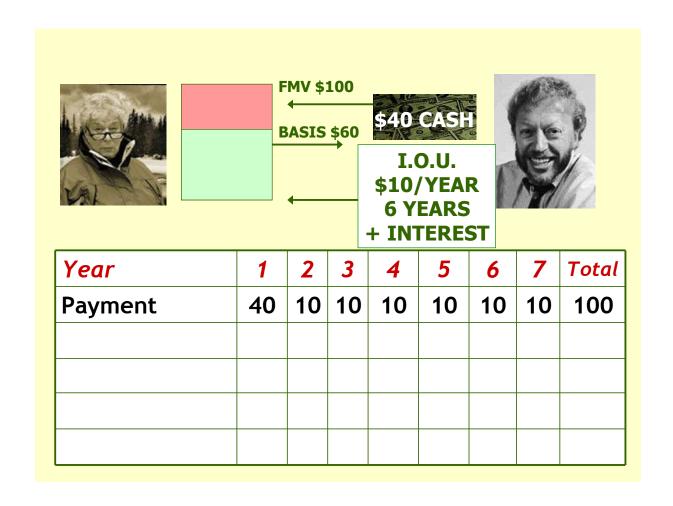
## **Installment Sales**



## **IRC§453**

## Gross Profit Ratio: Payment × (Gross Profit / Total Contract Price) = Gain

- Default rule
  - Election *out* under Section 453(d)
  - Usual result of election = "closed transaction"
  - "Open transaction" rare
- Dealers ineligible
- Sales of publicly traded stock ineligible
  - Closed accrual for all taxpayers!
- Section 453A interest charge on deferred tax for large transactions
- Section 453B disposition of note triggers deferred gain