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Cash reporting updated

by Gil Van Over

The cash reporting rule, like the Used Car Rule, has been around for a long time and not all dealers get it right.

The consequences, though, are reported to be increasingly ominous for dealers who do not comply with the letter of the rule. Rumors have it that enforcement actions are getting stronger, more frequent and heavier.

Rumor number one

The first rumor circulating is that the penalty for non-compliance is now starting at $25,000 per transaction. The IRS used to have to find you non-compliant a few times before you hit the $25,000 level, but that grace period has apparently disappeared.

Rumor number two

Even if you submit an 8300 within the required time frame, if you use a previous version, the IRS reportedly will discard the older version and consider the transaction as not having been reported. The current version of the 8300 is dated March 2008. You can get a copy from the IRS website www.irs.gov.

Another to do item

This is one of those items that should be revisited every so often to make sure everyone involved in the transaction understands their responsibility. Here's a sample agenda for an 8300 training session:

- NADA video
- Review rule's requirements
- Penalties for non-compliance
- Understanding cash and cash like items
- Sample scenarios
- Our process to file form within 15 days
- Our process to notify consumer by January 15
- Hand out dealership's policy
- Employees sign acknowledgement letter

Conducting a training session like this will stress the importance of compliance with the cash reporting rule and just may save you some fines down the road.