



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. INDEX OF DTW ARTICLES THROUGH

DEC. 2002 IS NOW AVAILABLE.

We have updated and expanded our previous index of all articles appearing in the *Dealer Tax Watch* from our first issue, June, 1994, through December, 2002.

This *Index of Articles* has eight sections. In addition to listing all articles by subject, there are *Finding Lists* for all tax cases, IRS Coordinated Issue Papers, Field Service Advice Memoranda, Letter Rulings (including TAMs), Revenue Rulings, Revenue Procedures and the *Practice Guides* included with various articles. In this revision, we have also added (1) Bibliographies and Lists of Further Suggested References that appeared with various articles and (2) a Contributing Authors List.

You can view and print the entire *Index of Articles* on our web site, www.defilippis.com. A limited number of printed copies is available upon request.

#2. PORCs ... STILL SIZZLING. We received a lot of positive feedback on our coverage of IRS Notice 2002-70 in our last issue. Several readers expressed their appreciation for the disclosure statement pro forma, especially after the message sunk in that dealer PORCs really are under the IRS' magnifying glass.

You may have noticed the article on this subject in the March 31 issue of the *Automotive News* in which it is estimated that several thousand dealers are expected to be affected by the IRS' disclosure requirements. Worse yet, did you see the Feb. 14, 2003 *Wall Street Journal* article on this? What a disaster!

We always encourage input from informed individuals. In this regard, we are pleased to include *An Update on PORCs and IRS Notice 2002-70*, authored by Kevin L. Woodruff, CPA, beginning on page 3.

In his update, Kevin points out that it is the promoters ... almost more than the dealers ... who may

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be at risk in this whole affair. He concludes that because most dealers and tax professionals incorrectly assume that all PORC reinsurance promotions were properly and similarly structured transactions using conventional insurance techniques, it will be the dealers who will have to learn the hard way that this is simply not the case.

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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