

# MSP Newsletter

September 2010

## 8300 UPDATE

The IRS continues to conduct Form 8300 audit programs and compliance sweeps in the region. The IRS normally conducts what is called a "compliance audit". Typically, all the retail businesses in a particular area are audited to determine whether or not they are complying with the cash reporting laws. The local IRS office contacts the dealership by phone or letter and requests that it make available certain records - cash receipts, journals, bank deposit slips, and copies of Form 8300 - that have been filed for a particular year.

For purposes of reporting, cash or cash equivalent means (1) United States and foreign currency in excess of \$10,000, and (2) cashier's checks (by whatever name called, including treasurer's check and bank check), bank drafts, traveler's checks or money orders having a face amount of not more than \$10,000. Cashier's checks, bank drafts, traveler's checks or money orders in this category are considered reportable when 2 or more (as well as cash) are presented to a dealership and the total amount exceeds \$10,000. Under the IRS regulations, personal checks, checks drawn on the account of a business, certified personal and business checks, and amounts charged to credit cards are not considered cash.

Dealerships should develop a written policy that explains how cash transactions over \$10,000 will be handled in the dealership. Make sure that all affected employees (salespeople, managers, office staff) are aware of, and fully understand, their responsibilities set out in the policy statement. The policy statement should include a statement instructing salespeople not to discuss the cash reporting law with customers at any time or for any reason. All cash reporting inquiries should be referred to a designated person (i.e., the dealer, the general manager) who fully understands all aspects of the cash reporting laws.

You should always be prepared for some type of cash reporting audit in the future. Fines can reach \$25,000 per violation. Develop policies and procedures that will help your dealership comply with the cash reporting laws and educate your employees as to their responsibilities under the regulations.

*For more information, contact Mironov, Sloan & Parziale for the latest updates covering these audits.*

### Mironov, Sloan & Parziale Dealership Opportunities

Contact us today to schedule or modify one of these opportunities for your organization.

#### EXPENSE CONTROL

**Duration:** 2 to 3 hours

**Content:** Discussion of items on your financial statement that can be reduced through efficiency and economies of scale. We look at 25 areas to examine at your dealership.

**Audience:** Large classroom setting for dealership group meeting or Motor Vehicle Dealer Associations.

#### OFFICE MANAGER ROUNDTABLE

**Duration:** 3 to 4 hours

**Content:** Group meeting (limited to 20 participants) covering current topics and practice of controllers and office managers. Open discussion hosted by office manager consultant.

**Audience:** Quarterly roundtable meeting at MSP.

#### WARRANTY PROCESSING

**Duration:** 2 to 3 hours

**Content:** Seminar on the procedures that should be in place at the dealership. Will cover the seven important steps necessary for warranty claims processing.

**Audience:** Classroom setting for Motor Vehicle Dealer Associations.

#### WARRANTY PROCESSING - EXTENDED

**Duration:** 1 to 2 days

**Content:** On-site look at the procedures that are in place at the dealership. Will review the important steps necessary for warranty claims processing.

**Audience:** Dealerships interested in pre-audit review.

#### OFFICE EFFICIENCY REVIEW

**Duration:** Up to 1 day

**Content:** On-site look at the procedures that are in place in the dealership office. Will review the jobs and tasks of each employee and gage efficiencies.

**Audience:** Dealerships interested in changing or enhancing office capabilities.

#### SERVICE DEPARTMENT OVERVIEW

**Duration:** 2 days (minimum)

**Content:** On-site review of fixed operation practices. Program is called "RESULTS" and is produced for dealerships.

**Audience:** Dealerships interested in enhancing fixed operation results.

*"To actively identify opportunities that help our clients succeed"*



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