



# DEALER TAX WATCH

## DEALER TAX WATCH OUT

If you had called me personally to ask, "What's happening lately with IRS audits of dealers and dealerships that I need to know about?" ... Here's what I'd say:

**#1. CASH TRANSACTION REPORTING & FORM 8300 FILING RESPONSIBILITIES.** The focus of this issue of the *DTW* is on cash transaction reporting and Form 8300 filing responsibilities. This focus is timely for a few reasons. **First**, at every conference and seminar, representatives of the IRS and CPA speakers continue to emphasize the importance of this subject. **Second**, the recent *Tysinger* case, discussed below, provides many lessons that are worth (re)examining while shining a bright spotlight on penalty provisions that apply when Forms 8300 are not filed.

**Third**, as a speaker on this subject at the May conference of the National Alliance of Buy-Here, Pay-Here Dealers, it became very apparent to me that the responsibilities that buy-here, pay-here dealers have for cash reporting and Form 8300 filing are significantly underemphasized and less than fully understood by many.

Our coverage of this topic includes a closer look at four critical Code Sections ... 6050I, 6721, 6722 and 6724. In addition, as discussed below, we've analyzed the *Tysinger* case and reviewed what we believe are several significant problem areas in cash reporting for buy-here, pay-here dealers.

**#2. DEALERSHIP WIGGLES OUT OF FORM 8300 PENALTIES ... TYSINGER MOTOR CO. v. U.S.**

In the recent case of *Tysinger Motor Company Inc.*, the dealership, over the course of two years, sold more than 3,000 vehicles. However, in the midst of all of this activity, it failed to file Forms 8300 in four of eight reportable transaction situations.

These failures occurred despite *Tysinger's* efforts to design and implement a system that would ensure the filing of Forms 8300 whenever they were required. Ironically, the system that had been set up to prevent overlooking Form 8300 filings had been

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developed as a result of failures found in prior IRS compliance audits in this regard.

**Three strikes and you're out ... Or, maybe you're not.** The IRS assessed the highest penalties possible against *Tysinger* for its third-time-around behavior. The IRS said that *Tysinger* had "intentionally disregarded" the requirements for filing Forms 8300. Penalties assessed ... \$105,000. Penalties paid ... \$105,000. *Tysinger's* claim for refund ... \$100,000. Refund awarded to *Tysinger* by District Court ... \$100,000. Read all about it starting on page 10.

### LOOKING FOR ADDITIONAL & "VALUE ADDED" SERVICES FOR DEALER CLIENTS?

Look no further... Just use the *Dealer Tax Watch* for a head start in golden consulting opportunities and activities to help dealer clients—and, in the process, to help yourself.

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