



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. WHAT'S NEW? ... THERE'S ALWAYS

SOMETHING. No doubt, we've all been busy during the first quarter with 2003 tax returns for dealers and other clients. Fortunately, during this period, the IRS hasn't been issuing any major Revenue Rulings or Procedures. Nor have the Courts decided any significant dealer-related tax cases.

Since our last issue, the IRS has revised Form 3115 (see Update #4), and it has been busy publicizing its increasingly successful attacks on tax shelter activities, promoters and tax protestors of all off-the-wall persuasions.

For the moment, we're going to give a bit of a rest to our ongoing coverage of PORCs, listed transactions, service technician tool reimbursement plans, and cost accounting for trade discounts (i.e., floorplan assistance payments). We've devoted a lot of space to these topics in our four *DTW* issues last year. That's not to say that there haven't been any developments concerning these dear-to-our-hearts tax issues. It's just that recent developments concerning them have been relatively minor. The Tax Update for Dealers at the NADA Convention (see Update #2) touched on each of these issues, and we plan to catch up on all of these in the near future.

#2. TAX STRATEGIES FOR AUTO DEALERS ...

NADA WORKSHOP PRESENTATION REPORT.

On page 4, you'll find a review of the "Tax Strategies for Dealers" workshop that Bob Zwiers of Crowe Chizek presented at the NADA convention in Las Vegas. His remarks include many ideas that you can use in either reflecting on returns that you've already filed, or that you might apply to tax returns for 2003 on extension that have not yet been prepared.

There are still many opportunities to do some after-the-fact tax planning for 2003 by taking advantage of favorable accounting method changes that do not require advance approval from the IRS. One

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point Mr. Zwiers stressed in his presentation was that dealers could make many of these beneficial changes even if they were hearing about them for the first time at the Convention in January of 2004. Obviously, if a dealer were hearing about these for the first time, he/she might wonder why his/her CPA hadn't brought them up a long time ago.

Dealers' CPAs are well advised to carefully consider and/or study Mr. Zwiers' remarks. Because of his Firm's significant dealership client base and prestige, when he prefaces certain remarks as being indicative of "what we are seeing with some of our dealer clients," or with "what we have been doing with many of our dealer clients," smaller practitioners are getting a window or perspective of the industry that their own practices cannot provide.

If most of his remarks are familiar to you, then you're pretty well up-to-date on what's going on. If

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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