Index

A

ABSORPTION

Production and producers. See index heading PRODUC-TION AND PRODUCERS

Ratios

LIFO, valuation of layers under simplified methods, **6:24**

production costs, allocation to inventories, 2:50, 2:53, 2:54

ACCELERATION OF INCOME

Long-term contracts, 11:2, 11:11, 11:68

ACCEPTANCE

Generally accepted accounting principles. See index heading GAAP

Long-term contracts. See index heading LONG-TERM CONTRACTS

ACCESSORIES

Dollar-value LIFO, alternative method for automobile dealers, 7:55

ACCOUNTING RESEARCH BULLETIN NO. 43

Scope of inventory rules, GAAP requirements, 1:5

ACCRUAL

Basis

interest capitalization, subject costs, **10:21** long-term contracts, **11:2**, **11:3**, **11:52** scope of inventory rules, **1:1**, **1:14**

Long-term contracts. See index heading Long-term CONTRACTS

Method

long-term contracts, 11:1, 11:43, 11:53, 11:54 not valued at cost inventories, farmers, 4:17, 4:18 scope of inventory rules, 1:10, 1:26, 1:34

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

ACCUMULATION

Interest. See index heading INTEREST
Long-term contracts, accounting for exempted
contracts, 11:52, 11:53

ACE (ADJUSTED CURRENT EARNINGS) ADJUSTMENT

Alternative minimum tax, 9:25, 9:27, 9:28

ACQUISITION

Costs

not valued at cost inventories, farmers, **4:16** resellers valuation at cost, **3:2**, **3:13**

Dollar-value LIFO, acquisition order, 7:9

Producers valuation at cost, acquisition of property for resale, **2:2**

Scope of inventory rules, acquisition of supplies, 1:13

ACTUAL COSTS

LIFO, beginning inventories, **6:14** Long-term contracts, **11:10**, **11:20**

ACTUAL PRICE

Dollar-value LIFO, pricing, 7:3

ACTUAL PROFIT

Long-term contracts, **11:1**, **11:23**

ACTUAL TAX RATE

Long-term contracts, look-back calculations under regulations, 11:75

ADDITIONAL COSTS

Flow of costs, retail method, **5:16** Interest capitalization, **10:21**, **10:22**

LIFO. See index heading LIFO

Long-term contracts, 11:34 to 11:39, 11:65

Producers valuation at cost, allocation, 2:37, 2:54, App. 2D, 2E

Resellers valuation at cost, 3:1, 3:11, 3:31, 3:33, 3:37, 3:39

ADDITIONAL MATTERS

Costs. See index heading ADDITIONAL COSTS LIFO. See index heading LIFO

ADJUSTMENT OR ADJUSTMENTS

Alternative minimum tax, 9:24 to 9:29

Catch-up adjustment to income, change in accounting method, 1:45, 3:11

Change in accounting method, 9:2 to 9:5, 9:8, 9:9

Correction of errors, audit adjustments, 9:2

Flow of costs. See index heading FLOW OF COSTS

Interest capitalization, changing methods of accounting to comply with regulations, **10:52**

LIFO. See index heading LIFO

Long-term contracts, look-back calculations under regulations, **11:64**, **11:66**, **11:67**

Negative adjustments. See index heading NEGATIVE ADJUSTMENTS

Positive adjustments. See index heading Positive ADJUSTMENTS

Scope of inventory rules, catch-up adjustment to income causing change in accounting method, 1:45

Transfers to controlled corporations, 9:15 to 9:17

ADMINISTRATIVE COSTS

See index heading PRODUCTION AND PRODUCERS

ADVANCE PAYMENTS

Interest capitalization, subject costs, **10:21** Long-term contracts, addition of costs, **11:36**

ADVERTISING CHARGES

Scope of inventory rules, inventories at cost, 1:44

ADVERTISING REVENUES

Section 199 deduction, 12:13

AFFILIATED GROUPS

Section 199 deduction, expanded affiliated groups (EAG), 12:10

AGGREGATION

Gross receipts. See index heading gross receipts

Long-term contracts. See index heading long-term

CONTRACTS

AGREEMENTS

See index heading contracts or agreements

ALCOHOL

Aging process, interest exception, 10:6.50

ALL-EVENTS TEST

Long-term contracts, 11:34, 11:36, 11:38, 11:53

ALLOCATION

Costs. See index heading ALLOCATION OF COSTS Interest. See index heading INTEREST

Long-term contracts. See index heading LONG-TERM CONTRACTS

Section 199 deduction, allocating revenues between QPP, non-QPP and services, **12:14**

ALLOCATION OF COSTS

Direct method, allocation of mixed services costs, 2:43, 3:25

 $Interest\ capitalization,\ 10:15,\ 10:17,\ 10:18,\ 10:24$

LIFO, voluntary changes in election, 8:31

Long-term contracts, 11:26, 11:29, 11:32

Preliminary allocation, 2:31, 3:30

Producers valuation at cost, 2:2, 2:3, 2:9, 2:10, 2:17, 2:18, 2:30 to 2:55, App. 2B to 2F

Resellers valuation at cost, **3:19**, **3:25** to **3:43**, **App. 3A**, **3B**

Schedules of simplified methods to allocate costs, App. 2B to 2F, 3A, 3B

Simplified method or methods

producers valuation at cost, 2:3, 2:40, 2:45, 2:46, 2:50 to 2:55, App. 2B to 2F

resellers valuation at cost, 3:29 to 3:40, App. 3A, 3B

schedules, App. 2B to 2F, 3A, 3B

Step-down method, allocation of mixed services costs, **2:44**, **3:25**

ALTERNATIVE MATTERS

LIFO. See index heading LIFO

Minimum tax. See index heading alternative minimum $_{\rm TAX}$

Not valued at cost inventories, depreciation system, 4:17, 4:22

ALTERNATIVE MINIMUM TAX

Generally, 9:24 to 9:29

Long-term contracts. See index heading LONG-TERM CONTRACTS

AMBIGUITIES

LIFO, scope of election, 8:21

AMENDMENT

See index heading CHANGES

AMT

See index heading alternative minimum tax

ANIMALS

Not valued at cost inventories, farmers, **4:16 to 4:19**, **4:21**

ANNUAL MATTERS

Gross receipts, scope of inventory rules, 1:16 to 1:21 Index, dollar-value LIFO, 7:8, 7:9, 7:11, 7:52 Physical inventory, flow of costs, 5:4, 5:5

ANTI-ABUSE RULES

Interest capitalization, 10:51

APE (ACCUMULATED PRODUCTION EXPENDITURES)

See index heading INTEREST

APPLICATION OR APPLICABILITY

Dollar-value LIFO, retail inventory method, **7:22 to 7:25**

Long-term contracts. See index heading LONG-TERM CONTRACTS

Scope of inventory rules, taxpayers who must apply rules, 1:7 to 1:26

APPLICATIONS

See index heading LIFO

APPROPRIATE MATTERS

Dollar-value LIFO, 7:38, 7:41

ARCHITECTS

Long-term contracts, 11:7

Scope of inventory rules, 1:8

Section 199 deduction, construction distinguished from architectural services, **12:20**

ARTISTS

Scope of inventory rules, 1:36

ASSEMBLY COSTS

Resellers valuation at cost, 3:1, 3:16

ASSETS

Alternative minimum tax, 9:25

Interest. See index heading INTEREST

LIFO, disclosure of inventory asset value, **6:30**

Scope of inventory rules, property included in inventories, 1:30

AT COST

LIFO. See index heading LIFO

Not valued at cost inventories

generally, **4:1 to 4:27**

for detailed treatment see index heading NOT VALUED AT COST INVENTORIES

Producers valuation at cost, 2:1 to 2:55

Resellers valuation at cost, 3:1 to 3:43

AT COST—Cont'd

Scope of inventory rules, 1:39 to 1:44

ATR (APPLICABLE TAX RATE)

Long-term contracts, look-back calculations under regulations, **11:74**, **11:76**

AUDIT ADJUSTMENTS

Correction of errors, 9:2

AUTHORS

Scope of inventory rules, 1:8, 1:36

AUTOMATIC MATTERS

See index heading LIFO

AUTOMOBILE DEALERS

Dollar-value LIFO, 7:8, 7:47 to 7:60

AVERAGE COST

Flow of costs, **5:7**, **5:13** LIFO. See index heading LIFO

AVERAGE OR AVERAGES

Cost. See index heading AVERAGE COST LIFO. See index heading LIFO Scope of inventory rules, measure of gross receipts,

AVOIDED COST

See index heading INTEREST

1:16 to 1:21

B

BARGAIN PURCHASES

LIFO. See index heading LIFO
Transfers to controlled corporations, **9:23**

BASE PERIOD OR YEAR

See index heading LIFO

BASES

LIFO, allocations change, 8:31

Producers valuation at cost, allocation of mixed services costs, 2:38, 2:39

Resellers valuation at cost, allocation of costs, 3:43

BASIS

Accrual basis. See index heading ACCRUAL

Cash basis. See index heading CASH

Interest. See index heading INTEREST

Long-term contracts. See index heading LONG-TERM CONTRACTS

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

Transfers to controlled corporations, 9:13, 9:15, 9:17

BEER

Aging process, interest exception, 10:6.50

BEGINNING INVENTORIES

See index heading LIFO

BEGINNING OF PRODUCTION

Interest capitalization, 10:7, 10:9 to 10:20 Long-term contracts, twelve-month test for manufacturing contracts, 11:18

BENEFITED PROPERTY

Interest capitalization, 10:17 to 10:20

BENEFITS FOR EMPLOYEES

Producers valuation at cost, 2:10, 2:34

BEST ACCOUNTING PRACTICE

Scope of inventory rules, 1:4, 1:6

BEVERAGES

Section 199 deduction, beverage and food exception, 12:16

BIDDING COSTS

Long-term contracts, 11:26, 11:35 Producers valuation at cost, 2:19 Resellers valuation at cost, 3:40

BLS (BUREAU OF LABOR STATISTICS)

See index heading LIFO

BONA FIDE SELLING PRICE

Not valued at cost inventories, subnormal goods, **4:3**, **4:5**, **4:6**

BONUSES

Long-term contracts, percentage of completion method, 11:20

BOOK VALUE OF PRODUCTION PROPERTY

Interest capitalization, subject costs, 10:21

BORROWING FROM THIRD PARTIES

Interest capitalization, 10:28

BUILDING AND CONSTRUCTION WORK

Interest capitalization, subject property, 10:4

Long-term contracts, 11:1 to 11:80

Section 199 deduction, construction distinguished from engineering or architectural services, **12:20** Speculative builders, **10:4**, **11:50**

BUILDINGS

Interest capitalization, 10:34

Production and producers. See index heading PRODUC-TION AND PRODUCERS

BUILT-IN GAINS UPON S ELECTIONS

Generally, 9:10 to 9:12

BURDEN OF PROOF

LIFO, making elections, 8:3

Not valued at cost inventories, subnormal and normal goods, **4:2**, **4:4**, **4:5**

BURDEN OF TRACING

Flow of costs, 5:3

BURDEN RATE METHOD

Producers valuation at cost, allocation of production costs to inventories, 2:49

BUREAU OF LABOR STATISTICS

See index heading LIFO

BUSINESS OR BUSINESSES

Interest. See index heading INTEREST

LIFO. See index heading LIFO

Not valued at cost inventories, farmers and farming, 4:16 to 4:19, 4:21, App. 4A

Resellers valuation at cost, **3:3**, **3:7**, **3:9**, **3:37**

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

Small businesses. See index heading small businesses Trade. See index heading trade

 \mathbf{C}

C CORPORATIONS

Alternative minimum tax, 9:26, 9:28

Change from C corporation to S corporation, **9:10 to 9:12, 11:57, 11:78**

Election to change from C corporation to S corporation, 9:10 to 9:12, 11:78

Interest capitalization, 10:45

Long-term contracts, 11:52, 11:57, 11:78

Scope of inventory rules, taxpayers who must apply rules, 1:18

CALCULATIONS OR COMPUTATIONS

Change in accounting method, adjustments, 9:2, 9:3, 9:8, 9:9

Flow of costs, retail method, 5:10

LIFO. See index heading LIFO

Long-term contracts. See index heading LONG-TERM CONTRACTS

Not valued at cost inventories, normal goods, 4:14

CAPITALIZATION

Costs. See index heading Capitalization of Costs Interest, **10:1 to 10:52**

Long-term contracts. See index heading Long-term CONTRACTS

CAPITALIZATION OF COSTS

LIFO. See index heading LIFO

Long-term contracts, 11:21, 11:26, 11:48, 11:52

Not valued at cost inventories, farmers, **4:16 to 4:18**, **4:22**

Producers valuation at cost, 2:3 et seq., App. 2G Resellers valuation at cost, 3:1, 3:13 to 3:24, 3:40

CARRYBACKS

Long-term contracts, NOL carrybacks applied to redetermination year for look-back method, 11:73

CASH

Basis

not valued at cost inventories, farmers, **4:22** scope of inventory rules, **1:14**, **1:16**, **1:35**

Interest on money. See index heading INTEREST Method

long-term contracts, **11:1**, **11:6**, **11:54** not valued at cost inventories, farmers, **4:16**

CASH—Cont'd

Method-Cont'd

scope of inventory rules, 1:21, 1:26, 1:34

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Scope of inventory rules. See index heading scope of INVENTORY RULES

CASHED-OUT INVESTMENT

LIFO, item issue, 6:4

CASUALTY INSURANCE

Producers valuation at cost, 2:16

CATCH-UP ADJUSTMENT TO INCOME

Change in accounting method, 1:45, 3:11

CAUSES

Not valued at cost inventories, other similar causes for subnormal goods, **4:3**, **4:4**

CHANGE IN ACCOUNTING METHOD

Generally, 9:1 to 9:9, App. 2H, 9A, 9B

Catch-up adjustment to income, 1:45, 3:11

Interest capitalization, changing to comply with regulations, 10:52

Involuntary change, 8:33, 9:2

LIFO. See index heading LIFO

Long-term contracts, 11:3, 11:15, 11:32

Not valued at cost inventories, dealers in securities, 4:26

Request. See index heading request for change in accounting method

Resellers valuation at cost, 3:11, 3:12, 3:38, 3:39

Scope of inventory rules, 1:26, 1:45

CHANGES

C corporation to S corporation, 9:10 to 9:12, 11:57, 11:78

Conversion. See index heading CONVERSION

LIFO. See index heading LIFO

Long-term contracts. See index heading LONG-TERM CONTRACTS

Method change

accounting method. See index heading CHANGE IN ACCOUNTING METHOD

flow of costs, adjustment for shrinkage, 5:5

LIFO. See index heading LIFO

not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Section 199 regulations, proposed amendments to, **App. 12D**

Underlying facts change, 8:32, 9:7

CHARGES

Scope of inventory rules, advertising charges included in prices of goods, 1:44

CHARITABLE CONTRIBUTIONS

Section 199 deduction, 12:33

CLASSIFICATION

Production and producers. See index heading Produc-TION AND PRODUCERS

CLASSIFICATION—Cont'd

Securities, not valued at cost inventories, **4:24** Taxpayers

producers valuation at cost, **2:4** resellers valuation at cost, **3:2**

CLOSELY-HELD ENTITIES

LIFO, internal management reports, **6:31** Long-term contracts, **11:25**, **11:76**

COMBINING POOLS

LIFO, voluntary changes in election, 8:27

COMMINGLING OF FUNDS

Interest capitalization, 10:28

COMMON FEATURES

Interest capitalization, 10:15, 10:17 to 10:20

COMMONLY CONTROLLED ENTITIES

Long-term contracts, twelve-month test for manufacturing contracts, 11:19

Scope of inventory rules, taxpayers who must apply rules, 1:19

COMPARATIVE FINANCIAL STATEMENTS

LIFO, commonly encountered conformity problem situations, 6:35

COMPENSATION

Producers valuation at cost, 2:15 Resellers valuation at cost, 3:14

COMPLETION

Interest capitalization, common features, **10:18**, **10:20** Long-term contracts

generally, 11:1, 11:40 to 11:46

for detailed treatment see index heading LONG-TERM CONTRACTS

COMPLEX MATTERS

Flow of costs, complex calculations, **5:10**Not valued at cost inventories, compounded complexities, **4:23**

COMPLIANCE OR NONCOMPLIANCE

Interest capitalization, changing methods of accounting to comply with regulations, **10:52**LIFO. See index heading LIFO

COMPONENTS

See index heading LIFO

COMPOUNDED COMPLEXITIES

Not valued at cost inventories, farmers, 4:23

COMPOUNDING OF INTEREST

Long-term contracts, capitalization, 11:28

COMPUTATIONS

See index heading CALCULATIONS OR COMPUTATIONS

CONDITIONS TO CHANGE OF METHOD

Dollar-value LIFO, 7:56

CONFORMITY

LIFO. See index heading LIFO

CONFORMITY—Cont'd

Scope of inventory rules, taxpayers who must apply rules, 1:21, 1:25

CONSTRUCTION WORK

See index heading BUILDING AND CONSTRUCTION WORK

CONSTRUCTIVE COMPLETION RULES

Long-term contracts, transfers of contracts, 11:57

CONSULTING SERVICES

Long-term contracts, 11:7

CONSUMED MATERIALS

Scope of inventory rules, 1:13, 1:14

CONTRACTORS

Interest. See index heading INTEREST Long-term contracts, 11:1 to 11:80

CONTRACTS OR AGREEMENTS

Interest. See index heading Interest Leases. See index heading Leases

LIFO. See index heading LIFO

Long-term contracts

generally, 11:1 to 11:80

for detailed treatment see index heading LONG-TERM CONTRACTS

Not valued at cost inventories, firm contract exception for normal goods, **4:11**

Production and producers. See index heading Production and Producers

Section 199 deduction, ownership analysis in contract manufacturing arrangements, **App. 12**C

CONTROL

Commonly controlled entities. See index heading COMMONLY CONTROLLED ENTITIES

Corporations. See index heading Controlled Corpora-

Multiple-entity control groups, interest capitalization, 10:49

CONTROLLED CORPORATIONS

Long-term contracts, 11:19, 11:48, 11:59 Resellers valuation at cost, 3:10 Transfers to, 9:13 to 9:23

CONVERSION

Base period prices, dollar-value LIFO, **7:42**Business use to inventories, scope of inventory rules, **1:28**

C corporation to S corporation, long-term contracts, 11:57

CORPORATIONS

Alternative minimum tax, 9:24 to 9:29

C corporations. See index heading c corporations Controlled corporations. See index heading controlled corporations

Interest. See index heading INTEREST

LIFO. See index heading LIFO

Long-term contracts. See index heading LONG-TERM CONTRACTS

CORPORATIONS—Cont'd

Not valued at cost inventories, farmers, 4:17

Parent and subsidiary corporations. See index heading PARENT AND SUBSIDIARY CORPORATIONS

Resellers valuation at cost, 3:6, 3:10

S corporations. See index heading s corporations

CORRECTIONS OF ERRORS

Generally, 9:1 to 9:6

COSTS

Acquisition costs. See index heading Acquisition
Actual costs. See index heading ACTUAL COSTS
Additional costs. See index heading ADDITIONAL COSTS
Allocation of costs. See index heading ALLOCATION OF
COSTS

At cost. See index heading AT COST

Average cost. See index heading AVERAGE COST

Bidding costs. See index heading BIDDING COSTS

Capitalization of costs. See index heading Capitaliza-TION OF COSTS

Current costs. See index heading current costs

Deductions. See index heading DEDUCTIONS

Design costs. See index heading DESIGN

Direct costs. See index heading DIRECT COSTS

Experimentation. See index heading RESEARCH AND EXPERIMENTATION (R&E)

Flow of costs

generally, **5:1 to 5:17**

for detailed treatment see index heading FLOW OF

Handling costs. See index heading handling costs Indirect costs. See index heading indirect costs

Interest capitalization, 10:1 et seq.

Labor costs. See index heading LABOR

LIFO. See index heading LIFO

Long-term contracts. See index heading LONG-TERM CONTRACTS

Lower of cost or market. See index heading Lower of COST OR MARKET

Mixed services costs. See index heading MIXED SERVICES COSTS

Nondeductible expenses. See index heading NONDEDUCTIBLE EXPENSES

Not valued at cost inventories

generally, 4:1 to 4:27

for detailed treatment see index heading NOT VALUED
AT COST INVENTORIES

Overhead costs. See index heading overhead costs

Period costs. See index heading PERIOD COSTS

Producers valuation at cost, 2:1 to 2:55

Purchasing costs. See index heading purchasing costs Replacement cost. See index heading REPLACEMENT
COST

Research. See index heading research and experimentation (R&E)

Resellers valuation at cost, 3:1 to 3:43

Scope of inventory rules, 1:1 et seq.

Section 199 deduction. See index heading section 199 DEDUCTION

COSTS-Cont'd

Storage costs. See index heading STORAGE COSTS

Transfers to controlled corporations, 9:17, 9:18

Transportation costs. See index heading TRANSPORTATION

Warehousing costs. See index heading warehousing costs

CREDIT

Interest capitalization, 10:27, 10:28

CREDITS

Alternative minimum tax, 9:28

Scope of inventory rules, inventories at cost, 1:42

CROPS, PLANTS OR TREES

Not valued at cost inventories, farmers, 4:16 to 4:18, 4:22

CUMULATIVE INDEX

Dollar-value LIFO, 7:9, 7:11, 7:52

CURRENT COSTS

LIFO. See index heading LIFO

Producers valuation at cost, 2:7, 2:8, 2:13

CURRENT INVENTORY

Dollar-value LIFO, 7:1

CURRENT PRICE

Dollar-value LIFO, 7:3 et seq.

CUSTOM DESIGN TEST

Long-term contracts, uniqueness of products, 11:11, 11:12

CUSTOMERS

Scope of inventory rules, 1:9, 1:28

CUSTOMIZING PRODUCT COSTS

Long-term contracts, uniqueness of products, 11:13

CUSTOM-ORDERED GOODS DELIVERY

Resellers valuation at cost, 3:24

D

DAMAGED GOODS

Flow of costs, **5:4**, **5:5**, **5:15** LIFO, **6:17**

DATE

See index heading TIME

DE MINIMIS

Interest capitalization, exception, **10:6**, **10:40**, **10:42** Long-term contracts, **11:5**

Production. See index heading PRODUCTION AND PRODUC-

Section 199 deduction, de minimis rules, 12:15

DEALERS

Dollar-value LIFO, automobile dealers, **7:8, 7:47 to 7:60**

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

DEALERS—Cont'd

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

DEBTS

Interest capitalization, 10:1, 10:23 et seq.

DECREASE

See index heading REDUCTION

DEDUCTIONS

Flow of costs, 5:5

Interest. See index heading INTEREST

Long-term contracts. See index heading LONG-TERM CONTRACTS

Nondeductible expenses. See index heading NONDEDUCTIBLE EXPENSES

Producers valuation at cost, 2:8, 2:9, 2:21, 2:23, 2:24, 2:27

Resellers valuation at cost, 3:14 to 3:17, 3:22 to 3:24

Scope of inventory rules. See index heading scope of INVENTORY RULES

Section 199 deduction. See index heading section 199 DEDUCTION

DEEMED COMPLETION

Long-term contracts, look-back calculations under regulations, **11:64**, **11:65**

DEFECTIVE UNITS

Producers valuation at cost, 2:18

DEFERRAL

Income

LIFO, 6:1, 6:3, 6:4, 7:1

long-term contracts, 11:1, 11:2, 11:20, 11:21

Interest capitalization, deferred asset method, 10:39, 10:47

Long-term contracts. See index heading LONG-TERM CONTRACTS

DELAYED REAPPLICATION METHOD

Long-term contracts, look-back calculations under regulations, 11:69

DELIVERY

Long-term contracts, severing contracts, 11:43
Resellers valuation at cost, custom-ordered goods,
3:24

DEPRECIATION

Alternative minimum tax, adjustments, **9:24 to 9:27** Interest. See index heading INTEREST

Long-term contracts, simplified method, 11:32

Not valued at cost inventories, farmers, 4:17, 4:22

Production and producers. See index heading PRODUC-TION AND PRODUCERS

Scope of inventory rules, depreciable asset vs inventory, 1:30

DESCRIPTION

See index heading LIFO

DESIGN

Costs

long-term contracts, 11:16, 11:26 producers valuation at cost, 2:3, 2:20

Long-term contracts. See index heading LONG-TERM CONTRACTS

DESIGNATED PROPERTY

Interest capitalization, 10:2, 10:13, 10:21, 10:22

DESTROYED GOODS

Flow of costs, **5:4**, **5:5**

DETERMINATIONS

Interest capitalization, 10:1, 10:9, 10:26

Long-term contracts. See index heading Long-term CONTRACTS

Resellers valuation at cost, 3:9, 3:13

Scope of inventory rules, sources of rules, 1:4

Transfers to controlled corporations, 9:18

DETERRENT TO LIFO

Write-ups, **6:18**

DEVELOPMENT OF SIMPLIFICATIONS BY TAXPAYER

Producers valuation at cost, allocation of production costs to inventories, 2:53

DIRECT COSTS

Long-term contracts, simplified methods, 11:32, 11:56

Producers valuation at cost, 2:7, 2:9, 2:10, 2:21

Resellers valuation at cost, 3:1

Scope of inventory rules, decreasing significance of GAAP, 1:6

DIRECT METHOD

Allocation of mixed services costs, 2:43, 3:25

DISABLED PROPERTY

Interest capitalization, subject costs, 10:22

DISCLOSURE

LIFO, 6:27, 6:28, 6:30

DISCOUNTS

Flow of costs, promotional discounts under retail method, **5:11**

Long-term contracts, look-back calculations under regulations, **11:66**, **11:67**

Scope of inventory rules, inventories at cost, **1:40 to 1:42**

DISPOSITION OF DEBT FINANCED PROPERTY

Interest capitalization, 10:29

DISPUTES

Long-term contracts, 11:20, 11:45, 11:46

DISTILLED SPIRITS

Aging process, interest exception, 10:6.50

DISTRIBUTORS AND DISTRIBUTION

Dollar-value LIFO, 7:13, 7:21

Resellers valuation at cost, distribution costs, 3:23

DOCTORS

Scope of inventory rules, taxpayers who must apply rules, 1:10, 1:19

DOLLAR-VALUE LIFO

Generally, 6:1, 7:1 to 7:60

For detailed treatment see index heading LIFO

DOMESTIC PRODUCTION GROSS RECEIPTS (DPGR)

Section 199 deduction, 12:3, 12:28

DOUBLE-DECLINING BALANCE DEPRECIATION

Alternative minimum tax, 9:24, 9:25

DOUBLE-EXTENSION METHOD

See index heading LIFO

DUAL FUNCTION FACILITIES

Resellers valuation at cost, 3:19

DUAL PURPOSES

Scope of inventory rules, property included in inventories, 1:31

DUAL SERVICES

Resellers valuation at cost, 3:14

 \mathbf{E}

ECONOMIC PERFORMANCE TEST

Long-term contracts, addition of costs, 11:34, 11:36

ELECTIONS

Alternative minimum tax, depreciation adjustment, 9:27

C corporation to S corporation change, 9:10 to 9:12, 11:78

Interest. See index heading INTEREST LIFO

generally, 6:1, 8:1 to 8:34

for detailed treatment see index heading LIFO

Long-term contracts. See index heading Long-term CONTRACTS

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Production and producers. See index heading PRODUCTION AND PRODUCERS

Resellers valuation at cost, allocation of costs, **3:25**, **3:29**

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

Transfers to controlled corporations, 9:13, 9:17

ELIGIBILITY

Flow of costs, retail method, 5:17

Interest capitalization, debts, 10:26, 10:36, 10:41 to 10:43, 10:46, 10:47

LIFO. See index heading LIFO

Long-term contracts, exemptions, 11:48, 11:49

Producers valuation at cost, simplified method of allocation of costs, 2:51

EMBEDDED PROPERTY

Section 199 deduction, 12:11

EMPLOYEE BENEFITS

Producers valuation at cost, 2:10, 2:34

ENDING INVENTORIES

LIFO, making elections, 8:6

ENDING OF PRODUCTION

Interest capitalization, 10:7, 10:9 to 10:20

Long-term contracts, twelve-month test for manufacturing contracts, **11:18**

ENGINEERS AND ENGINEERING

Long-term contracts, 11:7, 11:19, 11:26

Producers valuation at cost, 2:20

Section 199 deduction, construction distinguished from engineering or architectural services, **12:20**

EQUIPMENT

Interest capitalization, subject costs, **10:22**, **10:24**Production and producers. See index heading PRODUCTION AND PRODUCERS

ERRORS

Corrections of errors, 9:1 to 9:6

Incorrect matters. See index heading INCORRECT MATTERS

LIFO, scope of election, 8:21

Long-term contracts, percentage of completion formula, 11:22

Transfers to controlled corporations, 9:14 to 9:16

ESTATES

Interest capitalization, 10:38

ESTIMATES AND ESTIMATED MATTERS

Flow of costs, shrinkage, 5:5

Interest capitalization, production period of property, 10:2, 10:5, 10:7, 10:9

Long-term contracts. See index heading Long-TERM CONTRACTS

EVIDENCE

Burden of proof. See index heading BURDEN OF PROOF LIFO. See index heading LIFO

Presumptions. See index heading PRESUMPTIONS

EXCEPTIONS

See index heading exemptions or exclusions

EXCESS DEPRECIATION

Producers valuation at cost, 2:14

EXCHANGE

Scope of inventory rules, discounts in exchange for services, **1:42**

Section 199 deduction, derived from exchange, 12:11

EXEMPTIONS OR EXCLUSIONS

Flow of costs, 5:1

Interest. See index heading INTEREST

LIFO. See index heading LIFO

EXEMPTIONS OR EXCLUSIONS—Cont'd

Long-term contracts

generally, 11:47 to 11:51

for detailed treatment see index heading LONG-TERM

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Production and producers. See index heading PRODUC-TION AND PRODUCERS

Resale and resellers. See index heading RESALE AND RESELLERS

Small businesses, scope of inventory rules, 1:46

EXISTENCE OF NEW ITEMS IN PREVIOUS PERIOD

Dollar-value LIFO, 7:53, 7:54

EXPANDED AFFILIATED GROUPS (EAG)

Section 199 deduction, 12:10

EXPENSES

See index heading costs

EXPERIMENTATION

See index heading research and experimentation (r&E)

EXTENSION

See index heading LIFO

EXTERNAL INTEREST RATE ELECTION

Interest capitalization, 10:37

F

FACILITIES

Interest capitalization, subject costs, **10:23**, **10:24**Producers valuation at cost, depreciation of idle facilities. **2:25**

Resale and resellers. See index heading RESALE AND RESELLERS

FAILURE TO COMPLY

See index heading COMPLIANCE OR NONCOMPLIANCE

FAILURE TO FILE FORM 970

LIFO, making elections, 8:3

FARMERS AND FARMING

Not valued at cost inventories, **4:16 to 4:23**, **App. 4A**, **4B**

Producers valuation at cost, 2:5

Scope of inventory rules, special situations, 1:35

FEDERAL CONTRACTS

Section 199 deduction, 12:5

FIFO

Changed to simplified LIFO, dollar-value LIFO, 7:32 Flow of costs, 5:2, 5:3, 5:6, 5:7

Transfers to controlled corporations, 9:13, 9:17 to 9:19

FILING

Amended returns, correction of errors, **9:2** Form 970, LIFO elections, **8:3, 8:5**

FINAL CALCULATIONS

Not valued at cost inventories, normal goods, 4:14

FINAL REGULATIONS

Long-term contracts, 11:1, App. 11A

FINANCED DEBT

Interest capitalization, 10:1, 10:23, 10:26 to 10:29

FINANCIAL MATTERS

See index heading LIFO

FINISHED GOODS

Built-in gains upon S elections, 9:11

LIFO. See index heading LIFO

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Producers valuation at cost, 2:9, 2:16, 2:48, 2:50

Scope of inventory rules, 1:15

FIRM CONTRACT EXCEPTION

Not valued at cost inventories, normal goods, 4:11

FIRST-IN, FIRST-OUT

See index heading FIFO

FIXTURES

Interest capitalization, subject property, 10:3

FLOW OF COSTS

Generally, **5:1 to 5:17**

Additional costs, retail method, **5:16**

Adjustments

perpetual inventory records, 5:5

retail method, 5:16

Annual physical inventory, 5:4, 5:5

Average cost, **5:7**, **5:13**

Burden of tracing, 5:3

Change in method, adjustment for shrinkage, 5:5

Complex calculations, retail method, 5:10

Damaged goods, 5:4, 5:5, 5:15

Deductions, 5:5

Destroyed goods, 5:4, 5:5

Eligibility for retail method, 5:17

Estimates for shrinkage, 5:5

Exclusions, 5:1

FIFO, 5:2, 5:3, 5:6, 5:7

Formula, retail method, 5:9

Goods, 5:1 to 5:17

Handling costs, retail method, 5:16

In transit goods, retail method, 5:14

Invoices, 5:1 to 5:3

LIFO

generally, 6:1

for detailed treatment see index heading LIFO

Losses, 5:5

Lower of cost or market, retail method, 5:15

Markdowns, retail method, 5:10, 5:11, 5:15

Method or methods

adjustment for shrinkage, 5:5

average cost, 5:7

retail method, 5:1, 5:8 to 5:17

FLOW OF COSTS—Cont'd

More complex calculations, retail method, 5:10

Need for physical inventories, 5:4

Other averaging consequences, retail method, 5:13

Perpetual inventory system, 5:4, 5:5

Physical inventory, 5:4, 5:5

Presumption, FIFO, 5:2

Price, 5:1, 5:8 to 5:17

Promotional discounts, retail method, 5:11

Purchasing costs, retail method, 5:16

Regulations, **5:1 et seq.**

Retail

adjustment for shrinkage by retailers, 5:5

method, 5:1, 5:8 to 5:17

Revenue Procedure 2008-43, App. 5A

Safe harbor, adjustment for shrinkage, 5:5

Sales, 5:1 to 5:17

Shopworn goods, retail method, 5:15

Shrinkage, 5:5

Specific identification of goods, 5:1, 5:3

Stolen goods, **5:4**, **5:5**

Storage costs, retail method, 5:16

Subnormal goods, retail method, 5:12, 5:15

Tracing goods, 5:1 to 5:3

Untraceable goods, 5:2

Valuation

average cost, 5:7, 5:13

retail method, 5:8 to 5:17

Verification

book inventory, 5:4

losses, **5:5**

Wholesalers, eligibility for retail method, 5:17

FLOW-THROUGH ENTITIES

Interest capitalization, 10:38 to 10:45

Long-term contracts, look-back method, 11:25, 11:76

Section 199 deduction, 12:40, 12:41

FOOD

Section 199 deduction, food and beverage exception,

12:16

FOREIGN CORPORATIONS

Interest capitalization, 10:49, 10:50

FORM 970

See index heading LIFO

FORM 3115

Request for change in accounting method, 7:46, 7:58, 8:24, 9:2, 9:8

FORM 8697

Long-term contracts, interest computation under lookback method for completed contracts, **11:23**,

11:64, App. 11B

FORMER MATTERS

LIFO. See index heading LIFO

Small resellers and large resellers, at cost valuation of resellers, **3:39**

Index-10

FORMULA

Flow of costs, retail method, 5:9

Long-term contracts. See index heading Long-term

FULL ABSORPTION COSTING REGULATIONS

Producers valuation at cost, 2:7, 2:13

FUNCTION

Resellers valuation at cost, dual function facilities, 3:19

FUNCTIONAL INTERDEPENDENCE

Interest capitalization, 10:14

FUTURE COSTS

Long-term contracts, look-back calculations under regulations, **11:65**, **11:68**, **11:69**

G

GAAP

Not valued at cost inventories, 4:2

Producers valuation at cost, 2:2, 2:15, 2:17

Scope of inventory rules, 1:4 to 1:6, 1:32

GAINS

Built-in gains upon S elections, 9:10 to 9:12

Long-term contracts. See index heading LONG-TERM CONTRACTS

GENERAL ADMINISTRATION COSTS

Producers valuation at cost, 2:9, 2:13, 2:15, 2:21, 2:24 to 2:26, 2:28

GENERAL ANTI-ABUSE RULES

Interest capitalization, 10:51

GENERAL LIFO

Generally, **6:1 to 6:35**

GENERAL POOLING PRINCIPLES

Dollar-value LIFO, 7:13, 7:21

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

See index heading GAAP

GOAL OF INVENTORY ACCOUNTING

Scope of inventory rules, 1:3

GOODS

Damaged goods. See index heading DAMAGED GOODS Finished goods. See index heading FINISHED GOODS

Flow of costs, **5:1 to 5:17**

In process goods. See index heading IN PROCESS GOODS In transit goods. See index heading IN TRANSIT GOODS LIFO. See index heading LIFO

Not valued at cost inventories, 4:2 to 4:15

Production and producers. See index heading Production and Producers

Purchased goods

dollar-value LIFO, pooling, 7:15

not valued at cost inventories, normal goods, 4:9

Resellers valuation at cost, **3:1 et seq.**

GOODS-Cont'd

Scope of inventory rules, 1:1 et seq.

Scrapped goods. See index heading scrapped goods Shopworn goods. See index heading shopworn goods Subnormal goods. See index heading subnormal goods

GROSS PROFIT

Long-term contracts, 11:20, 11:38

GROSS RECEIPTS

Aggregation

dollar-value LIFO, 7:29

long-term contracts, 11:48

resellers valuation at cost, 3:10

Dollar-value LIFO, 7:29, 7:33, 7:34

Long-term contracts. See index heading LONG-TERM CONTRACTS

Producers valuation at cost, 2:3

Resellers valuation at cost, 3:1 to 3:12

Scope of inventory rules, taxpayers who must apply rules, 1:16 to 1:21

GUARANTEED PAYMENTS TO PARTNERS

Interest capitalization, 10:44

Η

HANDLING COSTS

Dollar-value LIFO, 7:24

Flow of costs, retail method, 5:16

Producers valuation at cost, 2:7, 2:17

Resellers valuation at cost, 3:1, 3:11, 3:13, 3:15, 3:21, 3:28, 3:30, 3:31, 3:42, 3:43

HELD

Closely-held entities. See index heading Closely-Held ENTITIES

Property. See index heading PROPERTY

HISTORIC ABSORPTION RATIO

Producers valuation at cost, allocation of production costs to inventories, 2:54

HISTORICAL SIMPLIFIED RESALE METHOD FOR ALLOCATION OF COSTS

Resellers valuation at cost, 3:33

HOME BUILDERS

Long-term contracts, exemption, 11:49, 11:55, 11:62, 11:63

HOSPITALS

Scope of inventory rules, taxpayers who must apply rules, 1:11

HYPOTHETICAL TAX LIABILITY

Long-term contracts, look-back calculations under regulations, 11:64

HYPOTHETICAL TAXABLE INCOME

Long-term contracts, look-back calculations under regulations, **11:64**, **11:70** to **11:74**

I

IDENTICAL GOODS

Dollar-value LIFO, pricing, 7:15, 7:17

IDLE FACILITY DEPRECIATION

Producers valuation at cost, 2:25

ILLEGAL SUBSTANCES

Scope of inventory rules, 1:38

IMPLICATIONS

Alternative minimum tax, long-term contracts, 11:71 Methods of accounting, resellers valuation at cost, 3:11

IMPRACTICALITY

Dollar-value LIFO, pricing, 7:2, 7:7, 7:10 Scope of inventory rules, special situations, 1:37

IMPROVEMENTS

Interest capitalization, **10:5**, **10:6**, **10:22**, **10:34** Long-term contracts, **11:5**

IN PROCESS GOODS

LIFO. See index heading LIFO

Not valued at cost inventories, subnormal or normal goods, 4:6, 4:10

IN TRANSIT GOODS

Flow of costs, retail method, **5:14**Scope of inventory rules, property included in inventories, **1:32**

INCIDENTAL MATERIALS OR SUPPLIES

Scope of inventory rules, 1:13, 1:14

INCOME

Catch-up adjustment to income, change in accounting method, 1:45, 3:11

Deferral. See index heading DEFERRAL

Interest. See index heading INTEREST

LIFO. See index heading LIFO

Long-term contracts. See index heading LONG-TERM CONTRACTS

Recognition. See index heading RECOGNITION OF INCOME Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

Taxable income. See index heading TAXABLE INCOME

INCORRECT MATTERS

Former method, LIFO, 6:16

Inventory, transfers to controlled corporations, 9:14, 9:16

INCREMENTAL COSTING

Producers valuation at cost. 2:7

INDEXES

See index heading LIFO

INDIRECT COSTS

LIFO, material content, 6:12

Long-term contracts, 11:29, 11:48

Producers valuation at cost, 2:7, 2:9, 2:11, 2:21, 2:27, 2:49, App. 2A

INDIRECT COSTS—Cont'd

Resellers valuation at cost, **3:1, 3:13 to 3:24** Scope of inventory rules, **1:1, 1:6**

INDUSTRY PRACTICES

Scope of inventory rules, GAAP, 1:5, 1:6

INELIGIBLE DEBTS

Interest capitalization, 10:26

INFORMATION

See index heading LIFO

INITIAL ELECTION

LIFO, 8:5

INPUT CHANGE

LIFO, change/no change in product, 6:5, 6:6

INSTALLATIONS

Long-term contracts, **11:8**, **11:49** Section 199 deduction, **12:7**

INSURANCE

Producers valuation at cost, 2:7, 2:16, 2:17

INTANGIBLE PROPERTY

Interest capitalization, 10:8 Long-term contracts, 11:9 Resellers valuation at cost, 3:5

INTER-COMPANY LOANS

Interest capitalization, 10:46

INTERDEPENDENCE

Interest capitalization, functional interdependence, 10:14

INTEREST

Accrual basis taxpayer, costs subject to interest capitalization, **10:21**

Accumulated production expenditures

costs subject to interest capitalization, 10:21 to 10:24

electing out of tracing, interest capitalization, 10:36, 10:37

flow-through entities, interest capitalization, 10:39, 10:41, 10:43, 10:45

matching liabilities and production expenditures, interest capitalization, 10:25 to 10:27, 10:30, 10:32

parent-subsidiary entities, interest capitalization, 10:47, 10:49

Addition of costs, interest capitalization, 10:21, 10:22

Adjustment, changing methods of accounting to comply with regulations, 10:52

Advance payments to contractors, costs subject to interest capitalization, 10:21

Aging process, beer, wine, distilled spirits, exception, 10:6.50

Alcohol aging process, exception, 10:6.50

Allocation

accumulated production expenditures, flow-through entities, 10:39, 10:41

INTEREST—Cont'd

Allocation-Cont'd

costs, interest capitalization, **10:15**, **10:17**, **10:18**, **10:24**

debt, interest capitalization, **10:25**, **10:29**, **10:43** interest, capitalization, **10:4**, **10:30**, **10:34** liabilities, interest capitalization, **10:49**

Anti-abuse rules, interest capitalization, **10:51** APE. Accumulated production expenditures, above Assets

bases in assets, property subject to interest capitalization, **10:7**

changing methods of accounting to comply with regulations, interest capitalization, **10:52**

costs subject to interest capitalization, **10:21**, **10:24** deferred asset method, interest capitalization, **10:39**, **10:47**

matching liabilities and production expenditures, interest capitalization, **10:29**

Avoided cost

flow-through entities, interest capitalization, 10:39, 10:40, 10:42

general anti-abuse rules, interest capitalization, 10:51

matching liabilities and production expenditures, interest capitalization, 10:25, 10:26, 10:30, 10:31, 10:33

parent-subsidiary entities, interest capitalization, **10:47**

Basis

assets, property subject to interest capitalization, 10:7

changing methods of accounting to comply with regulations, interest capitalization, **10:52**

costs subject to interest capitalization, 10:21, 10:22, 10:24

flow-through entities, interest capitalization, **10:39** Beer, wine, distilled spirits aging process, exception, **10:6.50**

Beginning of production, interest capitalization, 10:7, 10:9 to 10:20

Benefited property, interest capitalization, 10:17 to 10:20

Book value of production property, costs subject to interest capitalization, **10:21**

Borrowing from third parties, interest capitalization, 10:28

Builders, property subject to interest capitalization, 10:4

Buildings, interest capitalization, 10:34

Business small businesses, interest capitalization, **10:37**

use of property in business, interest capitalization, 10:37
10:1

C corporations, interest capitalization, 10:45

Capitalization, 10:1 to 10:52

Changing methods of accounting to comply with regulations, interest capitalization, 10:52

Commingling of funds, interest capitalization, 10:28

INTEREST—Cont'd

Common features, interest capitalization, 10:15, 10:17 to 10:20

Completion of common features, interest capitalization, 10:18, 10:20

Contractors

costs subject to interest capitalization, **10:21** matching liabilities and production expenditures, interest capitalization, **10:27**

property subject to interest capitalization, 10:4, 10:7

Contracts

long-term contracts. See index heading LONG-TERM CONTRACTS

property subject to interest capitalization, 10:2, 10:4, 10:7

Corporations

flow-through entities, interest capitalization, 10:38, 10:45

parent-subsidiary entities, interest capitalization, 10:46 to 10:50

Costs, interest capitalization, **10:1 et seq.** Credit, interest capitalization, **10:27, 10:28**

De minimis exception, interest capitalization, 10:6, 10:40, 10:42

Debts, interest capitalization, **10:1, 10:23 et seq.** Deductions

capitalization, generally, 10:1

flow-through entities, interest capitalization, 10:39, 10:45

parent-subsidiary entities, interest capitalization, 10:46, 10:48

property subject to interest capitalization, 10:4 when production begins and ends, interest capitalization, 10:13, 10:18, 10:20

Deferred asset method, interest capitalization, 10:39, 10:47

Depreciation

costs subject to interest capitalization, 10:22, 10:24 matching liabilities and production expenditures, interest capitalization, 10:34

when production begins and ends, interest capitalization, **10:19**

Designated property, interest capitalization, 10:2, 10:13, 10:21, 10:22

Determinations, interest capitalization, 10:1, 10:9, 10:26

Disabled property, costs subject to interest capitalization, 10:22

Disposition of debt financed property, interest capitalization, **10:29**

Elections

flow-through entities, interest capitalization, 10:39, 10:41

parent-subsidiary entities, interest capitalization, **10:48, 10:49**

property subject to interest capitalization, 10:7 simplified method for inventories, interest capitalization, 10:35

tracing, interest capitalization, 10:36, 10:37

INTEREST—Cont'd

Eligible debts, interest capitalization, 10:26, 10:36, 10:41 to 10:43, 10:46, 10:47

Ending of production, interest capitalization, 10:7, 10:9 to 10:20

Equipment, costs subject to interest capitalization, 10:22, 10:24

Estates, interest capitalization, 10:38

Estimated production period of property, interest capitalization, 10:2, 10:5, 10:7, 10:9

Exemptions

aging process, beer, wine, distilled spirits, 10:6.50 costs subject to interest capitalization, 10:22, 10:24 de minimis exception, interest capitalization, 10:6, 10:40, 10:42

property subject to interest capitalization, **10:4 to 10:6**

External interest rate election, interest capitalization, 10:37

Facilities, costs subject to interest capitalization, 10:23, 10:24

Financed debt, interest capitalization, **10:1**, **10:23**, **10:26 to 10:29**

Fixtures, property subject to interest capitalization, 10:3

Flow-through entities, interest capitalization, 10:38 to 10:45

Foreign corporations, interest capitalization, **10:49**, **10:50**

Functional interdependence, interest capitalization, 10:14

General anti-abuse rules, interest capitalization, **10:51** Guaranteed payments to partners, interest capitalization, **10:44**

Held property, interest capitalization, **10:14**, **10:15**, **10:18**, **10:19**

Improvements, interest capitalization, 10:5, 10:6, 10:22, 10:34

Income

producing property, interest capitalization, 10:13 to 10:15, 10:19

taxable income, interest capitalization, **10:1** Ineligible debts, interest capitalization, **10:26**

Intangible personal property, interest capitalization,

Inter-company loans, interest capitalization, 10:46 Investment, interest capitalization, 10:22, 10:33, 10:39

Leases, interest capitalization, 10:14

Liabilities, interest capitalization, 10:25 to 10:35, 10:38 to 10:45, 10:49

Loans, interest capitalization, **10:1**, **10:28**, **10:46**Long-term contracts. See index heading LONG-TERM CONTRACTS

Matching liabilities and production expenditures, interest capitalization, **10:25 to 10:35**

Measurement processes, interest capitalization, **10:32** Method or methods

changing methods of accounting to comply with regulations, interest capitalization, **10:52**

INTEREST—Cont'd

Method or methods—Cont'd

deferred asset method, interest capitalization, 10:39, 10:47

simplified method for inventories, interest capitalization, **10:35**

substitute cost method, interest capitalization, 10:41, 10:42, 10:48, 10:51

Multiple-entity control groups, interest capitalization, 10:49

Notice

88-74, interest capitalization, 10:26

88-99, interest capitalization, **10:38**, **10:40**, **10:49 to 10:51**

Offsets, interest capitalization, 10:32

One-year property, interest capitalization, 10:2

Ordering rules for parent-subsidiary entities, interest capitalization, 10:49

Other tangible personal property, interest capitalization, 10:7

Owner of property, interest capitalization, 10:2

Parent-subsidiary corporations, interest capitalization, 10:46 to 10:50

Partners and partnerships, interest capitalization, 10:38 to 10:44

Passive activities, interest capitalization, **10:33**, **10:39** Payments

contractors, interest capitalization, **10:7**, **10:21** guaranteed payments to partners, interest capitalization, **10:44**

Personal property, interest capitalization, **10:2**, **10:5**, **10:7** to **10:10**, **10:35**

Physical activities on real property, interest capitalization, 10:10

Post-expenditure debts, interest capitalization, **10:31** Production and producers

at cost valuation of producers, 2:22 capitalization, 10:1 et seq.

Property, interest capitalization, 10:1 et seq.

Qualified property, costs subject to interest capitalization, 10:22

Rate of interest

electing out of tracing, interest capitalization, 10:36, 10:37

external interest rate, interest capitalization, 10:37 flow-through entities, interest capitalization, 10:41, 10:44

long-term contracts, look-back calculations under regulations, 11:79

matching liabilities and production expenditures, interest capitalization, **10:26**, **10:30**, **10:35**

Real property, interest capitalization, 10:2 to 10:4, 10:6, 10:10, 10:13 to 10:20, 10:34, 10:35

Recognition of revenue from product, interest capitalization, **10:1**

Regulations, interest capitalization, **10:1 et seq.** Related parties, interest capitalization, **10:26**

Rents, interest capitalization, 10:14, 10:19

Revenue Procedures, interest capitalization, 10:26, 10:52

INTEREST—Cont'd

Rules, interest capitalization, 10:1 et seq.

S corporations, interest capitalization, **10:38**, **10:45** Sales, interest capitalization, **10:12**, **10:14**, **10:18**, **10:20**, **10:39**

Section 199 deduction, interest expense, 12:31

Service department property, costs subject to interest capitalization, **10:24**

Simplified method for inventories, interest capitalization, 10:35

Small businesses, interest capitalization, 10:37

Speculative builders, property subject to interest capitalization, **10:4**

Status of corporation, interest capitalization, 10:45 Substitute cost method, interest capitalization, 10:41, 10:42, 10:48, 10:51

Suspension of production, interest capitalization, 10:11

Tangible personal property, interest capitalization, **10:2, 10:5, 10:7 to 10:10, 10:35**

Taxable income, interest capitalization, 10:1

Tracing, interest capitalization, 10:23 to 10:30, 10:36, 10:37, 10:39

Treatment of land and common features costs, interest capitalization, **10:17**

Trusts, interest capitalization, 10:38

Twenty-year property, property subject to interest capitalization, **10:2**, **10:5**

Two-year property, property subject to interest capitalization, **10:2**

Unit of property, interest capitalization, 10:13 to 10:18, 10:24

Use

election to use external interest rate, interest capitalization, 10:37

property, interest capitalization, 10:1, 10:22, 10:23

INTERNAL MANAGEMENT REPORTS

LIFO, **6:31**

INVENTORY PRICE INDEX COMPUTATION (IPIC)

Dollar-value LIFO, 7:34, 7:35 to 7:46

INVESTMENT

Interest capitalization, 10:22, 10:33, 10:39

LIFO. See index heading LIFO

Not valued at cost inventories, dealers in securities, 4:24

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

INVOICES

Flow of costs, **5:1 to 5:3**

INVOLUNTARY MATTERS

Change in accounting method, 8:33, 9:2

LIFO. See index heading LIFO

Voluntary matters. See index heading VOLUNTARY MATTERS

IPIC (INVENTORY PRICE INDEX COMPUTATION)

Dollar-value LIFO, 7:34, 7:35 to 7:46

ITEMS

LIFO. See index heading LIFO

Producers valuation at cost, recurring item exception, 2:8

Section 199 deduction, Item issue, 12:8

 \mathbf{L}

LABOR

Costs

LIFO. See index heading LIFO long-term contracts, 11:29, 11:34 producers valuation at cost, 2:3, 2:7, 2:9, 2:10, 2:18, 2:48

Production and producers. See index heading Production and Producers

LAND

See index heading REAL PROPERTY

LARGE FORMER RESELLERS

At cost valuation of resellers, 3:39

LAST-IN, FIRST-OUT

See index heading LIFO

LAWS

See index heading STATUTES

LAYERS

See index heading LIFO

LEASES

Interest capitalization, 10:14

Scope of inventory rules, property included in inventories, 1:31

Section 199 deduction, derived from lease, 12:11

LESS THAN TAXABLE YEAR PERIOD LIFO, 6:29

LETTER RULINGS

LIFO. See index heading LIFO

Long-term contracts, uniqueness of products, 11:12

LIABILITY OR LIABILITIES

Interest capitalization, 10:25 to 10:35, 10:38 to 10:45, 10:49

Long-term contracts, tax liability, **11:64**, **11:73**, **11:74**, **11:80**

Product liability insurance, producers valuation at cost, 2:16

LICENSE

Section 199 deduction, derived from license, 12:11

LIFC

Absorption ratio, valuation of layers under simplified methods, **6:24**

Accessories, alternative dollar-value method for automobile dealers, 7:55

LIFO-Cont'd

Accrual basis taxpayers, long-term contracts, 11:3 Acquisition order, dollar-value pricing, 7:9

Actual cost, beginning inventories, 6:14

Actual price, dollar-value pricing, 7:3

Additional

costs. Additional costs, below

information on Form 970, making LIFO elections, 8:4

layers, dollar-value, 7:1, 7:3, 7:6

Additional costs

application of LIFO to retail inventory method, dollar-value, **7:24**

changes of methods, 9:9

Adjustments

alternative LIFO method for automobile dealers, dollar-value, 7:55

alternative minimum tax, 9:24, 9:28

application of LIFO to retail inventory method, dollar-value, **7:22**

beginning inventories, requirements incident to LIFO, 6:14

changes of methods, 9:8, 9:9

components of cost, 6:13

Form 970, making LIFO elections, 8:9

involuntary changes in LIFO methods, elections, 8:33

lower of cost or market, requirements incident to LIFO, 6:15, 6:16

new items, dollar-value pricing, 7:5

simplified LIFO, dollar-value, 7:43

subnormal goods, requirements incident to LIFO, 6:17

taxpayer agreement, making LIFO elections, 8:7 voluntary changes in LIFO election, 8:24, 8:27, 8:28, 8:31

voluntary termination of LIFO, elections, 8:34

Aggregation of gross receipts, dollar-value, 7:29

Agreements. Contracts or agreements, below

Allocation of costs, voluntary changes in LIFO election, 8:31

Alternative

method, dollar-value, 7:45, 7:47 to 7:60 minimum tax, 9:24, 9:28, 9:29

Ambiguities, scope of election, 8:21

Annual index, dollar-value, 7:8, 7:9, 7:11, 7:52

Application of LIFO to retail inventory method, dollar-value, 7:22 to 7:25

Applications

change from one LIFO method to another LIFO method, 9:8

Form 970 (application to use LIFO inventory method). Elections, below

incorrect former method, change of method, 6:16

loan applications, commonly encountered conformity problem situations, **6:35**

voluntary changes in LIFO election, 8:24

Appropriate matters, dollar-value, 7:38, 7:41

Assets, disclosure of inventory asset value, 6:30

LIFO—Cont'd	LIFO—Cont'd
At cost valuation	Capitalization of costs—Cont'd
requirements incident to LIFO, 6:21	storage costs, requirements incident to LIFO, 6:23
resellers, 3:32	Cashed-out investment, item issue, 6:4
Automatic matters	Change
change of method, dollar-value, 7:47	base year, voluntary changes in LIFO election, 8:29
extension of time to file Form 970, making LIFO elections, 8:3	elections, generally, 8:1
Automobile dealers, dollar-value, 7:8, 7:47 to 7:60	Form 970, making LIFO elections, 8:6
Average cost	input, change/no change in product, 6:5 , 6:6 involuntary changes in LIFO methods, elections,
adjustment for new items, dollar-value pricing, 7:5	8:33
requirements incident to LIFO, 6:19	making LIFO elections, generally, 8:3
Average or averages	method. Change of method, below
cost. Average cost, above	retroactive changes in cost, requirements incident
three-year average, changes of methods, 9:9	to LIFO, 6:25
use of averages, 6:10	scope of election, 8:5, 8:25
Bargain purchases	voluntary changes in LIFO election, 8:24 to 8:32
pools and pooling, dollar-value pricing, 7:15	Change of method
requirements incident to LIFO, 6:22	generally, 9:8, 9:9
same item purchasing and producing, 6:9	alternative LIFO method for automobile dealers,
Base period or year dollar-value, 7:1 et seq.	dollar-value, 7:47 , 7:48 , 7:56
voluntary changes in LIFO election, 8:27, 8:29	beginning inventories, requirements incident to
Bases of allocations change, voluntary changes in	LIFO, 6:14
LIFO election, 8:31	Form 3115, 7:46 , 7:58 , 8:24
Beginning inventories	from FIFO to simplified LIFO, dollar-value, 7:32 from one LIFO method to another LIFO method,
Form 970 (application to use LIFO inventory	7:32, 9:8
method), 6:14, 8:6, 8:9	incorrect former method, requirements incident to
requirements incident to LIFO, 6:14 , 6:15 , 6:19 , 6:21	LIFO, 6:16
Benefits of alternative LIFO method for automobile	lower of cost or market, requirements incident to
dealers, dollar-value, 7:48	LIFO, 6:15
BLS. Bureau of Labor Statistics, below	simplified LIFO, dollar-value, 7:32 , 7:46
Built-in gains upon S elections, 9:12	Closely-held businesses, internal management reports, 6:31
Burden of proof, making LIFO elections, 8:3	Combining pools, voluntary changes in LIFO elec-
Bureau of Labor Statistics	tion, 8:27
application of LIFO to retail inventory method,	Commonly encountered conformity problem situa-
dollar-value, 7:22 simplified LIFO, dollar-value, 7:26 to 7:34, 7:36 to	tions, requirements incident to LIFO, 6:35
7:43	Comparative financial statements, commonly
Business	encountered conformity problem situations, 6:35
goods subject to election, making LIFO elections,	Compliance or noncompliance
8:8	involuntary termination of LIFO, elections, 8:23
Natural Business Unit (NBU), 7:13, 7:14, 7:16,	making LIFO elections, 8:3, 8:17
8:18	Components. Costs, below
sale of business, commonly encountered	Computations. Calculations or computations, above Conclusions
conformity problem situations, 6:35	alternative LIFO method for automobile dealers,
small businesses, below	dollar-value, 7:59
C corporations, alternative minimum tax, 9:28	item issue, 6:11
Calculations or computations beginning inventories, requirements incident to	pooling, dollar-value, 7:20
LIFO, 6:14	pricing, dollar-value, 7:11
IPIC (inventory price index computation), dollar-	simplified LIFO, dollar-value, 7:31
value, 7:34, 7:35 to 7:46	Conditions to change of method, dollar-value, 7:56
Capitalization of costs	Conformity
changes of methods, 9:9	FAA 20114702F: LIFO conformity violation, App.
difference between financial accounting LIFO and	6B
tax LIFO, requirements incident to LIFO, 6:33	making LIFO elections, 8:11
material content, 6:12	requirements incident to LIFO, 6:14, 6:26 to 6:35

LIFO—Cont'd	LIFO—Cont'd
Contracts or agreements	Description
long-term contracts, 11:3, 11:30	alternative LIFO method for automobile dealers,
taxpayer agreement, making LIFO elections, 8:7	dollar-value, 7:49
Converting inventory to base period prices, dollar-	cost system used, making LIFO elections, 8:15
value, 7:42	Deterrent to LIFO, write-ups, 6:18
Corporations	Difference between financial accounting LIFO and
built-in gains upon S elections, 9:12	tax LIFO, requirements incident to LIFO, 6:33
C corporations, alternative minimum tax, 9:28	Disclosure, requirements incident to LIFO, 6:27 ,
parent and subsidiary corporations, below	6:28, 6:30
transfers to controlled corporations, 9:13, 9:17,	Distributors, dollar-value, 7:13, 7:21
9:19 to 9:23	Dollar-value
Costs	generally, 6:1, 7:1 to 7:60, 8:13
actual cost, beginning inventories, 6:14	change from specific goods to dollar-value, 8:26
additional costs, above	voluntary changes in LIFO election, 8:25, 8:26,
at cost valuation, above	8:29
average cost, above	Double-extension method
capitalization of costs, above	alternative to simplified LIFO, dollar-value, 7:45
change in input, no change in product, 6:5	pricing, dollar-value, 7:2, 7:3, 7:5, 7:7, 7:10
components	simplified LIFO, dollar-value, 7:26, 7:45
1	Elections
generally, 6:13	generally, 6:1, 8:1 to 8:34
cost change, voluntary changes in LIFO election, 8:30	application of LIFO to retail inventory method, dollar-value, 7:23
cost pooling, dollar-value, 7:14	bargain purchases, requirements incident to LIFO,
current cost, below	6:22
description of cost system used, making LIFO elec-	built-in gains upon S elections, 9:12
tions, 8:15	flow of costs, 5:1 , 5:6
dollar-value, 7:1 et seq.	Form 970 (application to use LIFO inventory
elements of cost change, voluntary changes in	method)
LIFO election, 8:30	alternative LIFO method for automobile dealers,
flow of costs, below	dollar-value, 7:58
goods sold, 6:1 , 6:3	beginning inventories, 6:14 , 8:6 , 8:9
handling costs, dollar-value, 7:24	changes to LIFO, 9:8
indirect costs, material content, 6:12	dollar-value, generally, 8:4
labor costs, below	making LIFO elections, 8:3 to 8:17
long-term contracts, materials, 11:30	simplified LIFO, dollar-value, 7:46
lower of cost or market, requirements incident to	transfers to controlled corporations, 9:17
LIFO, 6:15 , 6:16	IPIC method, 8:14
new layer valuation, requirements incident to	layers, requirements incident to LIFO, 6:20
LIFO, 6:20	multiple pools, dollar-value pricing, 7:13
overhead costs, below	new layer valuation, requirements incident to
replacement cost, requirements incident to LIFO, 6:14, 6:18	LÍFO, 6:20
retroactive changes in cost, requirements incident to LIFO, 6:25	scope of election, 7:30 , 8:5 , 8:6 , 8:18 to 8:22 , 8:25 simplified LIFO, dollar-value, 7:2 , 7:26 to 7:46
storage costs, below	subnormal goods, requirements incident to LIFO,
subnormal goods, requirements incident to LIFO,	6:17, 6:18
6:17	termination of election, beginning inventories, 6:14
use of averages, 6:10	transfers to controlled corporations, 9:17, 9:19 to
Cumulative index, dollar-value, 7:9, 7:11, 7:52	9:22
Current cost	Eligibility
link-chain method, dollar-value pricing, 7:9	application of LIFO to retail inventory method,
valuation, specific goods, 7:1	dollar-value, 7:23
· · ·	simplified LIFO, dollar-value, 7:29
Current inventory, dollar-value, 7:1	Ending inventories, making LIFO elections, 8:6
Current price, dollar-value, 7:3 et seq.	Errors, scope of election, 8:21
Damaged goods, subnormal goods, 6:17	Evidence
Deferral of income, 6:1, 6:3, 6:4, 7:1	burden of proof, making LIFO elections, 8:3

LIFO—Cont'd	LIFO—Cont'd
Evidence—Cont'd	Grounds for involuntary termination of LIFO, elec-
impracticality of double-extension, dollar-value	tions, 8:23
pricing, 7:10	Handling costs, dollar-value, 7:24
Exemptions or exclusions	Identical goods, dollar-value pricing, 7:15, 7:17
elections, 8:6 , 8:10 , 8:21	Illustration of specific goods LIFO, 6:2
internal management reports, 6:31	Impracticality of method, dollar-value pricing, 7:2,
Existence of new items in previous period, dollar-	7:7, 7:10
value, 7:53, 7:54	Incident to LIFO requirements, 6:14 to 6:35
Extension	Income
double-extension method, above	deferral of income, 6:1, 6:3, 6:4, 7:1
time to file Form 970, making LIFO elections, 8:3 FAA 20114702F: LIFO conformity violation, App.	statements, requirements incident to LIFO, 6:27 , 6:28 , 6:30 , 6:31
6B	Incorrect former method, requirements incident to
Failure to file Form 970, making LIFO elections, 8:3	LIFO, 6:16
FIFO changed to simplified LIFO, dollar-value, 7:32	Indexes
Filing of Form 970, making LIFO elections, 8:3, 8:5	alternative LIFO method for automobile dealers,
Financial matters	dollar-value, 7:52 to 7:55, 7:57, 7:60
conformity, 6:14, 6:26 to 6:35, 8:11	annual index, dollar-value, 7:8, 7:9, 7:11, 7:52
difference between financial accounting LIFO and	Bureau of Labor Statistics, dollar-value, 7:22, 7:26
tax LIFO, 6:33	et seq., 7:36 to 7:43
statements, requirements incident to LIFO, 6:14,	cumulative index, dollar-value, 7:9, 7:11, 7:52
6:35	double-extension method, dollar-value, 7:3, 7:5,
Finished goods	7:26
manufacturers, scope of election, 8:18	IPIC (inventory price index computation), dollar-
new layer valuation, requirements incident to	value, 7:34, 7:35 to 7:46
LIFO, 6:20	link-chain method, dollar-value, 7:8 , 7:9 , 7:11 , 7:26
pooling, dollar-value, 7:13, 7:15, 7:18	method, dollar-value pricing, 7:2, 7:7
simplified LIFO, dollar-value, 7:43	old items, dollar-value pricing, 7:6
Flow of costs	pools and pooling, dollar-value pricing, 7:12
generally, 6:1	simplified LIFO, dollar-value, 7:26 et seq., 7:36 to
election, 5:1 , 5:6	7:43
retroactive changes in cost, requirements incident	Indirect costs, material content, 6:12
to LIFO, 6:25	Information
storage costs, requirements incident to LIFO, 6:23	Form 970, making LIFO elections, 8:4, 8:5
Form 970 (application to use LIFO inventory	requirements incident to LIFO, 6:27, 6:28
method). Elections, above	Initial election, making LIFO elections, 8:5
Form 3115, 7:46, 7:58, 8:24	In process goods
Former matters	manufacturers, scope of election, 8:18
incorrect former method, requirements incident to	new layer valuation, requirements incident to
LIFO, 6:16	LIFO, 6:20
inventory method, making LIFO elections, 8:9	pooling, dollar-value, 7:13, 7:18
period for new items, dollar-value, 7:53, 7:54	simplified LIFO, dollar-value, 7:39
uses of LIFO, making LIFO elections, 8:16	Input change, change/no change in product, 6:5 , 6:6
General LIFO, 6:1 to 6:35	Internal management reports, requirements incident to
General pooling principles, dollar-value, 7:13 , 7:21	LIFO, 6:31
Goods generally, 8:8	Inventory price index computation (IPIC), dollar- value, 7:34 , 7:35 to 7:46
application of LIFO to retail inventory method,	Investment
dollar-value, 7:22	components of cost, 6:13
dollar-value, generally, 7:1	dollar-value, 7:1
finished goods, above	item issue, 6:4
Form 970, making LIFO elections, 8:6	storage costs, requirements incident to LIFO, 6:23
in process goods, below	Involuntary matters
specific goods, 6:1 to 6:35, 7:1, 8:25, 8:26	changes in LIFO methods, elections, 8:33
subnormal goods, below	termination of LIFO, elections, 8:23
Goods subject to election, making LIFO elections, 8:8	IPIC (inventory price index computation), dollar-
Gross receipts, dollar-value, 7:29 , 7:33 , 7:34	value, 7:34, 7:35 to 7:46

LIFO—Cont'd	LIFO—Cont'd
Items	Method or methods
alternative LIFO method for automobile dealers,	generally, 6:1 et seq.
dollar-value, 7:51	alternative method, dollar-value, 7:45, 7:47 to 7:60
issues, 6:4 to 6:11, 8:6	change of method, above
new items, dollar-value, 7:4 , 7:5 , 7:53 , 7:54	dollar-value, 7:1 et seq.
old items, dollar-value pricing, 7:6	double-extension method, above
same item, 6:4 , 6:7 , 6:9	election of LIFO method, generally, 6:1
Labor costs	Form 970 (application to use LIFO inventory
components of cost, 6:13 manufacturers, scope of election, 8:18	method). Elections, above former inventory method, making LIFO elections,
Layers	8:9
components of cost, 6:13	impracticality of method, dollar-value pricing, 7:2,
dollar-value, generally, 7:1, 7:3, 7:6	7:7, 7:10
link-chain method, dollar-value pricing, 7:9 material content, 6:12	incorrect former method, requirements incident to LIFO, 6:16
pools and pooling, dollar-value pricing, 7:12	index method, dollar-value pricing, 7:2, 7:7
requirements incident to LIFO, 6:19 , 6:20 , 6:23 , 6:24	involuntary changes in LIFO methods, elections, 8:33
storage costs, requirements incident to LIFO, 6:23	IPIC (inventory price index computation), dollar-
transfers to controlled corporations, 9:20 to 9:23	value, 7:34 , 7:35 to 7:46
valuation, 6:20 , 6:24	IPIC method, 8:14
voluntary changes in LIFO election, 8:26, 8:28,	link-chain method, above
8:30	material content, 6:12
Less than taxable year period, requirements incident to LIFO, 6:29	new layer valuation, requirements incident to LIFO, 6:20
Letter Rulings	retail inventory method, dollar-value, 7:22 to 7:25, 7:28
components of cost, 6:13	simplified methods, below
index method, dollar-value pricing, 7:7	ten percent method, simplified LIFO, 7:40
period less than taxable year, requirements incident	termination of method, dollar-value, 7:33
to LIFO, 6:29	Miscellaneous pools, dollar-value, 7:19
Limitations, scope of election, 7:30, 8:18, 8:19	Month that is appropriate, dollar-value, 7:41
Link-chain method	Motor vehicles, dollar-value, 7:8, 7:47 to 7:60
alternative, dollar-value, 7:45, 7:49	Multiple pools, dollar-value, 7:12, 7:13, 7:16, 7:19,
automobile dealers, dollar-value, 7:49	7:20
pricing, dollar-value, 7:2, 7:8, 7:9, 7:11	Natural Business Unit (NBU), 7:13, 7:14, 7:16, 8:18
simplified LIFO, dollar-value, 7:26 , 7:45	NBU (Natural Business Unit), 7:13, 7:14, 7:16, 8:18
Loan applications, commonly encountered conformity problem situations, 6:35	Negative adjustment, voluntary termination of LIFO, 8:34
Long-term contracts, 11:3, 11:30	New items, dollar-value, 7:4, 7:5, 7:53, 7:54
Lower of cost or market, requirements incident to LIFO, 6:15, 6:16	New regulations, dollar-value, 7:35 to 7:46 New vehicles, dollar-value, 7:47 to 7:59
Making LIFO elections, 8:2 to 8:17	Noncompliance. Compliance or noncompliance,
Manufacturers and manufacturing	above
elections, 8:6 , 8:18	Notice 88-86, storage costs, 6:23
pooling, 7:13, 7:14, 8:18	Old items, dollar-value pricing, 7:6
purchasing and producing the same item, 6:9	Omissions
scope of election, 8:18	Form 970, making LIFO elections, 8:6
simplified LIFO, dollar-value, 7:31, 7:39	voluntary changes in LIFO election, 8:25
Market	Options, dollar-value, 7:55
lower of cost or market, requirements incident to LIFO, 6:15, 6:16	Order of acquisition link-chain, dollar-value pricing, 7:9
value, requirements incident to LIFO, 6:32	Other costs, dollar-value, 7:55
Materials	Other procedural matters, dollar-value, 7:58
content, 6:12	Other taxpayers, dollar-value, 7:28
long-term contracts, 11:30	Overhead costs
raw materials, below	components of cost, 6:13
Measure of profits, 6:1	manufacturers, scope of election, 8:18

LIFO—Cont'd	LIFO—Cont'd
Parent and subsidiary corporations	Products
reports of subsidiaries, requirements incident to	change in input, change/no change in product, 6:5,
LIFO, 6:34	6:6
simplified LIFO, dollar-value, 7:29	material content, 6:12
transfer of subnormal goods, requirements incident to LIFO, 6:18	Profits, measure of, 6:1 Proof. Evidence, above
Perishable goods, 6:1	Purchase or purchasing
Phase of production, scope of election, 8:19	bargain purchases, above
Pools and pooling	costs, dollar-value, 7:24
alternative LIFO method for automobile dealers,	goods purchased, dollar-value, 7:15
dollar-value, 7:49 , 7:50 , 7:56 , 7:60	same item purchasing, 6:9
dollar-value, generally, 7:1, 7:12 to 7:21	Purpose of Form 970, making LIFO elections, 8:17
Form 970, making LIFO elections, 8:6	Raw materials
making LIFO elections, 8:6	components of cost, 6:13
manufacturers, 7:13, 7:14, 8:18	content, 6:12
simplified LIFO, dollar-value, 7:26 to 7:28, 7:34,	manufacturers, scope of election, 8:18
7:36	new layer valuation, requirements incident to
vehicle-pool method, 7:61	LIFO, 6:20 pooling, dollar-value, 7:13, 7:15, 7:17
voluntary changes in LIFO election, 8:26, 8:27	simplified LIFO, dollar-value, 7:39
Positive adjustment, voluntary termination of LIFO,	Rebates, 7:44
8:34 Paris and the Property of	Recapture of deferral, 6:3 , 6:6 , 7:1
Previous matters. Former matters, above	Regulations, 6:1 et seq., App. 7B, Gen. App. 2
Price adjustments, 7:44	Related parties, dollar-value, 7:29
Price and pricing alternative LIFO method for automobile dealers,	Replacement
dollar-value, 7:47 to 7:60	cost. Replacement cost, below
application of LIFO to retail inventory method,	goods, regulations, 6:7
dollar-value, 7:22 to 7:25	inventory, item issue, 6:4
bargain purchases, requirements incident to LIFO,	Replacement cost
6:22	heavy equipment dealers, use of replacement cost method to value parts inventory of, App.6A
base period, dollar-value, 7:1, 7:42	requirements incident to LIFO, 6:14 , 6:18
change in input, no change in product, 6:5	Reports and reporting, requirements incident to LIFO,
dollar-value, generally, 7:2 to 7:11	6:26, 6:29, 6:31, 6:34
goods, 6:1 to 6:3	Requirements incident to LIFO, 6:14 to 6:35
IPIC (inventory price index computation), dollar- value, 7:34 , 7:35 to 7:46	Resale and resellers
layers, voluntary changes in LIFO election, 8:28	at cost valuation, LIFO taxpayers, 3:32
rebates and other price adjustments, 7:44	layer valuation under simplified resale method,
simplified LIFO, dollar-value, 7:26 to 7:46	requirements incident to LIFO, 6:24 Retail and retailers
Prior matters. Former matters, above	Form 970, making LIFO elections, 8:15
Process of making LIFO elections, 8:3	impracticality of double-extension method, dollar-
Processors, dollar-value, 7:13, 7:39	value pricing, 7:10
Production and producers	inventory method, dollar-value, 7:22 to 7:25, 7:28
goods produced, dollar-value, 7:15	pooling, dollar-value, 7:13, 7:21
limited to phase of production, scope of election,	scope of election, 8:20
8:19	simplified LIFO, dollar-value, 7:27, 7:31, 7:36,
manufacturers, scope of election, 8:18	7:38, 7:41
material content, 6:12	use of averages, 6:10
new layer valuation, requirements incident to LIFO, 6:20	Retroactive changes in cost, requirements incident to LIFO, 6:25
pools and pooling, dollar-value pricing, 7:13, 7:15, 7:16	Revaluation beginning inventories, requirements incident to
same item, 6:9	LIFO, 6:14
simplified LIFO, dollar-value, 7:28 , 7:39 , 7:40 , 7:43	voluntary changes in LIFO election, 8:30 Revenue Procedures
simplified production method, requirements incident to LIFO, 6:24	alternative LIFO method for automobile dealers, dollar-value, 7:47 to 7:60

LIFO—Cont'd	LIFO—Cont'd
Revenue Procedures—Cont'd	Statements
at cost valuation, requirements incident to LIFO, 6:21	financial statements, requirements incident to LIFO, 6:14 , 6:35
dollar-value, generally, App. 7A, 7C, 7D, 7F elections, 8:23, 8:24, App. 8A	income statements, requirements incident to LIFO, 6:27, 6:28, 6:30, 6:31
heavy equipment dealers, use of replacement cost	Statutes, 6:2 et seq.
method to value parts inventory of, App.6A	Storage costs
involuntary termination of LIFO, elections, 8:23 pools and pooling, dollar-value pricing, 7:21	application of LIFO to retail inventory method, dollar-value, 7:24
voluntary termination of LIFO, elections, 8:34	requirements incident to LIFO, 6:23
Revenue Rulings	Subnormal goods
application of LIFO to retail inventory method,	requirements incident to LIFO, 6:17, 6:18
dollar-value, 7:23	scope of election, 8:22
bargain purchases, requirements incident to LIFO, 6:22	Subsequent election, 8:5 , 8:6 , 8:25 , 8:31 Subsidiary corporations. Parent and subsidiary
income statements, requirements incident to LIFO, 6:27	corporations, above Summary of alternative LIFO method for automobile
old items, dollar-value pricing, 7:6	dealers, dollar-value, 7:59
retroactive changes in cost, requirements incident to LIFO, 6:25	Supplemental information, requirements incident to LIFO, 6:28
subnormal goods, scope of election, 8:22	Tax Court, 6:8
Revocation of LIFO election, 8:1, 8:5, 8:16, 8:21,	Taxpayers
8:34	agreement, making LIFO elections, 8:7
Rulings	long-term contracts, accrual basis taxpayers, 11:3
Letter Rulings, above	resellers valuation at cost, 3:32
Revenue Rulings, above	simplified LIFO, dollar-value, 7:27, 7:28
Sales	transfers to controlled corporations, 9:17
commonly encountered conformity problem situations, 6:35	Ten percent method, dollar-value, 7:40 Termination
cost of goods sold, 6:1, 6:3	election, beginning inventories, 6:14
goods, 6:1 to 6:5	involuntary termination of LIFO, elections, 8:23
resale and resellers, above	simplified LIFO, dollar-value, 7:33
retail and retailers, above	voluntary termination of LIFO, elections, 8:34
wholesalers, below	Three-year matters
Same item, 6:4 , 6:7 , 6:9	average, changes of methods, 9:9
Scope	spread of adjustment, requirements incident to
election, 7:30, 8:5, 8:6, 8:18 to 8:22, 8:25	LIFO, 6:15 , 6:17 Time
method, alternative LIFO method for automobile	annual index, dollar-value, 7:8, 7:9, 7:11, 7:52
dealers, 7:50	base period or year, above
Section 199 deduction. See index heading SECTION 199	extension of time to file Form 970, making LIFO
DEDUCTION	elections, 8:3
Shopworn goods, subnormal goods, 6:17	long-term contracts, 11:3, 11:30
Simplified methods	Transfers
alternative LIFO method for automobile dealers, dollar-value, 7:57	controlled corporations, 9:13 , 9:17 , 9:19 to 9:23 subnormal goods, requirements incident to LIFO,
application of LIFO to retail inventory method, dollar-value, 7:25	6:18 Transitory rules, dollar-value, 7:32
dollar-value, generally, 7:2, 7:26 to 7:46	Trucks, dollar-value, 7:47 to 7:60
valuation of layers under simplified methods, requirements incident to LIFO, 6:24	Underlying facts change, voluntary changes in LIFO election, 8:32
Small businesses	Use
generally, 6:1	averages, 6:10
simplified LIFO, dollar-value, 7:26 to 7:46	description of cost system used, making LIFO elec-
Specific goods, 6:1 to 6:35, 7:1, 8:12, 8:25, 8:26	tions, 8:15
Splitting pools, voluntary changes in LIFO election, 8:27	Form 970 (application to use LIFO inventory method). Elections, above

LIFO—Cont'd	LOANS—Cont'd
Use—Cont'd	LIFO, commonly encountered conformity problem
previous uses of LIFO, making LIFO elections,	situations, 6:35
8:16	LONG-TERM CONTRACTS
retailers using retail method, dollar-value, 7:27	Generally, 11:1 to 11:81
simplified inventory price index method used by	Acceleration of income, 11:2, 11:11, 11:68
dealers, dollar-value, 7:57	Acceptance
Used vehicles, dollar-value, 7:60	exempted contracts accounting, 11:53
Value and valuation	look-back calculations under regulations, 11:65
at cost valuation, above	severing contracts, completion, 11:43
current cost valuation, specific goods, 7:1	Accrual
disclosure of inventory asset value, requirements	basis, 11:2, 11:3, 11:52
incident to LIFO, 6:30	method, 11:1, 11:43, 11:53, 11:54
dollar-value, above	Accumulation of contract costs, accounting for
layers, 6:20, 6:24, 8:12	exempted contracts, 11:52, 11:53
market value, requirements incident to LIFO, 6:32	Actual costs, 11:10 , 11:20
revaluation, above	Actual profit, 11:1, 11:23
Vehicle-pool method, 7:61	Actual tax rate, look-back calculations under regula-
Vehicles, dollar-value, 7:8 , 7:47 to 7:60	tions, 11:75
Violations of conformity requirement, requirements	Additional costs, 11:34 to 11:39, 11:65
incident to LIFO, 6:32 to 6:34	Adjustments, look-back calculations under regula-
Voluntary matters	tions, 11:64, 11:66, 11:67
changes in LIFO election, 8:24 to 8:32	Advance payments to subcontractors, addition of
termination of LIFO, elections, 8:34	costs to contract, 11:36
Wholesalers	Aggregation
impracticality of double-extension method, dollar-	contracts, completion, 11:43
value pricing, 7:10	gross receipts, exemption for small contractors' real
pooling, dollar-value, 7:13, 7:21	estate contracts, 11:48
scope of election, 8:20	work, addition of costs to contract, 11:39
simplified LIFO, dollar-value, 7:31, 7:41	All-events test, 11:34, 11:36, 11:38, 11:53
use of averages, 6:10	Allocation
Write-downs	costs, 11:26, 11:29, 11:32
incorrect former method, requirements incident to	income, 11:57, 11:59
LIFO, 6:16	interest, 11:28
subnormal goods, scope of election, 8:22	,
voluntary changes in LIFO election, 8:24	materials, 11:30
Write-ups as deterrent to LIFO, requirements incident to LIFO, 6:18	profits, 11:34, 11:67, 11:78
	Alternative minimum tax
Year or years annual index, dollar-value, 7:8, 7:9, 7:11, 7:52	exempted contracts accounting, 11:55, 11:56
	look-back method, 11:61, 11:63, 11:71, 11:74
base period or year, above	AMT. Alternative minimum tax, above
less than taxable year period, requirements incident to LIFO, 6:29	Application or applicability
	election of simplified marginal impact method,
three-year matters, above	look-back calculations under regulations,
LIMITATIONS	11:75
LIFO, scope of election, 7:30, 8:18, 8:19	exemption for home builders, 11:49
Section 199 deduction, taxable income limitation,	final regulations, 11:1
12:42	look-back method, 11:25, 11:61 to 11:63
THE COURT OF THE COURT OF	NOL carrybacks applied to redetermination year,
LINK-CHAIN METHOD	look-back calculations under regulations,
See index heading LIFO	11:73
LIQUIDATED CORPORATION	reapplication, look-back method, 11:69, 11:70,
Resellers valuation at cost, 3:6	11:74
reservers variation at cost, 3.0	tax rate, look-back calculations under regulations,
LIVESTOCK	11:74, 11:76
Not valued at cost inventories, farmers, 4:19, 4:21	uniqueness of products, 11:14
	Architects, definition of long-term contract, 11:7
LOANS	ATR (applicable tax rate), look-back calculations
Interest capitalization, 10:1, 10:28, 10:46	under regulations, 11:74 , 11:76

LONG-TERM CONTRACTS—Cont'd	LONG-TERM CONTRACTS—Cont'd
Basis	Construction and building work, 11:1 to 11:80
accrual basis, 11:2, 11:3, 11:52	Constructive completion rules, transfers of contracts,
terminated contracts, 11:44	11:57
transfers of contracts, 11:58	Consulting services, definition of long-term contract,
Beginning of production, twelve-month test for	11:7
manufacturing contracts, 11:18	Contractors, 11:1 to 11:80
Bidding expenses, 11:26 , 11:35	Controlled corporations, 11:19, 11:48, 11:59
Bonuses, percentage of completion method, 11:20	Conversion of C corporation to S corporation,
Building and construction work, 11:1 to 11:80	transfers of contracts, 11:57
C corporations, 11:52, 11:57, 11:78	Corporations
Calculations or computations	C corporations, 11:52, 11:57, 11:78
Form 8697, interest computation under look-back method for completed long-term contracts,	commonly controlled corporations, twelve-month test for manufacturing contracts, 11:19
11:23, 11:64, App. 11B	controlled corporations, 11:19 , 11:48 , 11:59
look-back method, 11:46, 11:64 to 11:80	parent and subsidiary corporations, 11:19, 11:39
percentage of completion method, 11:25, 11:46	S corporations, below
simplified methods, accounting for exempted	small contractors' real estate contracts, exemptions,
contracts, 11:56	11:48
Capitalization	transfers of contracts, 11:57, 11:59
advance payments to subcontractors, addition of costs to contract, 11:36	twelve-month test for manufacturing contracts, 11:19
costs, 11:21, 11:26, 11:48, 11:52	Costs
interest, 10:4 , 11:28 , 11:48	accumulation of contract costs, accounting for
Cash method, 11:1 , 11:6 , 11:54	exempted contracts, 11:52, 11:53
Changes	actual costs, 11:10, 11:20
C corporation to S corporation, 11:57, 11:78	additional costs, 11:34 to 11:39, 11:65
method of accounting, 11:3, 11:15, 11:32	allocation of costs, 11:26, 11:29, 11:32
ownership, look-back calculations under regula-	bidding expenses, 11:26 , 11:35
tions, 11:77	capitalization of costs, 11:21 , 11:26 , 11:48 , 11:52
Closely-held entities, 11:25 , 11:76	deferral of costs, 11:1, 11:34
Commonly controlled corporations, twelve-month test	design costs, 11:16, 11:26
for manufacturing contracts, 11:19	direct costs, simplified methods, 11:32, 11:56
Completed contract method	estimates, below
generally, 11:1, 11:2	
disputed contracts, 11:45	improvements, definition of long-term contract, 11:5
exempted contracts accounting, 11:52	
low-income housing contractor exemption, 11:51	indirect costs, 11:29, 11:48
percentage of completion method, below	labor costs, 11:29, 11:34
transfers of contracts, 11:57	look-back method, 11:60 to 11:78
uniqueness of products, 11:11	materials, below
Completion	other issues regarding costs, 11:26 to 11:33
generally, 11:1, 11:40 to 11:46	overhead costs, 11:29, 11:32
completed contract method, above	post-completion costs, 11:41, 11:42
constructive completion rules, transfers of	production and producers, below
contracts, 11:57	recognition of costs, below
exempted contracts accounting, 11:52	Custom design test, uniqueness of products, 11:11,
Form 8697, interest computation under look-back	11:12
method for completed long-term contracts, 11:23, 11:64, App. 11B	Customizing product costs, uniqueness of products, 11:13
look-back method, 11:23, 11:60 to 11:69, App. 11B	De minimis rule, definition of long-term contract, 11:5
percentage of completion method, below	Deductions
post-completion matters, 11:41, 11:42, 11:66,	capitalization of costs, 11:26
11:67	exempted contracts accounting, 11:52, 11:53
twelve-month test for manufacturing contracts,	post-completion costs, 11:41
11:17 to 11:19	uniqueness of products, 11:16
Compounding of interest, capitalization, 11:28	Deemed completion, look-back calculations under
Computations. Calculations or computations, above	regulations, 11:64, 11:65

LONG-TERM CONTRACTS—Cont'd	LONG-TERM CONTRACTS—Cont'd
Deferral Deferral	Estimates—Cont'd
costs, 11:1, 11:34	profits, 11:1
income, 11:1, 11:2, 11:20, 11:21	revenues, look-back method, 11:60
intercompany transactions, addition of costs to	total cost of contract, 11:20, 11:22, 11:32
contract, 11:39	Exemptions
profits, 11:33, 11:60, 11:68	generally, 11:47 to 11:51
reapplication, look-back calculations under regula-	accounting for exempted contracts, 11:52 to 11:56
tions, 11:69	addition of costs to contract, 11:37
Definition of long-term contract, 11:4 to 11:10	definition of long-term contract, 11:6 to 11:10
Delayed reapplication method, look-back calculations	home builders, 11:49, 11:55, 11:62, 11:63
under regulations, 11:69	look-back method, 11:24, 11:62, 11:63
Delivery, severing contracts, 11:43	Expenses. Costs, above
Depreciation, simplified method, 11:32	Experimentation. Research and experimentation,
Design	below
costs, 11:16 , 11:26	Final regulations, 11:1, App. 11A
custom design test, uniqueness of products, 11:11, 11:12	Flow-through entities, look-back method, 11:25, 11:76
services, definition of long-term contract, 11:7	Form 8697, interest computation under look-back
Determinations	method for completed long-term contracts,
completion, 11:40	11:23, 11:64, App. 11B
percentage of completion method, 11:22	Formula
twelve-month test for manufacturing contracts,	look-back calculations under regulations, 11:64
11:19	percentage of completion formula, 11:20 to 11:25
uniqueness of products, 11:11 to 11:13 Direct costs, simplified methods, 11:32, 11:56	simplified method, costs, 11:32
Discounting post-completion adjustments, look-back	Future costs, look-back calculations under regulations, 11:65 , 11:68 , 11:69
calculations under regulations, 11:66, 11:67	Gains
Disputes, 11:20, 11:45, 11:46	look-back calculations under regulations, 11:78
Economic performance test, addition of costs to	recognition of gain, 11:44, 11:57, 11:58
contract, 11:34, 11:36	Gross profit, 11:20 , 11:38
Elections	Gross receipts
allocating costs to particular contracts, 11:29	accounting for exempted contracts, 11:52 to 11:54
change from C corporation to S corporation, look-	home builders exemption, 11:49
back calculations under regulations, 11:78	look-back under proposed regulations, 11:62
deferral of income, percentage of completion method, 11:21	small contractors' real estate contracts exemption, 11:48
discounting post-completion adjustments, look-	terminated contracts, 11:44
back calculations under regulations, 11:67	Home builders, exemption, 11:49, 11:55, 11:62, 11:63
look-back calculations under regulations, generally,	Hypothetical tax liability, look-back calculations
11:69	under regulations, 11:64
post-completion costs, 11:42	Hypothetical taxable income, look-back calculations under regulations, 11:64 , 11:70 to 11:74
simplified marginal impact method, look-back calculations under regulations, 11:74 to 11:76	Implications of alternative minimum tax, look-back
simplified methods, 11:32, 11:56, 11:74 to 11:76	calculations under regulations, 11:71
Eligibility for exemptions, 11:48, 11:49	Improvements, definition of long-term contract, 11:5
Ending of production, twelve-month test for	Income
manufacturing contracts, 11:18	acceleration of income, 11:2, 11:11, 11:68
Engineers, 11:7, 11:19, 11:26	accounting for exempted contracts, 11:52 to 11:54
Errors in estimates, percentage of completion	allocation of income, 11:57, 11:59
formula, 11:22	completed contract method, 11:2
Estimates	deferral of income, 11:1, 11:2, 11:20, 11:21
costs	final regulations on accounting for income from
definition of long-term contract, 11:10	long-term contracts, App. 11A
look-back method, 11:60, 11:65 to 11:68, 11:78	look-back method, 11:60 to 11:80, App. 11A
total cost of contract, 11:20, 11:22, 11:32	low-income housing contractor, exemption, 11:51
errors in estimates, percentage of completion	recognition of income, below
formula, 11:22	taxable income, below
look-back method, generally, 11:64	transfers of contracts, 11:57 to 11:59

LONG-TERM CONTRACTS—Cont'd	LONG-TERM CONTRACTS—Cont'd
Indirect costs, 11:29, 11:48	Method or methods—Cont'd
Installations, 11:8 , 11:49	change in method of accounting, 11:3, 11:15, 11:32
Intangible property, definition of long-term contract,	completed contract method, above
11:9	delayed reapplication method, look-back calcula-
Interest	tions under regulations, 11:69
capitalization of interest, 10:4, 11:28, 11:48	exempted contracts accounting, 11:52 to 11:56 look-back method, above
disputed contracts, 11:46	options for methods, 11:1
Form 8697, interest computation under look-back method for completed long-term contracts,	percentage of completion method, below
11:23, 11:64, App. 11B	simplified method, below
look-back method, 11:1, 11:23, 11:60, 11:64,	ten percent method, percentage of completion
11:66, 11:71, 11:75, 11:79, 11:80, App. 11B	formula, 11:21
percentage of completion method, 11:23, 11:28	Net interest, look-back calculations under regulations,
Labor costs, 11:29 , 11:34	11:80
Letter Ruling, uniqueness of products, 11:12	Net operating loss carrybacks applied to redetermina-
Liability for tax, look-back method, 11:64 , 11:73 , 11:74 , 11:80	tion year, look-back calculations under regulations, 11:73
LIFO, 11:3 , 11:30	Nondeductible expenses, 11:27
Long-term property, 11:31	Nonexempt speculative builder, exemption, 11:50
Look-back method	Notice 14.70
generally, 11:1, 11:60 to 11:80	88-66, nonexempt speculative builder, 11:50
final regulations, App. 11A	89-15, 11:3 , 11:8 , 11:34 , 11:37
Form 8697, interest computation under look-back method for completed long-term contracts,	Objective tests, 11:13, 11:40
11:23, 11:64, App. 11B	Offsets, disputed contracts, 11:45 Options for methods, 11:1
income, 11:60 to 11:80, App. 11A	Other years, look-back calculations under regulations,
interest, 11:1, 11:23, 11:60, 11:64, 11:66, 11:71,	11:72
11:75, 11:79, 11:80, App. 11B	Overhead costs, 11:29, 11:32
percentage of completion method, 11:23 to 11:25,	Overpayment of tax, look-back calculations under
11:46, 11:61 to 11:65, 11:68	regulations, 11:71, 11:74, 11:79
post-completion costs, 11:42	Ownership
Losses	changes in ownership, look-back calculations under
disputed contracts, 11:45	regulations, 11:77
look-back calculations under regulations, 11:73, 11:78	terminated contracts, 11:44
net operating loss carrybacks applied to redetermi-	Parent and subsidiary corporations, 11:19, 11:39
nation year, look-back calculations under	Partners and partnerships look-back calculations under regulations, 11:76
regulations, 11:73	percentage of completion method, 11:23, 11:25
recognition of loss, 11:44, 11:57, 11:58	transfers of contracts, 11:57, 11:58
terminated contracts, 11:44	twelve-month test for manufacturing contracts,
transfers of contracts, 11:57, 11:58	11:19
Low-income housing contractor, exemption, 11:51	Payment or payments
Mandatory simplified marginal impact method, look-	advance payments to subcontractors, addition of
back calculations under regulations, 11:76	costs to contract, 11:36
Manufacturers and manufacturing	overpayment of tax, look-back calculations under
completed contract method, 11:1	regulations, 11:71, 11:74, 11:79
definition of long-term contract, 11:4, 11:6	prepayment, addition of costs to contract, 11:34
twelve-month test for manufacturing contracts, 11:17 to 11:19	underpayment of taxes, look-back method, 11:60 , 11:71 , 11:74 , 11:79
uniqueness of products, 11:12, 11:13	PCM. Percentage of completion method, below
Materials	Penalties, look-back calculations under regulations,
addition of costs to contract, 11:34	11:80
allocating costs to particular contracts, 11:29	Percentage
LIFO costs for materials, 11:30 Method or methods	completion. Percentage of completion method,
	below
accrual method, 11:1, 11:43, 11:53, 11:54 allocating costs to particular contracts, 11:29	ten percent matters, 11:5, 11:13, 11:21, 11:33 Percentage of completion method
cash method, 11:1, 11:6, 11:54	generally, 11:1 to 11:5, 11:20 to 11:25, 11:46
Cash inculou, 11.1, 11.0, 11.34	generally, 11.1 to 11.3, 11.20 to 11.23, 11:40

LONG-TERM CONTRACTS—Cont'd	LONG-TERM CONTRACTS—Cont'd
Percentage of completion method—Cont'd	Production and producers—Cont'd
addition of costs to contract, 11:37, 11:39	twelve-month test for manufacturing contracts,
alternative minimum tax, 11:55	11:17 to 11:19
capitalization of costs, 11:26	uniqueness of products, 11:11 to 11:16
exempted contracts accounting, 11:52, 11:55, 11:56	Products, uniqueness of, 11:11 to 11:16
formula, 11:20 to 11:25	Profits
home builders exemption, 11:49	generally, 11:1, 11:2
interest, 11:23, 11:28	actual profit, 11:1, 11:23 addition of costs to contract, 11:34
look-back method, 11:23 to 11:25, 11:46, 11:61 to	allocation of profits, 11:34 , 11:67 , 11:78
11:65, 11:68 low-income housing contractor exemption, 11:51	deferral of profits, 11:33, 11:60, 11:68
post-completion costs, 11:41, 11:42	disputed contracts, 11:45
severing and aggregating contracts, 11:43	gross profit, 11:20, 11:38
simplified methods, 11:32, 11:56	look-back method, 11:60, 11:66 to 11:68, 11:73,
small contractors' real estate contracts exemption,	11:75, 11:78
11:48	post-completion costs, 11:42
transfers of contracts, 11:57	recognition of profits, 11:38, 11:42
twelve-month test for manufacturing contracts,	simplified method, costs, 11:32, 11:33
11:19	transfers of contracts, 11:57
uniqueness of products, 11:11, 11:13, 11:16	Property, 11:1 to 11:80
Period of production. Production and producers,	Proposed regulations, 11:13, 11:34, 11:61 to 11:63,
below	11:77
Personal property, 11:4, 11:8, 11:37	Providing service, definition of long-term contract,
Post-completion matters, 11:41, 11:42, 11:66, 11:67	11:6
Pre-entry costs, addition of costs to contract, 11:35	Rate
Prepayment, addition of costs to contract, 11:34	interest rate, look-back calculations under regula-
Price	tions, 11:79 tax rate, 11:1, 11:25, 11:73 to 11:76
disputed contracts, 11:45	Real property
look-back calculations under regulations, 11:66,	addition of costs to contract, 11:37
11:68, 11:69	definition of long-term contract, 11:4, 11:5, 11:8
percentage of completion method, 11:20, 11:24	home builders exemption, 11:49
ten percent of contract price, cost of improvements,	interest capitalization, 11:28
11:5	look-back under proposed regulations, 11:62, 11:63
Production and producers	nonexempt speculative builder exemption, 11:50
addition of costs to contract, 11:34	small contractors' real estate contracts exemption,
at cost valuation of producers, 2:7	11:48
capitalization of costs, 11:26	twelve-month test for manufacturing contracts,
costs of production	11:19
at cost valuation of producers, 2:7	Reapplication, look-back method, 11:69, 11:70, 11:74
capitalization of costs, 11:26	Recognition
interest capitalization, 11:28	costs. Recognition of costs, below
LIFO accrual basis taxpayers, 11:3	gain, 11:44, 11:57, 11:58
twelve-month test for manufacturing contracts,	income. Recognition of income, below
11:18	loss, 11:44, 11:57, 11:58
uniqueness of products, 11:11 definition of long-term contract, 11:4 , 11:6 , 11:7 ,	profits, 11:38, 11:42 Recognition of costs
11:9, 11:10	addition of costs to contract, 11:34, 11:36, 11:38
exemptions, 11:47, 11:52	post-completion costs, 11:41, 11:42
percentage of completion method, 11:23	Recognition of income
period of production	addition of costs to contract, 11:37 to 11:39
interest capitalization, 11:28	exempted contracts accounting, 11:53
twelve-month test for manufacturing contracts,	percentage of completion method, 11:20
11:19	simplified method, costs, 11:33
uniqueness of products, 11:12 to 11:14	transfers of contracts, 11:58
Section 199 applied to production under contract,	Recomputation or redetermination, look-back method,
11:81	11:60, 11:61, 11:64, 11:70 to 11:73, 11:76, 11:79
services, definition of long-term contract, 11:7	Reduction of profits, post-completion costs, 11:42

ONG-TERM CONTRACTS—Cont'd	LONG-TERM CONTRACTS—Cont'd
Regular tax	Services—Cont'd
look-back method, 11:61 to 11:63, 11:70, 11:71	providing service, definition of long-term contract,
simplified methods, accounting for exempted	11:6
contracts, 11:56	severing contracts, 11:43
Regulations, 11:1 et seq., App. 11A	twelve-month test for manufacturing contracts,
Related parties	
addition of costs to contract, 11:38	Severing contracts, completion, 11:43
look-back under proposed regulations, 11:61	Significance of rules, 11:2, 11:3
services, definition of long-term contract, 11:7	Simplified method
twelve-month test for manufacturing contracts,	allocating costs to particular contracts, 11:29
11:19	costs, generally, 11:32 , 11:33
Relation to research and experimentation (R&E) provisions, uniqueness of products, 11:16	exempted contracts accounting, 11:56
Request for change in method of accounting, simpli-	look-back, 11:63, 11:74 to 11:76, 11:78
fied method, 11:32	marginal impact method, look-back calculations
Research and experimentation	under regulations, 11:74 to 11:76, 11:78
capitalization of costs, 11:26	Small
uniqueness of products, relation to research and	contractors, 11:6, 11:48, 11:50, 11:56, 11:63
experimentation (R&E) provisions, 11:16	real estate exemption, look-back under proposed
Resellers, small contractors' real estate contracts	regulations, 11:62
exemption, 11:48	SMIM (simplified marginal impact method), look-
Residential contracts, exemptions, 11:49 , 11:51	back calculations under regulations, 11:74 to
Revenue Procedure, definition of long-term contract,	11:76, 11:78
11:6	Speculative builder, nonexempt, 11:50
Revenue Ruling, definition of long-term contract,	Statutes, 11:1 et seq.
11:6	Step-in-the-shoes approach, transfers of contracts,
Risk analysis test, uniqueness of products, 11:11	11:57
Rules	Subcontractors, 11:36 , 11:49
constructive completion rules, transfers of	Supplies, addition of costs to contract, 11:34
contracts, 11:57	Taxable income
de minimis rule, definition of long-term contract,	completed contract method, 11:2
11:5	hypothetical taxable income, look-back calculations
look-back rules, 11:23 to 11:25	under regulations, 11:64, 11:70 to 11:74
revenue acceleration rule, look-back calculations	look-back method, 11:64, 11:66, 11:68, 11:70 to
under regulations, 11:68	11:74, 11:78, 11:80
scope of inventory rules, special situations, 1:34	percentage of completion method, 11:23
significance and scope of rules, 11:2, 11:3	Taxes
ten percent rule, costs, 11:33	alternative minimum tax, above
S corporations	liability for tax, look-back method, 11:64, 11:73,
look-back calculations under regulations, 11:76,	11:74, 11:80
11:78	look-back method, 11:60 et seq.
percentage of completion method, 11:23, 11:25	overpayment of tax, look-back calculations under
transfers of contracts, 11:57, 11:59	regulations, 11:71, 11:74, 11:79
Safe harbor, uniqueness of products, 11:13	rate, 11:1, 11:25, 11:73 to 11:76
Sales	regular tax, above
addition of costs to contract, 11:37	underpayment of taxes, look-back method, 11:60,
resellers, small contractors' real estate contracts	11:71, 11:74, 11:79
exemption, 11:48	year or years, 11:1, 11:4, 11:48, 11:68
transfers of contracts, 11:57	Ten percent matters, 11:5, 11:13, 11:21, 11:33
twelve-month test for manufacturing contracts,	Terminated contracts, completion, 11:44
11:19	Tests
Scope of rules, 1:34 , 11:2 , 11:3	addition of costs to contract, 11:34, 11:36, 11:38
Self-constructed property, 11:31	all-events test, 11:34, 11:36, 11:38, 11:53
Services	completion, 11:40
addition of costs to contract, 11:34, 11:36, 11:38	exempted contracts accounting, 11:52
definition of long-term contract, 11:6, 11:7, 11:9,	objective tests, 11:13, 11:40
11:10	small contractors' real estate contracts exemption,
look-back under proposed regulations, 11:61	11:48
r-r-r	==

LONG-TERM CONTRACTS—Cont'd

Tests—Cont'd

twelve-month test for manufacturing contracts, 11:17 to 11:19

uniqueness of products, 11:11 to 11:13

Title to property, definition of long-term contract, 11:6

Transfers of contracts, 11:57 to 11:59

Trusts, look-back calculations under regulations, 11:76

Twelve-month test for manufacturing contracts, 11:17 to 11:19

Underpayment of taxes, look-back method, 11:60, 11:71, 11:74, 11:79

Uniqueness of products, 11:11 to 11:16

Value and valuation

de minimis value of improvements, definition of long-term contract, 11:5

look-back calculations under regulations, **11:66** producers valuation at cost, **2:7**

Warranty contracts, definition of long-term contract, 11:10

Work by subcontractors, addition of costs to contract, 11:36

Year or years

completion, generally, 11:1, 11:42

effects on other years, look-back calculations under regulations, **11:72**

NOL carrybacks applied to redetermination year, look-back calculations under regulations, 11:73

percentage of completion method, 11:21 to 11:23, 11:25

tax year or years, 11:1, 11:4, 11:48, 11:68

LOOK-BACK

Long-term contracts

generally, 11:1, 11:60 to 11:81

for detailed treatment see index heading LONG-TERM CONTRACTS

Scope of inventory rules, gross receipts, 1:21

LOSSES

Flow of costs, 5:5

Long-term contracts. See index heading Long-term CONTRACTS

Not valued at cost inventories, **4:2**, **4:11**, **4:18** Producers valuation at cost. **2:23**

LOWER OF COST OR MARKET

Flow of costs, retail method, 5:15

LIFO, 6:15, 6:16

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Transfers to controlled corporations, 9:17

LOW-INCOME HOUSING CONTRACTOR

Long-term contracts, exemption, 11:51

M

MANAGEMENT

LIFO, internal management reports, 6:31

MANDATORY MATTERS

Simplified marginal impact method, long-term contracts, 11:76

Write-down, not valued at cost inventories, 4:2

MANUFACTURERS AND MANUFACTURING

LIFO. See index heading LIFO

Long-term contracts. See index heading LONG-TERM CONTRACTS

Not valued at cost inventories, normal goods, 4:8

Scope of inventory rules, 1:28

Section 199 deduction, ownership analysis in contract manufacturing arrangements, **App. 12**C

MARGINAL IMPACT

Long-term contracts, simplified marginal impact method, 11:74 to 11:76

MARKDOWNS

Flow of costs, retail method, **5:10**, **5:11**, **5:15**

MARKET

LIFO. See index heading LIFO

Lower of cost or market. See index heading Lower of COST OR MARKET

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Value. See index heading MARKET VALUE

MARKET VALUE

Built-in gains upon S elections, 9:11 LIFO, 6:32

MATCHING LIABILITIES AND PRODUCTION EXPENDITURES

Interest capitalization, 10:25 to 10:35

MATERIALS

LIFO. See index heading LIFO

Long-term contracts. See index heading Long-term CONTRACTS

Production and producers. See index heading PRODUC-TION AND PRODUCERS

Raw materials. See index heading RAW MATERIALS

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

Section 199 deduction, gross receipt from materials, 12:19

MEASUREMENT OR MEASURE

Gross receipts, scope of inventory rules, 1:17 to 1:21, 1:21, 1:22

Interest capitalization, 10:32

Profits, LIFO, 6:1

METHOD OR METHODS

Accounting method or methods

generally, 9:1

accrual method. See index heading ACCRUAL

cash method. See index heading CASH

change in method. See index heading Change in accounting method

LIFO. See index heading LIFO

METHOD OR METHODS—Cont'd

Accounting method or methods—Cont'd not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

resale and resellers. See index heading RESALE AND RESELLERS

scope of inventory rules. See index heading scope of inventory rules

Built-in gains upon S elections, 9:11

Change in method. See index heading CHANGES
Direct method, allocation of mixed services costs,
2:43, 3:25

Flow of costs. See index heading FLOW OF COSTS Interest. See index heading INTEREST

LIFO. See index heading LIFO

Long-term contracts. See index heading LONG-TERM CONTRACTS

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Producers valuation at cost, allocation of costs, 2:3, 2:42 to 2:47, 2:49 to 2:56, App. 2B to 2F

Resale and resellers. See index heading RESALE AND RESELLERS

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

Simplified method or methods. See index heading SIMPLIFIED METHOD OR METHODS

Step-down method, allocation of mixed services costs, 2:44, 3:25

Transfers to controlled corporations, 9:14, 9:16, 9:17

MISCELLANEOUS POOLS

Dollar-value LIFO, 7:19

MISTAKES

See index heading ERRORS

MITIGATION PROVISIONS

Change in accounting method, 9:5, 9:6

MIXED SERVICES COSTS

Production and producers. See index heading Production and Producers

Resellers valuation at cost, **3:1**, **3:13**, **3:25**, **3:30**, **App. 3A**

MODIFICATION

See index heading CHANGES

MODIFIED BOX METHOD

Section 199 deduction, W-2 wages limitation, 12:45

MONEY

See index heading CASH

MONTH THAT IS APPROPRIATE

Dollar-value LIFO, 7:41

MORE COMPLEX CALCULATIONS

Flow of costs, retail method, 5:10

MOTOR VEHICLES

Dollar-value LIFO, 7:8, 7:47 to 7:60

MULTIPLE POOLS

Dollar-value LIFO, 7:12, 7:13, 7:16, 7:19, 7:20

MULTIPLE-ENTITY CONTROL GROUPS

Interest capitalization, 10:49

N

NATURAL BUSINESS UNIT (NBU) LIFO, 7:13, 7:14, 7:16, 8:18

NBU (NATURAL BUSINESS UNIT) LIFO, 7:13, 7:14, 7:16, 8:18

NEED FOR PHYSICAL INVENTORIES

Flow of costs, 5:4

NEGATIVE ADJUSTMENTS

Change in accounting method, 9:2 LIFO, voluntary termination, 8:34

NET INTEREST

Long-term contracts, look-back calculations under regulations, 11:80

NET OPERATING LOSS CARRYBACKS APPLIED TO REDETERMINATION YEAR

Long-term contracts, look-back calculations under regulations, 11:73

NEW ITEMS

Dollar-value LIFO, 7:4, 7:5, 7:53, 7:54

NEW REGULATIONS

Dollar-value LIFO, 7:35 to 7:46

NEW VEHICLES

Dollar-value LIFO, 7:47 to 7:59

90-10 RULE

Resellers valuation at cost, 3:20

NOL (NET OPERATING LOSS) CARRYBACKS APPLIED TO REDETERMINATION YEAR

Long-term contracts, look-back calculations under regulations, 11:73

NONCASH BASIS FARMERS

Not valued at cost inventories, options, 4:19

NONCOMPLIANCE

See index heading compliance or noncompliance

NONDEDUCTIBLE EXPENSES

Long-term contracts, **11:27** Scope of inventory rules, **1:43**

NONEXEMPT SPECULATIVE BUILDER

Long-term contracts, 11:50

NONTAXABLE EVENT

Transfers to controlled corporations, 9:13 to 9:23

NORMAL GOODS

Not valued at cost inventories, **4:1**, **4:2**, **4:8** to **4:15**

NOT VALUED AT COST INVENTORIES

Generally, **4:1 to 4:27**

Accrual method, farmers, 4:17, 4:18	Market—Cont'd
Acquisition costs, farmers, 4:16	normal goods, 4:2 , 4:8 to 4:10 , 4:13 to 4:15
Alternative depreciation system, farmers, 4:17 , 4:22	subnormal goods, 4:2
Animals, farmers, 4:16 to 4:19, 4:21	Method or methods
Basis	accounting
cash basis, farmers, 4:22	accounting accrual method, farmers, 4:17, 4:18
options for noncash basis farmers, 4:19	cash method, farmers, 4:16
Bona fide selling price, subnormal goods, 4:3 , 4:5 ,	change in accounting method, dealers in securi-
4:6	ties, 4:26
Burden of proof, subnormal and normal goods, 4:2 , 4:4 , 4:5	normal goods, 4:2, 4:15 change in method, above
Business, farmers and farming, 4:16 to 4:19, 4:21 ,	valuation of inventory, farmers, 4:19 to 4:21
App. 4A	Noncash basis farmers, options, 4:19
Capitalization of costs, farmers, 4:16 to 4:18, 4:22	Normal goods, 4:1, 4:2, 4:8 to 4:15
Cash	Notice 2000-45, App. 4B
basis, farmers, 4:22	Notice 2013-18, App. 4E
method, farmers, 4:16	Nurseries, farmers, 4:16, 4:18, 4:23
Change in method	Offering price
accounting method, dealers in securities, 4:26	normal goods, 4:13
valuation of inventory, farmers, 4:20	subnormal goods, 4:2 , 4:3 , 4:5 , 4:6
Classification of securities, dealers in securities, 4:24	Options, farmers, 4:19 , 4:22
Compounded complexities, farmers, 4:23	Other similar causes, subnormal goods, 4:3, 4:4
Corporations, farmers, 4:17	Overstocking, subnormal goods, 4:4
Crops, plants or trees, farmers, 4:16 to 4:18, 4:22	Plants, crops or trees, farmers, 4:16 to 4:18, 4:22
Dealers	Price
normal goods, 4:8	farmers, 4:16, 4:19, 4:20
securities, 4:24 to 4:27	normal goods, 4:9 , 4:12 , 4:13
Depreciation, farmers, 4:17, 4:22	offering price, above
Elections	subnormal goods, 4:2 to 4:6
farmers, 4:17 to 4:22	Produced goods, normal goods, 4:10
normal goods, 4:2 , 4:15	Purchased goods, normal goods, 4:9
Exemptions	Raw materials, subnormal goods, 4:6
farmers, 4:17	Reduced depreciation in lieu of capitalization, farm-
firm contract exception, normal goods, 4:11	ers, 4:17 , 4:22
Farmers and farming, 4:16 to 4:23, App. 4A, 4B	Regulations, 4:1 to 4:27, App. 4A
Final calculations, normal goods, 4:14	Replacement cost
Finished goods	dealers in securities, 4:27
normal goods, 4:10	normal goods, 4:2 , 4:8 to 4:10 , 4:12 , 4:13
subnormal goods, 4:6	Resale
Firm contract exception, normal goods, 4:11	farmers, 4:23
GAAP, 4:2	subnormal goods, 4:4
Goods, 4:2 to 4:15	Revenue Procedures, 4:8, 4:9, App. 4C, 4D
In process goods, subnormal or normal goods, 4:6 ,	Sales
4:10	normal goods, 4:9 , 4:12
Investment, dealers in securities, 4:24	resale, above
Livestock, farmers, 4:19 , 4:21	subnormal goods, 4:3 , 4:5 to 4:7
Losses, 4:2, 4:11, 4:18	Scrapped goods, subnormal goods, 4:7
Lower of cost or market	Securities, dealers in, 4:24 to 4:27
dealers in securities, 4:27	Subnormal goods, 4:1 to 4:7
	Temporary regulations, farmers, 4:17, 4:18, 4:22
farmers, 4:19	Trade, farmers, 4:18 , 4:21
normal goods, 4:8 , 4:13 to 4:15	Trees, plants or crops, farmers, 4:16 to 4:18, 4:22
Mandatory write-down, subnormal goods, 4:2	Unit livestock method for valuation of inventory,
Manufacturers, normal goods, 4:8	farmers, 4:19, 4:21
Market	Write-down, 4:2 to 4:15
dealers in securities, 4:24 , 4:27	
farmers 4.10 4.20	NOTICES

Interest. See index heading INTEREST

lower of cost or market, above

NOTICES—Cont'd

LIFO, Notice 88-86, **6:23**

Long-term contracts. See index heading LONG-TERM CONTRACTS

Not valued at cost inventories, App. 4B, 4E

NURSERIES

Not valued at cost inventories, farmers, **4:16**, **4:18**, **4:23**

 \mathbf{o}

OBJECTIVE TESTS

Long-term contracts, 11:13, 11:40

OFFERING PRICE

See index heading NOT VALUED AT COST INVENTORIES

OFFICERS

Producers valuation at cost, compensation of officers attributable to production, **2:15**

OFFSETS

Interest capitalization, 10:32

Long-term contracts, disputed contracts, 11:45

OFF-SITE STORAGE FACILITIES

Resellers valuation at cost, 3:1, 3:24

OLD ITEMS

Dollar-value LIFO, pricing, 7:6

OMISSIONS

See index heading LIFO

ONE-YEAR PROPERTY

Interest capitalization, 10:2

ON-SITE STORAGE FACILITIES

Resellers valuation at cost, 3:17 to 3:21

OPERATING CORPORATIONS

Transfers to controlled corporations, 9:19

OPTIONS

Change in accounting method, adjustments, 9:2, 9:5

Dollar-value LIFO, 7:55

Long-term contracts, 11:1

Not valued at cost inventories, farmers, 4:19, 4:22

ORDER OR ORDERING

Dollar-value LIFO, acquisition link-chain, 7:9

Interest capitalization, rules for parent-subsidiary entities, 10:49

OVERHEAD COSTS

LIFO. See index heading LIFO

Long-term contracts, 11:29, 11:32

OVERLAP WITH HANDLING COSTS

Resellers valuation at cost, 3:21

OVERPAYMENT OF TAX

Long-term contracts, look-back calculations under regulations, **11:71**, **11:74**, **11:79**

OVERSTOCKING

Not valued at cost inventories, subnormal goods, 4:4

OWNERS AND OWNERSHIP

Interest capitalization, 10:2

Long-term contracts. See index heading LONG-TERM CONTRACTS

Section 199 deduction, ownership analysis in contract manufacturing arrangements, **App. 12C**

P

PACKAGE DESIGN COSTS

Producers valuation at cost, 2:3

PARENT AND SUBSIDIARY CORPORATIONS

Interest capitalization, 10:46 to 10:50

LIFO. See index heading LIFO

Long-term contracts, 11:19, 11:39

Resellers valuation at cost, 3:10

Transfers to controlled corporations, 9:19 to 9:21

PARTNERS AND PARTNERSHIPS

Controlled corporations, transfers, 9:22

Interest capitalization, 10:38 to 10:44

Long-term contracts. See index heading Long-term CONTRACTS

Section 199 deduction, 12:40, 12:41

PASSIVE ACTIVITIES

Interest capitalization, 10:33, 10:39

PASS-THROUGH ENTITIES

See index heading FLOW-THROUGH ENTITIES

PAYMENT OR PAYMENTS

Advance payments. See index heading ADVANCE PAYMENTS

Interest. See index heading INTEREST

Long-term contracts. See index heading Long-term CONTRACTS

Underpayment of taxes. See index heading UNDERPAYMENT OF TAXES

PAYROLL TAXES

Producers valuation at cost, 2:13, 2:33

PENALTIES

Change in accounting method, underpayment of taxes, 9:2

Long-term contracts, look-back calculations under regulations, 11:80

PERCENT OR PERCENTAGE

Long-term contracts. See index heading LONG-TERM CONTRACTS

Ten percent matters. See index heading ten percent MATTERS

PERIOD COSTS

Producers valuation at cost, 2:9, 2:13, 2:15, 2:21, 2:24 to 2:26, 2:28

Resellers valuation at cost, 3:13

PERISHABLE GOODS

LIFO. 6:1

PERPETUAL INVENTORY SYSTEM

Flow of costs, **5:4**, **5:5**

PERSONAL PROPERTY

Interest capitalization, 10:2, 10:5, 10:7 to 10:10, 10:35

Long-term contracts, 11:4, 11:8, 11:37

Resellers valuation at cost, 3:1, 3:2, 3:14

Tangible personal property. See index heading TANGIBLE PERSONAL PROPERTY

PHASE OF PRODUCTION

LIFO, scope of election, 8:19

PHOTOGRAPHERS

Scope of inventory rules, special situations, 1:36

PHYSICAL ACTIVITIES ON REAL PROPERTY

Interest capitalization, 10:10

PHYSICAL INVENTORY

Flow of costs, **5:4**, **5:5**

PHYSICIANS

Scope of inventory rules, taxpayers who must apply rules, 1:10, 1:19

PLANTS, CROPS OR TREES

Not valued at cost inventories, farmers, **4:16 to 4:18**, **4:22**

POOLS AND POOLING

See index heading LIFO

POSITIVE ADJUSTMENTS

Change in accounting method, 9:2 LIFO, voluntary termination, 8:34

POST-COMPLETION MATTERS

Long-term contracts, 11:41, 11:42, 11:66, 11:67

POST-EXPENDITURE DEBTS

Interest capitalization, 10:31

PREDECESSOR ENTITY

Resellers valuation at cost, 3:2, 3:7

PRE-ENTRY COSTS

Long-term contracts, addition of costs, 11:35

PRELIMINARY ALLOCATION OF COSTS

Valuation at cost, 2:31, 3:30

PREPAYMENT

Long-term contracts, addition of costs, 11:34

PRESUMPTIONS

Flow of costs, FIFO, 5:2

Scope of inventory rules, property included in inventories, 1:28

PREVIOUS MATTERS

See index heading former matters $% \frac{1}{2}\left(\frac{1}{2}\right) =\frac{1}{2}\left(\frac{1}$

PRICE AND PRICING

Built-in gains upon S elections, 9:11

Flow of costs, 5:1, 5:8 to 5:17

LIFO. See index heading LIFO

Long-term contracts. See index heading Long-term CONTRACTS

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Producers valuation at cost, 2:10

Resellers valuation at cost, 3:13

Scope of inventory rules. See index heading scope of INVENTORY RULES

PRIOR MATTERS

See index heading FORMER MATTERS

PROCESS, PROCESSING AND PROCESSORS

Costs of processing, resellers valuation at cost, **3:1**, **3:16**

Dollar-value LIFO, 7:13, 7:39

In process goods. See index heading IN PROCESS GOODS

PRODUCT OR PRODUCTS

LIFO. See index heading LIFO

Long-term contracts, uniqueness of products, 11:11 to 11:16

Producers valuation at cost, product liability insurance, 2:16

Scope of inventory rules. See index heading scope of INVENTORY RULES

Section 199 applied to production under contract, 11:81

PRODUCTION AND PRODUCERS

Absorption

full absorption costing regulations, at cost valuation of producers, 2:7, 2:13

ratios, allocation of production costs to inventories, 2:50, 2:53, 2:54

Acquisition of property for resale, at cost valuation of producers, 2:2

Additional costs, allocation, 2:37, 2:54, App. 2D, 2E Administrative costs

classifications of costs, at cost valuation of producers, 2:15

general administration (period) costs, at cost valuation of producers, 2:9, 2:13, 2:15, 2:21, 2:24 to 2:26, 2:28

Agreements. Contracts, below

Allocation of costs, 2:2, 2:3, 2:9, 2:10, 2:17, 2:18, 2:30 to 2:55

Allocation of costs, at cost valuation of producers, **App. 2B to 2F**

Alternative minimum tax, 9:25

At cost valuation of producers, 2:1 to 2:55

Bases, allocation of mixed services costs, 2:38, 2:39

Beginning of production. See index heading BEGINNING OF PRODUCTION

Benefits for employees, at cost valuation of producers, 2:10, 2:34

Bidding costs, at cost valuation of producers, 2:19

PRODUCTION AND PRODUCERS—Cont'd

Buildings

depreciation, allocation of costs, 2:35 taxes, allocation of costs, 2:36

Burden rate method, allocation of production costs to inventories, 2:49

Capitalization of costs, at cost valuation of producers, 2:3 et seq., App. 2G

Casualty insurance, at cost valuation of producers, **2:16**

Change in accounting method, **App. 2H** Classification

activities, at cost valuation of producers, **2:3**, **2:30** costs, at cost valuation of producers, **2:9** to **2:29** taxpayer, at cost valuation of producers, **2:4**

Compensation of officers attributable to production, at cost valuation of producers, **2:15**

Comprehensive illustration of allocation of mixed services costs, at cost valuation of producers, **2:42 to 2:47**

Contracts

bidding costs, at cost valuation of producers, **2:19** long-term contracts. See index heading LONG-TERM CONTRACTS

property produced under contract for subsequent resale, at cost valuation of producers, 2:4

who is producer, at cost valuation of producers, 2:3 Cost, producers valuation at, 2:1 to 2:55

Current costs, at cost valuation of producers, 2:7, 2:8, 2:13

De minimis production

producers valuation at cost, **2:3** resellers valuation at cost, **3:2**, **3:34**

Deduction of costs, at cost valuation of producers, 2:8, 2:9, 2:21, 2:23, 2:24, 2:27

Defective units, at cost valuation of producers, **2:18** Depreciation

allocation of costs, at cost valuation of producers, **2:35, 2:36**

excess depreciation, at cost valuation of producers, **2:14**

idle facilities, at cost valuation of producers, 2:25
Design costs, at cost valuation of producers, 2:3, 2:20
Development of simplifications by taxpayer, allocation of production costs to inventories, 2:53

Direct costs, at cost valuation of producers, 2:7, 2:9, 2:10, 2:21

Direct method, allocation of mixed services costs, 2:43

Elections

allocation of costs, at cost valuation of producers, 2:40, 2:48, 2:50, 2:51

exemptions, at cost valuation of producers, 2:5

Eligibility for simplified method of allocation of costs, at cost valuation of producers, **2:51**

Employee benefits, at cost valuation of producers, 2:10, 2:34

Ending of production. See index heading ENDING OF PRODUCTION

Engineering costs, at cost valuation of producers, 2:20

PRODUCTION AND PRODUCERS—Cont'd

Equipment

depreciation, at cost valuation of producers, 2:35 taxes, at cost valuation of producers, 2:36

Excess depreciation, at cost valuation of producers, 2:14

Exemptions

at cost valuation of producers, generally, **2:5** recurring item exception, at cost valuation of producers, **2:8**

reseller exemption, at cost valuation of producers, 2:3, 2:4, 2:6

small producers, allocation of production costs to inventories, 2:52

Farmers, at cost valuation of producers, 2:5

Finished goods, at cost valuation of producers, 2:9, 2:16, 2:48, 2:50

Full absorption costing regulations, at cost valuation of producers, 2:7, 2:13

GAAP, at cost valuation of producers, 2:2, 2:15, 2:17 General administration (period) costs, at cost valuation of producers, 2:9, 2:13, 2:15, 2:21, 2:24 to 2:26, 2:28

Goods

at cost valuation of producers, 2:3 et seq. not valued at cost inventories, normal goods, 4:10 Gross receipts, at cost valuation of producers, 2:3 Handling costs, at cost valuation of producers, 2:7, 2:17

Historic absorption ratio, allocation of production costs to inventories, 2:54

Idle facility depreciation, at cost valuation of producers, 2:25

Incremental costing, at cost valuation of producers, 2:7

Indirect costs, at cost valuation of producers, 2:7, 2:9, 2:11, 2:21, 2:27, 2:49, App. 2A

Insurance, at cost valuation of producers, 2:7, 2:16, 2:17

Interest. See index heading INTEREST

costs, at cost valuation of producers, 2:3, 2:7, 2:9, 2:10, 2:18, 2:48

method, allocation of mixed services costs, **2:40**, **2:46**, **App. 2C**

LIFO. See index heading LIFO

Long-term contracts. See index heading Long-term CONTRACTS

Losses, at cost valuation of producers, **2:23** Materials

at cost valuation of producers, 2:7, 2:9, 2:10, 2:37, 2:48, 2:50

scope of inventory rules, materials consumed in production, 1:14

Method for allocation of costs, at cost valuation of producers, 2:3, 2:42 to 2:47, 2:49 to 2:55, App. 2B to 2F

Mixed services costs

allocation, at cost valuation of producers, **2:38 to 2:48**, **App. 2B**, **2C**

PRODUCTION AND PRODUCERS—Cont'd

Mixed services costs—Cont'd

capitalization, at cost valuation of producers, 2:7 classification, at cost valuation of producers, 2:9, 2:15, 2:28, 2:29

Not valued at cost inventories, normal goods, **4:10** Other employee benefits, at cost valuation of producers, **2:34**

Package design costs, at cost valuation of producers, 2:3

Payroll taxes, at cost valuation of producers, 2:13, 2:33

Period (general administration) costs, at cost valuation of producers, 2:9, 2:13, 2:15, 2:21, 2:24 to 2:26, 2:28

Preliminary allocation of costs, at cost valuation of producers, 2:31

Price, at cost valuation of producers, 2:10

Product liability insurance, at cost valuation of producers, 2:16

Property, at cost valuation of producers, **2:1 et seq.** Property taxes, at cost valuation of producers, **2:13**, **2:17**, **2:36**

Purchasing costs, at cost valuation of producers, **2:29**Purpose of allocation of costs, at cost valuation of producers, **2:30**

Raw materials, at cost valuation of producers, **2:50**Real property, at cost valuation of producers, **2:2**Reasonably relate, allocation of costs, **2:32**, **2:38**Recurring item exception, at cost valuation of produc-

ers, 2:8
Regulations, at cost valuation of producers, 2:2 et

Resale and resellers. See index heading RESALE AND RESELLERS

Research and experimental (R&E) costs, at cost valuation of producers, 2:27

Resellers, 2:3, 2:4, 2:6

Retailers, at cost valuation of producers, **2:3**, **2:4**Reworking costs, at cost valuation of producers, **2:18**Role of regulations, at cost valuation of producers, **2:2**

Safe harbor, at cost valuation of producers, 2:3

at cost valuation of producers, 2:2 to 2:4, 2:8, 2:9, 2:17, 2:19, 2:48, 2:50

resale and resellers. See index heading RESALE AND

Schedules of simplified method to allocate costs, at cost valuation of producers, **App. 2B to 2F**

Scope of inventory rules, materials consumed in production, 1:14

Scrap, at cost valuation of producers, 2:18

Section 199 deduction. See index heading section 199 DEDUCTION

Services

mixed services costs, above

who is producer, at cost valuation of producers, 2:3

PRODUCTION AND PRODUCERS—Cont'd

Simplified method for allocation of costs, at cost valuation of producers, 2:3, 2:40, 2:45, 2:46, 2:50 to 2:55, App. 2B to 2F

Small producer exemption, at cost valuation of producers, 2:52

Spoilage, at cost valuation of producers, **2:18**Standard cost method, allocation of production costs to inventories, **2:49**

Statutes, at cost valuation of producers, **2:2 et seq.** Step-down method, allocation of mixed services costs, **2:44**

Storage costs, at cost valuation of producers, 2:7, 2:17 Summary of comprehensive illustration of allocation of mixed services costs, at cost valuation of producers, 2:47

Supplies, at cost valuation of producers, 2:12, 2:17
Table of indirect costs, at cost valuation of producers, App. 2A

Tangible personal property, at cost valuation of producers, **2:2 et seq., App. 2G, 2I**

Taxes

capitalization of costs, at cost valuation of producers. 2:7

classifications of costs, at cost valuation of producers, 2:13, 2:17

payroll taxes, at cost valuation of producers, 2:13, 2:33

property taxes, at cost valuation of producers, **2:13**, **2:17**, **2:36**

Taxpayer

classification of taxpayer's activities, at cost valuation of producers, 2:3

development of simplifications, allocation of production costs to inventories, **2:53**

Timing issues, at cost valuation of producers, **2:8** Trade practices, at cost valuation of producers, **2:2** Transportation costs, at cost valuation of producers,

Valuation

2:37

at cost valuation of producers, **2:1 to 2:55** not valued at cost inventories, normal goods, **4:10**

Variances, allocation of production costs to inventories, **2:49**

Warehousing costs, at cost valuation of producers, 2:17

Who is producer, at cost valuation of producers, 2:3

PROFITS

LIFO, measure of profits, 6:1

Long-term contracts

generally, 11:1, 11:2

for detailed treatment see index heading LONG-TERM CONTRACTS

Scope of inventory rules, property included in inventories, 1:27, 1:29

PROMOTIONAL DISCOUNTS

Flow of costs, retail method, **5:11**

PROOF

See index heading EVIDENCE

PROPERTY

Assets. See index heading ASSETS

Held property

interest capitalization, 10:14, 10:15, 10:18, 10:19 scope of inventory rules, property included in inventories, 1:28, 1:29

Improvements. See index heading IMPROVEMENTS
Intangible property. See index heading INTANGIBLE
PROPERTY

Interest capitalization, 10:1 et seq.

Long-term contracts, 11:1 to 11:80

Personal property. See index heading Personal Property

Producers valuation at cost, 2:1 et seq.

Real property. See index heading REAL PROPERTY

Resale and resellers. See index heading RESALE AND RESELLERS

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

Taxes, producers valuation at cost, 2:13, 2:17, 2:36 Transfers to controlled corporations, 9:13 to 9:23

PROPOSED REGULATIONS

Alternative minimum tax, depreciation adjustment, 9:27

Long-term contracts, 11:13, 11:34, 11:61 to 11:63, 11:77

Transfers to controlled corporations, 9:21

PROVIDING SERVICE

Long-term contracts, 11:6

PURCHASE OR PURCHASING

Bargain purchases. See index heading Bargain PURCHASES

Costs. See index heading purchasing costs

Goods. See index heading goods

LIFO. See index heading LIFO

PURCHASING COSTS

Dollar-value LIFO, application to retail inventory method, **7:24**

Flow of costs, retail method, 5:16

Producers valuation at cost, 2:29

Resellers valuation at cost, 3:1, 3:5, 3:11, 3:13, 3:14, 3:26, 3:30, 3:43

PURPOSE OR PURPOSES

Allocation of costs, producers valuation at cost, **2:30** Dual purpose property, scope of inventory rules, **1:31** Form 970, making LIFO elections, **8:17**

Q

OUALIFIED PROPERTY

Interest capitalization, subject costs, **10:22**Section 199 deduction. See index heading SECTION 199
DEDUCTION

R

RATE OR RATES

Interest. See index heading INTEREST

Long-term contracts. See index heading Long-term CONTRACTS

Producers valuation at cost, burden rate method for allocation of costs, 2:49

Tax rate

built-in gains upon S elections, 9:10 long-term contracts, 11:1, 11:25, 11:73 to 11:76

RATIOS

See index heading ABSORPTION

RAW MATERIALS

LIFO. See index heading LIFO

Not valued at cost inventories, subnormal goods, 4:6

Producers valuation at cost, 2:50

Scope of inventory rules, 1:15

R&I

See index heading RESEARCH AND EXPERIMENTATION (R&E)

REAL PROPERTY

Interest capitalization, 10:2 to 10:4, 10:6, 10:10, 10:13 to 10:20, 10:34, 10:35

Long-term contracts. See index heading LONG-TERM CONTRACTS

Producers valuation at cost, 2:2

Resale and resellers. See index heading RESALE AND RESELLERS

Scope of inventory rules, special situations, 1:33
Section 199 deduction. See index heading SECTION 199
DEDUCTION

REALIZATION

Built-in gains upon S elections, 9:10

REAPPLICATION

Long-term contracts, look-back method, 11:69, 11:70, 11:74

REASONABLY RELATE

Producers valuation at cost, allocation of costs, 2:32, 2:38

REBATES

LIFO, 7:44

Scope of inventory rules, inventories at cost, 1:40

RECAPTURE OF DEFERRAL

LIFO, 6:3, 6:6, 7:1

RECOGNITION

Income. See index heading RECOGNITION OF INCOME Long-term contracts. See index heading LONG-TERM CONTRACTS

RECOGNITION OF INCOME

Interest capitalization, revenue from product, 10:1 Long-term contracts. See index heading LONG-TERM CONTRACTS

Transfers to controlled corporations, 9:17

RE-COMPUTATION OR REDETERMINATION

Long-term contracts, look-back method, 11:60, 11:61, 11:64, 11:70 to 11:73, 11:76, 11:79

RECURRING ITEM EXCEPTION

Producers valuation at cost, 2:8

REDETERMINATION OR RE-COMPUTATION

Long-term contracts, look-back method, 11:60, 11:61, 11:64, 11:70 to 11:73, 11:76, 11:79

REDUCTION

Depreciation reduced in lieu of capitalization, not valued at cost inventories, **4:17**, **4:22**

Profits, long-term contracts, 11:42

Significance of GAAP, scope of inventory rules, 1:6

REGULAR TAX

See index heading LONG-TERM CONTRACTS

REGULATIONS

Generally, Gen. App. 1 to 4

Built-in gains upon S elections, 9:11

Change in accounting method, 9:1 to 9:9

Flow of costs, 5:1 et seq.

Interest capitalization, 10:1 et seq.

LIFO, 6:1 et seq., App. 7B, Gen App. 2

Long-term contracts, 11:1 et seq., App. 11A

Not valued at cost inventories, 4:1 to 4:27, App. 4A

Producers valuation at cost, 2:2 et seq.

Proposed regulations. See index heading PROPOSED REGULATIONS

Resellers valuation at cost, 3:1 et seq.

Scope of inventory rules, 1:1 et seq.

Transfers to controlled corporations, 9:19, 9:21

RELATED PARTIES

Dollar-value LIFO, 7:29

Interest capitalization, 10:26

Long-term contracts. See index heading LONG-TERM CONTRACTS

Scope of inventory rules, taxpayers who must apply rules, 1:19, 1:21

RENTS

Interest capitalization, 10:14, 10:19

Section 199 deduction, derived from rental, 12:11

REPACKAGING COSTS

Resellers valuation at cost, 3:1, 3:16

REPLACEMENT

Cost. See index heading REPLACEMENT COST LIFO. See index heading LIFO

REPLACEMENT COST

LIFO. See index heading LIFO

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

REPORTS AND REPORTING

LIFO, 6:26, 6:29, 6:31, 6:34

REQUEST FOR CHANGE IN ACCOUNTING METHOD

Generally, 9:2, 9:8

Form 3115, **7:46, 7:58, 8:24, 9:2, 9:8**

Long-term contracts, simplified method, 11:32

Resellers valuation at cost, 3:12, 3:38

Scope of inventory rules, **1:45**

RESALE AND RESELLERS

Acquisition costs, at cost valuation of resellers, **3:2**, **3:13**

Additional costs, at cost valuation of resellers, **3:1**, **3:31**, **3:33**, **3:37**, **3:39**

Aggregating rules, gross receipts exception, 3:10

Allocation of costs, at cost valuation of resellers, 3:19, 3:25 to 3:43, App. 3A, 3B

Assembly costs, at cost valuation of resellers, **3:1**, **3:16**

At cost valuation of resellers, 3:1 to 3:43

Bases for allocation of costs, at cost valuation of resellers, **3:43**

Bidding expenses, at cost valuation of resellers, **3:40** Business or trade, at cost valuation of resellers, **3:3**, **3:7**, **3:9**, **3:37**

Capitalization of costs, at cost valuation of resellers, 3:1, 3:13 to 3:24, 3:40

Catch-up adjustment to income for change in accounting method, at cost valuation of resellers, **3:11**

Change in accounting method, at cost valuation of resellers, **3:11**, **3:12**, **3:38**, **3:39**

Classification of taxpayer, at cost valuation of resellers, **3:2**

Compensation, at cost valuation of resellers, 3:14

Comprehensive illustration of allocation of costs, at cost valuation of resellers, **3:41 to 3:43**

Controlled corporations, at cost valuation of resellers, 3:10

Corporations, at cost valuation of resellers, **3:6**, **3:10** Cost, resellers valuation at, **3:1** to **3:43**

Custom-ordered goods delivery, at cost valuation of resellers, **3:24**

De minimis production, at cost valuation of resellers, 3:2, 3:34

Deduction of costs, at cost valuation of resellers, **3:14** to **3:17**, **3:22** to **3:24**

Delivery of custom-ordered goods, at cost valuation of resellers, **3:24**

Determinations, at cost valuation of resellers, **3:9**, **3:13**

Direct costs, at cost valuation of resellers, 3:1

Direct method of allocation of mixed services costs, at cost valuation of resellers, **3:25**

Distribution costs, at cost valuation of resellers, **3:23**Dual function facilities, at cost valuation of resellers, **3:19**

Dual services, at cost valuation of resellers, 3:14

Elections, allocation of costs, 3:25, 3:29

Exemptions

gross receipts, at cost valuation of resellers, **3:2 to 3:12**

RESALE AND RESELLERS—Cont'd

Exemptions—Cont'd

long-term contracts, small contractors' real estate contracts exemption, 11:48

reseller exemption, valuation at cost, 2:3, 2:4, 2:6, 3:12

Facilities

dual function facilities, at cost valuation of resellers, **3:19**

off-site storage facilities, at cost valuation of resellers, **3:1, 3:24**

on-site storage facilities, at cost valuation of resellers, **3:17 to 3:21**

Former small resellers and large resellers, at cost valuation of resellers, **3:39**

Goods, at cost valuation of resellers, **3:1 et seq.**Gross receipts, at cost valuation of resellers, **3:1 to 3:12**

Handling costs, at cost valuation of resellers, 3:1, 3:11, 3:13, 3:15, 3:21, 3:28, 3:30, 3:31, 3:42, 3:43

Historical simplified resale method for allocation of costs, at cost valuation of resellers, **3:33**

Implications of accounting methods, at cost valuation of resellers, **3:11**

Indirect costs, at cost valuation of resellers, **3:1, 3:13** to **3:24**

Intangible property, at cost valuation of resellers, **3:5** Large former resellers, at cost valuation of resellers, **3:39**

LIFO. See index heading LIFO

Liquidated corporation, at cost valuation of resellers, 3:6

Long-term contracts, small contractors' real estate contracts exemption, **11:48**

Method or methods

accounting

at cost valuation of resellers, generally, **3:11**,

change in accounting method, at cost valuation of resellers, **3:11**, **3:12**, **3:38**, **3:39**

allocation of costs, at cost valuation of resellers, 3:25, 3:29 to 3:40, App. 3A, 3B

Mixed services costs, at cost valuation of resellers, 3:1, 3:13, 3:25, 3:30, App. 3A

90-10 rule, at cost valuation of resellers, **3:20**

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Off-site storage facilities, at cost valuation of resellers, **3:1, 3:24**

On-site storage facilities, at cost valuation of resellers, 3:17 to 3:21

Overlap with handling costs, at cost valuation of resellers, **3:21**

Parent and subsidiary corporations, at cost valuation of resellers, **3:10**

Period costs, at cost valuation of resellers, **3:13**

Personal property, at cost valuation of resellers, **3:1**, **3:2**, **3:14**

RESALE AND RESELLERS—Cont'd

Predecessor entity, at cost valuation of resellers, **3:2**, **3:7**

Preliminary allocation of costs, at cost valuation of resellers. **3:30**

Price, at cost valuation of resellers, 3:13

Private label goods, 3:36

Processing costs, at cost valuation of resellers, **3:1**, **3:16**

Production and producers

capitalization of costs, at cost valuation of resellers, 3:13

de minimis production, at cost valuation of resellers, **3:2**, **3:34**

gross receipts exception, at cost valuation of resellers, **3:2**, **3:3**

resellers who are also producers, at cost valuation of resellers, **3:34**

small reseller-producer, at cost valuation of resellers, **3:35**

valuation at cost of producers, 2:2 to 2:4

Property

gross receipts exception, at cost valuation of resellers, 3:5

intangible property, at cost valuation of resellers, 3:5

personal property, at cost valuation of resellers, **3:1**, **3:2**, **3:14**

real property, below

Purchasing costs, at cost valuation of resellers, **3:1**, **3:5**, **3:11**, **3:13**, **3:14**, **3:26**, **3:30**, **3:43**

Real property

at cost valuation of resellers, 3:5, 3:14

long-term contracts, small contractors' real estate contracts exemption, **11:48**

Regulations, at cost valuation of resellers, **3:1 et seq.** Repackaging costs, at cost valuation of resellers, **3:1,**

Request for change in accounting method, at cost valuation of resellers, **3:12**, **3:38**

Retail and retailers. See index heading RETAIL AND RETAILERS

Rules

at cost valuation of resellers, 3:10, 3:20

scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

Safe harbor, at cost valuation of resellers, 3:2

Schedules of simplified methods of allocation of costs, at cost valuation of resellers, **App. 3A, 3B**

Scope of inventory rules. See index heading scope of INVENTORY RULES

Services

dual services, at cost valuation of resellers, **3:14** gross receipts exception, at cost valuation of resellers, **3:4**

mixed services costs, at cost valuation of resellers, 3:1, 3:13, 3:25, 3:30, App. 3A

Short periods, gross receipts exception, 3:8

Simplified methods of allocation of costs, at cost valuation of resellers, **3:29 to 3:40, App. 3A, 3B**

RESALE AND RESELLERS—Cont'd

Small reseller

former small resellers, at cost valuation of resellers, **3:39**

producer-reseller, at cost valuation of resellers, 3:35

valuation at cost, 2:3, 2:4, 3:12

SMS (simplified mixed services method) for allocation of costs, at cost valuation of resellers, **3:30**, **App. 3A**

SRM (simplified resale method) for allocation of costs, at cost valuation of resellers, **3:29**, **3:31**, **3:32**, **App. 3B**

Statutes, at cost valuation of resellers, **3:1 et seq.**Step-down method for allocation of mixed services costs, at cost valuation of resellers, **3:25**

Storage and storage costs

allocation of costs, at cost valuation of resellers, 3:27, 3:30, 3:31, 3:43

capitalization of costs, at cost valuation of resellers, 3:13, 3:17 to 3:19, 3:22

gross receipts, at cost valuation of resellers, **3:11** off-site storage facilities, at cost valuation of resellers, **3:1, 3:24**

on-site storage facilities, at cost valuation of resellers, **3:17 to 3:21**

simplified methods of allocation of costs, at cost valuation of resellers, **3:30**, **3:31**

warehousing costs, at cost valuation of resellers, 3:1, 3:17, 3:42

Taxpayers

classification of taxpayer, at cost valuation of resellers, **3:2**

LIFO taxpayers, at cost valuation of resellers, **3:32** Test for gross receipts exception, at cost valuation of resellers, **3:2** to **3:12**

Three-year period, gross receipts, **3:1**, **3:2**, **3:6**Trade or business, at cost valuation of resellers, **3:3**,

3:7, 3:9, 3:37

Transportation costs, at cost valuation of resellers, 3:13, 3:22, 3:24

Valuation

at cost of resellers, 3:1 to 3:43

not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Warehousing costs, at cost valuation of resellers, 3:1, 3:17, 3:42

Wholesale and wholesalers. See index heading WHOLESALE AND WHOLESALERS

RESEARCH AND EXPERIMENTATION (R&E)

Costs

long-term contracts, capitalization of costs, **11:26** producers valuation at cost, **2:27**

Long-term contracts. See index heading Long-term CONTRACTS

RESELLERS

See index heading resale and resellers

RESIDENTIAL CONTRACTS

Long-term contracts, exemptions, 11:49, 11:51

RESTAURANTS

Scope of inventory rules, property included in inventories, 1:13

RETAIL AND RETAILERS

Built-in gains upon S elections, 9:11

Flow of costs. See index heading FLOW OF COSTS

LIFO. See index heading LIFO

Producers valuation at cost, 2:3, 2:4

Scope of inventory rules, taxpayers who must apply rules, 1:21

Valuation at cost, generally, **3:1**, **3:14**, **3:17** to **3:24**, **3:33**, **3:37**

RETROACTIVE CHANGES IN COST

LIFO, 6:25

REVALUATION

See index heading LIFO

REVENUE

See index heading INCOME

REVENUE PROCEDURES

Built-in gains upon S elections, 9:11

Change in accounting method, 9:9, App. 2H, 9B

Flow of costs, 5:5, App. 5A

Interest capitalization, 10:26, 10:52

LIFO. See index heading LIFO

Long-term contracts, 11:6

Not valued at cost inventories, 4:8, 4:9, App. 4C, 4D

Revenue Procedure 2024-23, App. 9C

Scope of inventory rules, 1:14, 1:25, 1:26, 1:39

REVENUE RULINGS

LIFO. See index heading LIFO

Long-term contracts, 11:6

Transfers to controlled corporations, 9:19, 9:20

REVOCATION OF LIFO ELECTION

Generally, 8:1, 8:5, 8:16, 8:21, 8:34

REWORKING COSTS

Producers valuation at cost, 2:18

RISK ANALYSIS TEST

Long-term contracts, uniqueness of products, 11:11

ROLE OF REGULATIONS

Producers valuation at cost, 2:2

ROLLING AVERAGE LOOK-BACK

Scope of inventory rules, gross receipts, 1:21

RULES

Dollar-value LIFO, transitory rules, 7:32

Interest capitalization, 10:1 et seq.

Long-term contracts. See index heading LONG-TERM CONTRACTS

Resale and resellers. See index heading RESALE AND RESELLERS

RULES—Cont'd

Scope of inventory rules

generally, 1:1 to 1:46

for detailed treatment see index heading SCOPE OF INVENTORY RULES

RULINGS

Letter Rulings. See index heading LETTER RULINGS LIFO. See index heading LIFO

Revenue Rulings. See index heading REVENUE RULINGS

S

S CORPORATIONS

Built-in gains upon S elections, 9:10 to 9:12

Change from C corporation to S corporation, 9:10 to 9:12, 11:57, 11:78

Election to change from C corporation to S corporation, **9:10** to **9:12**, **11:78**

Interest capitalization, 10:38, 10:45

Long-term contracts. See index heading LONG-TERM CONTRACTS

SAFE HARBORS

Flow of costs, adjustment for shrinkage, 5:5

Long-term contracts, uniqueness of products, 11:13

Producers valuation at cost, 2:3

Resellers valuation at cost, 3:2

SALES

Built-in gains upon S elections, 9:11

Flow of costs, **5:1 to 5:17**

Interest capitalization, 10:12, 10:14, 10:18, 10:20, 10:39

LIFO. See index heading LIFO

Long-term contracts. See index heading Long-term CONTRACTS

Not valued at cost inventories. See index heading NOT VALUED AT COST INVENTORIES

Production and producers. See index heading Production and Producers

Purchase or purchasing. See index heading Purchase OR Purchasing

Resale and resellers. See index heading RESALE AND RESELLERS

Retail and retailers. See index heading Retail and Retailers

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

Section 199 deduction, derived from sale, 12:11

Wholesale and wholesalers. See index heading WHOLESALE AND WHOLESALERS

SALVAGE DEALERS

Scope of inventory rules, special situations, 1:37

SAME ITEM

LIFO, 6:4, 6:7, 6:9

SANCTIONS

See index heading Penalties

SCHEDULES

Simplified methods to allocate costs, **App. 2B to 2F**, **3A**, **3B**

SCOPE

Inventory rules

generally, 1:1 to 1:46

for detailed treatment see index heading SCOPE OF INVENTORY RULES

LIFO. See index heading LIFO

Long-term contracts, rules, 1:34, 11:2, 11:3

SCOPE OF INVENTORY RULES

Generally, 1:1 to 1:46

Accounting Research and Terminology Bulletin No. 43, GAAP requirements, 1:5

Accrual

basis, 1:1, 1:14

method, 1:10, 1:26, 1:34

Acquisition of supplies, property included in inventories, 1:13

Advertising charges included in prices of goods, inventories at cost, **1:44**

Annual gross receipts, taxpayers who must apply inventory rules, 1:21, 1:22

Architects, 1:8

Artists, 1:36

Assets, property included in inventories, 1:30

At cost inventories, 1:39 to 1:44

Authors, 1:8, 1:36

Average, measure of gross receipts, 1:16, 1:21, 1:22 Basis

accrual basis, 1:1, 1:14

cash basis, 1:14, 1:16, 1:35

Best accounting practice, 1:4, 1:6

Business property included in inventories, 1:28

C corporations, taxpayers who must apply inventory rules, 1:18

Cash

basis, 1:14, 1:16, 1:35

discounts, inventories at cost, 1:41

method, 1:21, 1:23, 1:26, 1:34

Catch-up adjustment to income, change in accounting methods, 1:45

Changes in accounting methods, 1:26, 1:45

Choice. Elections, below

Commonly controlled entities, taxpayers who must apply inventory rules, **1:19**

Conformity requirement, taxpayers who must apply inventory rules, 1:21, 1:25

Consumed materials, 1:13, 1:14

Conversion from business use to inventories, property included in inventories, 1:28

Costs, 1:24

Credits, inventories at cost, 1:42

Customers, 1:9, 1:28

Dealers

advertising charges included in prices of goods, inventories at cost, 1:44

property included in inventories, 1:28, 1:29

COPE OF INVENTORY RULES—Cont'd	SCOPE OF INVENTORY RULES—Cont'd
Dealers—Cont'd	Investment—Cont'd
salvage dealers, special situations, 1:37	property held as investment rather than for resale, property included in inventories, 1:29
Decreasing significance of GAAP, 1:6	Joint Committee on Taxation, explanation of public
Deduction of costs	law 115-97, App. 1A
farmers, special situations, 1:35 goal of inventory accounting, 1:3	Leased property, property included in inventories,
property included in inventories, 1:13	1:31
real property, special situations, 1:33	Long-term contracts, special situations, 1:34
unique treatment of inventories, 1:1	Look-back, gross receipts, 1:21
Depreciable asset vs inventory, property included in	Making the change, taxpayers who must apply inven-
inventories, 1:30	tory rules, 1:26
Determinations, sources of inventory rules, 1:4	Manufacturers and manufacturing, 1:28
Direct costs, decreasing significance of GAAP, 1:6	Materials
Discounts, inventories at cost, 1:40 to 1:42	consumed materials, 1:13, 1:14
Dual purposes, property included in inventories, 1:31	incidental materials, 1:13, 1:14
Effects of inventory valuation on taxable income, 1:2	long-term contracts, special situations, 1:34
Elections	raw materials, 1:15
accounting methods, 1:45	Measure of gross receipts, 1:17 to 1:21, 1:21, 1:22 Method or methods
cash basis election for small business, taxpayers	accounting
who must apply inventory rules, 1:16	accounting accrual method, 1:10, 1:26, 1:34
valuation methods, unique treatment of inventories, 1:1	cash method, 1:21, 1:26, 1:34
Exceptions from, small businesses, 1:46	changes in accounting methods, 1:26, 1:45
Farmers, special situations, 1:35	elections in accounting methods, 1:45
Finished goods or products, 1:15	use to measure average annual gross receipts,
GAAP, 1:4 to 1:6, 1:32	taxpayers who must apply inventory rules,
Goal of inventory accounting, 1:3	1:22
Goods, 1:1 et seq.	valuation methods choice, unique treatment of
Gross receipts, taxpayers who must apply inventory	inventories, 1:1
rules, 1:7 , 1:16 to 1:21	Non-incidental materials and supplies, 1:23, 1:24
Held property, property included in inventories, 1:28,	Otherwise nondeductible expenses, inventories at
1:29	cost, 1:43
Hospitals, taxpayers who must apply inventory rules,	Percentage of Completion Costs Incurred, App. 1D Photographers, special situations, 1:36
1:11	Physicians, taxpayers who must apply inventory rules,
Illegal substances, sales and production of, 1:38 Impracticality, special situations, 1:37	1:10, 1:19
Incidental materials or supplies, 1:13, 1:14	Presumptions, property included in inventories, 1:28
Inclusions	Price
advertising charges included in prices of goods,	at cost inventories, 1:39 to 1:44, 1:44
inventories at cost, 1:44	farmers, special situations, 1:35
property included in inventories, 1:27 to 1:32	real property, special situations, 1:33
Income	taxpayers who must apply inventory rules, 1:8
catch-up adjustment to income, change in account-	Product or products
ing methods, 1:45	costs, goal of inventory accounting, 1:3
goal of inventory accounting, 1:3	finished goods or products, 1:15
investment income, taxpayers who must apply	taxpayers who must apply inventory rules, 1:7, 1:8,
inventory rules, 1:18	1:10, 1:11 Production
taxable income, below	illegal substances, 1:38
Indirect costs, 1:1 , 1:6	materials consumed in, 1:14
Individuals, taxpayers who must apply inventory	Profit, property included in inventories, 1:27 , 1:29
rules, 1:20	Property
Industry practices, GAAP, 1:5, 1:6	included in inventories, 1:27 to 1:32
In transit goods, property included in inventories,	real property, special situations, 1:33
1:32	taxpayers who must apply inventory rules, 1:9
Inventory definition, 1:12	unique treatment of inventories, 1:1
Investment	Raw materials, 1:15
income, taxpayers who must apply inventory rules, 1:18	Real property, special situations, 1:33
	1 1 2/1

SCOPE OF INVENTORY RULES—Cont'd Rebates, inventories at cost, 1:40	SCOPE OF INVENTORY RULES—Cont'd Trade discounts, inventories at cost, 1:40
Regulations, 1:1 et seq.	Treasury Department, sources of inventory rules, 1:4
Related entities, taxpayers who must apply inventory rules, 1:19 , 1:21	Uniforms, 1:23 Unique treatment of inventories, 1:1
Request for change in accounting methods, 1:45	Use
Resale farmers, special situations, 1:35	conversion from business use to inventories, property included in inventories, 1:28
property held as investment rather than for resale, 1:29	method of accounting used to measure average annual gross receipts, taxpayers who must
taxpayers who must apply inventory rules, 1:10, 1:11	apply inventory rules, 1:22 Valuation
Restaurants, property included in inventories, 1:13 Retailing, taxpayers who must apply inventory rules, 1:21	at cost inventories, 1:39 to 1:44 choice of inventory valuation methods, unique treatment of inventories, 1:1
Revenue Procedures, 1:14, 1:25, 1:26, 1:39	effects of inventory valuation on taxable income,
Rolling average look-back, gross receipts, 1:21	1:2 Violations of GAAP, 1:4
Sales at cost inventories, 1:39 to 1:44	Wholesaling, taxpayers who must apply inventory
effects of inventory valuation on taxable income,	rules, 1:18
goal of inventory accounting, 1:3	SCRAPPED GOODS Not valued at cost inventories, subnormal goods, 4:7
illegal substances, 1:38	Producers valuation at cost, 2:18
property included in inventories, 1:27 to 1:32	,
real property, special situations, 1:33	SECTION 199 DEDUCTION
resale, above	Generally, 12:1 to 12:47 Advertising revenues, 12:13
taxpayers who must apply inventory rules, 1:9, 1:10, 1:18	Affiliated groups, expanded affiliated groups (EAG),
unique treatment of inventories, 1:1	12:10
Salvage dealers, special situations, 1:37 Services	Allocating revenues between QPP, non-QPP and services, 12:14
discounts in exchange for services, inventories at	Allocating wages to domestic production, 12:47
cost, 1:42 taxpayers who must apply inventory rules, 1:7 to	Architectural services, construction distinguished from, 12:20
1:12	Beverage and food exception, 12:16
Small business	Charitable contributions, 12:33
exceptions from rules, 1:46	Construction distinguished from engineering or
taxpayers who must apply inventory rules, 1:16	architectural services, 12:20
Small Business Taxpayer Exceptions Under 236A,	Cost classifications table, App. 12A
448, 460, and 471, App. 1C	Costs of goods sold and cost allocation generally, 12:23 to 12:39
Smallwares, property included in inventories, 1:13 Sources of inventory rules, 1:4	category 1 costs - costs of goods sold, 12:24
Special situations, 1:33 to 1:38	category 2 costs - directly allocable, 12:29
Supplies	category 3, 12:32
non-incidental, 1:23, 1:24	charitable contributions, 12:33
property included in inventories, 1:13, 1:15, 1:29	comprehensive illustration, 12:37
taxpayers who must apply inventory rules, 1:11,	costs of goods sold - category 1 costs, 12:24 directly allocable - category 2 costs, 12:29
Tax Cut and Jobs Act of 2017, tax accounting changes	DPRG, other expenses or losses allocable to, 12:28
under, 1:6, 1:16, App. 1B	interest expense, 12:31
Taxable income	LIFO allocations, 12:25
cash discounts, inventories at cost, 1:41	LIFO base-year method, change in relative, 12:26
effects of inventory valuation on, 1:2	LIFO/FIFO ratio method, 12:27
taxpayers who must apply inventory rules, 1:7	simplified deduction method, 12:34, 12:38
unique treatment of inventories, 1:1	simplified methods, 12:34 et seq.
Taxpayers who must apply inventory rules, 1:7 to 1:26	small business simplified overall method, 12:36 , 12:39
Test, gross receipts, 1:17	state income tax, 12:30
Three-year measure of gross receipts, 1:16, 1:21	De minimis rules, 12:15

SECTION 199 DEDUCTION—Cont'd

Distinguishing "construction" from "engineering or architectural services," 12:20

Domestic production gross receipts (DPGR), 12:3, 12:28

Embedded property, 12:11

Engineering or architectural services, construction distinguished from, 12:20

Exchange, derived from, 12:11

Expanded affiliated groups (EAG), 12:10

Federal contracts, 12:5

Flow-through entities, 12:40, 12:41

Food and beverage exception, 12:16

Guidance for examiners, App. 12C

Income attributable to domestic production activities,

App. 12B

Installation, 12:7

Interest expense, 12:31

Item issue, 12:8

Lease, derived from, 12:11

License, derived from, 12:11

LIFO

allocations, 12:25

base-year method, change in relative, 12:26

LIFO/FIFO ratio method, 12:27

Limitation, taxable income limitation, 12:42

Materials, gross receipt from, 12:19

Modified box method, W-2 wages limitation, 12:45

Non-qualified property, generally, 12:12, 12:14

Ownership analysis in contract manufacturing

arrangements, benefits and burdens of, App. 12C

Partnerships, 12:40, 12:41

Producer defined, 12:4

Production under contract, generally, 11:81, 12:4

Proposed amendments to Section 199 regulations,

App. 12D

Qualifying production property and other property eligible for the deduction, generally, **12:2**

Real estate construction, 12:18

Real estate contractor's land, 12:22

Real estate contracts, 12:5

Rental, derived from, 12:11

Sale, derived from, 12:11

Self constructed for self-use, 12:21

Simplified deduction method, 12:34, 12:38

Small business simplified overall method, 12:36, 12:39

State income tax, 12:30

Substantial production, 12:6

Timing of gross receipts, 12:17

Tracking wages method, W-2 wages limitation, 12:46

United States, 12:9

Unmodified box method, W-2 wages limitation, 12:44

W-2 wages, 12:41, 12:43 to 12:47

SECURITIES

Not valued at cost inventories, dealers, 4:24 to 4:27

SERVICES

Interest capitalization, service department property, 10:24

Long-term contracts. See index heading LONG-TERM CONTRACTS

Mixed services costs. See index heading MIXED SERVICES COSTS

Production and producers. See index heading PRODUC-TION AND PRODUCERS

Resale and resellers. See index heading RESALE AND RESELLERS

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

SETOFFS

See index heading offsets

SEVERING CONTRACTS

Long-term contracts, completion, 11:43

SHOPWORN GOODS

Flow of costs, retail method, 5:15

LIFO, 6:17

SHORT PERIODS

Resellers valuation at cost, gross receipts exception, 3:8

SHRINKAGE

Flow of costs, 5:5

SIMILAR CAUSES FOR SUBNORMAL GOODS

Not valued at cost inventories, 4:3, 4:4

SIMPLIFIED METHOD OR METHODS

Allocation of costs. See index heading ALLOCATION OF

Interest capitalization, 10:35

LIFO. See index heading LIFO

Long-term contracts. See index heading Long-term CONTRACTS

Section 199 deduction, simplified deduction method, 12:34, 12:38

SIMPLIFYING DEPRECIATION ADJUSTMENTS

Alternative minimum tax, 9:27

SMALL BUSINESSES

Interest capitalization, 10:37

LIFO. See index heading LIFO

Scope of inventory rules

exceptions from, 1:46

taxpayers who must apply rules, 1:16, 1:23

Section 199 deduction, small business simplified overall method, **12:36**, **12:39**

SMALL PRODUCER EXEMPTION

Valuation at cost, 2:52

SMALL RESELLERS

See index heading resale and resellers

SMALLWARES

Scope of inventory rules, property included in inventories, 1:13

SMIM (SIMPLIFIED MARGINAL IMPACT METHOD)

Long-term contracts, look-back calculations under regulations, 11:74 to 11:76, 11:78

SMS (SIMPLIFIED MIXED SERVICES METHOD)

Resellers valuation at cost, allocation of costs, **3:30**, **App. 3A**

SOURCES OF INVENTORY RULES

Scope of inventory rules, 1:4

SPECIFIC GOODS

LIFO, 6:1 to 6:35, 7:1, 8:12, 8:25, 8:26

SPECIFIC IDENTIFICATION OF GOODS

Flow of costs, **5:1**, **5:3**

SPECULATIVE BUILDERS

Generally, 10:4, 11:50

SPLITTING POOLS

LIFO, voluntary changes in election, 8:27

SPOILAGE

Producers valuation at cost, 2:18

SRM (SIMPLIFIED RESALE METHOD)

Resellers valuation at cost, allocation of costs, **3:29**, **3:31**, **3:32**, **App. 3B**

STANDARD COST METHOD

Producers valuation at cost, allocation of production costs to inventories, **2:49**

STATEMENTS

See index heading LIFO

STATUS OF CORPORATION

Interest capitalization, 10:45

STATUTES

Alternative minimum tax, 9:25

Built-in gains upon S elections, 9:10 et seq.

Change in accounting method, 9:2 to 9:6

LIFO, 6:2 et seq.

Long-term contracts, 11:1 et seq.

Producers valuation at cost, 2:2 et seq.

Resellers valuation at cost, 3:1 et seq.

Transfers to controlled corporations, **9:13**, **9:15**, **9:19**, **9:21**, **9:23**

STEP-DOWN METHOD

Allocation of mixed services costs, 2:44, 3:25

STEP-IN-THE-SHOES APPROACH

Long-term contracts, transfers of contracts, 11:57

STOLEN GOODS

Flow of costs, **5:4**, **5:5**

STORAGE

Costs. See index heading STORAGE COSTS
Resale and resellers. See index heading RESALE AND
RESELLERS

STORAGE COSTS

Flow of costs, retail method, 5:16

LIFO. See index heading LIFO

Producers valuation at cost, 2:7, 2:17

Resale and resellers. See index heading RESALE AND RESELLERS

Warehousing costs. See index heading WAREHOUSING

SUBCHAPTER C CORPORATIONS

See index heading c corporations

SUBCHAPTER S CORPORATIONS

See index heading s corporations

SUBCONTRACTORS

Long-term contracts, 11:36, 11:49

SUBNORMAL GOODS

Flow of costs, retail method, 5:12, 5:15

LIFO. See index heading LIFO

Not valued at cost inventories, **4:1 to 4:7**

SUBSEQUENT MATTERS

LIFO, election, 8:5, 8:6, 8:25, 8:31

Producers valuation at cost, property produced under contract for subsequent resale, **2:4**

SUBSIDIARY CORPORATIONS

See index heading parent and subsidiary corporations

SUBSTITUTE COST METHOD

Interest capitalization, 10:41, 10:42, 10:48, 10:51

SUPPLEMENTAL INFORMATION

LIFO, 6:28

SUPPLIES

Long-term contracts, addition of costs, 11:34

Producers valuation at cost, 2:12, 2:17

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

SUSPENSION OF PRODUCTION

Interest capitalization, 10:11

Т

TABLES

Dollar-value LIFO, appropriate BLS table, 7:38 Producers valuation at cost, indirect costs, App. 2A

TANGIBLE PERSONAL PROPERTY

Alternative minimum tax, depreciation, 9:25

Interest capitalization, 10:2, 10:5, 10:7 to 10:10, 10:35

Producers valuation at cost, 2:2 et seq., App. 2G, 2I

TAX COURT

LIFO, 6:8

TAX CUT AND JOBS ACT OF 2017

Tax accounting changes under Act, 1:6, 1:16, 10:6.50, App. 1B

TAX RATE

See index heading RATE OR RATES

TAXABLE INCOME

Alternative minimum tax, 9:24 to 9:29

Interest capitalization, 10:1

Long-term contracts. See index heading LONG-TERM CONTRACTS

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

TAXABLE/TAX YEAR(S)

LIFO, period less than taxable year, **6:29** Long-term contracts, **11:1**, **11:4**, **11:48**, **11:68**

TAXES

Alternative minimum tax. See index heading alternative minimum tax

Built-in gains upon S elections, 9:10

Long-term contracts. See index heading Long-term CONTRACTS

Production and producers. See index heading PRODUC-TION AND PRODUCERS

Underpayment. See index heading underpayment of taxes

TAXPAYERS

Classification. See index heading CLASSIFICATION LIFO. See index heading LIFO

Production and producers. See index heading Production and Producers

Resale and resellers. See index heading RESALE AND RESELLERS

Scope of inventory rules, taxpayers who must apply rules, 1:7 to 1:26

TEMPORARY REGULATIONS

Not valued at cost inventories, farmers, 4:17, 4:18, 4:22

TEN PERCENT MATTERS

Dollar-value LIFO, 7:40

Long-term contracts, 11:5, 11:13, 11:21, 11:33

TERMINATION

LIFO. See index heading LIFO

Long-term contracts, completion, 11:44

TEST OR TESTS

Long-term contracts. See index heading LONG-TERM CONTRACTS

Resellers valuation at cost, gross receipts exception, 3:2 to 3:12

Scope of inventory rules, gross receipts test, 1:17

THIRD PARTIES

Interest capitalization, borrowing from third parties, 10:28

THREE-YEAR MATTERS

LIFO. See index heading LIFO

Resellers valuation at cost, gross receipts, **3:1**, **3:2**, **3:6**

THREE-YEAR MATTERS—Cont'd

Scope of inventory rules, measure of gross receipts, 1:16, 1:21

THRESHOLDS

Alternative minimum tax, 9:29

TIME

Built-in gains upon S elections, market value, 9:11

LIFO. See index heading LIFO

Long-term contracts

generally, 11:1 to 11:80

for detailed treatment see index heading LONG-TERM CONTRACTS

Producers valuation at cost, 2:8

Section 199 deduction, timing of gross receipts, **12:17** Subsequent matters. See index heading subsequent MATTERS

Year or years. See index heading YEAR OR YEARS

TITLE TO PROPERTY

Long-term contracts, 11:6

TRACING

Alternative minimum tax, depreciation adjustment,

Flow of costs, goods, 5:1 to 5:3

Interest capitalization, 10:23 to 10:30, 10:36, 10:37, 10:39

TRACKING WAGES METHOD

Section 199 deduction, W-2 wages limitation, 12:46

TRADE

Business or businesses. See index heading business or

Not valued at cost inventories, farmers, 4:18, 4:21

Producers valuation at cost, practices, 2:2

Resellers valuation at cost, **3:3**, **3:7**, **3:9**, **3:37**

Scope of inventory rules, discounts, 1:40

TRANSFERS

Controlled corporations, 9:13 to 9:23

LIFO. See index heading LIFO

Long-term contracts, 11:57 to 11:59

TRANSITORY RULES

Dollar-value LIFO, 7:32

TRANSPORTATION

Costs

producers valuation at cost, 2:37

resellers valuation at cost, 3:13, 3:22, 3:24

In transit goods. See index heading in transit goods

TREASURY DEPARTMENT

Scope of inventory rules, sources of rules, 1:4

TREATMENT

Land and common features costs, interest capitalization, 10:17

Unique treatment of inventories, scope of inventory rules. **1:1**

TREES, PLANTS OR CROPS

Not valued at cost inventories, farmers, 4:16 to 4:18, 4:22

TRUCKS

Dollar-value LIFO, 7:47 to 7:60

TRUSTS

Interest capitalization, 10:38

Long-term contracts, look-back calculations under regulations, 11:76

TWELVE-MONTH TEST FOR MANUFACTURING CONTRACTS

Long-term contracts, 11:17 to 11:19

TWENTY-YEAR PROPERTY

Interest capitalization, subject property, 10:2, 10:5

TWO-YEAR PROPERTY

Interest capitalization, subject property, 10:2

U

UNDERLYING FACTS CHANGE

Generally, 8:32, 9:7

UNDERPAYMENT OF TAXES

Change in accounting method, 9:2

Long-term contracts, look-back method, **11:60**, **11:71**, **11:74**, **11:79**

UNIFORMS

Scope of inventory rules, 1:23

UNIQUE TREATMENT OF INVENTORIES

Scope of inventory rules, 1:1

UNIQUENESS OF PRODUCTS

Long-term contracts, 11:11 to 11:16

UNIT LIVESTOCK METHOD FOR VALUATION OF INVENTORY

Not valued at cost inventories, farmers, 4:19, 4:21

UNIT OF PROPERTY

Interest capitalization, 10:13 to 10:18, 10:24

UNMODIFIED BOX METHOD

Section 199 deduction, W-2 wages limitation, 12:44

UNTRACEABLE GOODS

Flow of costs, 5:2

USE

Interest. See index heading INTEREST

LIFO. See index heading LIFO

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

USED VEHICLES

Dollar-value LIFO, 7:60

V

VALUE AND VALUATION

At cost. See index heading AT COST

VALUE AND VALUATION—Cont'd

Built-in gains upon S elections, 9:11 to 9:12

Flow of costs. See index heading FLOW OF COSTS

LIFO. See index heading LIFO

Long-term contracts. See index heading LONG-TERM CONTRACTS

Market value. See index heading MARKET VALUE

Not valued at cost inventories

generally, 4:1 to 4:27

for detailed treatment see index heading NOT VALUED AT COST INVENTORIES

Production and producers. See index heading Production and Producers

Resale and resellers. See index heading RESALE AND

Scope of inventory rules. See index heading SCOPE OF INVENTORY RULES

VARIANCES

Producers valuation at cost, allocation of production costs to inventories, 2:49

VEHICLES

Dollar-value LIFO, 7:8, 7:47 to 7:61

VERIFICATION

See index heading FLOW OF COSTS

VIOLATIONS

Conformity requirement, LIFO, **6:32 to 6:34** GAAP, scope of inventory rules, **1:4**

VOLUNTARY MATTERS

Change in accounting method, 9:2

Involuntary matters. See index heading involuntary MATTERS

LIFO. See index heading LIFO

W

W-2 WAGES

Section 199 deduction, 12:41, 12:43 to 12:47

WAREHOUSING COSTS

Producers valuation at cost, 2:17

Resellers valuation at cost, 3:1, 3:17, 3:42

WARRANTY CONTRACTS

Long-term contracts, 11:10

WHOLESALE AND WHOLESALERS

Built-in gains upon S elections, 9:11

Flow of costs, eligibility for retail method, 5:17

LIFO. See index heading LIFO

Scope of inventory rules, taxpayers who must apply rules, 1:18

Valuation at cost, 3:1, 3:14, 3:23, 3:33

WINE

Aging process, interest exception, 10:6.50

WORK BY SUBCONTRACTORS

Long-term contracts, addition of costs, 11:36

WRITE-DOWNS

LIFO. See index heading LIFO
Not valued at cost inventories, **4:2 to 4:15**

WRITE-UPS

LIFO deterrent, 6:18

 \mathbf{Y}

YEAR OR YEARS

Annual matters. See index heading annual matters

YEAR OR YEARS—Cont'd

Change in accounting method, 9:2

LIFO. See index heading LIFO

Long-term contracts. See index heading LONG-TERM CONTRACTS

Taxable/tax year(s). See index heading TAXABLE/TAX YEAR(S)

Three-year matters. See index heading three-year $$_{\rm MATTERS}$$