

2003 COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2003 COVERED COMPENSATION TABLE II
1961	2028	82,692
1962	2029	83,448
1963	2030	84,180
1964	2031	84,876
1965	2032	85,500
1966	2033	86,028
1967	2034	86,436
1968	2035	86,748
1969	2036	86,940
1970 or later	2037	87,000

2003 ROUNDED COVERED COMPENSATION TABLE

YEAR OF BIRTH	COVERED COMPENSATION
1937	39,000
1938–1939	45,000
1940	48,000
1941	51,000
1942–1943	54,000
1944	57,000
1945–1946	60,000
1947	63,000
1948–1949	66,000
1950–1951	69,000
1952–1953	72,000
1954	75,000
1955–1957	78,000
1958–1960	81,000
1961–1964	84,000
1965 and later	87,000

The principal author of this revenue ruling is Todd Newman of Employee Plans Customer Education and Outreach of the Tax Exempt and Government Entities Division. For further information regarding this revenue ruling, please contact the Employee Plans taxpayer assistance telephone service at 1-877-829-5500, between the hours of 8:00 a.m. and 6:30 p.m. Eastern time, Monday through Friday (a toll-free number). Mr. Newman's number is (202) 283-9702 (not a toll-free number).

**Section 404.—Deduction for Contributions of an Employer to an Employees' Trust or Annuity Plan and Compensation Under a Deferred-Payment Plan**

**Deductibility; timing.** This ruling modifies Rev. Rul. 2002-46 to provide that the scope limitations imposed by Rev. Proc. 2002-9 (providing for automatic consent to change a method of accounting) are waived for taxpayers who wish to change their method of accounting to comply with the holding of Rev. Rul. 2002-46. This ap-

plies only for the taxpayers' first taxable year ending on or after October 16, 2002, effective on that date.

**Rev. Rul. 2002-73**

Rev. Rul. 2002-46, 2002-29 I.R.B. 117, holds that grace period contributions to a qualified cash or deferred arrangement within the meaning of § 401(k) of the Internal Revenue Code or to a defined contribution plan as matching contributions within the meaning of § 401(m) are not deductible by the employer for a taxable year

if the contributions are attributable to compensation earned by plan participants after the end of that taxable year.

Rev. Rul. 2002-46 modifies Rev. Proc. 2002-9, 2002-3 I.R.B. 327 (as modified and amplified by Rev. Proc. 2002-19, 2002-13 I.R.B. 696, modified and clarified by Announcement 2002-17, 2002-8 I.R.B. 561, and amplified, clarified, and modified by Rev. Proc. 2002-54, 2002-35 I.R.B. 432) to add to the Appendix of Rev. Proc. 2002-9 a change in method of accounting to conform to the holding of Rev. Rul. 2002-46. Thus, taxpayers wishing to change to a method consistent with Rev. Rul. 2002-46 must apply for automatic approval under Rev. Proc. 2002-9. Rev. Rul. 2002-46 provides that the scope limitations in section 4.02 of Rev. Proc. 2002-9 do not apply to a change to a method consistent with Rev. Rul. 2002-46, unless the taxpayer's method of accounting is an issue under consideration for a taxable year under examination within the meaning of section 3.09(1) of Rev. Proc. 2002-9 when the Form 3115, *Application to Change a Method of Accounting*, is filed with the national office.

Upon further consideration, the Internal Revenue Service has determined that it is appropriate to waive the scope limitations of section 4.02 for this change only for a limited period of time. Accordingly, the APPLICATION section of Rev. Rul. 2002-46 is modified to read as follows:

#### APPLICATION

A change in a taxpayer's treatment of contributions to a method consistent with this revenue ruling is a change in method of accounting to which §§ 446 and 481 apply. A taxpayer that wants to change its treatment of contributions to a method consistent with this revenue ruling must follow the automatic change in method of accounting provisions in Rev. Proc. 2002-9, 2002-3 I.R.B. 327 (as modified and amplified by Rev. Proc. 2002-19, 2002-13 I.R.B. 696, modified and clarified by Announcement 2002-17, 2002-8 I.R.B. 561, and amplified, clarified, and modified by Rev. Proc. 2002-54, 2002-35 I.R.B. 432), with the following modifications:

(1) The scope limitations in section 4.02 of Rev. Proc. 2002-9 do not apply to a tax-

payer that wants to make the change for its first taxable year ending on or after October 16, 2002, provided the taxpayer's method of accounting for contributions addressed in this revenue ruling is not an issue under consideration for taxable years under examination, within the meaning of section 3.09(1) of Rev. Proc. 2002-9, at the time the Form 3115 is filed with the national office;

(2) To assist the Service in processing changes in method of accounting under this revenue ruling, and to ensure proper handling, section 6.02(4)(a) of Rev. Proc. 2002-9 is modified to require that a Form 3115 filed under this revenue ruling include the statement: "Automatic Change Filed Under Rev. Rul. 2002-46." This statement should be legibly printed or typed on the appropriate line on any Form 3115 filed under this revenue ruling."

#### EFFECTIVE DATE

This modification is effective October 16, 2002.

#### EFFECT ON OTHER DOCUMENTS

Rev. Rul. 2002-46 is modified. Rev. Proc. 2002-9 is modified and amplified.

#### DRAFTING INFORMATION

The principal author of this revenue ruling is Grant D. Anderson of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Mr. Anderson at (202) 622-4970 (not a toll-free call). For information regarding any other aspect of Rev. Rul. 2002-46, contact the Employee Plans taxpayer assistance telephone service at 1-877-829-5500 (a toll-free number) between the hours of 8:00 a.m. and 4:00 p.m., Eastern Time, Monday through Friday.

### Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2002. See Rev. Rul. 2002-74, page 814.

### Section 467.—Certain Payments for the Use of Property or Services

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2002. See Rev. Rul. 2002-74, page 814.

### Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2002. See Rev. Rul. 2002-74, page 814.

### Section 472.—Last-in, First-out Inventories

26 CFR 1.472-1: Last-in, first-out inventories.

**LIFO; price indexes; department stores.** The September 2002 Bureau of Labor Statistics price indexes are accepted for use by department stores employing the retail inventory and last-in, first-out inventory methods for valuing inventories for tax years ended on, or with reference to, September 30, 2002.

#### Rev. Rul. 2002-77

The following Department Store Inventory Price Indexes for September 2002 were issued by the Bureau of Labor Statistics. The indexes are accepted by the Internal Revenue Service, under § 1.472-1(k) of the Income Tax Regulations and Rev. Proc. 86-46, 1986-2 C.B. 739, for appropriate application to inventories of department stores employing the retail inventory and last-in, first-out inventory methods for tax years ended on, or with reference to September 30, 2002.

The Department Store Inventory Price Indexes are prepared on a national basis and include (a) 23 major groups of departments, (b) three special combinations of the major groups — soft goods, durable goods, and miscellaneous goods, and (c) a store total, which covers all departments, including some not listed separately, except for the following: candy, food, liquor, tobacco, and contract departments.