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Great News from the IRS for Dealers on LIFO **Register for our 2-Hr. Audio Seminar April 24 ... www.krm.com/LIFO**

Late Friday afternoon, on March 7, the IRS quite unexpectedly gave many dealers on LIFO a huge tax break. Although Revenue Procedure 2008-23 probably couldn't come at a worse time ... when we're all up to our eyeballs trying to meet a zillion deadlines ... the news is so good that the opportunity to use it for 2007 should not be overlooked, dismissed or ignored as coming a little too late to do something about it.

Right now ... there are only three things you need to know.

- ***First ... Don't file the 2007 tax returns yet ...*** For your dealers on LIFO, just make sure that they do not file their 2007 (corporate) income tax returns until you've determined whether the new single-pool LIFO election should be made for 2007.

If the dealership's tax return has been filed, your goose is cooked. You won't be able to go back to do this for 2007 if that tax return has already been filed.

- ***Second ... April 24 Audio Seminar ...*** You're invited to obtain all the information you need to know by participating in an interactive, two hour, Audio Seminar that I will be presenting on April 24, 2008 ... just register by going to www.krm.com/LIFO.

We're deliberately waiting until after April 15th, when your schedule hopefully will be a little less hectic. But, if you've already grasped the most important point ... not to file the 2007 tax return until after you check this out ... then, you can afford to wait for this seminar. As usual, this will be interactive with a Question & Answer format.

- ***Third ... Full coverage, expert analysis is coming in the next issue of the LIFO Lookout.*** I've moved up the timetable for getting the 1st Quarter 2008 *LIFO Lookout* in your hands. This issue will thoroughly analyze Rev. Proc. 2008-23 for you. If you are a subscriber to the *LIFO Lookout*, this information should be in your hands very soon. But, please be patient as it will take me a little time to put all this information together for you.

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What You Can Expect ... 2 Hours of CPE ...

In-Depth, Technical Discussions including

- A full analysis of this new “Vehicle-Pool Method,” including emphasis on its advantages and how dealerships can obtain them.
- A discussion of the technical requirements to be considered in order to obtain the “treasure” buried in Rev. Proc. 2008-23. There is some “work” to using this new method, as this involves the combining of LIFO pools and the rebasing of indexes.
- A walk-through of the procedures, including filing Form 3115 and Form 970, to properly make the change.
- An understanding of the consequences if the dealership does not elect to change to the “Vehicle-Pool Method.”
- Coverage of the special tax issues that arise in applying the “Vehicle-Pool Method” to used vehicle inventories (if they are on LIFO).

Practical Insights & “How to” Guidance

- The benefit of my experience in analyzing the impact of the alternatives and procedures with many of our dealerships on LIFO and their CPAs. Almost every situation will be different ... it’s not safe to generalize from one situation to another.
- Valuable *Practice Guides* that show and tell you exactly how I have approached this development with my clients. These *Practice Guides* and sample computations will save you many hours of “reinventing the wheel.”

Just a Little Background ... The IRS has said in Revenue Procedure 2008-23 that it will now allow automobile dealerships on LIFO to combine all of their new vehicles into one single pool. After 35 years, we’re back to where we started from (and I’ve experienced it from start to finish).

The IRS will allow all new automobiles (including demonstrators) and all new light-duty trucks (including demonstrators) - as well as crossovers, hybrids and SUVs - to be lumped together in a single, combined pool under the new “Vehicle-Pool Method.” For dealerships using LIFO to value their used vehicle inventories, the benefit of a single, overall used vehicle pool starting in 2007 is also available.

The bottom line is that a dealership can elect to combine its two new vehicle LIFO pools for calendar year 2007 ... or, its two used vehicle LIFO pools ... simply by filing Form 3115 for an automatic change in (LIFO) accounting method. There is a lot of back-story to this, but we’ll skip it for now and simply attach IR 2008-36.

If you have any questions in the meantime, just give me a call.

Just remember that *this cannot be done for 2007 on an amended return*. So, hold off filing those 2007 corporate returns until you’ve had a chance to analyze this new development or let me do it personally for you on ***April 24, 2008 in my 2-hour audio seminar***.

April 24, 2008 ... Registration via ... www.krm.com/LIFO

Sincerely,

Willard J. De Filippis, CPA