



BULLETIN #5/2021

January 13, 2021

COMPLIANCE REMINDER - FORM 8300 TRANSACTIONS

DEALERSHIP LETTERS DUE TO CUSTOMERS BY JANUARY 31, 2021

Summary: *The IRS requires any person who receives more than \$10,000 in cash in a single transaction or a series of related transactions in 2020 while conducting his or her trade to file a Form 8300 with the agency. For every 2020 deal in which you file a Form 8300, you must notify the customer by January 31, 2021, that you filed that form. Additional information is available at www.irs.gov/pub/irs-pdf/f8300.pdf.*

Full Bulletin

The IRS requires any person who receives more than \$10,000 in cash in a single transaction or a series of related transactions while conducting his or her trade to file a Form 8300 with the agency. A business must file the Form 8300 to report cash paid to it if the cash payment is:

- Over \$10,000;
- Received as:
 - One lump sum of over \$10,000, or
 - Two or more related payments that total in excess of \$10,000, or
 - Payments received as part of a single transaction (or two or more related transactions) that cause the total cash received within a 12-month period to total more than \$10,000.
- Received in the course of trade or business;
- Received from the same buyer (or agent); and
- Received in a single transaction or in two or more related transactions.

Under the IRS rules, a business must notify its customers, in writing, by January 31 of the subsequent calendar year that the business has filed a Form 8300 regarding the cash transaction with the customer. (If a letter was sent to the customer at the time of the transaction and the filing of the Form 8300, a second letter is not required.) Neither the code nor the regulations mandate a specific format for the customer letter; the regulations, however, do require the following minimum requirements in the letter:

- The name and address of the dealership and a contact person there submitting the Form 8300;
- The aggregate amount of reportable cash, received by the dealership filing the Form 8300 during the calendar year, in all related cash transactions;
- A statement that the information contained in the letter is being reported to the IRS.

The following is sample wording for the notice:

Dear [customer name],

We are required by the Internal Revenue Service to report all transactions involving more than \$10,000 in cash or monetary instrument (cashier's check, bank draft, travelers check, or money order) as defined in 26 U.S.C. 605(1). We [insert your dealership name] filed Form 8300 with the IRS on [date in 2020] indicating you gave us [amount] in connection with your purchase of a [make, model year, VIN].

**Sincerely,
[dealership name]**

NOTE: The exact wording of this customer notification should be reviewed by your dealership's legal counsel.

Since 2012, as an alternative to filing the paper Form 8300, businesses may file electronically the Form 8300 using FinCEN's Bank Secrecy Act (BSA) Electronic Filing System. E-filing can be done at no charge, and it is a quick and secure way for individuals to file their Form 8300s. Filers receive an electronic acknowledgement of each submission. To receive more information, visit the BSA E-Filing System at <http://bsaefiling.fincen.treas.gov/main.html>.



Additional information regarding the Form 8300 requirements is available at these IRS links:

- <http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Report-of-Cash-Payments-Over-10000-Received-in-a-Trade-or-Business-Motor-Vehicle-Dealership-QAs>
- <http://www.irs.gov/pub/irs-pdf/f8300.pdf>

MSADA - YOUR DEALER ANSWER PLACE

If you have any questions regarding this bulletin, please contact Robert O'Koniewski, Esq., MSADA Executive Vice President, by e-mail at rokoniewski@msada.org, or Peter Brennan, Esq., MSADA staff attorney, by e-mail at pbrennan@msada.org, or either by phone at (617) 451-1051.