

IRS FORM 8300 – CASH REPORTING (\$10,000)

Sales Department and F&I Department

It is primarily the responsibility of the Sales and F&I Departments to comply with the IRS cash reporting requirements. Employees should be familiar with the regulations and should notify the office regarding any possible reportable transactions.

A reportable transaction is defined as “cash” received in excess of \$10,000. Any items of “cash” less than \$10,000 that when added together from the same individual over a 12-month period exceed \$10,000 is also reportable. In addition, if any amount is received in a transaction in which the recipient knows that the intent is to avoid the reporting of the transaction, a Form 8300 needs to be filed.

“Cash” is **defined** as the following:

- U.S. and foreign coin and currency
- Cashier’s check, money order, bank draft or traveler’s check with a face amount of \$10,000 or less (unless it constitutes the proceeds of a bank loan, such as when a lien is involved)

“Cash” **does not include** a check drawn on the payer’s own account (such as a personal check, business check or charge card) regardless of the amount.

Accounting Office

1. Make sure you have sent a notification to each customer regarding a Form 8300 filed with the IRS. This notification to the customer should be mailed to them no later than January 31st for the forms filed in the previous calendar year. We suggest you mail the notification to the customer when you send the Form 8300 to the IRS, instead of waiting until January the following year.
2. The Following are suggested procedures that should be implemented during the year in addition to any current procedures you have in place to better comply with the filing of Form 8300.
 - a. The office employee preparing the dealership’s daily bank deposit should supply the following information to the office manager:
 - i. Copy any bank deposit where the amount of cash (actual cash) equals or exceeds \$1,000 from any one person.
 - ii. Copy any cashier’s checks or money orders that do not have a lien involved when the amount is \$10,000 or less. These items are “cash.”
 - b. Have the office manager perform the following:
 - i. From a.i., research your records for any other recent transactions with this customer that total \$10,000 or more in cash when all of the transactions over a 12-month period are added together. If yes, then file Form 8300.
 - ii. From a.ii., research your records for any other recent transactions with this customer that total \$10,000 or more in cash when all of the transactions over a 12-month period are added together. If yes, then file Form 8300.
3. It is suggested that you might self audit your dealership once a year to verify reasonable procedures are in place to timely file Form 8300. If you find you have not filed the form timely, it is always better to file it late versus not filing it at all.

REMEMBER THE PENALTIES FOR NOT FILEING THIS IRS FORM CAN BE LARGE.