



De Filippis'

DEALER TAX WATCH



A Quarterly Update of Essential Tax Information

IRS Audit Issues, Rulings & Tax Cases

of Special Interest to

Buy-Here, Pay-Here Dealers

*A Compilation of Selected Articles, Analyses, Checklists & Other Materials**

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* A list for all articles appearing in the *Dealer Tax Watch* from June 1994 through December 2005 can be found at www.defilipps.com.

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DEALER TAX WATCH



A Quarterly Update of Essential Tax Information

This volume is a compilation of articles and other materials of special interest to Buy-Here, Pay-Here dealers and to CPAs preparing their tax returns and assisting in other business matters.

These articles and the materials have appeared in the *Dealer Tax Watch* over the period from June of 1994 through March of 2006. They are listed in the Index for this book showing the issue of the *Dealer Tax Watch* in which they appeared. This may help you, in some cases, to see more readily the timeline associated with the IRS' attention to these matters. For example, by looking at the Index of articles under "Sale of BHPH Customer Notes to Unrelated Loan Servicing Companies," you can see that the last time the IRS addressed this issue in any substantive way was in the year 2001 ... some 5 years ago.

In several instances, only the most recent article on a particular topic or issue has been included in this compilation. That is because earlier articles or discussions of that same topic have been incorporated into the more recent *DTW* discussion/article. For example, when the IRS got all excited about the possibility that a dealer's Producer Owned Reinsurance Company (PORC) might be interpreted as a "listed transaction," there was a lot of coverage in the *DTW* on IRS Notice 2002-70, which first announced this possibility. Ultimately, in 2004, the IRS basically said, "No problem, here," and it issued Notice 2004-65, giving the "all clear." In this compilation, we have included only a brief write-up of Notice 2004-65, and dispensed with all prior articles that had been written about Notice 2002-70 and its dreadful implications.

In a similar vein, the *Dealer Tax Watch* has contained many articles on the subject of technician tool plan arrangements. Given the possibility that few buy-here, pay-here dealerships have arrangements of this nature in place, we've included in this compilation only one article on the most recent IRS pronouncement on tool reimbursement plans (Revenue Ruling 2005-52).

Whether or not earlier articles or coverage in the *DTW* of any topic would be either redundant or useful in this compilation, is, of course, a purely subjective decision.

A complete listing of all articles that have appeared in the *Dealer Tax Watch* since June 1994 can be found on our web site (www.defilippis.com).

We hope that these articles and materials will be useful to you and welcome any and all comments and suggestions.

Willard J. De Filippis, CPA
May, 2006

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