



## 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. PRIMARY FOCUS ... ELECTRONIC RECORDKEEPING REQUIREMENTS.** Our primary focus in this issue is on Revenue Procedure 98-25 and the steps taken by ADP to provide a compliance solution for its dealers. Rev. Proc. 98-25 contains the IRS' electronic recordkeeping requirements (ERR) for most auto dealerships.

We have reported the repeated expressions of concern by the IRS over the lack of compliance by the auto dealer industry, in general, with these requirements.

On page 3 of our last issue of the *DTW*, we reported that ADP had satisfied these requirements, and this issue describes the process by which ADP accomplished this result. We have included other background information so that you will be able to consider whether, or to what extent, your dealer clients might have any exposure in this area.

For their cooperation in our interviews to bring you this coverage, we are indebted to Mr. Steve Hanusa of ADP and to Mr. Ron Barker, the Controller of the dealership at which ADP's software enhancements were successfully field tested.

**#2. 2007 NADA DEALERSHIP CONVENTION.** In this issue, you'll also find a summary of the 3 days I spent at the NADA Convention in Las Vegas in February.

Again, one of the highlights was the opportunity to attend a seminar given by attorneys Richard Sox and Shawn Mercer in which they discussed emerging legal issues impacting automobile dealerships.

A summary of their discussion of issues that have been added since our previous article appears on pages 4-5.

**#3. INDEX OF DTW ARTICLES THROUGH DEC. 31, 2006.** We have updated and expanded our *Index* of all articles appearing in the *Dealer Tax Watch* from our first issue, June 1994, through December, 2006.

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This *Index of Articles* is available for your review on our web site, [www.defilippis.com](http://www.defilippis.com). You can print the *Index* out on your own or, if you prefer, contact us for a printed copy.

This *Index of Articles* is divided into ten sections which list all articles by key topic or subject. It also includes *Finding Lists* for all tax cases, Revenue Rulings and Procedures, Letter Rulings (including TAMs), IRS Coordinated Issue Papers, Field Service Advice Memos, Motor Vehicle Technical Advisor *Automotive Alerts*, and *Practice Guides*.

Welcome to our 14<sup>th</sup> year of publication. ❄

## 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.