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Updated Form 8300 and Reporting for Cash Payments Over \$10,000

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The IRS has recently revised its Form 8300, which businesses must file within 15 business days of receiving over \$10,000 in cash from a buyer in a single transaction or related transaction.

Form 8300 is a joint form issued by the IRS and the Financial Crimes Enforcement Network and is used by the government to combat money laundering and to track tax evaders and other criminals.

For all transactions occurring on or after July 1, 2011 in which your dealership receives more than \$10,000, you are required to use the updated Form 8300. [Click here](#) for a copy of the updated Form 8300.

Failure to file Form 8300 can result in severe civil and criminal penalties. If you are a dealer that is still unsure of the cash reporting rules, there is help in the form of a dealer-specific question and answer list for filing Form 8300. The list was compiled by the IRS's Motor Vehicle Technical Advisor Program working with IRS specialists on money laundering. Below are some highlights from that list. The full list can be found on the [IRS's website](#).

Basic Questions

What does "cash" mean for the purposes of Form 8300?

- Cash is money: currency and coins of the United States and any other country.
- Cash is also certain monetary instruments - a cashier's check, bank draft, traveler's check or money order - if it has a face amount of \$10,000 or less and the business receives it in:
 - A designated reporting transaction (generally, a retail sale of a consumer durable, a collectible, or a travel or entertainment activity) or
 - Any transaction in which the recipient knows the payer is trying to avoid the reporting of the transaction on Form 8300.

Is a personal check considered cash for reporting on Form 8300?

No.

Are wire transfers considered cash?

No.

What is a related transaction?

- Transactions between a buyer and a seller that occur within a 24-hour period are related transactions.
- Transactions more than 24 hours apart are related if the recipient of the cash knows, or has reason to know, that each transaction is one of a series of connected transactions.

When is the Form 8300 due?

- Form 8300 is due within 15 days after the date the cash was received.
- If there are subsequent payments that are made with respect to a single transaction (or two or more related transactions), the Form 8300 is due when the total exceeds \$10,000.
- Each time the payments aggregate in excess of \$10,000 the business must file another Form 8300 within 15 days of the payment that causes the additional, previously unreportable payments to total more than \$10,000.

Must a business notify its customer that it has filed a Form 8300 regarding the cash transaction with the customer?

Yes, a business must notify its customer, in writing, by January 31 of the subsequent calendar year.

If the business is unable to obtain the Taxpayer Identification Number of a customer making a cash payment of over \$10,000, should the business file Form 8300 anyway?

Yes, the business should file Form 8300 with a statement explaining why the Taxpayer Identification Number is not included.

Does a dealer need to accumulate individual sales to a customer, or sales to a wholesaler, throughout a 12-month period and report whenever they exceed a cumulative \$10,000?

Each transaction stands on its own. But if the dealership knows that any of the individual purchases are related, a Form 8300 should be filed.

If a customer purchased an item, then eight weeks later the same customer purchased a different item, are these amounts aggregated and reported on the Form 8300?

No, if the two payments are for separate unrelated transactions.

Dealership-Specific Questions

A customer purchased a vehicle for \$9,000 cash. Within the next 12 months, the customer paid the dealership additional cash of \$1,500 for a repair to the vehicle's transmission, accessories and a customized paint job, etc. Should a Form 8300 be filed?

No, unless the dealer knew or had reason to know the sale of the vehicle and the subsequent transactions were a series of connected transactions (for example, if the dealer and the customer agreed, as a condition of the sale of the vehicle, that the customer would be obligated to buy an additional \$1,500 of goods or services).

A customer makes weekly payments in cash to a dealership as a lease payment or loan payment on a vehicle. During a 12-month period, these payments total more than \$10,000. Are these payments considered related transactions and is the dealership required to file a Form 8300?

- Yes, the weekly lease or loan payments constitute payments on the same transaction (the leasing or purchase of the vehicle).
- Accordingly, the dealership is required to file Form 8300 when the total amount exceeds \$10,000.
- Each time the payments aggregate in excess of \$10,000 the dealership must file another Form 8300 within 15 days of the payment that causes the previously unreportable payments to total more than \$10,000

How should a dealership handle a nonresident alien with no SSN?

- Use the IRS Individual Taxpayer Identification Number (ITIN) if the nonresident has one. If there is no ITIN enter (NONE) on Item 6 of Form 8300. Pub 1544 provides a list of exceptions in which a filer is not required to provide a Taxpayer Identification Number of a person who is a nonresident alien individual or a foreign organization.
- You must verify the individual's name and address and insert this information on Item 14 of Form 8300. For nonresident aliens, acceptable documentation would include a passport, alien registration card or other official document.

Do payments in excess of \$10,000 in cash paid to a body shop need to be reported? Do the 8300 filing requirements apply to services as well as goods?

Yes. Cash, in the form of currency, received in excess of \$10,000 must be reported. However, a service is not a consumer durable so the expanded definition of cash does not apply to payments for services. The body shop would file an 8300.

A dealership receives greater than \$10,000 in cash on day one for the sale of a vehicle. On day three, the deal is cancelled due to an inability to finance the deal. The dealership returns the cash. Is a Form 8300 required?

Yes. Once the dealership receives cash exceeding \$10,000, a Form 8300 must be filed.

If a dealership receives a bank check drawn on the funds of the bank (not a personal checking account check...) with the customer's personal account number and customer name on it, is this considered cash or a cash equivalent?

Bank checks (drawn on the bank's account, not the account of the customer) of \$10,000 or less are cash under the expanded definition of cash, unless they are loan proceeds.

What exactly can be said to a customer who inquires about IRS Form 8300 reporting? Some dealers are advised not to refer to IRS Form 8300 reporting in the presence of the customer. In particular, dealers are concerned that advising customers that they need information for an IRS 8300 report could degenerate into a structuring conversation. What if the customer asks what the information is for? Can the dealer volunteer that it is for IRS Form 8300 reporting?

- A customer can be, but is not required to be, told at the time of the transaction about the law requiring the reporting of cash payments over \$10,000 to the IRS and FinCEN.
- What a dealer cannot do is aid a customer in structuring a transaction to prevent a Form 8300 from being filed.
- A dealer who is filing Form 8300 voluntarily because of suspicious activity cannot inform the customer of the filing.

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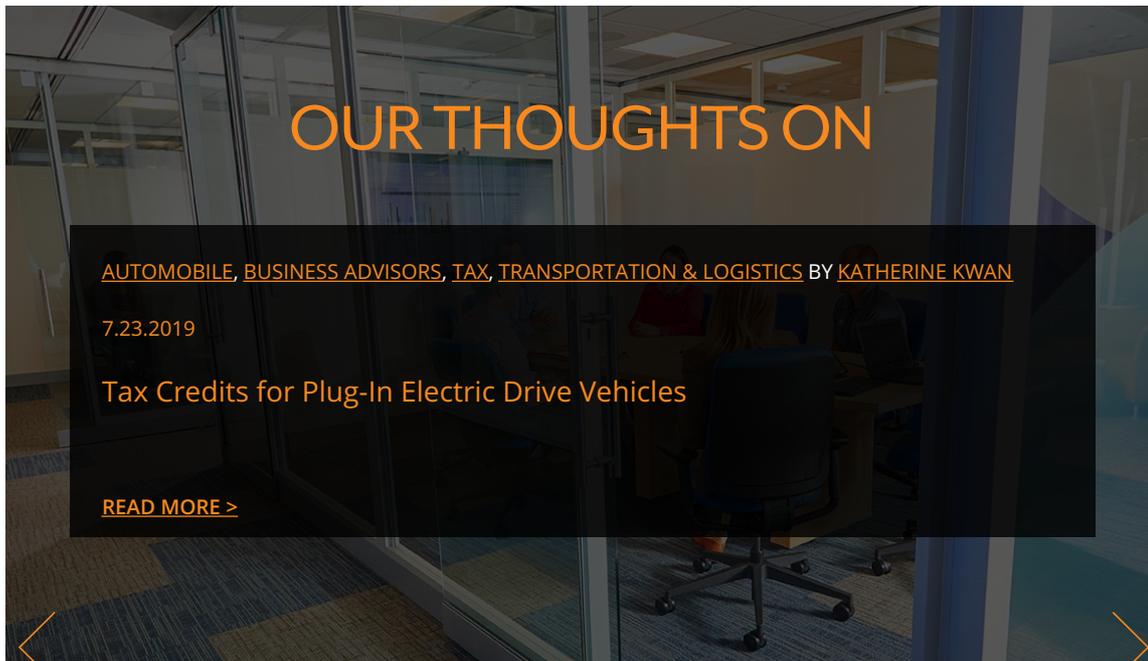


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