kind enough to pass along some information they think we might be interested in. We appreciate *all* of your calls and e-mails and are glad to respond to them. Please keep them coming.

#4. YEAR-END LETTER Re: CHANGES IN ACCOUNTING METHODS FOR TRADE DISCOUNTS AND ADVERTISING FEES & EXPENSES. On pages 2-3, you'll see the letter that we sent out to CPA firms with auto dealer clients reminding them that time was getting short if they wanted to make both changes in method effective for calendar year 2003. If they did, a Form 3115 filing with the IRS was due before December 31 for the change in method for advertising fees and expenses.

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