

IRC § 453

Gross Profit Ratio:

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

- Default rule - election *out* under Section 453(d)
 - Usual result = “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