

IRC § 453

Gross Profit Ratio:

$$\text{Payment} \times (\text{Gross Profit} / \text{Total Contract Price}) = \text{Gain}$$

- Default rule – election *out* under Section 453(d)
- 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