



De Filippis'

LIFO LOOKOUT

A Quarterly Update of LIFO - News, Views and Ideas

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LIFO UPDATE

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

#1. We're starting our seventh year of publication and sincerely thank all of you, long-time subscribers as well as more recent acquaintances, for your interest in our coverage of LIFO matters.

#2. WHATEVER HAPPENED TO... CONFORMITY?

In the "Whatever happened to" category, has conformity gone from big bluster to silent sizzle? There is nothing new to report on dealer financial statement conformity at this time: All remains silent for the moment. Both Peter Kitzmiller and Robert Zwiers are scheduled to be part of the panel on IRS issues at the AICPA Auto Dealership Conference in late October. Maybe then we'll have something to report.

#3. USED CAR LIFO TIDBITS. Some CPAs have reported negative LIFO reserves for some of their auto dealer used vehicle LIFO elections. In some cases, that's not a mirage: it really happened. Some dealers elected used car LIFO in 1995 and experienced only small (2%) price increases. In 1996, they experienced equal or greater price decreases (3%), thus resulting in net negative LIFO reserves for their used vehicles.

This goes to show how important timing is. In the long run, however, used car prices are expected to be trending upward so the 1996 negative LIFO reserve would seem to be a short-term reversal, rather than something to expect every year. We know ... that doesn't make it any less painful this year for someone whose reserve "turned around."

We now have a Used Car database that will readily give you an idea of what to expect, depending on your makes and your (fiscal) year end. Call us if we can be of help.

On the subject of used car LIFO calculations, we've become aware of one service provider who now offers used car LIFO calculations for a flat \$800.

More on used car LIFO in upcoming issues.

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#4. A LIFO AUDIT ... WITH A HAPPY ENDING. We just finished "helping" out in a LIFO audit situation where the taxpayer, a retailer, had been on LIFO for more than 20 years and used a somewhat subjective repricing process to determine base year costs. The IRS took exception. The audit started shortly after January 1st this year.

Within days after appearing, the examining agent knew he was looking at a \$1 million plus deficiency. The agent enticed information out of the taxpayer (which the taxpayer later came to regret) apparently before the CPA arrived on the scene. It also turned out that the agent had audited several other taxpayers in the same line of business and knew the issues cold. He told the client he hoped to "wrap up" the audit in a few days ... or at most, a few weeks. He played his cards right, even to the point of discussing potential penalties.

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When called in to try to stem the tide, we pointed out to the agent that he seemed to be jumping on the LIFO issue prematurely. After all, Rev. Proc. 92-20 allows even a taxpayer under audit a 90-day "window" to reconsider, and possibly even change, its inventory treatment. The taxpayer could choose any one of a number of alternatives that might render the agent's inventory recalculations a waste of time. (For example, a BLS approach could be selected.) Furthermore, even if recomputations were made under Section 481(a), timely action under Rev. Proc. 92-20 could limit the recomputation to "only" 10 years-worth of adjustments ... and more than half the LIFO years would be unaffected. Our comments didn't seem to faze the agent at all.

The taxpayer/client was not at all hesitant or bashful about trying to "work things out with the agent" so that they could avoid more detailed recalculations and bringing us in to wrestle with hyper-technical issues. So, the client and the agent kept talking to each other. Just before the 90-day window closed, the client settled—without any help from us—for less than ¼ of the original proposed assessment ... and no penalties. Because the Sub-S built-in gains tax was involved, the effective rate of tax slightly exceeded 50% for the year in which it applied. But, it only hurt for a little while.

In discussing the resolution of the audit the other day with an obviously satisfied taxpayer/client, I couldn't help but remember a picture in an Uncle Remus storybook: Br'er Rabbit and Br'er Fox, each with a full sack of something over his shoulder and a broad smile on his face, walking away from each other thinking he got the best of the deal!

So much for Section 472 technicalities, lengthy write-ups and Technical Advice Memos. Things didn't turn out quite so happily for the taxpayers discussed in the next section.

#5. YEAR-END PURCHASES AND

OVERZEALOUS PLANNING. In a prior issue, we mentioned several instances where taxpayers attempted some year-end LIFO inventory "planning" but were foiled in their endeavors by the IRS. These cases provide good guides for what not to do and show just how watchful the IRS and the courts have become.

We have summarized these cases and included a checklist for identifying issues and documenting year-end purchase activities. These may be helpful as you now turn your attention to preparing tax returns for your LIFO clients.

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#6. NEW ITEMS FOR YEAR-END INVENTORIES: COMPARISON OF "UNOFFICIAL" LISTS.

In what has become a regular annual feature, we have compared our determination of new item categories for Alternative LIFO purposes with the IRS' "unofficial" new item list covering December, 1996 calendar year inventories. Again, this year, we have compared our lists side-by-side with the IRS' so that you can easily pick out all the differences.

A major point of emphasis is that significant differences can result in the size of LIFO reserve additions (...or decreases...) depending on the treatment of key new items and the actual mix on hand at year-end. Our comments beginning on page 13 highlight major differences for Olds, Ford, Subaru, Plymouth, Chevy and GMC dealers.

#7. IS "SUCH AND SUCH" A NEW ITEM?

... IT ALL DEPENDS ON WHOM YOU ASK.

... DIFFERENT VENDORS PRODUCE

DIFFERENT LIFO RESULTS. Maybe you've just completed LIFO calculations for a dealer without giving much thought to the underlying new item determinations. The comparison of our new item list with the Service's this year is an eye-opener. There's more: This year we have also analyzed the new item lists of two other software vendors for auto dealer LIFO calculations. We found some interesting results.

If you are using software provided by one of the vendors, Hyundai, Mitsubishi, Volvo, Chevy Vans, Ford Explorers, Nissan and Toyota light-duty trucks are models/makes where LIFO results might differ significantly, depending on year-end inventory mix. Similarly, if you are using another vendor's software, its new item determinations are a little harder to pinpoint but, depending on the make and model, it found fewer new items. **ALTERNATIVE LIFO REALLY MEANS ALTERNATIVE RESULTS DEPENDING ON WHOSE SOFTWARE YOU ARE USING.**

Does all this stuff just seem like "splitting hairs" to you? Sometimes even we think so. But, then, big LIFO reserves are sometimes built up from "small little differences" like whether XXX is a new item or not. It all depends on the inventory mix. For more on this, see page 29.

#8. PROJECT 2000 INVENTORY SALES AND TRANSFERS.

Even Project 2000 activity has some LIFO ramifications as many dealers undergo major structural changes in connection with the transfer or sale of entire LIFO inventories in Factory-orchestrated franchise adjustments.

In this regard, what if a dealer disposes of all of the inventory of one particular manufacturer and see **LIFO UPDATE**, page 40



MANAGING LIFO INVENTORY LEVELS

WHAT NOT TO DO & HOW NOT TO DO IT

YEAR-END PURCHASES

For calendar year taxpayers, the pressure and frenzy of planning year-end inventory levels is over and all that remains is the preparation of the tax returns as matter-of-fact historical documents. If you're about to review tax returns with big LIFO inventories, you may want to consider some cases involving situations where on the surface everything looked calm ... and there were no major LIFO changes in sight ... as planned.

But in reality, that was an illusion: Beneath the surface, carefully (or sloppily) orchestrated actions had been taken to preserve the status quo of year-to-year LIFO inventory levels. In several real life situations, taxpayers wanted to avoid sizable LIFO layer penetrations and took actions which the IRS challenged and, with the help of the Courts, overturned. These IRS victories placed the taxpayer in the position of incurring the large LIFO layer decrements they had hoped to avoid.

The IRS and the Courts are very much aware of year-end planning "ploys." The most recent evidence of this is the observation by Judge Parr in the Tax Court in 1996 (see *E.W. Richardson*, Tax Court Memo Decision 1996-368) that taxpayers often "desire a higher base-year cost of ending inventory in a given year to avoid liquidating a LIFO layer, causing a match of historical costs against current revenues." This case was extensively analyzed in the September, 1996 issue of the *LIFO Lookout* (where the first part of our coverage on year-end planning projections can also be found).

This article reviews several unsuccessful taxpayer attempts and suggests lessons and cautions to be learned from them. The "raw material" for these observations regarding year-end inventory level management includes Revenue Ruling 79-188, *Ingredient Technology Corp. (formerly SuCrest)*, *Illinois Cereal Mills* and *B.A. Ballou and Company, Inc.* Upon deeper and greater reflection on these cases, the "raw material" may consist of old fashioned common sense.

REVENUE RULING 79-188

In Rev. Rul. 79-188, the issue was whether the cost of raw materials purchased by a jewelry manufacturer immediately before year-end and followed by resale of the same raw material soon after the start of the next taxable year was properly a part of the manufacturer's raw material ending inventory "if the

taxpayer has no significant purpose to use the raw material in manufacture."

The taxpayer in this Ruling was engaged in the manufacture and sale of jewelry, and it maintained an inventory of gold for use in its manufacturing operations. In 1969, the taxpayer elected the LIFO inventory method for the gold content of raw materials, work-in-process, and finished goods. The taxpayer used gold only as a raw material incorporated into the jewelry it manufactured.

During 1977, the taxpayer experienced a substantial decrease in sales of finished gold jewelry. In response to this sales decline, the taxpayer allowed its gold inventory to decline significantly. However, four days before the end of the year, the taxpayer made a substantial purchase of gold from its supplier at market value. In January 1978, all of the gold purchased on December 28 was sold back to the same supplier at market value. Payment for the gold purchased on December 28, 1977 was not made until after the gold was repurchased by the supplier.

The taxpayer's LIFO layers were established at \$35 per ounce. The gold purchase just before year-end was made at \$200 per ounce. Had the purchase not been made, the taxpayer would have penetrated its LIFO layers, thereby charging out its lower priced inventory against cost of sales.

Citing the "clear reflection of income" requirement found in Section 471, the Ruling states that raw materials are inventoriable only if they have been acquired for the purpose of sale in the ordinary course of business or for the purpose of being physically incorporated into merchandise intended for sale. Consequently, the purpose for which raw material is purchased is a major factor in determining whether such "material" is "inventoriable" by the taxpayer.

In the case of Rev. Rul. 79-188, the taxpayer in the ordinary course of its business used gold only as a raw material from which it fashioned jewelry. The IRS held that the gold purchased and sold by the taxpayer right before and after year-end was acquired with no significant purpose for being manufactured into jewelry...but rather it had been purchased to avoid penetration of the taxpayer's LIFO layers by artificially increasing its end-of-year inventory. The Service reasoned that since that gold was never used in its manufacturing process, it was not properly includable in the taxpayer's raw material ending

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Managing LIFO Inventory Levels...

inventory for purposes of Sections 471 and 472 of the Code.

INGREDIENT TECHNOLOGY CORP./SUCREST

In this case, the U.S. Court of Appeals, Second Circuit, affirmed the tax fraud convictions of a corporation and its former president because the year-end LIFO inventories had been overstated. This 1983 case involved sham transactions without business purpose, secret negotiations and intentional destruction of documents. This case involved agreements by a sugar refiner, Ingredient Technology Corp. (formerly SuCrest), which had arranged to purchase sugar so that it would be in its inventory at year-end. Almost immediately after the purchase, the taxpayer resold the sugar to the supplier under terms that guaranteed no risk of loss or chance for gain. These were held to be transactions without economic substance solely for the purpose of tax avoidance. Although the corporation had legal title to the sugar on the year-end date, the inventory was never intended to be used nor sold in the course of its business (the taxpayer was a refiner, not a seller or broker, of raw sugar), but only to inflate inventory for a short time solely for tax purposes.

In this case the taxpayer argued that its inventory was not overstated because it in fact had legal title to the raw sugar in question on the year-end date even though it had previously agreed to resell it to its seller. The taxpayer further argued that, in any event, the element of willfulness was negated because "the tax laws were too unclear."

During the years 1974 through 1976, the taxpayer was a publicly traded company with annual sales running in the hundreds of millions of dollars. It was principally in the sugar refining and sales business, buying raw sugar for refining from brokers. The taxpayer had never been in the business of selling raw sugar or buying raw sugar for resale. The president and chief executive officer of the taxpayer was very much involved in its operations, and his approval was required for every purchase of raw sugar which at times involved as much as ten to twenty tons.

In 1974, the price of sugar began to fluctuate wildly and, like many other U.S. sugar refiners, the taxpayer switched to LIFO in 1974 for its "raw sugar and raw sugar content in goods in process and in finished goods." It believed that LIFO more accurately reflected real costs because profits had to be reinvested in increasingly expensive raw materials.

The substantial tax saving (\$27 million) from electing LIFO in 1974 resulted from the taxpayer having a "LIFO base" of about 194 million pounds of

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new sugar valued at about 10 cents per pound. It became important to maintain this LIFO base because if the amount of sugar fell below this level, then an equivalent amount of sugar valued at only 10 cents per pound...as opposed to higher subsequent prices...would have to be assigned to that year's cost of goods sold, and this would result in significantly greater net income and correspondingly greater income tax liability.

The taxpayer determined to add enough raw sugar to the inventory level so as not to "invade" the LIFO base before the end of the fiscal year, in this case May 31, 1975. The taxpayer could have done so simply by purchasing raw sugar on the open market, but such a purchase would involve market risks, capital outlay, possibly high interest expenses, the need for insurance and other "burdens" of ownership.

Instead of purchasing new sugar in the open market, the taxpayer adopted a method that had the overall effect of involving no financial risk; title to sugar was taken before the end of the fiscal year, but immediately thereafter it was resold to the seller. As a further part of the plan, the sugar never entered any flow of raw materials for the refining process, and the only expense the taxpayer incurred was the payment of a small fee to the cooperating operator.

Arrangements were made with one of ITC/SuCrest's operators (Rionda), whereby it would sell to ITC/SuCrest the quantity of raw sugar ITC/SuCrest needed to protect its LIFO base. ITC/SuCrest would then sell the raw sugar back to Rionda so that ITC/SuCrest would be able to claim formal title without having to take physical delivery and with neither side making a profit on the transaction.

In addition, ITC/SuCrest and Rionda engaged in an elaborate pricing formula hinged to the market value of raw sugar on the futures exchange. This was done because the volatile price fluctuations in the sugar market could result in a resale at a price different from the original purchase price so that either party might stand to incur a loss on what was really intended to simply be a bookkeeping transaction. Just before the close of the year, the operator "declared" title to the raw sugar on two vessels to ITC/SuCrest. Out of a total of 50,000 tons, approximately 42,000 were necessary to preserve the LIFO layer. Almost immediately after the declaration of title, and while the vessels were still at sea, the same sugar was resold to Rionda. Checks were exchanged for the purchase and resale and for the net changes in the futures positions. ITC/SuCrest never actually drew on its funds to pay the nearly \$29 million due for

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the sugar. The operator-seller simply made a commission of \$84,000.

Subsequently, two ultimately incriminating actions took place. First ... the letter setting forth the terms of resale agreement was destroyed when representatives of the parties met for that purpose. Second ... after Rionda had declared title to the sugar to ITC/SuCrest—but before the resale—Rionda declared title to that same sugar to another buyer pursuant to a contract that had been made several weeks earlier. When the transaction was subsequently questioned by the Company's auditors, the auditors obtained an opinion letter from the Company's attorneys. The attorneys' letter stated that ITC/SuCrest did own the sugar at the end of the fiscal year. The attorneys' opinion was based upon representations they had received from ITC/SuCrest employees that as of the end of the fiscal year ITC/SuCrest had no commitment to resell and Rionda no commitment to repurchase the sugar.

(Been there, done that!) A similar transaction was arranged and took place in the following year, 1976. No one ever would have been the wiser had it not been for a "slip of the lip" by the raw sugar buyer of ITC/SuCrest who told one of the members of the CPA firm's auditing team "off the record" about the resale aspect of the 1976 (i.e., the later year's) transaction.

False explanations for the resale were given to the auditors in the presence of the corporate executive by some of his managers, and questioning of a Rionda vice president elicited a response that the resale was unrelated to the original purchase by ITC/SuCrest. Eventually, the board of directors was advised by the Company's vice president (who was president of the Sweetener Division) that the resale had been prearranged. The accounting firm's audit procedures were expanded. Outside counsel was hired to ascertain the facts, and it concluded that the Rionda transactions had no substance and that the Rionda sugar purchase should not be included in the 1975 and the 1976 computations of costs of goods sold.

As a matter of law, ITC/SuCrest had title to the goods and bore the risk of loss. Having satisfied the formal requirements of what it saw as the applicable rules, ITC/SuCrest attempted to persuade the Court to understand its elaborate machinations as a legitimate play to hold down taxes.

The Court said, "It is immaterial whether we are talking about "substantial economic reality," "substance over form," "sham" transactions, or the like. Rather, the question is whether under the statute and

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regulations the transaction affects a beneficial interest other than the reduction of taxes."

The Court stated that while title may be necessary for inclusion in inventory, title in itself is not alone sufficient for that purpose...at least where the parties' purpose is solely tax avoidance. From the beginning, it was never intended that the sugar which was on board ship would be for ITC/SuCrest "an income-producing factor." On the contrary, it was never intended to be refined, and ITC/SuCrest was not in the business of selling or brokering raw sugar. The transaction was designed not to earn money for ITC/SuCrest.

"There was absolutely no beneficial interest on the part of ITC/SuCrest except to inflate inventory for a few days solely for tax purposes, and there was no prospect of gain from the transaction. This "beneficial interest factor" alone should be sufficient to disqualify ITC/SuCrest's purchase from its LIFO base.

"Taxation is not so much concerned with the refinements of title as it is with *actual command* over the property taxed."

"PEA IN THE SHELL GAME"

"We conclude that the concept of inventory from an accounting point of view and the term inventory in the applicable Treasury Regulations would be meaningless were there to be included in the term or concept property bought, agreed to be resold, never intended to be utilized in the trade or business of the taxpayer (except for tax purposes), and in fact under the corporate taxpayer's dominion, control, and at its risk *about as long as the pea in the proverbial shell game is under the shell.*

"... Here surely the defendants knew they were committing a wrongful act ... The resale component of the agreement was concealed. The auditors were lied to, as were the attorneys. The secret letter sealed with wax was hidden in a safe and then destroyed."

The taxpayers attempted to make the argument that the issuance of Revenue Ruling 79-188 in 1979 by the IRS proved that the question was not settled in 1975 when the first transaction was entered into. The Court would not hear of it: it pointed out that Revenue Ruling 79-188 goes to different facts because there the purchase and resale were not prearranged, the prices were not structured to eliminate the possibility of profit or loss on the resale ... and no indicia of concealment were involved.

see **MANAGING LIFO INVENTORY LEVELS...**, page 6



ILLINOIS CEREAL MILLS, INC. V. COMMISSIONER

Another taxpayer, Illinois Cereal Mills, Inc. (ICM), was primarily engaged in corn milling. Near the end of its fiscal year it purchased warehouse receipts under contracts requiring a reconveyance of those warehouse receipts shortly after the end of the year. This case involved the taxpayer's 1973, 1974 and 1975 inventory transactions and presented the issue of whether certain corn represented by warehouse receipts was properly includable in the year-end LIFO inventory.

The Tax Court, in 1983 in T.C. Memo 1983-469 held that ICM could not increase its year-end LIFO inventory of raw corn to include the goods purchased under these warehouse receipts because the taxpayer did not intend to use the warehouse-receipt corn in its milling business. The mere legal ownership of the corn at the end of its year was not sufficient to make the corn an inventory item.

ICM operated a large corn mill in Paris, Illinois and in its business it purchased and processed "vast amounts" of shelled corn for which it had storage capacity for about 1.2 million bushels. ICM's production in excess of existing orders at any given time was often sold as "hominy feed" because of the large quantities of shelled corn it processed to make its finished goods and because of its lack of storage capacity for finished goods or for the various particle sizes left over after a production run.

The harvest of corn most suitable for ICM usually began about mid October to early November in ICM's geographical area...but in 1974 a premature frost gave indicators that the new corn to be harvested that year would be of an inferior quality.

During September 1973, ICM's physical inventory of corn was substantially lower in quantity than it had been at the beginning of the taxable year. Note: ICM used a fiscal year ending September 30. ICM entered into a transaction with Cargill on September 28, 1973, whereby six warehouse receipts, representing 200,315 bushels of No. 5 yellow corn, would be transferred to ICM on September 28, 1973 and these receipts would be subsequently transferred back to Cargill on October 1, 1973.

The corn represented by the warehouse receipts was held at all times by Cargill at its elevators in Chicago, Illinois. At no time did ICM intend to take delivery of the corn in-kind. On the contrary, ICM intended at all times to deliver the six warehouse receipts back to Cargill on October 1, 1973.

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YEAR-END CORN INVENTORY (BUSHELS)		
	<u>Sept 1973</u>	<u>Sept 1975</u>
Corn on hand	312,700	293,000
Corn-in-transit	240,129	0
Warehouse receipts	<u>200,315</u>	<u>600,000</u>
TOTAL	<u>753,144</u>	<u>893,000</u>

At September 30, 1973, the corn represented by the warehouse receipts constituted approximately 27% or slightly more than 1/4 of the overall ending inventory. At the end of September 1975, the warehouse receipt corn accounted for more than 2/3 of the year-end corn LIFO inventory.

During September 1975, ICM's physical inventory of corn was substantially lower in quantity than it had been at the beginning of the taxable year. ICM entered into a transaction with the Andersons on September 29, 1975, whereby a warehouse receipt representing 600,000 bushels of No. 2 yellow corn would be transferred to ICM on September 30, 1975, and subsequently transferred back to the Andersons on October 1, 1975. Again, with respect to this year-end transaction, at no time did ICM intend to take delivery of the corn in-kind...but, on the contrary, it intended at all times to deliver the warehouse receipt back to the Andersons on October 1, 1975, as required by the September 30, 1975 agreement.

The transactions with Cargill in 1973 and with the Andersons in 1975 involved exchanges of warehouse receipts, purchase confirmations, sales confirmations and checks. After the initial telephone contact in each instance, all that was left to be done by the parties was the mechanical steps of exchanging matching and reversing confirmation slips, the delivery and redelivery of warehouse receipts, and the exchange of checks.

ICM's actual cash expenditures in these transactions were limited to \$1,368 in 1973 (ICM's draft for \$492,776 less Cargill's draft for \$491,408) and to \$3,000 in 1975 (ICM's check for \$1,698,000 less the Anderson's check for \$1,695,000). This year-end LIFO leverage would seem too good to be true, wouldn't it?

Two key/critical ICM employees knew that ICM would not be able to take delivery of the corn represented by the warehouse receipts. They also knew that the only way for ICM to get title to the corn was to agree to sell it back to Cargill and to the Andersons so that the corn would never leave their elevators. One of the Court's findings of fact was that ICM's purpose in acquiring the corn represented by these warehouse receipts was not to gain corn inventories

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Managing LIFO Inventory Levels...

to move into production, but simply to avoid the adverse tax consequences of having a closing LIFO inventory amount smaller than the beginning amount (i.e., avoid the "liquidation" of its LIFO base).

The IRS determined that the corn represented by these warehouse receipts should not have been included in ICM's year-end LIFO inventories. As a result, the year-end inventory of corn was an amount less than the beginning inventory, causing a liquidation or recapture of ICM's LIFO inventory base. This "transfer" of low value LIFO inventory to cost of goods sold caused when the year-end inventory balance is less than the beginning balance is called a "liquidation" or "recapture" or "invasion" of the taxpayer's LIFO inventory (base).

The IRS characterized the acquisition of the corn (represented by the warehouse receipts) as a mere paper transaction lacking economic substance entered into solely for tax benefit ... which should be treated as a sham transaction.

ICM's position was that its legal ownership of the corn represented by the warehouse receipts, coupled with valid business reasons for its low year-end physical inventory of corn, should warrant the inclusion of the corn represented by the warehouse receipts in its year-end LIFO inventories. ICM also took the position that it had engaged in these types of transactions previously and that such transactions were normal and simply in the nature of a hedge.

The Tax Court, citing several cases, stated that whether the corn represented by the Cargill and Andersons' warehouse receipts is properly includable in ICM's ending LIFO inventory for 1973 and 1975 depends on the purpose for which ICM acquired and held that corn. The parties stipulated that ICM at no time intended to take delivery of the corn represented by the warehouse receipts from the Cargill and the Andersons' transactions and that ICM did not intend to use that particular corn in its milling operations.

Regulation Section 1.471-1 provides that "the inventory should include all finished or partly finished goods and, *in the case of raw materials and supplies, only those which have been acquired for sale or which will physically become a part of merchandise intended for sale*" Accordingly, the Tax Court concluded that only property acquired for sale to customers in the ordinary course of business or physically incorporated into finished goods intended for sale to such customers is properly includable in inventory.

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In its opinion, the Tax Court referred to what was at that time the "recent" Second Circuit case of *United States v. Ingredient Technology Corp.* It was pointed out as "strikingly similar to the present one," even though *Ingredient Technology* involved a criminal prosecution for tax evasion, whereas ICM did not involve any suggestion of fraud. The substantive tax issue was seen by the Tax Court to be the same in both cases.

THE PEA AND THE SHELL GAME AGAIN

The Tax Court quoted the holding of the Second Circuit in *Ingredient Technology* ... "that the concept of inventory from an accounting and/or from a tax standpoint ... would be meaningless if it were to include property bought, agreed to be resold, never intended to be utilized in the trade or business of the taxpayer (except for tax purposes), and in fact under the corporate taxpayer's dominion, control, and at its risk about as long as the pea in the proverbial shell game is under the shell."

The Tax Court said that even assuming ICM had valid business reasons for its low physical inventories at times, that would not affect its decision. The crucial fact was that ICM did not intend to use the warehouse-receipt corn in its milling business. Mere legal ownership of the corn at the end of ICM's fiscal year, while necessary, was not sufficient to make it an inventory item ... Actual command over the property and not mere refinements of title is determinative for tax purposes.

Finally, the Court said that it did not attach any significance to the testimony of ICM's president that ICM had engaged in similar warehouse-receipt transactions in the past. Although consistency in inventory practices is important, such practices are still required to clearly reflect the taxpayer's income. Thus, it was the Tax Court's conclusion that the corn represented by the warehouse receipts from the Cargill and from the Andersons' transactions was not properly includable in ICM's year-end LIFO inventories.

BALLOU AND COMPANY, INC.

This 1985 case involved a jewelry manufacturer with a fact pattern closely resembling that discussed in Revenue Ruling 79-188. In *Ballou*, the taxpayer engaged in year-end purchases involving its gold LIFO inventory which the U.S. Claims Court found to be outside the scope of the ordinary course of the taxpayer's business.

The Court, in *B.A. Ballou and Company, Inc. v. U. S.*, held that year-end purchases were made to provide an artificial increase in its inventory of fine gold to prevent penetration into lower-cost LIFO

see **MANAGING LIFO INVENTORY LEVELS...**, page 8



Managing LIFO Inventory Levels...

layers and the resulting increase in taxable income and Federal tax. The Court noted that although the taxpayer's use of an inventory treatment for its financial accounting was reasonable for planning purposes, it was not adequate to clearly reflect income for tax accounting purposes. One might say that *Ballou* found its solid gold LIFO benefits severely tarnished by a year-end planning ploy that went astray.

In distinguishing what might be permissible for financial accounting in contrast with tax accounting, the Court indicated that for financial accounting purposes, the primary goal is to provide useful information to management, shareholders, creditors, and others properly interested. The major function is to protect parties properly interested from being misled. Financial accounting is hospitable to estimates, probabilities and reasonable certainties.

On the other hand, in determining what is acceptable for tax accounting purposes, the Court stated that the primary goal of the income tax system is the equitable collection of revenue. The major responsibility of the IRS is to protect the public fisc. The computation of taxable income for a particular tax year requires precision as to the transactions applicable to that year.

THE FACTS IN *BALLOU*

B.A. Ballou and Company manufactured jewelry, jewelry findings and electronic components. One of the raw materials used in its jewelry manufacturing operations was fine gold (karat gold). Effective for its fiscal tax year ending in 1969, the taxpayer elected the LIFO method for its inventory of fine gold. This election corresponded with the Government's decision to "close the gold window" on March 13, 1968. For 33 years prior to that date, gold could be purchased from the Federal Government for \$35 per ounce by properly licensed persons. Gold was prohibited from sale on the open market and from March 13, 1968, to January 1, 1975, the taxpayer was licensed to purchase, but not to sell, gold on the open market.

(Continued)

On January 1, 1975, the U.S. Government lifted its restriction on the buying and selling of gold. As a result, the taxpayer was free to both purchase and sell gold on the open market, and beginning in its fiscal year ending February 28, 1975, it purchased quantities of gold during the last two months of its fiscal year which were resold at or near the beginning of the following year.

All of the taxpayer's transactions in issue respecting fine gold were between it and the Rhode Island Hospital Trust National Bank and were accomplished by transfer of cash to or from its checking account, or via its lines of credit. All purchases by the taxpayer were made at market prices. Each purchase involved capital outlays by the taxpayer and the assumption of market risks. Purchases on credit involved the taxpayer incurring interest expense.

As soon as the gold was purchased, title to the gold became vested in the taxpayer. After title shifted, the gold was retained in a storage facility at or used by the Bank, and none of the gold which was the subject of IRS inventory adjustments was ever delivered to the taxpayer. It was customary in the gold jewelry industry to store gold inventory with a supplier prior to use of the gold by the manufacturer. At all times, the taxpayer had dominion and control over the gold purchased.

On audit, the Internal Revenue Service removed from inventory the gold purchased in January and February but resold during March and April of the succeeding fiscal year. The IRS adjustments resulted in a lower ending inventory, a decrease in the cost of cost of goods sold (as a result of penetration of lower-cost LIFO layers), and a resulting increase in taxable income and in Federal tax.

The Court determined, as a matter of fact, that none of the gold was purchased for sale in the ordinary course of business to the taxpayer's jewelry customers, nor for incorporation into a product for sale to customers in the ordinary course of business.

→

FINANCIAL ACCOUNTING VS. "TAX" ACCOUNTING

FINANCIAL ACCOUNTING	TAX ACCOUNTING
<i>Primary goal</i> is to provide useful information to management, shareholders, creditors, and others properly interested.	<i>Primary goal</i> of the income tax system is... the equitable collection of revenue.
<i>Major function</i> is to protect parties properly interested from being misled.	The <i>major responsibility</i> of the IRS is ... to protect the public fisc.
Financial accounting is hospitable to estimates, probabilities and reasonable certainties.	The computation of taxable income for a particular tax year requires precision as to the transactions applicable to that year.



Managing LIFO Inventory Levels...

During the years in issue, Ballou purchased fine gold during January and February in order to maintain its LIFO gold inventory pool. The purpose of these purchases, consistent with the recognized purposes of LIFO inventory accounting, was to charge current revenues with current inventory replacement costs. When Ballou's year-end gold purchases were excluded from the LIFO inventory pool, lower cost LIFO layers were penetrated. Prices for fine gold purchased during 1971 through 1974 ranged from \$38 to \$174 per ounce. During the years in issue (1975 through 1978), the actual cost of gold purchased ranged from \$125 to \$227 per ounce.

All gold purchased was subject to the taxpayer's hedging procedures, which were used to even out the cost of its gold inventory. Ballou fully or partially hedged each of the transactions in which it purchased the gold which was the subject of the IRS adjustments.

During the years in dispute, when the taxpayer purchased fine gold to maintain its LIFO pool, it resold any excess gold that it did not need for immediate operations. The LIFO pool was maintained at levels which would be adequate to meet anticipated higher future sales levels (which were expected to rebound from the earlier 1975-1976 low sales years).

The determination as to how much of the fine gold purchased would be used in production, and how much would be resold, was not made by the taxpayer until after the end of its fiscal year. February and March, the last and first months respectively of its fiscal year, were strong ordering months in the jewelry industry because of spring and early summer holidays and special events such as Easter, Mother's Day, weddings and graduations. Ballou's determination as to how much gold it would sell was ordinarily made after reviewing the quantities of orders it had received during this period.

THE COURT'S ANALYSIS OF *BALLOU*

The principal issue was whether the adjustments to inventory proposed by the IRS produce a computation that does "clearly reflect income". According to the IRS, Reg. Sec. 1.471-1 permits the taxpayer to include in its fine gold inventory only that gold which was to be resold in the course of business or which physically was to be incorporated into some product intended for sale as part of its jewelry business.

According to the taxpayer, the IRS construction of the regulations is too narrow, its gold pur-

(Continued from page 9)

chases in January and February were made for legitimate business reasons (consistent with the purposes of LIFO inventory accounting), and the inclusion in inventory of all of its gold purchases would clearly reflect income because it would maintain its LIFO pool so that current revenues would be charged with current costs.

Ballou asserted that the fine gold was purchased because its "management determined that it was inadvisable to invade its LIFO gold inventory pool because of uncertain conditions in the gold market, and because it expected sales in the future to increase to prior high levels. During 1975 and 1976 ... sales of jewelry containing fine gold dropped substantially as a result of an unprecedented fluctuation in gold prices as a reaction to the United States Government's deregulation of gold ... If the year-end gold purchases were not made, it would have had to charge its revenues during 1975 and 1976 with low cost gold when the actual cost of gold at that time ranged from \$125 to \$225 per ounce, ... (Accordingly), these year-end purchases had a substantial economic effect in that they resulted in a matching of current costs with current revenues and afforded relief against inventory profits in an inflationary market."

The taxpayer further argued that the gold subject to the IRS adjustment had been purchased in bonafide business transactions made for legitimate business reasons that were consistent with the recognized purposes of LIFO inventory accounting and that its treatment of inventory was in accordance with generally accepted accounting principles for reflection of income.

According to the Court, LIFO inventory accounting serves two purposes: (1) to the extent quantities of goods on hand at the end of the tax year are the same as the goods on hand at the beginning of the tax year, the LIFO method charges current revenues with amounts approximating current replacement costs, and (2) during an inflationary period, LIFO offers tax relief from an inventory profit in an inflationary market. Code Sections 446 and 471 confer on the Commissioner broad powers that are invoked when the IRS determines that a particular method of inventory accounting should be disallowed because it does not clearly reflect income. Therefore, a disallowance of an inventory accounting method by the Commissioner is not to be set aside unless it plainly is shown to be arbitrary (*Thor Power Tool Co.*).

With respect to a raw material or a supply for which inventory accounting is required because it

see **MANAGING LIFO INVENTORY LEVELS...**, page 10



Managing LIFO Inventory Levels...

is an income-producing factor, Reg. Sec. 1.471-1 provides that the only raw material or supply to be included in inventory is that which was acquired for sale or which physically will become a part of merchandise intended for sale. This requires an examination of the purpose for which the manufacturer acquired the raw material or supply.

The Court stated that: "It is clear that all fine gold owned by plaintiff consistently has been treated, for both tax and financial accounting purposes, as inventory. It is also clear that plaintiff's year-end gold purchases were legitimate business transactions made on the open market using practices that are customary with gold jewelry manufacturers. Plaintiff had dominion and control over the gold purchased by it. Its purchases of the gold subject to the IRS adjustments satisfy the requirement of the regulation that merchandise is to be included in inventory only if title is vested in the taxpayer. The accounting treatment used by plaintiff for its gold inventory is appropriate for reporting income for financial accounting purposes and was in accordance with generally accepted accounting principles."

But, the Court went on to say, "Conformity with generally accepted principles, however, does not establish a realization of an economic benefit cognizable in the tax law, and it does not necessarily determine whether particular transactions are in compliance with the requirements of Treasury regulations applicable to accounting for inventory. The treatment of a transaction for financial accounting purposes, on the one hand, and for tax purposes, on the other, need not necessarily be the same. *Frank Lyon Co. v. U.S.* [78-1 USTC 9370], 435 U.S. 561, 577 (1978).

See box on page 8 where the Court's comments on differences between financial accounting and tax accounting are summarized.

The Court stated that Ballou "... has not demonstrated that the criteria the IRS has established are unreasonable for the computation of taxable income for a particular year. Nor has plaintiff shown that the application of these criteria in the IRS adjustments was unlawful or arbitrary as a means to reflect plaintiff's income from its jewelry business in the years in dispute. The gold subject to the IRS adjustments was not acquired for sale in the ordinary course of business or to be incorporated in a product intended for sale in the ordinary course of business.

"... Plaintiff maintains an inventory of fine gold because its business is to manufacture jewelry.

(Continued)

Plaintiff is not in the business of trading in gold. Its gold purchases that were subject to IRS adjustments were without significant purpose in plaintiff's jewelry manufacturing business. Plaintiff's purpose was to provide an artificial increase in inventory to avoid penetration of LIFO layers for tax reasons.

"Plaintiff asserts that, in addition to maintaining its LIFO pool, the year-end purchases also were for the purpose of building supplies for jewelry manufacturing because it did not determine how much of the fine gold purchased would be used in production and how much would be sold until after the end of the fiscal year. In addition, plaintiff claims that it decided to maintain its gold inventory pool because of a perceived need for higher inventories to support possible business acquisitions.

"These secondary reasons ... as to the purpose of plaintiff's purchases... are not significant. Reg. Sec. 1.471-1 permits gold that was acquired to physically become a part of merchandise intended for sale to be included in inventory. None of the gold that was the subject of the IRS adjustments was purchased for sale in the ordinary course of business, or for incorporation into a product for sale to plaintiff's customers in the ordinary course of business."

The Court concluded that the IRS adjustments affected only gold that was acquired to avoid penetrating LIFO layers and to inflate inventory temporarily for income tax purposes and did not effect a beneficial interest other than reduction of taxes.

LESSONS AND FINAL CAUTIONS

Taxpayers aggressively planning to avoid year-end LIFO layer liquidations should realize that satisfying the apparent "boundaries" evident from Revenue Ruling 79-188 and the other litigated cases summarized here may not be sufficient to hold off the IRS if the Service believes that "bad" motives exist or that the results do not "clearly reflect income." Aggressive taxpayers and planners may still find themselves coming up short even if year-end purchases are not structured to involve subsequent resales back to the same supplier shortly after year-end.

Auditors "certifying" financial statements where aggressive year-end planning involving LIFO inventories has occurred should re-evaluate their clients' exposure to possible reversals of year-end maneuvers that don't pass the smell test.

Remember, there is no statute of limitations preventing the IRS from going back and undoing

see **MANAGING LIFO INVENTORY LEVELS...**, page 12
De Filippis' LIFO LOOKOUT



CHECKLIST FOR IDENTIFYING ISSUES & DOCUMENTING YEAR-END PURCHASES

PRACTICE GUIDE

1. Were the year-end inventory purchases legitimate business transactions?
2. Were the purchases made in the open market?
3. Were the year-end purchases customary for the type of business the taxpayer is in?
4. Did the taxpayer have dominion and control over the goods purchased?
5. Was title to the goods purchased vested in the taxpayer?
6. Did the taxpayer bear the risk of loss on the goods purchased before year-end?
7. Were the goods acquired with the intention of ...
 - Physically becoming a part of the merchandise intended for sale to customers in the ordinary course of business ... (or)
 - Incorporating them into the manufacturing process?
8. Was/is the accounting treatment employed appropriate for reporting income for financial purposes and was/is it in accordance with generally accepted accounting principles?
9. Was any attempt made to conceal the transaction or to deal at less than arm's-length in negotiating the transaction?
10. Were any of the year-end purchase transactions reversed in the following year?*
11. Were any of the purchased goods in question sold back to the original seller or to a related party? If yes, explain.*
12. Were any of the goods not disposed of by sales to regular customers in the ordinary course of business? Explain.
13. Did the purchase of goods at the end of the year result in achieving average or normal inventory levels consistent with month-end inventory levels earlier in the year and/or year-end inventory levels in prior years?
14. Have you inquired into the possible existence of any unusual or irregular year-end purchases with all appropriate individuals? With whom? _____ When? _____

COMMENTS

ADDITIONAL COMMENTS & EXPLANATIONS

* Have you specifically looked for this and/or made an independent effort to verify these matters? _____



PLANNING TAX WISELY

1. Attempt to document that sales during the year are at levels that justify the purchase of year-end inventory levels in the ordinary course of business.
2. It helps if the inventory acquired at year-end can be sold to regular customers in due course or to a third party, rather than back to the original supplier. This helps to avoid the "cast" as a resale.
3. The inventory acquired at year-end should be paid for before its subsequent sale, again in an effort to demonstrate an intent to receive and use the goods in the ordinary course of the business.
4. The specific mechanics of taking possession and title prior to reselling the inventory should also be considered. But, even doing all this legally did not stop the IRS in *Illinois Cereal Mills*.

unusual purchase transactions in prior years. With the more recent success the IRS has had with *Hamilton Industries* in 1991 with the "clear reflection of income" and the "method of accounting/Section 481(a)" approaches, IRS challenges are likely to be

extended to overzealous year-end planning. Where this happens, the IRS enjoys the support of a well-seasoned, favorable judicial background already in place provided by the cases discussed in this article.

When *Ballou* tried to argue that the IRS positions were too narrow, unsupported by case law or "an unauthorized foray into the decision-making process of (its) management," the IRS simply brushed these off as if to say "we know what you're trying to do ... and you can't fool us."

Also keep in mind that the IRS might further challenge or limit aggressive year-end purchase planning for LIFO inventories by carving out another niche similar to that devised for Designated B methods of accounting under Revenue Procedure 92-20.

Finally, one case, *Miracle Span Corporation* (82-1 USTC 93-65 (1982)), involved taxpayer actions that cannot even be dignified by the term year-end planning. In this case, false inventory values were used, inventory was omitted and, not surprisingly, the taxpayer ended up with not only tax adjustments, but fraud penalties.

The accompanying checklist/Practice Guide may be helpful in summarizing questions and areas of concern to include in your review of year-end planning activities for LIFO inventories.



CASES

Revenue Ruling 79-188 (1979-1 C.B. 191).

Ingredient Technology Corporation (SuCrest Corporation). 83-1 USTC 9140, January 5, 1983.

Illinois Cereal Mills. 86-1 USTC 9371 affirming TCMemo 1983-469, Dec. 40,342(M), 46 TCM 1001, August, 1983.

Ballou and Company, Inc. 85-1 USTC 9290, U.S. Claims Court, No. 247-82T; March 29, 1985.

ARTICLES

"Year-End Strategies Under Dollar-Value LIFO" by Dennis G. Johnson & James E. Daniels in *The Practical Accountant* (November 1987), pp. 99-111.

"How to Eliminate a 'LIFO Invasion' Profit" by Francis A. Corcell in *The Practical Accountant* (December 1983), pp. 53-56.

"Impact of LIFO Inventory Erosions" by Henry J. Murphy in *The CPA Journal* (September 1984), pp. 61-64.

"LIFO Inventory Management" by Steven Woolf in *The Tax Adviser* (October 1985), pp. 621-622.

"LIFO Liquidations and the Matching Principle" by Daniel T. Simon & Marilyn Vasquez in *Journal of Accountancy* (May 1984), pp. 52-56.



NEW ITEM REPORT FOR 1996 CALENDAR YEAR DEALERS

1996-1997 MODELS IN DEC., 1996 INVENTORIES

We are pleased to present our 1997 New Item Report which compares side-by-side our "unofficial" determinations of new items and those made by the IRS Motor Vehicle Industry Specialist (Grand Rapids, MI). The IRS list dated January 14, 1997 bears the following disclaimer: "CAUTION: This list is not intended for pooling purposes. This is not an 'Official List' and is not 'Service Position.' "

It is important to note that the interpretations and determinations on the IRS' "unofficial list" are not made by the same individuals who drafted and released Revenue Procedure 92-79—nor is this "unofficial list" released by the same IRS (National) Office.

HOW TO INTERPRET OUR REPORT

The detailed new item listings run 11 pages, starting with new automobiles (pages 1 through 7) followed by new light-duty trucks...including sport utility vehicles, minivans and off-roads...bringing up the rear (pages 7 through 11). These tables show complete make, model, body style and model code information.

Each page shows "our" **LIFO Lookout SUPERLIFO™** new items list on the left-hand side. The right-hand side (including the "Yes" column) shows the IRS' Motor Vehicle Industry new item listing. To make it easier to concentrate on the differences, where a new item on our list also appears on the IRS' list, that detailed item category has not been recopied onto the right-hand side. What appears on the right-hand side/"IRS' half of the page" are only those item categories which the IRS determined to be "new" but which do not appear on our list.

The "Yes/No" columns should be read as follows: If an "X" appears in the "Yes" column, that item category has been determined by the Internal Revenue Service to be a new item category. Thus, every item category listed on the left-hand side of the page with a corresponding "X" in the "Yes" column shows those item categories where we are in agreement with the IRS. Where there are blank spaces on the left-hand side of the page, but entries on the corresponding right-hand side of the page, you can clearly see those item categories which the IRS determined to be new, but which we did not. We have included "comment code" and "comments" columns. The legend (on the cover page of our New Item Report) explains the abbreviations in the "comment code" column. In many instances, varying introduction

dates created differences in our respective determinations.

If an "X" appears in the "No" column, that item category is listed on the left-hand (our) side and that is an item category that we treated as "new", but which the IRS did not. For example, the Buick Century 4-dr Sedan Custom was an item that we determined to be a new item category, but the IRS did not. In some instances, we understand why we disagree (i.e., see the "comments" column) and in other situations, we're not quite sure why we don't agree.

We carefully reviewed our new item determinations and compared them with the IRS lists. On several occasions, we have discussed, in great detail, the differences in our lists with the IRS. It is evident that the IRS lists are more useful this year than in previous years because the Service is now using a calendar year cut-off, rather than a model year cut-off, in its compilation of the lists. In other words, the Service continued to reflect and review product information more consistent with a December 31 year-end taxpayer and this, in turn, eliminated from a listing of differences many items that would otherwise be "timing differences." From our discussions with the Service in the past, they seemed to be well aware of the problems created by the difficulty they have in getting timely information and they seem to have worked very hard to match up as best as possible their year-end lists with what examining agents are likely to be seeing in year-end inventories.

NEW ITEM CATEGORY

- Any new or reassigned manufacturer's model code that was caused by a change in an existing vehicle,
- A manufacturer's model code created or reassigned because the classified vehicle did not previously exist, or
- If there is no change in a manufacturer's model code, but there has been a change to the platform (i.e., the piece of metal at the bottom of the chassis that determines the length and width of the vehicle and the structural set-up of the vehicle) that results in a change in track width or wheel base, whether or not the same model name was previously used by the manufacturer, a new item category is created.

Rev. Proc. 92-79; Section 4.02(5).

see **NEW ITEM REPORT FOR 1996 CALENDAR YEAR DEALERS...**, page 14

De Filippis' LIFO LOOKOUT

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New Item Report for 1996 Calendar Year Dealers...

IN SUMMARY: Everything listed on the left-hand (our) side with an "X" in the "Yes" column is an item category where we agreed with the IRS that it was a new item. Everything with an "X" in the "Yes" column is on the IRS' new item list. Everything on the right-hand (IRS list) side of the page is an item category that the IRS considered to be new...and we did not. Everything with an "X" in the "No" column was something that we thought should be a new item, but the IRS did not agree.

On an overall basis, we identified 365 new item categories (205 autos and 160 light-duty trucks) and the IRS identified 471 new item categories (227 autos and 244 light-duty trucks).

NEW ITEM: SO WHAT?

New item categories under the Alternative LIFO Method are required to be included in the annual inflation index computation at a 1.000 factor. This is accomplished by using the end-of-the-year base cost as the beginning-of-the-year base cost. Since any number divided by itself equals 1.000, a new item contributes no inflation to the annual index. How-

REASONS FOR DIFFERENCES IN LISTS

- Minor variations in item category breakdowns (i.e., method of listing automatic and 5-speed item categories with the same base price or the extent of recording regionally specific market or value-priced editions),
- Differences in information available at release dates: In some cases, the IRS did not include 1996 models introduced after January 1, 1996, whereas on our list, we included these 1996 models, where appropriate, as new items. As we said elsewhere, the IRS is getting better on this,
- Interpretation of "new item" definition language in Section 4.02(5) of Rev. Proc. 92-79, basically in situations involving only model code changes and/or engine changes. One of the major differences in interpretation causing differences in our lists relates to engine changes: The IRS treated any engine change as automatically resulting in a new item whereas we did not. The Ford E Series vans are just one example of this that comes readily to mind, ... and
- Variations in item category breakdown, including situations involving special editions, such as California, Washington, Oregon and Idaho, Massachusetts and New York special values and General Motors' Consumer Marketing Initiative (CMI).

(Continued)

WATCH OUT IF YOU HAVE

- OLDS
- PLYMOUTH BREEZES
- FORD F150 PICKUPS
- SUBARUS
- CHEVROLET FULL-SIZE VANS
- GMC FULL-SIZE VANS

ever, the addition of the same dollar amount to both the numerator and (to) the denominator of the same fraction usually reduces the overall result (i.e., it depresses the index computed) in the LIFO computations we are talking about.

Several of the models analyzed highlight the major differences and the degree of precision called for in new item determinations. We have selected and discuss below in detail the following: Oldsmobile, Plymouth Breeze, Ford F150 Pickups, Subaru and Chevy and GMC full-size cargo and passenger vans. The differences in LIFO inflation indexes and LIFO reserves could be significant depending on how these vehicles are treated in the dealer's LIFO computations.

OLDSMOBILES: This year, Oldsmobile did not change its disclosure of option packages as part of its model codes, as it had done—creating great difficulties and differences—last year.

Surprisingly(?), the Service's list included, with no further explanation, the following statement: "1997 General Motors' CMI vehicles are available in the states of California, Oregon, Washington, and Idaho. If a vehicle does not appear on this list, dealers in Oregon, Washington and Idaho *may* be able to reconstruct 1997 CMI vehicles from those that existed as 1996 California vehicles." The IRS appeared to "bend a little" on this and it concluded that many of the Oldsmobiles so affected were not new items. But what does that little word "*may*" really mean?

Again this year, we were caught off guard by the IRS' inconsistency in some of its determinations. We couldn't help but wonder: How would the people in the IRS National Office in Washington, D.C.—who actually wrote the Revenue Procedure—answer some of these questions?

For three years in a row (94-95-96), here's an example of where the IRS has been inconsistent in its criteria for determining a new item. This illustrates why it is important to follow criteria specified in Rev. Proc. 92-79, rather than attempting to guess how the IRS might *feel* or allowing the Service's "inclination" to determine whether an item is new or not.

→



PLYMOUTH BREEZE: In our opinion, the 1996 and 1997 Plymouth Breeze models should be treated as new for a year ending December 31, 1996 because the 1996 model was introduced on January 3, 1996.

As we noted last year, the introduction of the new 1996 Plymouth Breeze model presented an unusual fact pattern to be dealt with this year. Without question, the Plymouth Breeze was a new item for any dealer that had it in inventory at December 31, 1995 since there was no previous Plymouth Breeze model.

Plymouth's official introduction date for the Breeze was announced to be January 3, 1996. However, Plymouth actually released these vehicles early and many Plymouth dealers did have Breeze models on their lots and in their December 31, 1995 ending inventories, and dealers could sell these vehicles as soon as they received them.

Therefore, dealers who had Breeze models in inventory at December 31, 1995 would have actual average costs for repricing purposes if they also had Breeze models in their inventories at December 31, 1996.

The other possibility is that if a dealer at the end of 1996 did not have Breeze models on hand at the end of 1995, that dealer would have to reflect both the 1996 and the 1997 Breeze models at 1.000 for repricing purposes in their December 31, 1996 ending inventories (because there was no price list in effect as of December 1, 1995 for them to look at...and Revenue Procedure 92-79 makes no mention of looking at what other dealers might have paid for the vehicle as an acceptable substitute cost).

We agree with the Service on this analysis and our respective lists reflect the Breeze as a new item. Interestingly, they are not so treated by other software vendors in their new item determinations.

FORD F150 PICKUPS: In late 1995, Ford was manufacturing both '96 and '97 model F150 pickups. The '97s reflected a radical redesign ... while the '96s continued the look of the '95s. Apparently, Ford wasn't sure which model the public would prefer, so it wanted to provide a choice. Dealers had both '96s and '97s on their lots at the end of 1995.

On last year's 1996 model new item list (i.e., at December 31, 1995), we treated all of the Ford F150 1997 model pickups as new items. The IRS' list last year (i.e., at December 31, 1995), did not include any of the F150 pickups as new items. One cannot conclude from that omission from the IRS list whether or not the Service analyzed the F150's and concluded they were continuing. There is simply no evidence of whatever the IRS did. (Could these '97

FORD DEALERS

**THERE COULD BE
SUBSTANTIAL DIFFERENCES
IN LIFO RESULTS
FOR BOTH 1995 AND 1996
IF YOU WERE HEAVY
IN F150 PICKUPS
AT THE END OF EITHER YEAR**

models have been lost in the shuffle at the end of 1995 since they were introduced so early?)

On our 1997 model list this year, we do not show the F150 pickups as new items at December 31, 1996 because they are continuing items. On the IRS' new item list for this year, the IRS is showing all 44 F150 pickups (1997 models) as new items. In our opinion, this is clearly in error since the 1997 model intro date was November 30, 1995 and dealers would have had—and did have—1997 models on hand in their year-end December 31, 1995 inventories.

The long list of 1997 Ford F150 Pickups that we included as new items last year now turns around - a "timing difference," you might say - and again creates a **MAJOR** difference ... 44 differences, in fact ... this year as the IRS treats all of these '97 F150 model pickups as new items at December 31, 1996.

SUBARU: ANOTHER MAJOR DIFFERENCE. This year, Subaru changed all the model codes for its Impreza and Legacy vehicles. However, on many of these vehicles—but not on all—Subaru made no changes to the vehicle nor to the contents of their option packages.

In our analysis to determine whether a specific item category was new or continuing, we ignored the change in the model code and made a direct comparison of the vehicle/item category with its beginning-of-the-year counterpart to determine whether there was any change to the vehicle. Where our analysis indicated no change to the vehicle, our conclusion was that that vehicle was a continuing item (not a new item) based upon Section 4.02(5) of Rev. Proc. 92-79 which requires new item category treatment only for "any new or reassigned manufacturer's model code that was caused by a change in an existing vehicle." Having found no "change in an existing vehicle," our conclusion was that the change in model code was irrelevant and did not per se result in new item classification.

If our careful analysis comparing end-of-the-year and beginning-of-the-year vehicles disclosed a

see **NEW ITEM REPORT FOR 1996 CALENDAR YEAR DEALERS...**, page 16



New Item Report for 1996 Calendar Year Dealers...

change in the vehicle content, then that changed vehicle was classified as a new item in accordance with the above definition.

Accordingly, some Imprezas and some Legacys are new items, while others are continuing items. A glance at our new item list will show you which is/are which.

On the other hand, the IRS categorically treated all Imprezas and Legacys as new items. This, too, could **result in substantial differences in the LIFO computations and reserves for Subaru dealers.**

This stuff makes my head swim. But it does point out why it is important to carefully analyze every aspect of the definition of what constitutes a new item under Rev. Proc. 92-79. One more "multiple-part" example and we're done.

CHEVROLET AND GMC FULL-SIZE CARGO AND PASSENGER VANS: Let's first deal with the semantics: Under normal circumstances, the Chevrolet full-size vans and the GMC full-size vans are comparable. These vans were redesigned for the 1996 model year and referred to as: In the Chevrolet line, Chevy Vans (cargo) and Express Vans (passenger), and in the GMC line, Savana vans (both cargo and passenger).

What further contributes to the difficulty this year is that the redesigned Chevrolet full-size vans were introduced on two different dates in early calendar year 1996, whereas the redesigned GMC full-size vans had been introduced a month or two earlier on December 1, 1995.

Because the Chevy cargo and Express passenger vans did not come in until after January 1, 1996, they were not on our new item list at December 31, 1995. Therefore, both the 1996 and 1997 Chevy and Express vans appear on our new item list at Decem-

(Continued)

ber 31, 1996 because they were both introduced during calendar year 1996.

The GMC Savana did not appear on our year-end 1995 new item list only because of the release date lack of information at that time. Clearly, the Savana would have been a new item at December 31, 1995 since it was redesigned and it had a December 1, 1995 intro date. That would mean that at December 31, 1996, the Savana would be a continuing item—not a new item. Accordingly, the Savana does not appear on our new item list at December 31, 1996.

The IRS' December 31, 1996 new item list shows the Chevy cargo vans as new items but it does not show the Express passenger vans as new items (a timing difference, perhaps?).

With respect to the GMC Savana vans, the IRS treated them all as new items on its December 31, 1996 list ... which we believe to be incorrect.

.....

At times, one is tempted to wonder ... does all this really matter? Has the IRS pretty much conceded that differences in new items don't, in themselves, warrant audit attention unless there are other problems that draw the IRS into the LIFO area? What do you think?

If you have any questions on these analyses, please call and ask for Jan: she's been doing this and discussing it with the IRS for years, and you won't find a more knowledgeable, competent and conscientious analyst on this subject anywhere.

If you'd like a complete copy of the IRS December, 1996 new item list, please give us a call. We'll be happy to mail it to you as part of our complimentary *Lookout* subscriber services.



De Filipp's *LIFO LOOKOUT*

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DE FILIPPS'**LIFO****LOOKOUT 1997****NEW ITEM
REPORT**

COMPARISON OF "UNOFFICIAL" NEW ITEM CATEGORY LISTS
LIFO LOOKOUT / SUPERLIFO™ AND INTERNAL REVENUE SERVICE / MOTOR VEHICLE INDUSTRY SPECIALIST

NEW AUTOMOBILES AND LIGHT-DUTY TRUCKS
 INVOLVING MANUFACTURER MODEL YEARS 1996-1997

**LIFO LOOKOUT / SUPERLIFO™ - NEW ITEMS LIST
 FOR CALENDAR YEAR 1996 DEALERS**

&

**IRS MOTOR VEHICLE INDUSTRY SPECIALIST
 (DECEMBER, 1996 CALENDAR YEAR)**

LEGEND / COMMENT CODE

E =	DIFFERENCE IN ENGINE / MOST DETAILED DESCRIPTION
OP =	OPTION PACKAGES / MOST DETAILED DESCRIPTION
CMI =	CONSUMER MARKETING INITIATIVE (GENERAL MOTORS)
CNYM =	CALIFORNIA, NEW YORK, MASSACHUSETTS
CWOI =	CALIFORNIA, WASHINGTON, OREGON, IDAHO
SV - C =	SPECIAL VALUE CALIFORNIA
TIMING =	TIMING DIFFERENCE: IRS RECEIVED INFORMATION LATER
DIFSC =	DIFFERENT INFORMATION SOURCES AVAILABLE TO IRS AND / OR TO SUPERLIFO™

NUMBER OF NEW ITEMS

	LIFO LOOKOUT / SUPERLIFO™ NEW ITEM CATEGORY	IRS NEW ITEM CATEGORY
AUTOMOBILES	<u>205</u>	<u>227</u>
LIGHT-DUTY TRUCKS	<u>160</u>	<u>244</u>
TOTAL NEW ITEM CATEGORIES	<u>365</u>	<u>471</u>



COMPARISON OF "UNOFFICIAL" NEW ITEM CATEGORY LISTS
LIFO LOOKOUT / SUPERLIFO™ AND INTERNAL REVENUE SERVICE / MOTOR VEHICLE INDUSTRY SPECIALIST

NEW AUTOMOBILES AND NEW LIGHT-DUTY TRUCKS
 FOR CALENDAR YEAR DEALERS - DECEMBER 31, 1996

SUPERLIFO™ - NEW ITEMS LIST FOR CALENDAR YEAR 1996 DEALERS				IRS MOTOR VEHICLE INDUSTRY (DECEMBER, 1996 CALENDAR YEAR)				PAGE 1 OF 11
MAKE	MODEL	BODY STYLE	MODEL CODE	YES	NO	BODY STYLE	COMMENT CODE	COMMENTS
<u>NEW AUTOMOBILES</u>						<u>NEW AUTOMOBILES</u>		
ACURA	CL	2-DR COUPE 2.2 5-SP	YA114	X				
		2-DR COUPE 2.2 5-SP W/PREM PKG	YA115	X				
		2-DR COUPE 2.2 AUTO	YA124	X				
		2-DR COUPE 2.2 AUTO W/PREM PKG	YA125	X				
		2-DR COUPE 3.0 AUTO	YA224	X				
		2-DR COUPE 3.0 AUTO W/PREM PKG	YA225	X				
	RL	4-DR SEDAN 3.5	KA964	X				96 MODEL 2-14-96 INTRO
		4-DR SEDAN 3.5 W/PREM PKG	KA965	X				96 MODEL 2-14-96 INTRO
		4-DR SEDAN 3.5 W/PREM PKG & NAV SYS	KA966	X				96 MODEL 2-14-96 INTRO
AUDI	A4 SERIES	4-DR SEDAN 1.8L 5-SP	8D25I4		X		DIFSC	
		4-DR SEDAN 1.8L AUTO	8D25IA	X				
		4-DR SEDAN 1.8L QUATTRO 5-SP	8D25I5		X		DIFSC	
	A8 SERIES	4-DR SEDAN 1.8L QUATTRO AUTO	8D25IB	X				
		4-DR SEDAN AUTO	4D22UI	X				
		4-DR SEDAN QUATTRO AUTO	4D228J	X				
BMW	3 SERIES	M3 4-DR SEDAN 5-SP	22	X				
		M3 4-DR SEDAN AUTO	27	X				
			49	X		318iA 4-DR SEDAN AUTO	TIMING	96 MODEL NEW, 11/20/95
			46	X		318iCA 2-DR CONVERTIBLE AUTO	TIMING	96 MODEL NEW, 11/20/95
			39	X		318iSA 2-DR COUPE AUTO	TIMING	96 MODEL NEW, 11/20/95
			35	X		318TiA 3-DR HATCHBACK AUTO	TIMING	96 MODEL NEW, 11/20/95
			42	X		328i 4-DR SEDAN 5-SP	TIMING	96 MODEL NEW, 11/20/95
			47	X		328iA 4-DR SEDAN AUTO	TIMING	96 MODEL NEW, 11/20/95
			36	X		328iC 2-DR CONVERTIBLE AUTO	TIMING	96 MODEL NEW, 11/20/95
			38	X		328iSA 2-DR COUPE AUTO	TIMING	96 MODEL NEW, 11/20/95
	5 SERIES	528i 4-DR SEDAN 5-SP	50	X				
		528iA 4-DR SEDAN AUTO	55	X				
		540i 4-DR SEDAN	53	X				
		540iA 4-DR SEDAN	58	X				
	7 SERIES	740i 4-DR SEDAN	74	X				
		2-DR ROADSTER 1.9L 5-SP	23	X				96 MODEL 3-1-96 INTRO
	Z3	2-DR ROADSTER 2.8L 5-SP	28	X				
BUICK	CENTURY	4-DR SEDAN CUSTOM	S69		X		TIMING	
		4-DR SEDAN LIMITED	Y69		X		TIMING	
	LeSABRE PARK AVENUE		R69	X		4-DR SEDAN CMI	CMI	
		4-DR SEDAN	W69	X		4-DR SEDAN CMI	CMI	
			W69	X				
		4-DR SEDAN ULTRA	U69	X		4-DR SEDAN ULTRA CMI	CMI	
			U69	X				





SUPERLIFO™ - NEW ITEMS LIST FOR CALENDAR YEAR 1996 DEALERS				IRS MOTOR VEHICLE INDUSTRY (DECEMBER, 1996 CALENDAR YEAR)			COMMENT CODE	PAGE 2 OF 11 COMMENTS
MAKE	MODEL	BODY STYLE	CODE	YES	NO	BODY STYLE		
BUICK	REGAL	4-DR SEDAN GOLD	B19 GOLD	X			TIMING	96 MODEL 1-15-96 INTRO
			B19	X		4-DR SEDAN GOLD CALIF VALUE (ST)	DIFSC	96 MODEL 5-29-96 INTRO
			B19	X		4-DR SEDAN GOLD CALIF VALUE (SU)	DIFSC	96 MODEL 5-29-96 INTRO
			B19	X		4-DR SEDAN OLYMPIC GOLD	DIFSC	96 MODEL 5-29-96 INTRO
	REGAL		B19	X		4-DR SEDAN OLYMPIC GOLD CALIF VAL (SM)	DIFSC	96 MODEL 5-29-96 INTRO
			B19	X		4-DR SEDAN OLYMPIC GOLD CALIF VAL (SN)	DIFSC	96 MODEL 5-29-96 INTRO
	RIVERA SKYLARK		D07	X		2-DR COUPE CMI	CMI	
			J69	X		4-DR SEDAN OLYMPIC GOLD	DIFSC	96 MODEL 5-29-96 INTRO
			J69	X		4-DR SEDAN OLYMPIC GOLD CALIF VAL (SM)	DIFSC	96 MODEL 5-29-96 INTRO
			J69	X		4-DR SEDAN OLYMPIC GOLD CALIF VAL (SN)	DIFSC	96 MODEL 5-29-96 INTRO
CADILLAC	CATERA	4-DR SEDAN W/CLOTH	6VR69 C	X				
		4-DR SEDAN W/LEATHER	6VR69 L	X				
	DE VILLE	4-DR D'ELEGANCE	6KE69	X				
CHEVROLET/GEO	CAVALIER	2-DR COUPE 1SB AUTO CVC	1JC37 1SB	X				
		2-DR COUPE RS	1JC37 RS	X				
		4-DR SEDAN 1SF AUTO CVC	1JC69 1SF	X				
	GEO METRO LUMINA		1MR08	X		3-DR HATCHBACK COUPE LSI	E OP TIMING	
			1WL69	X		4-DR SEDAN LS		
	MALIBU	4-DR SEDAN LTZ	1WN69		X			
		4-DR SEDAN	1ND69	X				
	MONTE CARLO	4-DR SEDAN LS	1NE69	X				
		2-DR COUPE LS R8L SVC	1VW27 R8L	X				
CHRYSLER	SEBRING		JXCH27	X		2-DR CONVERTIBLE JX	TIMING	
			JXCP27	X		2-DR CONVERTIBLE JXI	TIMING	
DODGE	VIPER	2 SEAT COUPE GTS	SRDS29	X				96 MODEL 2-15-96 INTRO
EAGLE	TALON	3-DR L/B FWD	FJXL24	X				96 MODEL 1-22-96 INTRO
FORD	CONTOUR ESCORT	4-DR SEDAN BASE	P65	X				
		4-DR SEDAN	P10	X				
		4-DR SEDAN LX	P13	X				
		4-DR WAGON LX	P15	X				
	TAURUS	4-DR SEDAN G	P51	X				96 MODEL 2-5-96 INTRO
		4-DR SEDAN SHO	P54	X				96 MODEL 2-5-96 INTRO
HONDA	ACCORD	2-DR COUPE SPECIAL EDITION	CD720		X		TIMING	
		4-DR SEDAN SPECIAL EDITION	CD560		X			
		4-DR SEDAN VALUE PKG. AUTO	CD569	X				96 MODEL 4-30-96 INTRO
	CIVIC DEL SOL	2-DR COUPE HX CVT	EJ722	X				96 MODEL 5-17-96 INTRO
		2-DR COUPE S 5-SP	EH614	X				96 MODEL 3-8-96 INTRO
		2-DR COUPE S AUTO	EH624	X				96 MODEL 3-8-96 INTRO
		2-DR COUPE SI 5-SP	EH616	X				96 MODEL 3-8-96 INTRO
		2-DR COUPE SI AUTO	EH626	X				96 MODEL 3-8-96 INTRO
		2-DR COUPE VTEC 5-SP	EG217		X		DIFSC	96 MODEL 3-8-96 INTRO
		2-DR COUPE 5-SP	BB614	X				
		2-DR COUPE AUTO	BB624	X				
	PRELUDE	2-DR COUPE TYPE SH 5-SP	BB615	X				



SUPERLIFO™ - NEW ITEMS LIST FOR CALENDAR YEAR 1996 DEALERS				IRS MOTOR VEHICLE INDUSTRY (DECEMBER, 1996 CALENDAR YEAR)			COMMENT CODE	PAGE 3 OF 11	
MAKE	MODEL	BODY STYLE	CODE	YES	NO	BODY STYLE		COMMENTS	
HYUNDAI	ACCENT	3-DR HATCHBACK GS 5-SP	12333	X				DIFSC DIFSC	96 MODEL 3-1-96 INTRO 96 MODEL 3-1-96 INTRO
		3-DR HATCHBACK GS AUTO	12332	X					
		3-DR HATCHBACK GT 5-SP	12353		X				
		3-DR HATCHBACK GT AUTO	12352		X				
		4-DR SEDAN GL 5-SP	12423	X					
	ELANTRA	4-DR SEDAN GL AUTO	12422	X					96 MODEL 1-15-96 INTRO 96 MODEL 1-15-96 INTRO 96 MODEL 1-15-96 INTRO 96 MODEL 1-15-96 INTRO 96 MODEL 1-15-96 INTRO 96 MODEL 1-15-96 INTRO 96 MODEL 1-15-96 INTRO
		4-DR SEDAN 5-SP	41423	X					
		4-DR SEDAN AUTO	41422	X					
		4-DR SEDAN GLS 5-SP	41443	X					
		4-DR SEDAN GLS AUTO	41442	X					
		4-DR WAGON 5-SP	41523	X					
		4-DR WAGON AUTO	41522	X					
		4-DR WAGON GLS AUTO	41542	X					
	TIBURON	2-DR HATCHBACK 5-SP	51323	X					
		2-DR HATCHBACK AUTO	51322	X					
		2-DR HATCHBACK FX 5-SP	51343	X					
		2-DR HATCHBACK FX AUTO	51342	X					
INFINITI	J30	4-DR SEDAN	9751		X			TIMING	
	Q45	4-DR SEDAN AUTO	9421	X					
		4-DR TOURING SEDAN AUTO	9471	X					
JAGUAR	XJ	4-DR SEDAN XJ6L	XJ6L	X					
	XK8	2-DR CONVERTIBLE	XK8 CON	X					
		2-DR COUPE	XK8 CPE	X					
KIA	SEPHIA	4-DR SEDAN LS 1.6 5-SP CA	12221	X					
LEXUS	ES 300 SEDAN	4-DR SPORT AUTO	9000	X					
		4-DR SPORT AUTO CA/NY	9010	X					
LINCOLN	CONTINENTAL MARK VIII	4-DR SEDAN CALIF EDITION	M97 CMNY		X			SV - C	
		2-DR COUPE LSC	M92	X					
		2-DR COUPE LSC CALIF EDITION	M92 CA	X					
	TOWN CAR	4-DR CARTIER CALIF EDITION	M83 CMNY		X			SV - C	
		4-DR EXECUTIVE CALIF EDITION	M81 CMNY		X			SV - C	
		4-DR SIGNATURE CALIF EDITION	M82 CMNY		X			SV - C	
MAZDA	MX-6	2-DR M-EDITION	MX6 M-ED	X				OP	96 MODEL 1-2-96 INTRO
			MX6MA	X		2-DR M-EDITION AUTO			
MERCEDES	C CLASS	C230 4-DR SEDAN AUTO	C230W	X					
	E CLASS	E420 4-DR SEDAN AUTO	E420W	X					
MERCURY	MYSTIQUE	4-DR SEDAN BASE	M65 BASE	X					96 MODEL 2-5-96 INTRO
	SABLE	4-DR SEDAN G	M51	X					
	TRACER	4-DR SEDAN GS	M10 GS	X					
		4-DR SEDAN LS	M13 LS	X					
		4-DR WAGON LS	M15 LS	X					
MITSUBISHI	3000GT		GT24N	X		2-DR COUPE SPORT 5-SP		DIFSC	
			GT24N	X		2-DR COUPE SPORT AUTO		DIFSC	

**SUPERLIFO™ - NEW ITEMS LIST
FOR CALENDAR YEAR 1996 DEALERS**

**IRS MOTOR VEHICLE INDUSTRY
(DECEMBER, 1996 CALENDAR YEAR)**

PAGE 4 OF 11

MAKE	MODEL	BODY STYLE	CODE	YES	NO	BODY STYLE	COMMENT CODE	COMMENTS
MITSUBISHI	DIAMANTE	4-DR SEDAN LS AUTO	DM42-U	X				
		2-DR SPYDER GS CONVERT. 5-SP	EC28-S 5M	X				96 MODEL 2-1-96 INTRO
	ECLIPSE	2-DR SPYDER GS CONVERT. AUTO	EC28-S A	X				96 MODEL 2-1-96 INTRO
		2-DR SPYDER GS-T CONVERT. 5-SP	EC28-T 5M	X				96 MODEL 2-1-96 INTRO
		2-DR SPYDER GS-T CONVERT. AUTO	EC28-T A	X				96 MODEL 2-1-96 INTRO
		3-DR COUPE BASE 5-SP	EC24-L 5M	X				96 MODEL 2-1-96 INTRO
		3-DR COUPE BASE AUTO	EC24-L A	X				96 MODEL 2-1-96 INTRO
		4-DR SEDAN DE 5-SP	GA41-N 5M		X		E	REPLACES S MODEL
	GALANT	4-DR SEDAN DE AUTO	GA41-N A		X		E	REPLACES S MODEL
		2-DR COUPE DE 5-SP	MG21-E 5M	X				
	MIRAGE	2-DR COUPE DE AUTO	MG21-E A	X				
		2-DR COUPE LS 5-SP	MG21-M 5M	X				
		2-DR COUPE LS AUTO	MG21-M A	X				
		4-DR SEDAN DE 5-SP	MG41-L 5M	X				
		4-DR SEDAN DE AUTO	MG41-L A	X				
		4-DR SEDAN LS 5-SP	MG41-M 5M	X				
		4-DR SEDAN LS AUTO	MG41-M A	X				
NISSAN	ALTIMA		0581	X		4-DR SEDAN GLE AUTO	DIFSC	
OLDSMOBILE	ACHIEVA	2-DR COUPE SC - SERIES I CWOI	L37 R7A-R		X		CWOI	
		2-DR COUPE SC - SERIES II CWOI	L37 R7B-R		X		CWOI	
		4-DR SEDAN SL - SERIES I	L69 R7A	X				
		4-DR SEDAN SL - SERIES I CWOI	L69 R7A-R		X		CWOI	
		4-DR SEDAN SL - SERIES II CWOI	L69 R7B-R		X		CWOI	
		4-DR SEDAN REGIONAL CWOI	R69 R7A-R		X		CWOI	
	AURORA	4-DR SEDAN	B69 R7A	X				
		4-DR SEDAN GLS	G69 R7C	X				
	CUTLASS	2-DR COUPE SL - SERIES I CWOI	H47 R7A-R		X		CWOI	
		2-DR COUPE SL - SERIES II CWOI	H47 R7B-R		X		CWOI	
		2-DR COUPE SL - SERIES III CWOI	H47 R7C-R		X		CWOI	
		4-DR SEDAN SL - SERIES I CWOI	H69 R7A-R		X		CWOI	
		4-DR SEDAN SL - SERIES II CWOI	H69 R7B-R		X		CWOI	
		4-DR SEDAN SL - SERIES III CWOI	H69 R7C-R		X		CWOI	
	EIGHTY EIGHT	4-DR SEDAN LS REGIONAL CWOI	N69 R7B-R		X		CWOI	
		4-DR SEDAN REGIONAL CWOI	N69 R7A-R		X		CWOI	
	LSS	4-DR SEDAN REGIONAL CWOI	Y69 R7C-R		X		CWOI	
		4-DR SEDAN	C69 R7D	X				
	REGENCY	4-DR SEDAN REGIONAL CWOI	C69 R7D-R		X		CWOI	
PLYMOUTH	BREEZE	4-DR SEDAN	JAPH41	X				96 MODEL 1-3-96 INTRO
PONTIAC	BONNEVILLE		Z69V	X		4-DR SEDAN SSE CMI	CMI	
			S67V	X		2-DR CONVERTIBLE CMI	CMI	
	FIREBIRD		W37V	X		2-DR COUPE CMI	CMI	
			W69V	X		4-DR SEDAN CMI	CMI	
	GRAND AM		P37	X				
			P37V	X		2-DR COUPE GT CMI	CMI	
			J69 1SG		X		CMI	
			P69	X				
			P69V	X		4-DR SEDAN GT CMI	CMI	
	GRAND PRIX		J69	X				
			J69V	X		4-DR SEDAN SE CMI	CMI	





SUPERLIFO™ - NEW ITEMS LIST FOR CALENDAR YEAR 1996 DEALERS				IRS MOTOR VEHICLE INDUSTRY (DECEMBER, 1996 CALENDAR YEAR)				PAGE 5 OF 11	
MAKE	MODEL	BODY STYLE	CODE	YES	NO	BODY STYLE	COMMENT CODE	COMMENTS	
PONTIAC	SUNFIRE		B67V B67T	X X		2-DR CONVERTIBLE SE CALIF VALUE 2-DR CONVERTIBLE SE CMI	SV - C CMI	96 MODEL	
ROLLS ROYCE	BENTLEY ROLLS-ROYCE	CONTINENTAL T PARK WARD LIMOUSINE	BENTLEY BCT ROLLS RRPWL		X X		DIFSC DIFSC		
SAAB	9000 SERIES	5-DR CS CAMPAIGN CAR	35		X		TIMING	96 MODEL 5-1-96 INTRO	
SATURN	SC1	2-DR COUPE 5-SP	ZZE27	X					
		2-DR COUPE AUTO	ZZF27	X					
	SC2	2-DR COUPE 5-SP	ZZG27	X					
		2-DR COUPE AUTO	ZZH27	X					
SUBARU	IMPREZA		VMA	X		2-DR COUPE BRIGHTON AWD 5-SP	OP		
		2-DR COUPE BRIGHTON AWD AUTO	MB	X					
			VMC	X		2-DR COUPE L AWD 5-SP	OP		
			VMD	X		2-DR COUPE L AWD AUTO	OP		
			VJA	X		4-DR SEDAN L AWD 5-SP	OP		
			VJB	X		4-DR SEDAN L AWD AUTO	OP		
			VLA	X		4-DR SPORT WAGON L AWD 5-SP	OP		
		4-DR WAGON L AWD AUTO	LB	X					
		4-DR WAGON OUTBACK SPORT AWD 5M	LC	X					
		4-DR WAGON OUTBACK SPORT AWD A	LD	X					
	LEGACY	4-DR SEDAN GT AWD 5-SP	AD	X					
		4-DR SEDAN GT AWD AUTO	AE	X					
			VAA	X		4-DR SEDAN L AWD 5-SP	OP		
			VAB	X		4-DR SEDAN L AWD AUTO	OP		
			VAE	X		4-DR SEDAN LSI AWD AUTO (TY EQUIP)	OP		
			VBH	X		4-DR SEDAN LSI AWD AUTO (TR EQUIP)	OP		
			VBA	X		5-DR WAGON BRIGHTON AWD 5-SP	OP		
			VBB	X		5-DR WAGON BRIGHTON AWD AUTO	OP		
		5-DR WAGON GT AWD 5-SP	BF	X					
			VBG	X		5-DR WAGON GT AWD AUTO	OP		
			VBC	X		5-DR WAGON L AWD 5-SP	OP		
			VBD	X		5-DR WAGON L AWD AUTO	OP		
			VBU	X		5-DR WAGON OUTBACK AWD 5-SP	OP		
			VBV	X		5-DR WAGON OUTBACK AWD AUTO	OP		
			VBW	X		5-DR WAGON OUTBACK AWD COLD PKG 5-SP	OP		
			VBX	X		5-DR WAGON OUTBACK AWD COLD PKG AUT	OP		
		5-DR WAGON OUTBACK LTD AWD 5M	BY	X					
		5-DR WAGON OUTBACK LTD AWD A	BZ	X					
		5-DR WAGON POSTAL R-H DR AWD A	BJ	X					
TOYOTA	CAMRY	4-DR SEDAN CE 5-SP	2525	X					
		4-DR SEDAN CE AUTO	2526	X					
		4-DR SEDAN CE V6 5-SP	2527	X					
		4-DR SEDAN LE AUTO	2532	X					
		4-DR SEDAN LE V6 AUTO	2534	X					
		4-DR SEDAN XLE AUTO	2540	X					
		4-DR SEDAN XLE V6 AUTO	2544	X					
	CELICA	2-DR CONVERT GT LTD ED 5-SP	2187	X					
		2-DR CONVERT GT LTD ED AUTO	2186	X					

**SUPERLIFO™ - NEW ITEMS LIST
FOR CALENDAR YEAR 1996 DEALERS**
**IRS MOTOR VEHICLE INDUSTRY
(DECEMBER, 1996 CALENDAR YEAR)**

PAGE 6 OF 11

MAKE	MODEL	BODY STYLE	CODE	YES	NO	BODY STYLE	COMMENT CODE	COMMENTS
TOYOTA	CELICA	3-DR LIFTBACK ST LTD ED 5-SP	2169	X				
		3-DR LIFTBACK ST LTD ED AUTO	2168	X				
	COROLLA	4-DR SEDAN CLASSIC ED 5-SP	1709	X				
		4-DR SEDAN CLASSIC ED AUTO	1708	X				
	PASEO	2-DR CONVERTIBLE 5-SP	1583		X		TIMING	
		2-DR CONVERTIBLE AUTO	1584		X		TIMING	
	SUPRA	3-DR L/B SPORT ROOF TURBO 6-SP	2383		X		TIMING	
	TERCEL	2-DR HAWK LTD ED 5-SP	1309		X		TIMING	
		2-DR HAWK LTD ED AUTO	1310		X		TIMING	
		2-DR SEDAN CE 5-SP	1307	X				
		2-DR SEDAN CE AUTO	1308	X				
		4-DR SEDAN CE 5-SP	1327	X				
		4-DR SEDAN CE AUTO	1328	X				
VOLKSWAGEN	CABRIO	2-DR CONVERTIBLE BASE 5-SP	1E72Q4	X				
		2-DR CONVERTIBLE BASE AUTO	1E72Q3	X				
		2-DR CONVERTIBLE HIGHLINE 5-SP	1E73Q4	X				
		2-DR CONVERTIBLE HIGHLINE AUTO	1E73Q3	X				
	GOLF		1H14M4	X		4-DR HATCHBACK GL CNYM 5-SP	CNYM	
			1H14M3	X		4-DR HATCHBACK GL CNYM AUTO	CNYM	
		4-DR HATCHBACK GL HARLEQUIN AUTO	1H1BQ3		X		TIMING	96 MODEL 5-1-96 INTRO
			1H15M4	X		4-DR HATCHBACK GTI CNYM 5-SP	CNYM	
			1H15M3	X		4-DR HATCHBACK GTI CNYM AUTO	CNYM	
		4-DR HATCHBACK K2 5-SP	1H1RQ4	X				
		4-DR HATCHBACK K2 AUTO	1H1RQ3	X				
		4-DR HATCHBACK K2 CNYM 5-SP	1H1RM4	X				
		4-DR HATCHBACK K2 CNYM AUTO	1H1RM3	X				
		4-DR HATCHBACK TDI 5-SP	1H1334		X		TIMING	96 MODEL 4-2-96 INTRO
		4-DR HATCHBACK TDI AUTO	1H1333		X		TIMING	96 MODEL 4-2-96 INTRO
	JETTA		1H24M4	X		4-DR SEDAN GL CNYM 5-SP	CNYM	
			1H24M3	X		4-DR SEDAN GL CNYM AUTO	CNYM	
			1H28M4	X		4-DR SEDAN GLS CNYM 5-SP	CNYM	
			1H28M3	X		4-DR SEDAN GLS CNYM AUTO	CNYM	
		4-DR SEDAN GT 5-SP	1H2PQ4	X				
		4-DR SEDAN GT AUTO	1H2PQ3	X				
		4-DR SEDAN GT CNYM 5-SP	1H2PM4	X				
		4-DR SEDAN GT CNYM AUTO	1H2PM3	X				
		4-DR SEDAN TDI 5-SP	1H2334		X		TIMING	96 MODEL 4-2-96 INTRO
		4-DR SEDAN TDI AUTO	1H2333		X		TIMING	96 MODEL 4-2-96 INTRO
		4-DR SEDAN TREK 5-SP	1H2QQ4	X				96 MODEL 4-2-96 INTRO
		4-DR SEDAN TREK AUTO	1H2QQ3	X				96 MODEL 4-2-96 INTRO
		4-DR SEDAN WOLFSBURG 5-SP	1H2WQ4	X				96 MODEL 4-2-96 INTRO
VOLVO	850 SERIES	4-DR SEDAN GLT AUTO	854GLT	X				
			854GTOS	X		4-DR SEDAN LEVEL III 5-SP	OP	
			854GTAS	X		4-DR SEDAN LEVEL III AUTO	OP	
		4-DR SEDAN R AUTO	854T5A	X				96 MODEL 1-29-96 INTRO
		4-DR SEDAN T5 AUTO	854T5	X				
		5-DR WAGON GLT AUTO	855GLT	X				
			855GTOS	X		5-DR WAGON LEVEL III 5-SP	OP	
			855GTAS	X		5-DR WAGON LEVEL III AUTO	OP	
		5-DR WAGON R AUTO	855T5A	X				96 MODEL 1-29-96 INTRO
		5-DR WAGON T5 AUTO	855T5	X				



De Filippi's LIFO LOOKOUT



SUPERLIFO™ - NEW ITEMS LIST FOR CALENDAR YEAR 1996 DEALERS				IRS MOTOR VEHICLE INDUSTRY (DECEMBER, 1996 CALENDAR YEAR)			PAGE 8 OF 11	
MAKE	MODEL	BODY STYLE	CODE	YES	NO	BODY STYLE	COMMENT CODE	COMMENTS
DODGE	DAKOTA	4X2 CLUB CAB 131WB	AN1L31	X				
		4X2 REG CAB 112WB	AN1L61	X				
		4X2 REG CAB 124WB	AN1L62	X				
		4X4 CLUB CAB 131WB	AN5L31	X				
		4X4 REG CAB 112WB	AN5L61	X				
FORD	CUTAWAY VAN	COMM STRIPPED CHASSIS SRW 124 WB	E29 SRW124		X		TIMING	96 MODEL 3-7-96 INTRO
		COMM CUTAWAY DRW S.D. 158 WB	E47 DRW158		X		TIMING	96 MODEL 3-7-96 INTRO
		COMM CUTAWAY DRW S.D. 176 WB	E47 DRW176		X		TIMING	96 MODEL 3-7-96 INTRO
		RV CUTAWAY DRW S.D. 158 WB	E40 DRW158		X		TIMING	96 MODEL 3-7-96 INTRO
		RV CUTAWAY DRW S.D. 176 WB	E40 DRW176		X		TIMING	96 MODEL 3-7-96 INTRO
			E30	X		E350 STANDARD SRW 138 WB	E	
	E SERIES VAN		E30	X		E350 STANDARD DRW 138 WB	E	
			E37	X		E350 STANDARD SRW 138 WB	E	
			E37	X		E350 STANDARD DRW 138 WB	E	
			E30	X		E350 STANDARD DRW 158 WB	E	
			E37	X		E350 STANDARD DRW 158 WB	E	
			E30	X		E350 STANDARD DRW 176 WB	E	
			E39	X		COMM STRIPPED CHASSIS 138 WB	E	
			E39	X		COMM STRIPPED CHASSIS 158 WB	E	
			E39	X		COMM STRIPPED CHASSIS 176 WB DRW	E	
			E11	X		CLUB WAGON XL REGULAR WAGON	E	
			E11	X		CLUB WAGON XLT REGULAR WAGON	E	
			E31	X		CLUB WAGON XL H.D. WAGON	E	
			S31	X		CLUB WAGON XL SUPER WAGON	E	
			E31	X		CLUB WAGON XLT H.D. WAGON	E	
			S31	X		CLUB WAGON XLT SUPER WAGON	E	
			E24	X		E250 REGULAR CARGO VAN	E	
			S24	X		E250 SUPER CARGO VAN	E	
			E24	X		E250 H.D. REGULAR CARGO VAN	E	
			S24	X		E250 H.D. SUPER CARGO VAN	E	
	EXPEDITION	4-DR WAGON EDDIE BAUER 2WD	U17 EB	X				
		4-DR WAGON EDDIE BAUER 4WD	U18 EB	X				
		4-DR WAGON XLT 2WD	U17 XLT	X				
	EXPLORER	4-DR WAGON XLT 4WD	U18 XLT	X				
		4-DR WAGON EDDIE BAUER AWD	U35 EB	X				
		4-DR WAGON LTD AWD	U35 LTD	X				
	F150 PICKUP	4-DR WAGON XLT AWD	U35 XLT	X				
				X		44 F150 MODELS LISTED ON IRS LIST, BUT NOT ON SUPERLIFO™ LIST	TIMING	96 MODEL 1-22-96 INTRO 96 MODEL 1-22-96 INTRO 96 MODEL 1-22-96 INTRO 1997 MODEL INTRO'D. 11/30/95
	F250 PICKUP	4X2 REG CAB S/S LARIAT	F27 LAR	X				
		4X2 REG CAB S/S STANDARD	F27 STD	X				
		4X2 REG CAB S/S XL	F27 XL	X				
		4X2 REG CAB S/S XLT	F27 XLT	X				
		4X2 SUPERCAB S/S LARIAT	X27 LAR	X				
		4X2 SUPERCAB S/S STANDARD	X27 STD	X				
		4X2 SUPERCAB S/S XL	X27 XL	X				
		4X2 SUPERCAB S/S XLT	X27 XLT	X				
		4X4 REG CAB S/S LARIAT	F28 LAR	X				
		4X4 REG CAB S/S STANDARD	F28 STD	X				
		4X4 REG CAB S/S XL	F28 XL	X				
		4X4 REG CAB S/S XLT	F28 XLT	X				

**SUPERLIFO™ - NEW ITEMS LIST
FOR CALENDAR YEAR 1996 DEALERS**

**IRS MOTOR VEHICLE INDUSTRY
(DECEMBER, 1996 CALENDAR YEAR)**

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MAKE	MODEL	BODY STYLE	CODE	YES	NO	BODY STYLE	COMMENT CODE	COMMENTS
FORD	F250 PICKUP	4X4 SUPERCAB S/S LARIAT	X28 LAR	X				
		4X4 SUPERCAB S/S STANDARD	X28 STD	X				
		4X4 SUPERCAB S/S XL	X28 XL	X				
		4X4 SUPERCAB S/S XLT	X28 XLT	X				
	F350 PICKUP RANGER	4X2 REG CAB S/S DRW 133 WB	F35 D133		X		TIMING	
			R11	X		REGULAR CAB 4WD XL STYLESIDE 108 WB	E	
			R11	X		REGULAR CAB 4WD XLT STYLESIDE 108 WB	E	
			R11	X		REGULAR CAB 4WD XL STYLESIDE 114 WB	E	
			R11	X		REGULAR CAB 4WD XLT STYLESIDE 114 WB	E	
	WINDSTAR	WAGON STD	A51 STD	X				
GMC TRUCKS	JIMMY SAVANA		TS10506	X		SPORT UTILITY 4D SLE 2WD (CMI)	CMI	
			TG11405	X		1500 CARGO VAN W/STANDARD PKG.	TIMING	96 MODEL 12-1-95 INTRO
			TG11405	X		1500 CARGO VAN W/RV CONVERSION PKG.	TIMING	96 MODEL 12-1-95 INTRO
			TG11406	X		1500 PASSENGER VAN	TIMING	96 MODEL 12-1-95 INTRO
			TG21405	X		2500 CARGO VAN 135 WB W/STD PKG.	TIMING	96 MODEL 12-1-95 INTRO
			TG21405	X		2500 CARGO VAN 135 WB W/RV CONV PKG	TIMING	96 MODEL 12-1-95 INTRO
			TG21705	X		2500 CARGO VAN 155 WB W/STD PKG.	TIMING	96 MODEL 12-1-95 INTRO
			TG21705	X		2500 CARGO VAN 155 WB W/RV CONV PKG	TIMING	96 MODEL 12-1-95 INTRO
			TG21406	X		2500 PASSENGER VAN 135 WB	TIMING	96 MODEL 12-1-95 INTRO
			TG21706	X		2500 PASSENGER VAN 155 WB	TIMING	96 MODEL 12-1-95 INTRO
			TG31405	X		3500 CARGO VAN 135 WB	TIMING	96 MODEL 12-1-95 INTRO
			TG31705	X		3500 CARGO VAN 155 WB	TIMING	96 MODEL 12-1-95 INTRO
			TG31406	X		3500 PASSENGER VAN 135 WB	TIMING	96 MODEL 12-1-95 INTRO
			TG31706	X		3500 PASSENGER VAN 155 WB	TIMING	96 MODEL 12-1-95 INTRO
			TG31532	X		CAMPER SPECIALTY VAN 139 WB E23	TIMING	96 MODEL 12-1-95 INTRO
			TG31532	X		CAMPER SPECIALTY VAN 139 WB C7G	TIMING	96 MODEL 12-1-95 INTRO
			TG31532	X		CAMPER SPECIALTY VAN 139 WB C7N	TIMING	96 MODEL 12-1-95 INTRO
			TG31832	X		CAMPER SPECIALTY VAN 159 WB C7G	TIMING	96 MODEL 12-1-95 INTRO
			TG31832	X		CAMPER SPECIALTY VAN 159 WB C7N	TIMING	96 MODEL 12-1-95 INTRO
			TG31932	X		CAMPER SPECIALTY VAN 177 WB	TIMING	96 MODEL 12-1-95 INTRO
			TG31503	X		SPECIALTY VAN 139 WB E23	TIMING	96 MODEL 12-1-95 INTRO
			TG31503	X		SPECIALTY VAN 139 WB C7A	TIMING	96 MODEL 12-1-95 INTRO
			TG31503	X		SPECIALTY VAN 139 WB C7E	TIMING	96 MODEL 12-1-95 INTRO
			TG31503	X		SPECIALTY VAN 139 WB C7L	TIMING	96 MODEL 12-1-95 INTRO
			TG31803	X		SPECIALTY VAN 159 WB C7E	TIMING	96 MODEL 12-1-95 INTRO
			TG31803	X		SPECIALTY VAN 159 WB C7L	TIMING	96 MODEL 12-1-95 INTRO
			TG31903	X		SPECIALTY VAN 177 WB	TIMING	96 MODEL 12-1-95 INTRO
		G3500 CARGO VAN LWB W/YF7	TG31705 YF7	X				
		G3500 CARGO VAN SWB W/YF7	TG31405 YF7	X				
		G3500 SPECIAL 159 WB	TG31803	X				
	SIERRA		TC10703	X		1500 WIDESIDE REG CAB 2WD 117.5 WB CMI	CMI	
			TC10903	X		1500 WIDESIDE REG CAB 2WD 131.5 WB CMI	CMI	
			TK20753	X		2500 WIDESIDE CLUB CAB H.D. 4WD 141 CMI	CMI	
	SONOMA SUBURBAN YUKON		TS10653	X		WIDESIDE CLUB CAB SLS 2WD CMI	CMI	
			TC10906	X		1500 2WD WAGON CMI	CMI	
			TC10706	X		1500 2WD 4D WAGON CMI	CMI	
INFINITI	QX4	4-DR LUXURY SUV	7101		X		TIMING	
ISUZU	HOMBRE	2WD S REG CAB 5-SP	P15	X				96 MODEL 1-1-96 INTRO
		2WD XS REG CAB 5-SP	P25	X				96 MODEL 1-1-96 INTRO



**SUPERLIFO™ - NEW ITEMS LIST
FOR CALENDAR YEAR 1996 DEALERS**
**IRS MOTOR VEHICLE INDUSTRY
(DECEMBER, 1996 CALENDAR YEAR)**

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MAKE	MODEL	BODY STYLE	CODE	YES	NO	BODY STYLE	COMMENT CODE	COMMENTS
ISUZU	HOMBRE	2WD XS SPACECAB 5-SP	P55		X		TIMING	
		2WD XS SPACECAB V6 AUTO	P64		X		TIMING	
	OASIS	6-PASS WAGON LS	J64	X				96 MODEL 1-1-96 INTRO
		7-PASS WAGON S	J44	X				96 MODEL 1-1-96 INTRO
		7-PASS WAGON S	J54	X				96 MODEL 1-1-96 INTRO
	TROOPER	4-DR SE AUTO	M54 SE		X		TIMING	96 MODEL 3-15-96 INTRO
JEEP	CHEROKEE	4-DR 2WD WAGON CLASSIC	XJTL74 CL		X		TIMING	96 MODEL 3-29-96 INTRO
		4-DR 4WD WAGON CLASSIC	XJL74 CL		X		TIMING	96 MODEL 3-29-96 INTRO
	WRANGLER	WRANGLER SAHARA	TJL77 SA	X				
		WRANGLER SE	TJL77 SE	X				
		WRANGLER SPORT	TJL77 SP	X				
KIA	SPORTAGE	4X2 4-DR DOHC 5-SP	42221	X				96 MODEL 4-15-96 INTRO
		4X2 4-DR DOHC AUTO	42222	X				
		4X2 4-DR DOHC EX 5-SP	42241	X				
		4X2 4-DR DOHC EX AUTO	42242	X				
LAND ROVER/ RANGE ROVER	DEFENDER 90	2-DR HARDTOP	SLNZ HT	X				
		2-DR SOFTTOP	SLNZ ST	X				
LEXUS	LX 450	LUXURY SPORT UTILITY AUTO	9600	X				96 MODEL 1-4-96 INTRO
		LUXURY SPORT UTILITY AUTO CA/NY	9610	X				96 MODEL 1-4-96 INTRO
MAZDA	PICKUP	4X2 B4000 CAB PLUS SE 5-SP	B40CSEM	X				
			B40CSE2A	X		B4000 2WD CAB PLUS SE AUTO	OP	
		4X4 B4000 CAB PLUS 5-SP	B4XCBSM	X				
		4X4 B4000 REG CAB 5-SP	B4XSBSM	X				
MERCEDES-BENZ	GELAENDEWAGEN		463	X		G320 4WD WAGON 3D SWB	DIFSC	
			463	X		G320 4WD CABRIOLET 3D SWB	DIFSC	
MERCURY	MOUNTAINEER	4-DR 2WD WAGON	U52	X				
		4-DR AWD WAGON	U55	X				
MITSUBISHI	MONTERO	4-DR 2WD SPORT LS AUTO	MT45-P AUTO	X				
		4-DR 4WD SPORT LS 5-SP	MT45-R 5-SP	X				
		4-DR 4WD SPORT LS AUTO	MT45-R AUTO	X				
		4-DR 4WD SPORT XLS AUTO	MT45-X AUTO	X				
NISSAN	4X2 PICKUP	KING CAB SE 5-SP	5325	X				96 MODEL 1-12-96 INTRO
		KING CAB SE AUTO	5321	X				96 MODEL 1-12-96 INTRO
		KING CAB XE 5-SP	5355		X		TIMING	96 MODEL 1-12-96 INTRO
		KING CAB XE AUTO	5351		X		TIMING	96 MODEL 1-12-96 INTRO
		REG CAB XE 5-SP	3355		X		TIMING	96 MODEL 1-12-96 INTRO
		REG CAB XE AUTO	3351		X		TIMING	96 MODEL 1-12-96 INTRO
	4X4 PICKUP	STANDARD 5-SP	3305		X		TIMING	96 MODEL 1-12-96 INTRO
		KING CAB SE 5-SP	5335	X				96 MODEL 1-12-96 INTRO
		KING CAB XE 5-SP	5375		X		TIMING	96 MODEL 1-12-96 INTRO
		REG CAB XE 5-SP	3375		X		TIMING	96 MODEL 1-12-96 INTRO
	PATHFINDER	4-DR 4X2 LE AUTO	0931	X				
		4-DR 4X2 LE AUTO	1931	X				





SUPERLIFO™ - NEW ITEMS LIST FOR CALENDAR YEAR 1996 DEALERS				IRS MOTOR VEHICLE INDUSTRY (DECEMBER, 1996 CALENDAR YEAR)			PAGE 11 OF 11	
MAKE	MODEL	BODY STYLE	CODE	YES	NO	BODY STYLE	COMMENT CODE	COMMENTS
NISSAN	PATHFINDER	4-DR 4X2 XE 5-SP	0925	X				96 MODEL 1-12-96 INTRO
		4-DR 4X2 XE AUTO	0921	X				96 MODEL 1-12-96 INTRO
		4-DR 4X4 LE AUTO	0981	X				96 MODEL 1-12-96 INTRO
		4-DR 4X4 LE AUTO	1981	X				
		4-DR 4X4 SE 5-SP	0975	X				96 MODEL 1-12-96 INTRO
		4-DR 4X4 SE AUTO	0971	X				96 MODEL 1-12-96 INTRO
		4-DR 4X4 XE 5-SP	0965	X				96 MODEL 1-12-96 INTRO
		4-DR 4X4 XE AUTO	0961	X				96 MODEL 1-12-96 INTRO
OLDSMOBILE	BRAVADA SILHOUETTE	4-DR SPORT UTILITY REGIONAL CWOI	V06 R7A-R		X		CWOI	
		3-DR MINIVAN BASE EXT WB	M06U R7B	X				
		3-DR MINIVAN BASE REG WB	N06U R7A	X				
		3-DR MINIVAN GL EXT WB	M06U R7C	X				
		3-DR MINIVAN GLS EXT WB	M06U R7E	X				
		4-DR MINIVAN GL EXT WB	M16U R7D	X				
		4-DR MINIVAN GLS EXT WB	M16U R7F	X				
PONTIAC	TRANS SPORT	3-DR MINIVAN SE EXT WB	M06	X				
		3-DR MINIVAN SE EXT WB CWOI	M06 1SG		X		CWOI	
		3-DR MINIVAN SE REG WB	N06	X				
		3-DR MINIVAN SE REG WB CWOI	N06 1SG	X			CWOI	
		4-DR MINIVAN SE EXT WB	M16	X				
		4-DR MINIVAN SE EXT WB CWOI	M16 1SG	X			CWOI	
SUZUKI	SIDEKICK X90		LRL77CV	X		4D 4WD HARDDTOP SPORT JX 5-SP		6TH DIGIT IN MODEL CODE
			LRL78CV	X		4D 4WD HARDDTOP SPORT AUTO		CHANGED FROM S TO C
			LCC664V	X		2D 2WD 5-SP		6TH
		2-DR 2WD AUTO	LCC694	X				DIGIT IN MODEL
			LAC664V	X		2D 4WD 5-SP		CODE CHANGED
			LAC694V	X		2D 4WD AUTO		FROM T TO 4
TOYOTA	4RUNNER	2WD 4-DR SR5 V6 AUTO	8642	X				96 MODEL 1-3-96 INTRO
		2WD 4-DR SR5 V6 LTD AUTO	8648	X				
		2WD 4-DR BASE 4CYL 5-SP	8641	X				96 MODEL 1-3-96 INTRO
		2WD 4-DR BASE 4CYL AUTO	8640	X				96 MODEL 1-3-96 INTRO
		4WD 4-DR BASE 4CYL 5-SP	8657	X				96 MODEL 1-3-96 INTRO
		4WD 4-DR BASE 4CYL AUTO	8658	X				96 MODEL 1-3-96 INTRO
		4WD 4-DR SR5 V6 5-SP	8665	X				96 MODEL 1-3-96 INTRO
		4WD 4-DR SR5 V6 AUTO	8664	X				96 MODEL 1-3-96 INTRO
		4WD 4-DR SR5 V6 LTD AUTO	8668	X				96 MODEL 1-3-96 INTRO
				X				96 MODEL 1-3-96 INTRO
	RAV4	2WD 2-DR 5-SP	4413	X				96 MODEL 1-1-96 INTRO
		2WD 2-DR AUTO	4412	X				96 MODEL 1-1-96 INTRO
		2WD 4-DR 5-SP	4417	X				96 MODEL 1-1-96 INTRO
		2WD 4-DR AUTO	4416	X				96 MODEL 1-1-96 INTRO
		4WD 2-DR 5-SP	4423	X				96 MODEL 1-1-96 INTRO
		4WD 4-DR 5-SP	4427	X				96 MODEL 1-1-96 INTRO
		4WD 4-DR AUTO	4426	X				96 MODEL 1-1-96 INTRO
				X				96 MODEL 1-1-96 INTRO
	TACOMA	2WD REG CAB 5-SP	7103	X				96 MODEL 3-26-96 INTRO
		2WD REG CAB AUTO	7104	X				96 MODEL 3-26-96 INTRO
VOLKSWAGEN	EUROVAN CAMPER	CONVERSION-READY VAN 2-SEAT AUTO	7DW1L3		X		TIMING	96 MODEL 9-1-96 INTRO

DIFFERENCES IN SOFTWARE NEW ITEM LISTS PRODUCE DIFFERENCES IN LIFO RESULTS

VENDOR LISTS

We received a call from one CPA who was told that the software he was using was treating any significant technological change or engine upgrade (such as the addition of passenger side airbags) as a new item, regardless of whether or not they automatically fit within the specific definitions provided in Section 4.02 of Rev. Proc. 92-79.

In the past, it has appeared that the IRS Motor Vehicle Specialist new items list reflected a pro-IRS biased approach (what did you expect?) in borderline situations where one's instincts might suggest there had been an improvement in the vehicle, even though the mechanics/wording of the definition specifically contradict the treatment of that vehicle as a new item. Possibly, this software was following the IRS lead.

In our caller's situation, the dealer had a large number of units on hand and was getting significantly depressed inflation indexes ... not to mention getting significantly depressed with the result of this treatment since it was flowing through his sub-S dealership K-1 right into his own personal income tax return!

Our caller pointed out two examples:

1. Ford Van E14, E150 cargo van 138" wheelbase.
2. Jeep Cherokee XJL74, 4-dr 4wd sport.

In both instances, there have been improvements to the vehicle. However, in our opinion, a more detailed comparison of the requirements for new item treatment does not yield the conclusion either should be treated as a new item.

There are at least three reasons why it is not necessarily advisable to unquestionably accept every determination on the IRS' "unofficial" new items list. First: Here we have examples of technological change improving the vehicle, but these are allowed to be treated as if they were inflation, thereby giving the dealer a slightly higher inflation index. This is part of the overall rationale for Rev. Proc. 92-79 by which the taxpayer agrees to accept certain other limitations and less favorable assumptions in the mandatory computation method ... in return for which the dealer receives certain "incentives" or favorable assumptions elsewhere in the computations. Part of the give and take of the Alternative LIFO Method is that, at times, it may not produce "sensible" or logical results... but over the long run, these "imbalances" are expected to *even out* between the IRS and dealers using the Alternative LIFO Method.

So why resolve all doubts against the taxpayer all of the time ... such as might occur if the above vehicles are conceded to be new items?

Second: One might dismiss or justify treating an isolated case or a "borderline" vehicle as a new item as being "*conservative*." The concern is that *conservatism* could or might be turned into something worse by the IRS. In other words, might the IRS consider such "*conservatism*" to be a change in accounting method (i.e., adding another even more restrictive category for the determination of new items) or possibly even the lack of an accounting method ... and require the taxpayer to maintain this adverse method of *interpretation* in all future determinations of new item status for LIFO purposes?

Third: Often, the IRS is wrong and readily corrects its list... but it does so well after the fact.

VENDOR NEW ITEM COMPARISONS

As we've pointed out in this publication before, when you're using canned LIFO software to do your auto dealer LIFO computations, you are automatically "buying into" somebody's interpretations of whether vehicles are new items or continuing items. If you are aware of that and know something about a particular make or model, you may not always agree with a particular determination. Usually, a vendor's software will allow the user to override the treatment built into the software for handling an item category as either new or continuing.

This year we have also analyzed the new item lists of two other software vendors for auto dealer LIFO calculations. These are compared with our own list and that of the IRS. A glance at the side-by-side comparison of these four new items lists shows there's hardly any unanimity in thinking about these matters.

These comparisons show that, in some instances, you need to be very careful since your LIFO reserves in part depend on the accuracy of the underlying new item determinations ... if you don't override them.

Here's what we found:

1. The listings on the following pages show that the number of new items ranged anywhere from a (low) total of 304 to a (high) of 471. As you scan the lists, patterns are difficult to detect although we attempted to discern a few by running off variations of this list selecting different references.

see DIFFERENCES IN SOFTWARE NEW ITEM LISTS..., page 30



Differences in Software New Item Lists...

2. All four lists agreed unanimously that 106 automobiles were new items and 62 light-duty trucks were new items. So, at least there was unanimous agreement on 168 items.

3. When we counted the number of times where any three out of the four lists agreed on a new item, 99 new items were listed. Out of this list of 99 new items, our list showed 94. The IRS showed 86, vendor #3 showed 89 and vendor #2 showed only 22. Query: If the collective judgment of three independently compiled lists is that there were approximately 100 *other* new items in this universe, might it be said that the compilation showing only 22 new items might be questionable?

4. Where we ran comparisons listing all those instances where two out of the four new item lists agreed, counting each F150 item category as one, 188 new items were listed. In this listing, vendor #2 agreed with the IRS 127 out of 152 times (apparently conceding some borderline determinations), especially in the Pontiac, Volkswagen, Volvo and Ford vans.

5. Where we ran comparisons listing only those instances where one of the four list compilers con-

(Continued from page 29)

cluded the vehicle was a new item, 168 new items were listed. Our list was "alone" on the new item conclusion 31 times, the IRS was "alone" 67 times, vendor #2 was "alone" 50 times and vendor #3 was "alone" only 20 times.

CONCLUSION

By looking at the lists side-by-side, you can get a real feel for the divergence of opinion built into what the IRS National Office in 1992 thought were supposed to be relatively straightforward repricings under the Alternative LIFO Method.

Perhaps one way to interpret these diverse lists is that if you weren't pleased with the LIFO results you calculated for 1996, maybe you should take a closer look at your new item determinations. On the other hand, if you were pleased with the LIFO results you calculated for 1996, maybe...

On many occasions, we have previously advocated a "uniform" new items list. This year's analysis simply increases the evidence in favor of such an approach and underscores the key role that new item determination plays in the Alternative LIFO Method for Automobile Dealers.



NUMBER OF ENTRIES INCLUDED ON NEW ITEMS LISTS

	SUPER- LIFO™	IRS	VENDOR #2	VENDOR #3
NEW AUTOMOBILES, PER DETAIL	205	227	191	164
NEW LIGHT-DUTY TRUCKS, PER DETAIL	160	201	131	140
COMBINED TOTALS, PER LISTINGS	365	428	322	304
ADD: FORD F150 PICKUPS INCLUDED IN 1 TRUCK ENTRY ABOVE, NOT COUNTED IN TOTAL (44 TOTAL - 1 ENTRY = 43)	0	43	43	0
TOTAL NEW ITEMS, AS ADJUSTED	365	471	365	304
RECAP:				
AUTOS	205	227	191	164
TRUCKS, AS ADJUSTED	160	244	174	140
TOTALS	365	471	365	304



COMPARISON OF "UNOFFICIAL" NEW ITEM CATEGORY LISTS
LIFO LOOKOUT / SUPERLIFO™, IRS MOTOR VEHICLE INDUSTRY SPECIALIST & SELECTED VENDORS

NEW AUTOMOBILES AND NEW LIGHT-DUTY TRUCKS
 FOR CALENDAR YEAR DEALERS - DECEMBER 31, 1996

PAGE 1 OF 9		INCLUDED ON NEW ITEMS LIST						
MAKE	MODEL	BODY STYLE	MODEL CODE	SUPER-LIFO™	IRS	VENDOR #2	VENDOR #3	
NEW AUTOMOBILES								
ACURA	CL	2-DR COUPE 2.2 5-SP	YA114	X	X	X	X	
		2-DR COUPE 2.2 5-SP W/PREM PKG	YA115	X	X	X	X	
		2-DR COUPE 2.2 AUTO	YA124	X	X	X	X	
		2-DR COUPE 2.2 AUTO W/PREM PKG	YA125	X	X	X	X	
		2-DR COUPE 3.0 AUTO	YA224	X	X	X	X	
		2-DR COUPE 3.0 AUTO W/PREM PKG	YA225	X	X	X	X	
	RL	4-DR SEDAN 3.5	KA964	X	X		X	
		4-DR SEDAN 3.5 W/PREM PKG	KA965	X	X		X	
		4-DR SEDAN 3.5 W/PREM PKG & NAV SYS	KA966	X	X		X	
AUDI	A4 SERIES	4-DR SEDAN 1.8L 5-SP	8D25I4	X		X	X	
		4-DR SEDAN 1.8L AUTO	8D25IA	X	X	X	X	
		4-DR SEDAN 1.8L QUATTRO 5-SP	8D25I5	X		X	X	
		4-DR SEDAN 1.8L QUATTRO AUTO	8D25IB	X	X	X	X	
	A8 SERIES	4-DR SEDAN AUTO	4D22UI	X	X	X	X	
		4-DR SEDAN QUATTRO AUTO	4D228J	X	X	X	X	
BMW	3 SERIES	M3 4-DR SEDAN 5-SP	22	X	X	X	X	
		M3 4-DR SEDAN AUTO	27	X	X	X	X	
		318IA 4-DR SEDAN AUTO	49		X			
		318iCA 2-DR CONVERTIBLE AUTO	46		X			
		318iSA 2-DR COUPE AUTO	39		X			
		318TiA 3-DR HATCHBACK AUTO	35		X			
		328i 4-DR SEDAN 5-SP	42		X			
		328iA 4-DR SEDAN AUTO	47		X			
		328iC 2-DR CONVERTIBLE AUTO	36		X			
		328iSA 2-DR COUPE AUTO	38		X			
	5 SERIES	528i 4-DR SEDAN 5-SP	50	X	X	X	X	
		528iA 4-DR SEDAN AUTO	55	X	X	X	X	
		540i 4-DR SEDAN	53	X	X	X	X	
		540iA 4-DR SEDAN	58	X	X	X	X	
	7 SERIES	740i 4-DR SEDAN	74	X	X	X	X	
		Z3	2-DR ROADSTER 1.9L 5-SP	23	X	X		X
			2-DR ROADSTER 2.8L 5-SP	28	X	X	X	X
	BUICK	CENTURY	4-DR SEDAN CUSTOM	S69	X		X	
			4-DR SEDAN CUSTOM CMI	4WS69			X	
			4-DR SEDAN LIMITED	Y69	X		X	
4-DR SEDAN LIMITED CMI			4WY69			X		
LeSABRE PARK AVENUE		4-DR SEDAN CMI	R69		X	X		
		4-DR SEDAN	W69	X	X	X	X	
		4-DR SEDAN CMI	W69		X	X		
		4-DR SEDAN ULTRA	U69	X	X	X	X	
REGAL		4-DR SEDAN ULTRA CMI	U69		X	X		
		4-DR SEDAN GOLD	B19 GOLD	X	X			
		4-DR SEDAN GOLD CALIF VALUE (ST)	B19		X			
		4-DR SEDAN GOLD CALIF VALUE (SU)	B19		X			
		4-DR SEDAN OLYMPIC GOLD	B19		X			
		4-DR SEDAN OLYMPIC GOLD CA VAL (SM)	B19		X			
RIVERA SKYLARK		4-DR SEDAN OLYMPIC GOLD CA VAL (SN)	B19		X			
		2-DR COUPE CMI	D07		X	X		
		2-DR COUPE GRAN SPORT CWOI	J37				X	
		4-DR SEDAN GRAN SPORT CWOI	J69				X	
		4-DR SEDAN OLYMPIC GOLD	J69		X			
		4-DR SEDAN OLYMPIC GOLD CA VAL (SM)	J69		X			
	4-DR SEDAN OLYMPIC GOLD CA VAL (SN)	J69		X				
CADILLAC	CATERA	4-DR SEDAN W/CLOTH	6VR69 C	X	X	X	X	
		4-DR SEDAN W/LEATHER	6VR69 L	X	X	X	X	
	DE VILLE	4-DR D'ELEGANCE	6KE69	X	X	X	X	



PAGE 2 OF 9		INCLUDED ON NEW ITEMS LIST						
MAKE	MODEL	BODY STYLE	MODEL CODE	SUPER-LIFO™	IRS	VENDOR #2	VENDOR #3	
CHEVROLET/GEO	CAMARO	2-DR COUPE R7C PKG. CMI	1FP87			X		
		2-DR COUPE 1SB AUTO CWOI	1JC37 1SB	X	X			
	CAVALIER	2-DR COUPE RS	1JC37 RS	X	X	X	X	
		4-DR SEDAN 1SF AUTO CWOI	1JC69 1SF	X	X			
	CORVETTE	2-DR COUPE	1YY07			X		
		3-DR HATCHBACK COUPE LSI	1MR08		X			
	GEO METRO	4-DR SEDAN LS	1WL69		X			
		4-DR SEDAN LTZ	1WN69	X		X		
	MALIBU	4-DR SEDAN	1ND69	X	X	X	X	
		4-DR SEDAN LS	1NE69	X	X	X	X	
	MONTE CARLO	2-DR COUPE LS R8L CWOI	1WW27 R8L	X	X	X	X	
CHRYSLER	SEBRING	2-DR CONVERTIBLE JX	JXCH27		X			
		2-DR CONVERTIBLE JXI	JXCP27		X			
DODGE	VIPER	2 SEAT COUPE GTS	SRDS29	X	X		X	
EAGLE	TALON	3-DR L/B FWD	FJXL24	X	X		X	
FORD	CONTOUR	4-DR SEDAN BASE	P65	X	X	X	X	
		4-DR SEDAN	P10	X	X	X	X	
		4-DR SEDAN LX	P13	X	X	X	X	
		4-DR WAGON LX	P15	X	X	X	X	
	TAURUS	4-DR SEDAN G	P51	X	X		X	
		4-DR SEDAN SHO	P54	X	X		X	
HONDA	ACCORD	2-DR COUPE SPECIAL EDITION	CD720	X		X	X	
		4-DR SEDAN SPECIAL EDITION	CD560	X		X	X	
		4-DR SEDAN VALUE PKG. AUTO	CD569	X	X			
	CIVIC	2-DR COUPE HX CVT	EJ722	X	X		X	
		2-DR COUPE S 5-SP	EH614	X	X		X	
		2-DR COUPE S AUTO	EH624	X	X		X	
		2-DR COUPE SI 5-SP	EH616	X	X			
		2-DR COUPE SI AUTO	EH626	X	X			
		2-DR COUPE VTEC 5-SP	EG217	X				
	PRELUDE	2-DR COUPE 5-SP	BB614	X	X	X	X	
		2-DR COUPE AUTO	BB624	X	X	X	X	
		2-DR COUPE TYPE SH 5-SP	BB615	X	X	X	X	
HYUNDAI	ACCENT	3-DR HATCHBACK GS 5-SP	12333	X	X	X	X	
		3-DR HATCHBACK GS AUTO	12332	X	X	X	X	
		3-DR HATCHBACK GT 5-SP	12353	X			X	
		3-DR HATCHBACK GT AUTO	12352	X			X	
		4-DR SEDAN GL 5-SP	12423	X	X	X	X	
		4-DR SEDAN GL AUTO	12422	X	X	X	X	
	ELANTRA	4-DR SEDAN 5-SP	41423	X	X		X	
		4-DR SEDAN AUTO	41422	X	X		X	
		4-DR SEDAN GLS 5-SP	41443	X	X		X	
		4-DR SEDAN GLS AUTO	41442	X	X		X	
		4-DR WAGON 5-SP	41523	X	X		X	
		4-DR WAGON AUTO	41522	X	X		X	
		4-DR WAGON GLS AUTO	41542	X	X		X	
		2-DR HATCHBACK 5-SP	51323	X	X	X	X	
	TIBURON	2-DR HATCHBACK AUTO	51322	X	X	X	X	
		2-DR HATCHBACK FX 5-SP	51343	X	X	X	X	
		2-DR HATCHBACK FX AUTO	51342	X	X	X	X	
INFINITI	J30	4-DR SEDAN	9751	X				
	Q45	4-DR SEDAN AUTO	9421	X	X	X		
		4-DR TOURING SEDAN AUTO	9471	X	X	X	X	
JAGUAR	XJ	4-DR SEDAN XJ6L	XJ6L	X	X	X	X	
		2-DR CONVERTIBLE	XK8 CON	X	X	X	X	
		2-DR COUPE	XK8 CPE	X	X	X	X	
KIA	SEPHIA	4-DR SEDAN LS 1.6 5-SP CA	12221	X	X	X		
LEXUS	ES 300 SEDAN	4-DR SPORT AUTO	9000	X	X	X	X	
		4-DR SPORT AUTO CA/NY	9010	X	X	X	X	
	SC 300 COUPE	2-DR LUXURY SPORT COUPE 5-SP	9201			X		
		2-DR LUXURY SPORT COUPE AUTO	9200			X		



PAGE 3 OF 9		INCLUDED ON NEW ITEMS LIST						
MAKE	MODEL	BODY STYLE	MODEL CODE	SUPER-LIFO™	IRS	VENDOR #2	VENDOR #3	
LEXUS	SC 300 COUPE	2-DR LUXURY SPORT COUPE 5-SP CA/NY	9211			X		
		2-DR LUXURY SPORT COUPE AUTO CA/NY	9210			X		
	SC 400 COUPE	2-DR LUXURY SPORT COUPE	9220			X		
		2-DR LUXURY SPORT COUPE CA/NY	9230			X		
LINCOLN	CONTINENTAL MARK VIII	4-DR SEDAN CALIF EDITION	M97 CMNY	X		X		
		2-DR COUPE LSC	M92	X	X	X	X	
		2-DR COUPE LSC CALIF EDITION	M92 CA	X	X			
	TOWN CAR	4-DR CARTIER CALIF EDITION	M83 CMNY	X				
		4-DR EXECUTIVE CALIF EDITION	M81 CMNY	X		X		
		4-DR SIGNATURE CALIF EDITION	M82 CMNY	X				
MAZDA	MX-6	2-DR M-EDITION	MX6 M-ED	X	X			
		2-DR M-EDITION AUTO	MX6MA		X			
MERCEDES	C CLASS	C230 4-DR SEDAN AUTO	C230W	X	X	X	X	
	E CLASS	E420 4-DR SEDAN AUTO	E420W	X	X	X	X	
MERCURY	MYSTIQUE SABLE TRACER	4-DR SEDAN BASE	M65 BASE	X	X	X	X	
		4-DR SEDAN G	M51	X	X			
		4-DR SEDAN GS	M10 GS	X	X	X	X	
		4-DR SEDAN LS	M13 LS	X	X	X	X	
		4-DR WAGON LS	M15 LS	X	X	X	X	
MITSUBISHI	3000GT	2-DR COUPE SPORT 5-SP	GT24N		X	X		
		2-DR COUPE SPORT AUTO	GT24N		X	X		
	DIAMANTE ECLIPSE	4-DR SEDAN LS AUTO	DM42-U	X	X	X	X	
		2-DR SPYDER GS CONVERT. 5-SP	EC28-S 5M	X	X		X	
		2-DR SPYDER GS CONVERT. AUTO	EC28-S A	X	X		X	
		2-DR SPYDER GS-T CONVERT. 5-SP	EC28-T 5M	X	X		X	
		2-DR SPYDER GS-T CONVERT. AUTO	EC28-T A	X	X		X	
		3-DR COUPE BASE 5-SP	EC24-L 5M	X	X		X	
		3-DR COUPE BASE AUTO	EC24-L A	X	X		X	
		4-DR SEDAN DE 5-SP	GA41-N 5M	X			X	
		4-DR SEDAN DE AUTO	GA41-N A	X			X	
	GALANT	2-DR COUPE DE 5-SP	MG21-E 5M	X	X	X	X	
		2-DR COUPE DE AUTO	MG21-E A	X	X	X	X	
	MIRAGE	2-DR COUPE LS 5-SP	MG21-M 5M	X	X	X	X	
		2-DR COUPE LS AUTO	MG21-M A	X	X	X	X	
		4-DR SEDAN DE 5-SP	MG41-L 5M	X	X	X	X	
		4-DR SEDAN DE AUTO	MG41-L A	X	X	X	X	
		4-DR SEDAN LS 5-SP	MG41-M 5M	X	X	X	X	
		4-DR SEDAN LS AUTO	MG41-M A	X	X	X	X	
NISSAN	240SX	2-DR COUPE LE 5-SP	26357			X		
		2-DR COUPE LE AUTO	26317			X		
	ALTIMA	4-DR SEDAN GLE AUTO	0581		X		X	
		4-DR SEDAN SE 5-SP	0595				X	
		4-DR SEDAN SE AUTO	0591				X	
OLDSMOBILE	ACHIEVA	2-DR COUPE SC - SERIES I CWOI	L37 R7A-R	X		X		
		2-DR COUPE SC - SERIES II CWOI	L37 R7B-R	X		X		
		4-DR SEDAN SL - SERIES I	L69 R7A	X	X		X	
		4-DR SEDAN SL - SERIES I CWOI	L69 R7A-R	X		X		
		4-DR SEDAN SL - SERIES II CWOI	L69 R7B-R	X		X		
		4-DR SEDAN REGIONAL CWOI	R69 R7A-R	X		X		
	AURORA CUTLASS	4-DR SEDAN	B69 R7A	X	X	X	X	
		4-DR SEDAN GL (N/A FOR 97 MY)	3PB69			X		
		4-DR SEDAN GLS	G69 R7C	X	X	X	X	
	CUTLASS SUPREME	2-DR COUPE SL - SERIES I CWOI	H47 R7A-R	X		X		
		2-DR COUPE SL - SERIES II CWOI	H47 R7B-R	X		X		
		2-DR COUPE SL - SERIES III CWOI	H47 R7C-R	X		X		
		4-DR SEDAN SL - SERIES I CWOI	H69 R7A-R	X		X		
		4-DR SEDAN SL - SERIES II CWOI	H69 R7B-R	X		X		
		4-DR SEDAN SL - SERIES III CWOI	H69 R7C-R	X		X		
		4-DR SEDAN LS REGIONAL CWOI	N69 R7B-R	X		X		
		4-DR SEDAN REGIONAL CWOI	N69 R7A-R	X		X		
	EIGHTY EIGHT	4-DR SEDAN REGIONAL CWOI	Y69 R7C-R	X		X		
		4-DR SEDAN	C69 R7D	X	X	X	X	
		4-DR SEDAN REGIONAL CWOI	C69 R7D-R	X		X		
	LSS REGENCY							



PAGE 4 OF 9		INCLUDED ON NEW ITEMS LIST						
MAKE	MODEL	BODY STYLE	MODEL CODE	SUPER-LIFO™	IRS	VENDOR #2	VENDOR #3	
PLYMOUTH	BREEZE	4-DR SEDAN	JAPH41	X	X			
PONTIAC	BONNEVILLE	4-DR SEDAN SSE CMI	Z69V		X	X		
	FIREBIRD	2-DR CONVERTIBLE CMI	S67V		X	X		
	GRAND AM	2-DR COUPE CMI	W37V		X			
		4-DR SEDAN CMI	W69V		X			
	GRAND PRIX	2-DR COUPE GT	P37	X	X	X	X	
		2-DR COUPE GT CMI	P37V		X	X		
		4-DR SE SEDAN 1SG CALIF. V.P.	J69 1SG	X				
		4-DR SEDAN GT	P69	X	X	X	X	
		4-DR SEDAN GT CMI	P69V		X	X		
		4-DR SEDAN SE	J69	X	X	X	X	
		4-DR SEDAN SE CMI	J69V		X	X		
	SUNFIRE	2-DR CONVERTIBLE SE CALIF VALUE	B67V		X			
		2-DR CONVERTIBLE SE CMI	B67T		X	X		
ROLLS ROYCE	BENTLEY	CONTINENTAL T	BENTLEY BCT	X				
	ROLLS-ROYCE	PARK WARD LIMOUSINE	ROLLS RRPWL	X				
PORSCHE	911 CARRERA	2-DR TURBO COUPE S	993780			X		
	BOXTER	2-DR ROADSTER 5-M	986310			X		
		2-DR ROADSTER W/TIPTRONIC	986310			X		
SAAB	9000 SERIES	5-DR CS CAMPAIGN CAR	035	X				
		5-DR SEDAN CS 5-SPD W/SR & PWR SEATS	035MSR			X		
		5-DR SEDAN CS AUTO W/SR & PWR SEATS	035ASR			X		
SATURN	SC1	2-DR COUPE 5-SP	ZZE27	X	X	X	X	
		2-DR COUPE AUTO	ZZF27	X	X	X	X	
	SC2	2-DR COUPE 5-SP	ZZG27	X	X	X	X	
		2-DR COUPE AUTO	ZZH27	X	X	X	X	
SUBARU	IMPREZA	2-DR COUPE BRIGHTON AWD 5-SP	VMA		X			
		2-DR COUPE BRIGHTON AWD AUTO	MB	X	X	X	X	
		2-DR COUPE L AWD 5-SP	VMC		X	X		
		2-DR COUPE L AWD AUTO	VMD		X	X		
		4-DR SEDAN L AWD 5-SP	VJA		X	X		
		4-DR SEDAN L AWD AUTO	VJB		X	X		
		4-DR SPORT WAGON L AWD 5-SP	VLA		X	X		
		4-DR WAGON L AWD AUTO	LB	X	X	X	X	
		4-DR WAGON OUTBACK SPORT AWD 5M	LC	X	X			
		4-DR WAGON OUTBACK SPORT AWD A	LD	X	X			
	LEGACY	4-DR SEDAN GT AWD 5-SP	AD	X	X	X	X	
		4-DR SEDAN GT AWD AUTO	AE	X	X	X	X	
		4-DR SEDAN L AWD 5-SP	VAA		X			
		4-DR SEDAN L AWD AUTO	VAB		X			
		4-DR SEDAN LSI AWD AUTO (TY EQUIP)	VAE		X	X		
		4-DR SEDAN LSI AWD AUTO (TR EQUIP)	VBH		X			
		5-DR WAGON BRIGHTON AWD 5-SP	VBA		X			
		5-DR WAGON BRIGHTON AWD AUTO	VBB		X			
		5-DR WAGON GT AWD 5-SP	BF	X	X	X	X	
		5-DR WAGON GT AWD AUTO	VBG		X	X	X	
		5-DR WAGON L AWD 5-SP	VBC		X			
		5-DR WAGON L AWD AUTO	VBD		X			
		5-DR WAGON OUTBACK AWD 5-SP	VBU		X	X	X	
		5-DR WAGON OUTBACK AWD AUTO	VBV		X			
		5-DR WAGON OUTBACK AWD COLD PKG 5	VBW		X	X	X	
		5-DR WAGON OUTBACK AWD COLD PKG A	VBX		X			
		5-DR WAGON OUTBACK LTD AWD 5M	BY	X	X	X	X	
		5-DR WAGON OUTBACK LTD AWD A	BZ	X	X	X	X	
		5-DR WAGON POSTAL R-H DR AWD A	BJ	X	X	X		
TOYOTA	CAMRY	4-DR SEDAN CE 5-SP	2525	X	X	X	X	
		4-DR SEDAN CE AUTO	2526	X	X	X	X	
		4-DR SEDAN CE V6 5-SP	2527	X	X	X		
		4-DR SEDAN LE AUTO	2532	X	X	X	X	
		4-DR SEDAN LE V6 AUTO	2534	X	X	X	X	
		4-DR SEDAN XLE AUTO	2540	X	X	X	X	
		4-DR SEDAN XLE V6 AUTO	2544	X	X	X	X	
	CELICA	2-DR CONVERT GT LTD ED 5-SP	2187	X	X			
		2-DR CONVERT GT LTD ED AUTO	2186	X	X			



PAGE 5 OF 9		INCLUDED ON NEW ITEMS LIST							
MAKE	MODEL	BODY STYLE	MODEL CODE	SUPER-LIFO™	IRS	VENDOR #2	VENDOR #3		
TOYOTA	CELICA	3-DR LIFTBACK ST LTD ED 5-SP	2169	X	X				
		3-DR LIFTBACK ST LTD ED AUTO	2168	X	X				
	COROLLA	4-DR SEDAN CLASSIC ED 5-SP	1709	X	X	X	X		
		4-DR SEDAN CLASSIC ED AUTO	1708	X	X	X	X		
	PASEO	2-DR CONVERTIBLE 5-SP	1583	X		X	X		
		2-DR CONVERTIBLE AUTO	1584	X		X	X		
	SUPRA	3-DR L/B LTD ED BASE 5-SP	2396				X		
		3-DR L/B LTD ED BASE AUTO	2398				X		
		3-DR L/B LTD ED W/SPORT ROOF 5-SP	2393				X		
		3-DR L/B LTD ED W/SPORT ROOF AUTO	2394				X		
		3-DR L/B SPORT ROOF TURBO 6-SP	2383	X		X	X		
		3-DR L/B LTD ED TURBO AUTO	2387				X		
		TERCEL	2-DR HAWK LTD ED 5-SP	1309	X				
			2-DR HAWK LTD ED AUTO	1310	X				
	2-DR SEDAN CE 5-SP		1307	X	X	X	X		
	2-DR SEDAN CE AUTO		1308	X	X	X	X		
	4-DR SEDAN CE 5-SP		1327	X	X	X	X		
4-DR SEDAN CE AUTO	1328		X	X	X	X			
VOLKSWAGEN	CABRIO	2-DR CONVERTIBLE BASE 5-SP	1E72Q4	X	X	X	X		
		2-DR CONVERTIBLE BASE AUTO	1E72Q3	X	X	X	X		
	GOLF	2-DR CONVERTIBLE HIGHLINE 5-SP	1E73Q4	X	X	X	X		
		2-DR CONVERTIBLE HIGHLINE AUTO	1E73Q3	X	X	X	X		
		4-DR HATCHBACK GL CNYM 5-SP	1H14M4		X	X			
		4-DR HATCHBACK GL CNYM AUTO	1H14M3		X	X			
		4-DR HATCHBACK GL HARLEQUIN AUTO	1H1BQ3	X					
		4-DR HATCHBACK GTI CNYM 5-SP	1H15M4		X	X			
		4-DR HATCHBACK GTI CNYM AUTO	1H15M3		X	X			
		4-DR HATCHBACK K2 5-SP	1H1RQ4	X	X	X	X		
		4-DR HATCHBACK K2 AUTO	1H1RQ3	X	X	X	X		
		4-DR HATCHBACK K2 CNYM 5-SP	1H1RM4	X	X	X	X		
	JETTA	4-DR HATCHBACK K2 CNYM AUTO	1H1RM3	X	X	X	X		
		4-DR HATCHBACK TDI 5-SP	1H1334	X			X		
		4-DR HATCHBACK TDI AUTO	1H1333	X			X		
		4-DR HATCHBACK TDI (CALIF) 5-SP	1H13M4				X		
		4-DR HATCHBACK TDI (CALIF) AUTO	1H13M3				X		
		4-DR SEDAN GL CNYM 5-SP	1H24M4		X	X			
		4-DR SEDAN GL CNYM AUTO	1H24M3		X	X			
		4-DR SEDAN GLS CNYM 5-SP	1H28M4		X	X			
		4-DR SEDAN GLS CNYM AUTO	1H28M3		X	X			
		4-DR SEDAN GT 5-SP	1H2PQ4	X	X	X	X		
		4-DR SEDAN GT AUTO	1H2PQ3	X	X	X	X		
		4-DR SEDAN GT CNYM 5-SP	1H2PM4	X	X	X	X		
		4-DR SEDAN GT CNYM AUTO	1H2PM3	X	X	X	X		
		4-DR SEDAN TDI 5-SP	1H2334	X					
		4-DR SEDAN TDI AUTO	1H2333	X					
		4-DR SEDAN TREK 5-SP	1H2QQ4	X	X				
		4-DR SEDAN TREK AUTO	1H2QQ3	X	X				
		4-DR SEDAN WOLFSBURG 5-SP	1H2WQ4	X	X				
		VOLVO	850 SERIES	4-DR SEDAN GLT AUTO	854GLT	X	X	X	X
				4-DR SEDAN HP TURBO AUTO	854R			X	
				4-DR SEDAN LEVEL III 5-SP	854GTOS		X	X	
4-DR SEDAN LEVEL III AUTO				854GTAS		X	X		
4-DR SEDAN R AUTO				854T5A	X	X		X	
4-DR SEDAN T5 AUTO	854T5			X	X		X		
5-DR WAGON GLT AUTO	855GLT			X	X	X	X		
5-DR WAGON HP TURBO	855R					X			
5-DR WAGON LEVEL III 5-SP	855GTOS				X	X			
5-DR WAGON LEVEL III AUTO	855GTAS				X	X			
5-DR WAGON R AUTO	855T5A			X	X		X		
5-DR WAGON T5 AUTO	855T5			X	X		X		
NEW LIGHT-DUTY TRUCKS									
CHEVROLET/GEO	ASTRO VAN C-K PICKUP			CARGO VAN AWD W/O UPFITTER PKG	CL11005		X		
		2WD C1500 F/S V6 R8L CMI	CC10903 R8L6	X					
		4WD K2500 F/S HD EXT CAB	K20753				X		
	CHEVY VAN	G10 2WD 135 WB W/R9S	CG11405 4R9S	X	X		X		
		G10 2WD 135 WB W/YF7	CG11405 YF7	X	X		X		
		G20 2WD 135 WB W/R9S	CG21405 R9S	X	X		X		

PAGE 6 OF 9		INCLUDED ON NEW ITEMS LIST					
MAKE	MODEL	BODY STYLE	MODEL CODE	SUPER-LIFO™	IRS	VENDOR #2	VENDOR #3
CHEVROLET/GEO	CHEVY VAN	G20 2WD 135 WB W/YF7	CG21405 YF7	X	X		X
		G20 2WD 155 WB W/R9S	CG21705 R9S	X	X		X
		G20 2WD 155 WB W/YF7	CG21705 YF7	X	X		X
		G30 2WD 135 WB W/R9S	CG31405 R9S	X	X		X
		G30 2WD 135 WB W/YF7	CG31405 YF7	X	X	X	X
		G30 2WD 155 WB W/R9S	CG31705 R9S	X	X		X
		G30 2WD 155 WB W/YF7	CG31705 YF7	X	X	X	X
		COMM. CUTAWAY VAN 09,500 LBS.	CG31503 E23	X	X		X
		COMM. CUTAWAY VAN 10,000 LBS.	CG31503 C7A	X	X		X
		COMM. CUTAWAY VAN 10,000 LBS.	CG31803 C7A	X	X		X
	COMMERCIAL CUTAWAY VAN	COMM. CUTAWAY VAN 11,000 LBS.	CG31503 C7E	X	X		X
		COMM. CUTAWAY VAN 11,000 LBS.	CG31803 C7E	X	X		X
		COMM. CUTAWAY VAN 12,000 LBS.	CG31503 C7L	X	X		X
		COMM. CUTAWAY VAN 12,000 LBS.	CG31803 C7L	X	X		X
		COMM. CUTAWAY VAN 12,000 LBS.	CG31903 C7L	X	X		X
		RV CUTAWAY SPECIALTY VAN 139 E23	CG31532		X		X
		RV CUTAWAY SPECIALTY VAN 139 C7G	CG31532		X		X
		RV CUTAWAY SPECIALTY VAN 139 C7N	CG31532		X		X
		RV CUTAWAY SPECIALTY VAN 155 C7G	CG31832		X		X
		RV CUTAWAY SPECIALTY VAN 155 C7N	CG31832		X		X
	EXPRESS	RV CUTAWAY SPECIALTY VAN 177 C7N	CG31932		X		X
		G10 2WD 135 WB	CG11406	X			X
		G20 2WD 135 WB	CG21406	X			X
		G20 2WD EXT 155 WB	CG21706	X			X
		G30 2WD 135 WB	CG31406	X			X
	S10 PICKUP	G30 2WD EXT 155 WB	CG31706	X			X
		2WD F/S EXT CAB 6CYL R8L (CMI)	CS10653 R8L6	X			X
		2WD S/S EXT CAB LS 122 WB	CS10653 SLS	X	X		X
		2WD S/S REG CAB LS 108 WB	CS10603 SLS	X	X		X
		4WD S/S EXT CAB LS 122 WB	CT10653 SLS	X			X
	VENTURE	4WD S/S REG CAB LS 108 WB	CT10603 SLS	X			X
		EXT. CAB 122.9 WB LS V6 (CMI)	CS10653			X	
		3-DR EXT WB	1UM06	X	X	X	X
		3-DR REG WB	1UN06	X	X	X	X
		4-DR EXT WB	1UM16	X	X	X	X
CHRYSLER	TOWN & COUNTRY	4-DR REG WB	1UN16	X			X
		MPV LX AWD	NSCP53	X	X	X	X
		MPV LXI AWD	NSCS53	X	X	X	X
		MPV FWD	NSYP52				X
DODGE	CARAVAN	MPV FWD	NSYP53				X
		GRAND CARAVAN ES AWD	NSDP53 ES	X	X	X	X
	DAKOTA	GRAND CARAVAN LE AWD	NSDP53 LE	X	X	X	X
		GRAND CARAVAN SE AWD	NSDH53 SE	X	X	X	X
		4X2 CLUB CAB 131WB	AN1L31	X	X	X	X
		4X2 REG CAB 112WB	AN1L61	X	X	X	X
		4X2 REG CAB 124WB	AN1L62	X	X	X	X
		4X4 CLUB CAB 131WB	AN5L31	X	X	X	X
FORD	CUTAWAY VAN	4X4 REG CAB 112WB	AN5L61	X	X	X	X
		COMM STRIPPED CHASSIS SRW 124 WB	E29 SRW124	X		X	
		COMM CUTAWAY DRW S.D. 158 WB	E47 DRW158	X			
		COMM CUTAWAY DRW S.D. 176 WB	E47 DRW176	X			
		RV CUTAWAY DRW S.D. 158 WB	E40 DRW158	X			
		RV CUTAWAY DRW S.D. 176 WB	E40 DRW176	X			
	CUTAWAY VAN	E350 STANDARD SRW 138 WB	E30		X	X	
		E350 STANDARD DRW 138 WB	E30		X	X	
		E350 STANDARD SRW 138 WB	E37		X	X	
		E350 STANDARD DRW 138 WB	E37		X	X	
		E350 STANDARD DRW 158 WB	E30		X	X	
		E350 STANDARD DRW 158 WB	E37		X	X	
		E350 STANDARD DRW 176 WB	E30		X	X	
		COMM STRIPPED CHASSIS 138 WB	E39		X	X	
		COMM STRIPPED CHASSIS 158 WB	E39		X	X	
		COMM STRIPPED CHASSIS 176 WB DRW	E39		X	X	
	E SERIES VAN	CLUB WAGON XL REGULAR WAGON	E11		X	X	
		CLUB WAGON XL PLUS REG 138 WB	E11			X	
		CLUB WAGON XLT REGULAR WAGON	E11		X	X	
		CLUB WAGON XL H.D. WAGON	E31		X	X	
		CLUB WAGON XL SUPER WAGON	S31		X	X	
		CLUB WAGON XL PLUS SUPER 138 WB	S31			X	



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MAKE	MODEL	BODY STYLE	MODEL CODE	SUPER-LIFO™	IRS	VENDOR #2	VENDOR #3	
FORD	E SERIES VAN	CLUB WAGON XLT H.D. WAGON	E31		X	X		
		CLUB WAGON XLT SUPER WAGON	S31		X	X		
		E150 CARGO VAN 138 WB	E14			X		
		E250 REGULAR CARGO VAN	E24		X	X		
		E250 SUPER CARGO VAN	S24		X	X		
		E250 H.D. REGULAR CARGO VAN	E24		X	X		
		E250 H.D. SUPER CARGO VAN	S24		X	X		
		E350 CARGO VAN 138 WB	E34			X		
		E350 CARGO VAN SUPER 138 WB	S34			X		
		EXPEDITION	4-DR WAGON EDDIE BAUER 2WD	U17 EB	X	X	X	X
		4-DR WAGON EDDIE BAUER 4WD	U18 EB	X	X	X	X	
		4-DR WAGON XLT 2WD	U17 XLT	X	X	X	X	
		4-DR WAGON XLT 4WD	U18 XLT	X	X	X	X	
	EXPLORER	4-DR 112 WB EDDIE BAUER	U32			X		
		4-DR 112 WB EDDIE BAUER 4WD	U34			X		
		4-DR 112 WB LIMITED	U32			X		
		4-DR 112 WB LIMITED 4WD	U34			X		
		4-DR WAGON EDDIE BAUER AWD	U35 EB	X	X		X	
		4-DR WAGON LTD AWD	U35 LTD	X	X		X	
		4-DR WAGON XLT AWD	U35 XLT	X	X		X	
		F150 PICKUP	44 F150 MODELS, 1997 MODEL ACTUALLY INTRO'D. 11/30/95			X	X	
		F250 PICKUP	4X2 REG CAB S/S LARIAT	F27 LAR	X	X	X	X
			4X2 REG CAB S/S STANDARD	F27 STD	X	X	X	X
	4X2 REG CAB S/S XL		F27 XL	X	X	X	X	
	4X2 REG CAB S/S XLT		F27 XLT	X	X	X	X	
	4X2 SUPERCAB S/S LARIAT		X27 LAR	X	X	X	X	
	4X2 SUPERCAB S/S STANDARD		X27 STD	X	X	X	X	
	4X2 SUPERCAB S/S XL		X27 XL	X	X	X	X	
	4X2 SUPERCAB S/S XLT		X27 XLT	X	X	X	X	
	4X4 REG CAB S/S LARIAT		F28 LAR	X	X	X	X	
	4X4 REG CAB S/S STANDARD		F28 STD	X	X	X	X	
	4X4 REG CAB S/S XL		F28 XL	X	X	X	X	
	4X4 REG CAB S/S XLT		F28 XLT	X	X	X	X	
	4X4 SUPERCAB S/S LARIAT		X28 LAR	X	X	X	X	
	4X4 SUPERCAB S/S STANDARD		X28 STD	X	X	X	X	
	4X4 SUPERCAB S/S XL		X28 XL	X	X	X	X	
	4X4 SUPERCAB S/S XLT		X28 XLT	X	X	X	X	
	F350 PICKUP		4X2 REG CAB S/S DRW 133 WB	F35 D133	X			
	RANGER		REGULAR CAB 4WD XL STYLESIDE 108 WB	R11		X		
			REGULAR CAB 4WD XLT STYLESIDE 108 WB	R11		X		
			REGULAR CAB 4WD XL STYLESIDE 114 WB	R11		X		
		REGULAR CAB 4WD XLT STYLESIDE 114 WB	R11		X			
		WINDSTAR	WAGON LTD	A51				X
		WAGON STD	A51 STD	X	X	X	X	
	GMC TRUCKS	JIMMY SAVANA	SPORT UTILITY 4D SLE 2WD (CMI)	TS10506		X	X	
			1500 CARGO VAN W/STANDARD PKG.	TG11405		X		
			1500 CARGO VAN W/RV CONVERSION PKG	TG11405		X		
			1500 PASSENGER VAN	TG11406		X		
			2500 CARGO VAN 135 WB W/STD PKG.	TG21405		X		
			2500 CARGO VAN 135 WB W/RV CONV PKG	TG21405		X		
			2500 CARGO VAN 155 WB W/STD PKG.	TG21705		X		
			2500 CARGO VAN 155 WB W/RV CONV PKG	TG21705		X		
			2500 PASSENGER VAN 135 WB	TG21406		X		
			2500 PASSENGER VAN 155 WB	TG21706		X		
			3500 CARGO VAN 135 WB	TG31405		X	X	
			3500 CARGO VAN 155 WB	TG31705		X	X	
			3500 PASSENGER VAN 135 WB	TG31406		X		
			3500 PASSENGER VAN 155 WB	TG31706		X		
			CAMPER SPECIALTY VAN 139 WB E23	TG31532		X		
			CAMPER SPECIALTY VAN 139 WB C7G	TG31532		X		
CAMPER SPECIALTY VAN 139 WB C7N			TG31532		X			
CAMPER SPECIALTY VAN 159 WB C7G			TG31832		X			
CAMPER SPECIALTY VAN 159 WB C7N			TG31832		X			
CAMPER SPECIALTY VAN 177 WB			TG31932		X			
SPECIALTY VAN 139 WB E23			TG31503		X			
SPECIALTY VAN 139 WB C7A			TG31503		X			
SPECIALTY VAN 139 WB C7E			TG31503		X			
SPECIALTY VAN 139 WB C7L			TG31503		X			
SPECIALTY VAN 159 WB C7E			TG31803		X			
SPECIALTY VAN 159 WB C7L			TG31803		X			



PAGE 8 OF 9				INCLUDED ON NEW ITEMS LIST				
MAKE	MODEL	BODY STYLE	MODEL CODE	SUPER-LIFO™	IRS	VENDOR #2	VENDOR #3	
GMC TRUCKS	SAVANA	SPECIALTY VAN 177 WB	TG31903		X			
		G3500 CARGO VAN LWB W/YF7	TG31705 YF7	X	X			
		G3500 CARGO VAN SWB W/YF7	TG31405 YF7	X	X			
		G3500 SPECIAL 159 WB	TG31803	X	X			
	SIERRA	1500 WIDESIDE REG CAB 2WD 117.5 WB CMI	TC10703		X			
		1500 WIDESIDE REG CAB 2WD 131.5 WB CMI	TC10903		X			
		2500 WIDESIDE CLUB CAB H.D. 4WD 141 CMI	TK20753		X	X		
	SONOMA SUBURBAN YUKON	WIDESIDE CLUB CAB SLS 2WD CMI	TS10653		X	X		
		1500 2WD WAGON CMI	TC10906		X	X		
		1500 2WD 4D WAGON CMI	TC10706		X	X		
INFINITI	QX4	4-DR LUXURY SUV	7101	X		X	X	
ISUZU	HOMBRE	2WD S REG CAB 5-SP	P15	X	X		X	
		2WD XS REG CAB 5-SP	P25	X	X		X	
		2WD XS SPACECAB 5-SP	P55	X		X	X	
		2WD XS SPACECAB V6 AUTO	P64	X		X	X	
	OASIS	6-PASS WAGON LS	J64	X	X			
		7-PASS WAGON S	J44	X	X			
		7-PASS WAGON S	J54	X	X			
	TROOPER	4-DR SE AUTO	M54 SE	X				
	JEEP	CHEROKEE	4-DR 2WD WAGON CLASSIC	XJTL74 CL	X			
			4-DR 4WD WAGON CLASSIC	XJL74 CL	X			
2-DR 4WD SE			XJL72			X		
2-DR 4WD SPORT			XJL72			X		
2-DR SE			XJTL72			X		
2-DR SPORT			XJTL72			X		
4-DR 4WD COUNTRY			XJL74			X		
4-DR 4WD SE			XJL74			X		
4-DR 4WD SPORT			XJL74			X		
4-DR COUNTRY			XJTL74			X		
4-DR SE			XJTL74			X		
4-DR SE 4WD RH DRIVE			XJL74			X		
4-DR SE RH DRIVE			XJBL74			X		
4-DR SPORT			XJTL74			X		
GRAND CHEROKEE WRANGLER		4-DR SPORT 4WD POLICE PREP PKG.	XJL74			X		
		4-DR SPORT POLICE PREP. PKG.	XJTL74			X		
		4-DR TSI	XJTL74			X		
		4-DR TSI 4WD	XJL74			X		
		WRANGLER SAHARA	TJL77 SA	X	X	X	X	
		WRANGLER SE	TJL77 SE	X	X	X	X	
		WRANGLER SPORT	TJL77 SP	X	X	X	X	
KIA	SPORTAGE	4X2 4-DR DOHC 5-SP	42221	X	X		X	
		4X2 4-DR DOHC AUTO	42222	X	X	X	X	
		4X2 4-DR DOHC EX 5-SP	42241	X	X	X	X	
		4X2 4-DR DOHC EX AUTO	42242	X	X	X	X	
LAND ROVER/ RANGE ROVER	DEFENDER 90	2-DR HARDTOP	SLNZ HT (SALD)	X	X	X	X	
		2-DR SOFTTOP	SLNZ ST (SALD)	X	X	X	X	
LEXUS	LX 450	LUXURY SPORT UTILITY AUTO	9600	X	X			
		LUXURY SPORT UTILITY AUTO CA/NY	9610	X	X	X		
MAZDA	MPV	MPV ES WAGON 2WD	MP2ES				X	
		MPV ES WAGON 4WD	MPXES				X	
		MPV LX WAGON 2WD	MP2LX				X	
		MPV LX WAGON 4WD	MPXLX				X	
MAZDA	PICKUP	4X2 B4000 CAB PLUS SE 5-SP	B40CSEM	X	X	X	X	
		4X2 B4000 CAB PLUS SE AUTO	B40CSE2A		X	X	X	
		4X4 B4000 CAB PLUS 5-SP	B4XCBSM	X	X	X	X	
		4X4 B4000 REG CAB 5-SP	B4XSBSM	X	X	X	X	
MERCEDES-BENZ	GELAEDEWAGEN	G320 4WD WAGON 3D SWB	463		X			
		G320 4WD CABRIOLET 3D SWB	463		X			
MERCURY	MOUNTAINEER	4-DR 2WD WAGON	U52	X	X	X	X	
		4-DR AWD WAGON	U55	X	X	X	X	



PAGE 9 OF 9		INCLUDED ON NEW ITEMS LIST					
MAKE	MODEL	BODY STYLE	MODEL CODE	SUPER-LIFO™	IRS	VENDOR #2	VENDOR #3
MITSUBISHI	MONTERO	4-DR 2WD LS AUTO	MP45-N			X	
		4-DR 2WD SPORT LS AUTO	MT45-P AUTO	X	X	X	X
		4-DR 4WD SPORT LS 5-SP	MT45-R 5-SP	X	X	X	X
		4-DR 4WD SPORT LS AUTO	MT45-R AUTO	X	X	X	X
		4-DR 4WD SPORT LSX AUTO	MT45-W				X
		4-DR 4WD SPORT XLS AUTO	MT45-X AUTO	X	X	X	
NISSAN	4X2 PICKUP	KING CAB SE 5-SP	5325	X	X		X
		KING CAB SE AUTO	5321	X	X		X
		KING CAB XE 5-SP	5355	X			
		KING CAB XE AUTO	5351	X			
		REG CAB XE 5-SP	3355	X			
		REG CAB XE AUTO	3351	X			
	4X4 PICKUP	STANDARD 5-SP	3305	X			
		KING CAB SE 5-SP	5335	X	X		X
		KING CAB XE 5-SP	5375	X			
		REG CAB XE 5-SP	3375	X			
		4-DR 4X2 LE AUTO	0931	X	X		X
		4-DR 4X2 LE AUTO	1931	X	X		X
	PATHFINDER	4-DR 4X2 XE 5-SP	0925	X	X		X
		4-DR 4X2 XE AUTO	0921	X	X		X
		4-DR 4X4 LE AUTO	0981	X	X		X
		4-DR 4X4 LE AUTO	1981	X	X		X
		4-DR 4X4 SE 5-SP	0975	X	X		X
		4-DR 4X4 SE AUTO	0971	X	X		X
		4-DR 4X4 XE 5-SP	0965	X	X		X
		4-DR 4X4 XE AUTO	0961	X	X		X
OLDSMOBILE	BRAVADA SILHOUETTE	4-DR SPORT UTILITY REGIONAL CWOI	V06 R7A-R	X		X	
		3-DR MINIVAN BASE EXT WB	M06U R7B	X	X	X	X
		3-DR MINIVAN BASE REG WB	N06U R7A	X	X	X	X
		3-DR MINIVAN GL EXT WB	M06U R7C	X	X	X	X
		3-DR MINIVAN GLS EXT WB	M06U R7E	X	X	X	X
		4-DR MINIVAN GL EXT WB	M16U R7D	X	X	X	X
		4-DR MINIVAN GLS EXT WB	M16U R7F	X	X	X	X
PONTIAC	TRANS SPORT	3-DR MINIVAN SE EXT WB	M06	X	X	X	X
		3-DR MINIVAN SE EXT WB CWOI	M06 1SG	X			
		3-DR MINIVAN SE REG WB	N06	X	X	X	X
		3-DR MINIVAN SE REG WB CWOI	N06 1SG	X	X	X	
		3-DR MINIVAN SE REG WB N/A FOR 97 MY	2UN06			X	
		4-DR MINIVAN SE EXT WB	M16	X	X	X	X
		4-DR MINIVAN SE EXT WB CWOI	M16 1SG	X	X	X	
		4-DR MINIVAN SE EXT WB N/A FOR 97 MY	2UM16			X	
		5-DR MINIVAN SE EXT WB N/A FOR 97 MY	2UM16			X	
SUZUKI	SIDEKICK	4D 4WD HARDTOP SPORT JX 5-SP	LRL77CV		X		X
		4D 4WD HARDTOP SPORT AUTO	LRL78CV		X		X
	X90	2D 2WD 5-SP	LCC664V		X		X
		2-DR 2WD AUTO	LCC694	X	X	X	X
		2D 4WD 5-SP	LAC664V		X		X
		2D 4WD AUTO	LAC694V		X		X
TOYOTA	4RUNNER	2WD 4-DR SR5 V6 AUTO	8642	X	X		X
		2WD 4-DR SR5 V6 LTD AUTO	8648	X	X	X	X
		2WD 4-DR BASE 4CYL 5-SP	8641	X	X		X
		2WD 4-DR BASE 4CYL AUTO	8640	X	X		X
		4WD 4-DR BASE 4CYL 5-SP	8657	X	X		X
		4WD 4-DR BASE 4CYL AUTO	8658	X	X		X
		4WD 4-DR SR5 V6 5-SP	8665	X	X		X
		4WD 4-DR SR5 V6 AUTO	8664	X	X		X
		4WD 4-DR SR5 V6 LTD AUTO	8668	X	X		X
	RAV4	2WD 2-DR 5-SP	4413	X	X		
		2WD 2-DR AUTO	4412	X	X		
		2WD 4-DR 5-SP	4417	X	X		
		2WD 4-DR AUTO	4416	X	X		
		4WD 2-DR 5-SP	4423	X	X		
		4WD 4-DR 5-SP	4427	X	X		
		4WD 4-DR AUTO	4426	X	X		
	TACOMA	2WD REG CAB 5-SP	7103	X	X		
		2WD REG CAB AUTO	7104	X	X		
VOLKSWAGEN	EUROVAN CAMPER	CONVERSION-READY VAN					
		2-SEAT AUTO	7DW1L3	X			



LIFO Update

before year-end acquires another franchise and corresponding inventory to make up for the earlier disposition? If that dealer is using the Alternative LIFO Method, that dealer should avoid recapture of the LIFO reserves since under that Method dealers are required to put all new autos (including demos)—regardless of manufacturer—into a single dollar-value LIFO pool. Similar treatment is mandated for the light-duty trucks of all manufacturers.

It appears the IRS has identified an issue regarding "separate trades or businesses" in connection with inventory dispositions and replacements, including situations resulting from Project 2000 reshuffling. Does the disposition of one manufacturer's inventory collapse all of the existing layers related to that inventory to zero ... and prevent the replacement of that inventory by another manufacturer's inventory before year-end? Does the replacement inventory create only new increment layers in the current year? If the answers are yes, this would seem to require separate LIFO calculations (or pro-rations?) by manufacturer even though under the Alternative LIFO Method all manufacturers are supposedly to be combined within the same LIFO pools. This is an emerging issue.

(Continued from page 2)

#9. DEALERS "GOING PUBLIC" AND LIFO. Some dealerships going public are giving up their LIFO elections unstintingly in order to grab the handle of higher earnings per share. Others, not quite so fast ... yet. In any event, some of the financial statements of dealerships that have gone public show LIFO ... others don't.

For those who are staying on LIFO, or are even contemplating going public, care should be taken in the LIFO-related disclosures made in prospectuses and year-end financial statements.

#10. DEALERS LOOKING FOR MORE INVENTORY: DON'T FORGET VEHICLES IN TRANSIT.

Vehicles in transit from the Factory at year-end are usually FOB destination. Accordingly, they should be included in the dealer's inventory at year-end even though they are not received, nor possibly invoiced, until the following year.

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