



## CASH REPORTING COMPLIANCE REMINDER

To assist dealers in their efforts in complying with the reporting of cash payments in excess of \$10,000, your Association has outlined the highlights of this rule and how it affects our industry, **specifically the year end notification** (see below).

Under Internal Revenue Code §60501, a dealership that receives more than \$10,000 in cash in one transaction (or two or more related transactions) is required to report that fact to the IRS utilizing Form 8300.

### **Year End Notification to Customers Regarding Form 8300**

As the year end is quickly closing, remember the dealership must furnish a single, annual written statement to each “identified person” named on a required Form 8300, notifying them that a filing has been made with the IRS. **The required statement must be provided on or before January 31 of each year.** The statement must contain the following information:

1. The name, telephone number, and address of the person filing the Form 8300;
2. The aggregate amount of the reportable cash in all cash transactions relating to the identified person; and
3. A statement that the information has been reported to the IRS.

Please copy the following sample statement on your dealership letterhead and keep a copy for your records:

*Dear Customer:*

*We are required by the Internal Revenue Service to report transactions involving more than \$10,000 in cash and “cash equivalents” under the provisions of 26 U.S.C. 60501. **(Name, Telephone Number, and Address of the Dealership)** filed a Form 8300 with the IRS on **(Month, Day, Year)** indicating that you provided us **\$(amount)** in connection with the purchase of your **(Year, Make and Model)**. We want you to be aware that we have complied with the federal requirement. Again, we thank you for your patronage.*

*Sincerely,*

*(Dealership)*

## Written Policy Statement and Education

A written policy outlining procedures for reporting cash transactions and education of your current and new employees must be implemented at your dealership. Further, a written policy statement (see below) should be included in your procedures and acknowledged by your employees. All cash reporting inquiries should be referred to a designated person who is fully aware of all aspects of the cash reporting laws. Remember, employees of the dealership should not discuss cash reporting laws with customers and/or structuring payments with customers to avoid cash reporting requirements. Penalties for failure to report a reportable transaction or aiding customers in structuring a deal can be severe, from fines of up to \$25,000 for unintentional failures, to criminal charges for purposeful failure to report.

### SAMPLE DEALERSHIP POLICY STATEMENT ON CASH REPORTING

I, [NAME OF EMPLOYEE] understand that [NAME OF DEALERSHIP] will comply with all cash reporting laws and regulations as required by 26 U.S.C. 60501 and all money laundering statutes as required by 18 U.S.C. 1956.

As a condition of my employment, I agree to abide with all IRS cash reporting regulations and follow all policies and procedures concerning cash reporting and money laundering set up by [NAME OF DEALERSHIP], including the following:

- (1) I will attend all meetings concerning cash reporting education conducted by dealership management. Attendance at these meetings is mandatory.
- (2) I will not discuss cash reporting laws with customers. All customer questions concerning this subject should be referred to the general manager.
- (3) I will never structure payments with a customer in such a way so as to avoid the cash reporting requirements. I understand that structuring transaction may constitute violation of federal law, which could result in a felony conviction.
- (4) I will never take from customer money that I know is derived from illegal activities. I understand that knowingly taking money derived from illegal activities may violate federal money laundering statutes. The policy of this dealership is to never accept any funds derived from illegal activities.
- (5) I understand that violation of these policies and procedures will result in immediate discipline, up to and including discharge, or other appropriate action. Discipline, if any, will be determined on a case-by-case basis, after a review of relevant information.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

By establishing a policy and implementing procedures and training, you can help to ensure that no reportable transactions “slip through the cracks.” A formal policy and evidence of procedures and training efforts can help to avoid fines and penalties.

## **IRS Guides and Tools**

To assist dealers in their efforts in complying with the reporting of cash payments in excess of \$10,000, the IRS Motor Vehicle Technical Advisors (MVTA) has released at the following link [Cash Reporting and Your Dealership: Questions and Answers on Form 8300](#). Although the document is not binding on the IRS, it does provide insight into specific questions and answers regarding cash reporting in the automotive industry.

Further, the IRS has published the Form 8300 as a type-in form, which may be filled out and printed from your computer. To access this form please [click here](#).

Compliance with the cash-reporting rule is part of our GCADA’s Sales Auditing & Legal Education Support Program (S.A.L.E.S). If you have any questions about S.A.L.E.S. please contact Ellen Mastrangelo or Nick Hanna at (440) 746-1500 or by email at [ellen@gcada.org](mailto:ellen@gcada.org) or [nhanna@gcada.org](mailto:nhanna@gcada.org). **This memo and its contents should not be construed as legal advice.**