



Internal Revenue Service

DEPARTMENT OF THE TREASURY

LB&I Concept Unit

| | | |
|-------------------------|---------------------------------------|------------------------------|
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| Chapter | Producers |

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General Overview

Modified Simplified Production Method

Beginning in 2019, certain larger producers that want to include negative adjustments in the simplified production method (SPM) absorption ratio must change to the new modified simplified production method (MSPM). While the SPM uses a single factor to allocate costs, the MSPM uses a two-factor approach: a pre-production ratio, and a production ratio. This practice unit explains the changes in the final IRC 263A Treasury Regulations (Treas. Reg.), which are effective November 20, 2018, regarding the modified simplified production method (MSPM).

The MSPM applies to taxable years beginning on or after November 20, 2018. For any taxable year that both begins before November 20, 2018, and ends after November 20, 2018, the IRS will not challenge a return position that applies all of the paragraphs in Treas. Regs. 1.263A-1(d)(2) and (3) and 1.263A-2(c). See Treas. Regs. 1.263A-1(l)(5) and 1.263A-2(g)(3).

Taxpayers listed below may include negative adjustments in additional section 263A costs to remove the taxpayer's section 471 costs:

- A taxpayer using the simplified production method (SPM) under Treas. Reg. 1.263A-2(b), if the taxpayer's average annual gross receipts for the three previous taxable years do not exceed \$50,000,000; or
- A taxpayer using the MSPM in Treas. Reg. 1.263A-2(c); or
- A taxpayer using the simplified resale method (SRM) under IRC 1.263A-3(d).

A taxpayer using the MSPM must separate its section 471 costs and additional section 263A costs, including negative adjustments, between pre-production costs and production costs.

Detailed Explanation of the Concept

Modified Simplified Production Method

| Analysis | Resources |
|---|--|
| <p><u>Modified Simplified Production Method</u></p> <p>Under the modified simplified production method (MSPM) additional section 263A costs are allocable to eligible property as follows:</p> <ul style="list-style-type: none">▪ Pre-production absorption ratio times pre-production section 471 costs remaining on hand at year end, plus▪ Production absorption ratio times production section 471 costs remaining on hand at year end. <p>The sum is added to the taxpayer's ending section 471 costs to determine the total IRC 263A costs.</p> <p><u>The Pre-production Absorption Ratio</u></p> <p>The MSPM computes the pre-production absorption ratio as follows:</p> <ul style="list-style-type: none">▪ Pre-production additional section 263A costs, divided by▪ Pre-production section 471 costs. | <ul style="list-style-type: none">▪ IRC 263A▪ IRC 471▪ Treas. Reg 1.263A-2(c)(1) |

Detailed Explanation of the Concept (cont'd)

| Modified Simplified Production Method | |
|--|---|
| Analysis | Resources |
| <p><u>Pre-production Additional Section 263A Costs</u></p> <p>Costs, other than interest, that are pre-production costs as defined in Treas. Reg. 1.263A-1(a)(3)(ii), that the taxpayer did not include in its section 471 costs, but that the taxpayer is required to capitalize under IRC 263A include:</p> <ul style="list-style-type: none"> ▪ Capitalizable mixed service costs (MSC) the taxpayer incurs during the taxable year that are allocable to pre-production additional section 263A costs, plus ▪ Additional section 263A costs the taxpayer incurs during the taxable year that are allocable to property it acquired for resale; and ▪ Additional section 263A costs that the taxpayer incurs during the taxable year that are allocable to property produced for the taxpayer under a contract with another party that is treated as property produced by the taxpayer. <p><u>Pre-production Section 471 Costs</u></p> <p>Costs such as:</p> <ul style="list-style-type: none"> ▪ Direct material costs a taxpayer incurs during its current taxable year, plus ▪ Section 471 costs the taxpayer incurs during the taxable year for property it acquired, plus ▪ Property the taxpayer acquires for resale that another party produced for the taxpayer under a contract. | <ul style="list-style-type: none"> ▪ IRC 263A ▪ IRC. 471 ▪ Treas. Reg 1.263A-1(a)(3)(ii) ▪ Treas. Reg 1.263A-2(c)(3)(ii)(B) |

Detailed Explanation of the Concept (cont'd)

| Modified Simplified Production Method | |
|--|--|
| Analysis | Resources |
| <p><u>Direct Materials Costs</u></p> <p>Direct materials costs include the:</p> <ul style="list-style-type: none">▪ Cost of materials that become an integral part of specific property the taxpayer produced, and▪ Cost of materials that the taxpayer consumed in the ordinary course of production that the taxpayer can identify or associate with particular units or groups of units of property it produced, and▪ Cost of property that another party produces for the taxpayer under a contract that the taxpayer will use as direct materials in an additional production process. <p><u>Pre-production Section 471 Costs Remaining on Hand at Year End</u></p> <p>Costs the taxpayer incurs during its current taxable year that are on hand at year end, excluding the section 471 costs that are direct material costs that have entered or completed production at year end (for example, direct material costs in ending work-in-process inventory and ending finished goods inventory).</p> | <ul style="list-style-type: none">▪ IRC. 471▪ Treas. Reg 1.263A-2(c)(3)(ii)(A)▪ Treas. Reg 1.263A-2(c)(3)(ii)(C) |

Detailed Explanation of the Concept (cont'd)

| Modified Simplified Production Method | |
|--|---|
| Analysis | Resources |
| <p><u>Production Absorption Ratio</u></p> <p>Under the MSPM, the production absorption ratio is determined as follows:</p> <ul style="list-style-type: none">▪ Production additional section 263A costs plus residual pre-production additional section 263A costs, divided by▪ Production section 471 costs plus direct material adjustment. <p><u>Production Additional Section 263A Costs</u></p> <p>Additional section 263A costs incurred during the taxable year that are not pre-production additional section 263A costs. These include capitalizable mixed service costs.</p> <p>Production additional section 263A costs include post-production costs, other than post-production costs included in section 471 costs for example, storage and handling.</p> | <ul style="list-style-type: none">▪ IRC 263A▪ IRC 471▪ Treas. Reg 1.263A-2(c)(3)(ii)(D) |

Detailed Explanation of the Concept (cont'd)

| Modified Simplified Production Method | |
|--|---|
| Analysis | Resources |
| <p><u>Residual Pre-production Additional Section 263A Costs</u></p> <p>Pre-production additional section 263A costs that a taxpayer incurs during its current taxable year, less pre-production additional section 263A costs in ending inventory (the product of the pre-production absorption ratio and the pre-production section 471 costs remaining on hand at year end.)</p> <p><u>Production Section 471 Costs</u></p> <p>Section 471 costs that a taxpayer incurs during its current taxable year, less pre-production section 471 costs that a taxpayer incurs during its current taxable year.</p> <p><u>Direct Materials Adjustment</u></p> <p>Section 471 costs that are</p> <ul style="list-style-type: none"> ▪ Direct material costs that had not entered production at the beginning of the current taxable year, plus ▪ The section 471 costs that are direct material costs incurred during the current taxable year (that is, direct material purchases), less ▪ The section 471 costs that are direct material costs that have not entered production at the end of the current taxable year. | <ul style="list-style-type: none"> ▪ IRC 263A ▪ IRC 471 ▪ Treas. Reg 1.263A-2(c)(3)(ii)(D) |

Detailed Explanation of the Concept (cont'd)

| Modified Simplified Production Method | |
|---|--|
| Analysis | Resources |
| <p><u>Production Section 471 Costs Remaining on Hand at Year End</u></p> <p>Section 471 costs that a taxpayer incurs during its current taxable year that remain in its ending inventory or are otherwise on hand at year end, less the pre-production section 471 costs remaining on hand at year end.</p> | <ul style="list-style-type: none">▪ IRC 471▪ Treas. Reg 1.263A-2(c)(3)(ii)(E) |

Detailed Explanation of the Concept (cont'd)

| Modified Simplified Production Method | |
|---|---|
| Analysis | Resources |
| <p><u>Allocable Mixed Service Costs</u></p> <p>In general, the taxpayer using the MSPM must use a reasonable method to allocate costs between production and pre-production additional section 263A costs if it determines its capitalizable MSC using a service cost method.</p> <p>If the taxpayer's service cost method allocates costs to a department or activity that is exclusively identified as production or pre-production, it must allocate those costs to production or preproduction additional section 263A costs, respectively.</p> <p>If a taxpayer using the MSPM determines its capitalizable MSC using the simplified service cost method, the amount of capitalizable MSC allocated to preproduction additional section 263A costs in the absorption ratio is determined based on either of the following:</p> <ul style="list-style-type: none">▪ The proportion of direct material costs to total section 471 costs that a taxpayer incurs during its current taxable year, or▪ The proportion of pre-production labor costs to total labor costs that a taxpayer incurs during its current taxable year. | <ul style="list-style-type: none">▪ IRC 263A▪ IRC 471▪ Treas. Reg 1.263A-2(c)(3)(iii) |

Detailed Explanation of the Concept (cont'd)

| Modified Simplified Production Method | |
|--|---|
| Analysis | Resources |
| <p><u>Allocable Mixed Service Costs (cont'd)</u></p> <p>The taxpayer must include the capitalizable MSC that are not allocated to pre-production additional section 263A costs into production additional section 263A costs in the production absorption ratio.</p> <p>A taxpayer that allocates capitalizable MSC based on labor must exclude mixed service labor costs from both pre-production labor costs and total labor costs.</p> <p><u>De minimis Rule.</u></p> <p>If 90 percent or more of a taxpayer's capitalizable MSC are allocable to pre-production additional section 263A costs or production additional section 263A costs, the taxpayer may elect to allocate 100 percent of its capitalizable MSC to that amount.</p> <p>For example, if 90 percent of capitalizable MSC are allocable to production additional section 263A costs, then the taxpayer may allocate 100 percent of capitalizable MSC production additional section 263A costs.</p> | <ul style="list-style-type: none">▪ IRC 263A▪ IRC 471▪ Treas. Reg 1.263A-2(c)(3)(iii) |

Detailed Explanation of the Concept (cont'd)

| Modified Simplified Production Method | |
|--|---|
| Analysis | Resources |
| <p><u>Change in Accounting Method</u></p> <p>The following are changes in a method of accounting:</p> <ul style="list-style-type: none">▪ Election to use the MSPM▪ Changing the allocation of MSC including using the de minimis rule <p>You can find additional information on Voluntary Change in Method (Taxpayer-Initiated) issues in the Servicewide Virtual Library by going to the Examination floor, then the Corporate/Business Issues & Credits Knowledge Base (KB), and selecting the Change in Methods book on the Methods of Accounting and Timing shelf.</p> | <ul style="list-style-type: none">▪ Corporate/Business Issues & Credits KB, Change in Methods Book, Ch. 1 - <i>Accounting Method Basics</i>▪ Corporate/Business Issues & Credits KB, Change in Methods Book, Ch. 4 - <i>Voluntary Change in Method (Taxpayer-Initiated)</i>▪ Corporate/Business Issues & Credits KB, Change in Methods Book, Ch. 6 - <i>IRC 481(a) Adjustments & Computations</i> |

Examples of the Concept

Modified Simplified Production Method

Examples

Example 1 - FIFO Inventory Method

Taxpayer P uses the First In-First Out (FIFO) method of accounting for inventories valued at cost.

P's beginning inventory for 2018 (all of which is sold during 2018) is \$2,500,000, consisting of:

- \$500,000 of pre-production section 471 costs (including \$400,000 of direct material costs and \$100,000 of property acquired for resale),
- \$1,500,000 of production section 471 costs, and
- \$500,000 of additional section 263A costs.

During 2018, P incurs:

- \$2,500,000 of pre-production section 471 costs (including \$1,900,000 of direct material costs and \$600,000 of property acquired for resale),
- \$7,500,000 of production section 471 costs,
- \$200,000 of pre-production additional section 263A costs, and
- \$800,000 of production additional section 263A costs.

P's additional section 263A costs include capitalizable MSC under the simplified service cost method.

P's pre-production and production section 471 costs remaining in ending inventory at the end of 2018 are:

- \$1,000,000 pre-production costs (\$800,000 of direct material costs and \$200,000 of property acquired for resale), and
- \$2,000,000 production costs.

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 1 - FIFO Inventory Method (cont'd)

P computes its pre-production absorption ratio for 2018 as follows:

Pre-production Additional Section 263A Costs

Pre-production section 471 costs

$$\frac{\$ 200,000}{\$2,500,000} = 8.00\%$$

P's residual pre-production additional section 263A costs for 2018 are \$120,000 are calculated as follows:

- \$200,000 of pre-production additional section 263A costs, less
- \$80,000 (8% pre-production absorption ratio X \$1,000,000 of pre-production section 471 costs remaining on hand at year end)

P's direct materials adjustment for 2018 is \$1,500,000

- \$400,000 of direct material costs in beginning raw materials inventory, plus
- \$1,900,000 of direct material costs incurred to acquire raw materials during the taxable year, less
- \$800,000 direct material costs in ending raw materials inventory).

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 1 - FIFO Inventory Method (cont'd)

P computes its production absorption ratio for 2018 as follows:

Production Additional Section 263A Costs + Residual Pre-production Additional IRC 263A Costs
Production Section 471 Costs + Direct Materials Adjustment

$$\frac{(\$ 800,000 + 120,000)}{(\$7,500,000 + 1,500,000)} = 10.22\%$$

Under the modified simplified production method (MSPM), P determines the additional section 263A costs allocable to its ending inventory by multiplying the preproduction absorption ratio by the pre-production section 471 costs remaining on hand at year end, and the production absorption ratio by the production section 471 costs remaining on hand at year end, as follows:

$$\text{Additional Section 263A Costs} = (8\% \times \$1,000,000) + (10.22\% \times \$2,000,000) = \$284,400$$

P adds this \$284,400 to the \$3,000,000 of section 471 costs remaining on hand at year end to calculate its total ending inventory of \$3,284,400.

The balance of P's additional section 263A costs incurred during 2018, \$715,600 (\$1,000,000 less \$284,400), is part of P's 2018 cost of goods sold.

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 1 - FIFO Inventory Method (cont'd)

P's computation is summarized in the following table:

| <u>Item Description</u> | <u>Reference</u> | <u>Amount</u> |
|--|-------------------|---------------|
| Beginning Inventory: | | |
| Direct material costs | a | \$ 400,000 |
| Property acquired for resale | b | 100,000 |
| Pre-production section 471 costs | c = a + b | 500,000 |
| Production section 471 costs | d | 1,500,000 |
| Additional section 263A costs | e | 500,000 |
| Total | f = c + d + e | 2,500,000 |
| Incurred During 2018: | | |
| Direct material costs | g | 1,900,000 |
| Property acquired for resale | h | 600,000 |
| Pre-production section 471 costs | i = g + h | 2,500,000 |
| Production section 471 costs | j | 7,500,000 |
| Pre-production additional section 263A costs | k | 200,000 |
| Production additional section 263A costs | l | 800,000 |
| Total | m = i + j + k + l | 11,000,000 |

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 1 - FIFO Inventory Method (cont'd)

| <u>Item Description</u> | <u>Reference</u> | <u>Amount</u> |
|---|------------------|---------------|
| Ending Inventory: | | |
| Direct material costs | n | 800,000 |
| Property acquired for resale | o | 200,000 |
| Pre-production section 471 costs | $p = n + o$ | 1,000,000 |
| Production section 471 costs | q | 2,000,000 |
| section 471 costs | $r = p + q$ | 3,000,000 |
| Additional section 263A costs allocable to ending inventory | $s = v + z$ | 284,400 |
| Total | $t = r + s$ | 3,284,400 |

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 1 - FIFO Inventory Method (cont'd)

| <u>Item Description</u> | <u>Reference</u> | <u>Amount</u> |
|--|-------------------------|---------------|
| <u>MSPM:</u> | | |
| Pre-production additional IRC 263A Costs | k | 200,000 |
| Pre-production section 471 costs | l | 2,500,000 |
| Pre-production absorption ratio | $u = k / l$ | 8.00% |
| Pre-production section 471 costs remaining on hand at year end | p | 1,000,000 |
| Pre-production additional IRC 263A costs allocable to ending inventory | $v = u * p$ | 80,000 |
| Production additional section 263A costs | l | 800,000 |
| Residual pre-production additional IRC 263A costs | $w = k - (u * p)$ | 120,000 |
| Production section 471 costs | j | 7,500,000 |
| Direct materials adjustment | $x = a + g - n$ | 1,500,000 |
| Production absorption ratio | $y = (l + w) / (j + x)$ | 10.22% |
| Production section 471 costs remaining on hand at year end | q | 2,000,000 |
| Production additional section 263A costs allocable to ending inventory | $z = y * q$ | 204,400 |

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 1 - FIFO Inventory Method (cont'd)

| <u>Item Description</u> | <u>Reference</u> | <u>Amount</u> |
|--|------------------|---------------|
| <u>Summary:</u> | | |
| Pre-production additional IRC 263A costs allocable to ending inventory | v | 80,000 |
| Production additional section 263A costs allocable to ending inventory | z | 204,400 |
| Additional section 263A costs allocable to ending inventory | s | 284,400 |
| Section 471 costs | r | 3,000,000 |
| Total Ending Inventory | t | 3,284,400 |

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 2 - FIFO Inventory Method with Alternative Method to Determine Amounts of Section 471 Costs

The facts are the same as in Example 1, except that P uses the alternative method to determine amounts of section 471 costs by using financial statement amounts rather than tax amounts.

In 2018, P's production section 471 costs exclude \$40,000 of tax depreciation in excess of financial statement depreciation and include \$50,000 of financial statement direct labor in excess of tax direct labor. These are P's only differences in its book and tax amounts.

The positive \$40,000 depreciation adjustment and the negative \$50,000 direct labor adjustment must be included in additional section 263A costs.

Accordingly, P's production additional section 263A costs are \$790,000 calculated as follows:

- \$800,000 Production additional 263A cost, plus
- \$40,000 depreciation adjustment, less
- \$50,000 direct labor adjustment.

P computes its production absorption ratio for 2018 as follows:

Production Additional Section 263A Costs + Residual Pre-production Additional IRC 263A Costs
Production Section 471 Costs + Direct Materials Adjustment

$$\frac{(\$ 790,000 + 120,000)}{(\$7,500,000 + 1,500,000)} = 10.11\%$$

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 2 - FIFO Inventory Method with Alternative Method to Determine Amounts of Section 471 Costs (cont'd)

Under the MSPM, P determines the additional section 263A costs allocable to its ending inventory by multiplying the preproduction absorption ratio by the pre-production section 471 costs remaining on hand at year end and the production absorption ratio by the production section 471 costs remaining on hand at year end, as follows:

$$\text{Additional section 263A costs} = (8.00\% \times \$1,000,000) + (10.11\% \times \$2,000,000) = \$282,200$$

P adds this \$282,200 to the \$3,000,000 of section 471 costs remaining on hand at year end to calculate its total ending inventory of \$3,282,200.

The balance of P's additional section 263A costs incurred during 2018, \$717,800 (\$1,000,000 less \$282,200), is included in P's 2018 cost of goods sold.

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 3 - LIFO Inventory Method

The facts are the same as in Example 1, except that P uses a dollar-value Last In-First Out (LIFO) inventory method rather than the FIFO method. P's 2018 LIFO increment is \$1,500,000.

To determine the additional section 263A costs allocable to its ending inventory, P multiplies the combined absorption ratio by the \$1,500,000 of LIFO increment.

The combined absorption ratio is 9.48%:

- \$284,400 additional section 263A costs allocable to ending inventory, determined on a non-LIFO basis, divided by
- \$3,000,000 of section 471 costs on hand at year end, determined on a non-LIFO basis.

Thus, P's additional section 263A costs allocable to its ending inventory are \$142,200, computed by multiplying \$1,500,000 by 9.48%.

This \$142,200 is added to the \$1,500,000 to determine a total 2018 LIFO increment of \$1,642,200.

The balance of P's additional section 263A costs incurred during 2018, \$857,800 (\$1,000,000 less \$142,200), is part of P's 2018 cost of goods sold.

In 2019, P sells one-half of the inventory in its 2018 increment. P must include in its cost of goods sold for 2019 the amount of additional section 263A costs relating to this inventory, \$71,100 (one-half of the \$142,200 additional section 263A costs capitalized in 2018 ending inventory).

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 4 - Direct Materials-based Allocation of Mixed Service Costs

Taxpayer R computes its capitalizable MSC using the simplified service cost method.

During 2018, R incurs \$200,000 of capitalizable MSC, computed using the simplified service cost method.

During 2018, R also incurs \$8,000,000 of total section 471 costs, including \$2,000,000 of direct material costs.

R determines its capitalizable MSC allocable to pre-production additional section 263A costs based on the proportion of direct material costs in total section 471 costs.

R's direct material costs are 25% of total section 471 costs computed as follows:

- \$2,000,000 of direct material costs incurred during the year divided by
- \$8,000,000 of total section 471 costs incurred during the year.

Thus, R allocates \$50,000 (25% multiplied by \$200,000) of MSC to pre-production additional section 263A costs.

R includes the remaining \$150,000 (\$200,000 less \$50,000) of capitalizable MSC as production additional section 263A costs.

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 5 - Labor-based Allocation of Mixed Service Costs

Taxpayer S computes its capitalizable MSC using the simplified service cost method.

During 2018, S incurs \$200,000 of capitalizable MSC, computed using the general allocation formula in simplified service cost method.

During 2018, S also incurs \$10,000,000 of total labor costs (excluding any labor costs included in MSC), including \$1,000,000 of labor costs that are pre-production (excluding any labor costs included in MSC).

S determines its capitalizable MSC allocable to pre-production additional section 263A costs based on the proportion of labor costs that are preproduction costs in labor costs.

S's pre-production labor costs are 10% of labor costs computed as follows:

- \$1,000,000 of labor costs incurred during the year that are pre-production costs (excluding any labor costs included in MSC), divided by
- \$10,000,000 of total labor costs incurred during the year (excluding any labor costs included in MSC).

Thus, S allocates \$20,000 (10% multiplied by \$200,000) of MSC to pre-production additional section 263A costs.

S includes the remaining \$180,000 (\$200,000 less \$20,000) of capitalizable MSC as production additional section 263A costs.

Examples of the Concept (cont'd)

Modified Simplified Production Method

Examples

Example 6 - De minimis Rule for Allocation of Mixed Service Costs

The facts are the same as in Example 5 except that S uses the de minimis rule for MSC.

Because 90% or more of S's capitalizable MSC are allocated to production additional section 263A costs, under the de minimis rule, S allocates all \$200,000 of capitalizable MSC to production additional section 263A costs.

None of the capitalizable MSC are allocated to pre-production additional section 263A costs.

Index of Referenced Resources

Modified Simplified Production Method

IRC 263A

IRC 471

Treas. Reg 1.263A-1(a)(3)(ii)

Treas. Reg 1.263A-2(c)(1)

Treas. Reg 1.263A-2(c)(3)(ii)(A)

Treas. Reg 1.263A-2(c)(3)(ii)(B)

Treas. Reg 1.263A-2(c)(3)(ii)(C)

Treas. Reg 1.263A-2(c)(3)(ii)(D)

Treas. Reg 1.263A-2(c)(3)(ii)(E)

Treas. Reg 1.263A-2(c)(3)(iii)

Corporate/Business Issues & Credits KB, Change in Methods Book, Ch. 1 - *Accounting Method Basics*

Corporate/Business Issues & Credits KB, Change in Methods Book, Ch. 4 - *Voluntary Change in Method (Taxpayer-Initiated)*

Corporate/Business Issues & Credits KB, Change in Methods Book, Ch. 6 - *IRC 481(a) Adjustments & Computations*

Training and Additional Resources

| Modified Simplified Production Method | |
|---------------------------------------|--------------------|
| Type of Resource | Description(s) |
| | None at this time. |

Glossary of Terms and Acronyms

| Term/Acronym | Definition |
|--------------|---------------------------------------|
| FIFO | First In-First Out |
| IRC | Internal Revenue Code |
| KB | Knowledge Base |
| LIFO | Last In-First Out |
| MSC | Mixed Service Costs |
| MSPM | Modified Simplified Production Method |
| SPM | Simplified Production Method |
| SRM | Simplified Resale Method |
| Treas. Reg. | Treasury Regulation |

Index of Related Practice Units

| Associated UIL(s) | Related Practice Unit |
|-------------------|-----------------------|
| | None at this time. |