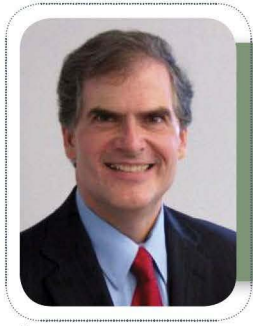


Revisiting the Pesky Form 8300

BY RON REAHARD



The magazine's resident F&I trainer responds to a reader's question about the IRS/FinCEN Form 8300 requirement.

Our question this month comes from Bob in Bartow, Fla., home of the Bartow Civic Plaza Time Capsule. It was buried in 1982 and will be opened in 2082. That'll be a big day in Bartow. Bob asks, "A customer has a cashier's check for \$10,000 even and about \$3,000 in cash. Is a Form 8300 required? There is nothing suspicious about this transaction. I just need to know if the form is required."

First, I am not a lawyer, so the following isn't intended to be legal advice and shouldn't be taken as such. With that said, Form 8300 provides the IRS and the Financial Crimes Enforcement Network (FinCEN) with valuable information to combat money laundering. It also helps law enforcement track criminals by documenting their financial dealings.

This law requires that anyone engaged in a trade or business who — in the course of that trade or business — receives more than \$10,000 in cash in one transaction or in two or more related transactions, must file a Form 8300. More specifically, the requirement comes into play if the amount of cash received in the course of your trade or business is from the same buyer; is more than \$10,000; is received as a single payment; is received as installment payments that cause the total cash collected within 12 months to exceed \$10,000; causes other previously unreported payments received within a 12-month period to total more than \$10,000; or is received in a single transaction or a related transaction.

A transaction could be the sale of a car or repair work in the service department. Additionally, transactions are considered related if they occur within a 24-hour period or in a period of more than 24 hours if the recipient knows, or has reason to know, that each transaction is one of a series of connected transactions.

So, let's say a customer gives you a \$9,000 cash deposit to hold a car for a week. He has a couple of "CDs," or cocaine deposits, coming due. Once the shipment arrives, the customer will bring in two more \$9,000 cash deposits. As far as the IRS is concerned, you just received \$27,000 in cash.

It's also key that you understand the definition of cash. For

the purposes of this law, the term "cash" is defined as U.S. and foreign coin and currency received in any transaction. So euros and pesos count. The law also defines cash as a cashier's check, money order, bank draft, or traveler's check having a face amount of \$10,000 or less, and is received in a designated reporting transaction or in any transaction in which the recipient knows that the instrument is being used in an attempt to avoid the reporting of the transaction.

The law also requires that you report suspicious transactions, including ones where the money received still has a little white powder or it appears the customer is attempting to prevent a Form 8300 from being filed. What you cannot do — or help a customer do — is structure the transaction to avoid the Form 8300 reporting requirement.

So here's the deal: If you get more than \$10,000 in Benjamins from a customer, you have to file the Form 8300. If a customer gives you less than \$10,000 in cash, and/or one or more cashier's checks, bank drafts, traveler's checks, or money orders with a face amount of \$10,000 or less, but the total amount of those instruments exceeds \$10,000, you must file a Form 8300.

Bob, since the cashier's check you received was \$10,000 even, meaning it qualifies as cash, plus you received an additional \$3,000 in actual cash, you received \$13,000 in cash as far as the IRS is

concerned. So, yes, you do need to file a Form 8300. You can download the IRS Form 8300 Reference Guide at irs.gov/pub/irs-pdf/f8300.pdf for future reference.

Thanks for your question, Bob. I hope this will help you stay out of trouble with the IRS. They are some tough dudes. Check out my video response to this question and the amazing Bartow time capsule by going to my So Here's the Deal blog at www.fi-magazine.com. And don't forget to submit your own video for a chance to get your question answered and a free YETI. As always, it's a beautiful day to stay legal! ■

"THE LAW ALSO REQUIRES THAT YOU REPORT SUSPICIOUS TRANSACTIONS, INCLUDING ONES WHERE THE MONEY RECEIVED STILL HAS A LITTLE WHITE POWDER OR IT APPEARS THE CUSTOMER IS ATTEMPTING TO PREVENT A FORM 8300 FROM BEING FILED. WHAT YOU CANNOT DO — OR HELP A CUSTOMER DO — IS STRUCTURE THE TRANSACTION TO AVOID THE FORM 8300 REPORTING REQUIREMENTS."

ABOUT THE AUTHOR

Got a question or objection for Ron? Use your mobile phone to record a brief video (shot landscape style!) of your question and upload it to go-reahard.com/ask-ron/.