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HEADLIGHTS

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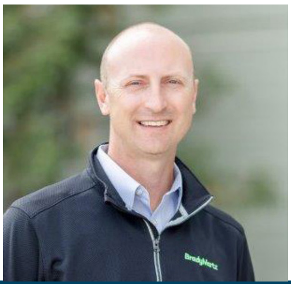
Streamlining Dealership Operations: Leveraging Software to Stay Ahead in the New Year



Justin Burchill,
Brady Martz

As dealerships face mounting pressure to improve efficiency, adapt to customer expectations, and stay competitive, 2025 offers a fresh opportunity to leverage software solutions that streamline operations across all facets of the business.

Here are key ways dealerships can utilize software to stay ahead in the new year:

Enhanced Inventory Management
Keeping track of inventory is a critical challenge for dealerships, particularly those managing large-scale operations with diverse product lines. Advanced dealership management systems (DMS) now integrate real-time inventory tracking, providing complete visibility into available stock, reorder levels, and sales trends.

For automobile dealers, software can ensure popular models are always in stock while identifying slower-moving vehicles. Cloud-based systems also allow teams to access data from anywhere, improving coordination across locations.

Optimized Customer Relationship Management (CRM)
In today's competitive market, building strong relationships with customers is essential. CRM software tailored for dealerships helps manage customer data, track interactions, and personalize communications.

For example, auto dealerships can use CRM tools to send targeted promotions for trade-ins or vehicle upgrades.

Integrating CRM with marketing tools enhances lead generation, customer retention, and sales conversion rates.

Streamlined Service Department Operations
Service departments are vital revenue drivers, but inefficiencies can lead to lost profits and dissatisfied customers. Modern service management software allows dealerships to schedule appointments, track repairs, and provide real-time updates to customers. For example, auto dealers can streamline oil changes and recalls with automated scheduling.

These systems not only boost productivity but also enhance the customer experience, building loyalty and trust.

Data-Driven Decision Making
Dealerships generate massive amounts of data every day. Advanced analytics software turns this data into actionable insights, enabling smarter decision-making. For automobile dealerships, data can reveal which models are selling fastest and which promotions drive the most traffic.

Real-time dashboards ensure dealership managers have access to the latest performance metrics, making it easier to adjust strategies as needed.

Digital Sales and Financing Solutions
More customers are shopping online, even for large purchases like vehicles and equipment. Dealerships that invest in digital sales platforms stand to gain a significant competitive edge.

Online sales tools now integrate with dealership websites, enabling customers to browse inventory, apply for financing, and even complete purchases from their homes. For example, auto dealers can offer virtual test drives and online credit applications.

By simplifying the buying process, dealerships can attract more customers and close deals faster.

Compliance and Security Tools
With evolving regulations and increasing cyber threats, dealerships must prioritize compliance and data security. Specialized software ensures adherence to regulatory requirements and protects sensitive customer and financial data. Auto dealerships can comply with FTC Safeguards Rule updates, ensuring data protection in financing operations.

Investing in compliance software helps avoid costly fines and builds customer confidence in the dealership's operations.

Integrated Accounting and Tax Management
Software that integrates accounting and tax management streamlines back-office operations, helping dealerships maintain financial health.

-Automating payroll, accounts payable, and accounts receivable reduces manual errors.
-Tax management tools ensure dealerships take full advantage of available credits and deductions.
-Reporting features simplify compliance with state and federal tax regulations.

By reducing administrative burdens, dealerships can focus on core operations and strategic growth.

In 2025, dealerships across industries face a rapidly evolving landscape where efficiency and customer satisfaction are paramount. Leveraging software solutions tailored to your dealership's unique needs can streamline operations, improve decision-making, and enhance profitability. To maximize your benefit using these strategies, contact your **AutoCPA Group** member. ¶

Business Ownership Information Reporting, On Again, Off Again, etc.

Greg Porter, Porter & Co.

By now, most business owners have at least heard about Business Ownership information (BOI) reporting. Scammers are already in action urging businesses to use their services to file these reports which would give them a copy of your driver's license (with all your personal information to steal your identity) plus information about the ownership structure of your business, its EIN, and other private information which would allow them to impersonate it. Please be careful not to use someone you don't know and trust to assist with BOI filings should you decide to file.

So what is BOI, does your business need to file, and why should you care?

BOI is a new reporting regime that was created as part of the Corporate Transparency Act. The U.S. Justice Department, U.S. Treasury and other federal agencies wanted this law passed to make their jobs easier in tracking money laundering and other financial criminal activities. The law became effective at the beginning of 2024 for newly created businesses, but the deadline for existing businesses was delayed until the beginning of 2025. Hence the recent flurry of activity.

Under the law, BOI reports are to be filed with FINCEN (the U.S. Treasury Financial Crimes Enforcement Network), which is (as the name implies) the U.S. Treasury department that investigates financial crimes. All businesses registered with a state or tribal agency (i.e. Secretary of State) must file BOI reports. So unless your business is a true proprietorship, general partnership, was created offshore (with no state registration - e.g. certain reinsurance companies) or certain types of trusts that were not created by filing a document with the Secretary of State, your business must file unless it meets one of 23 exceptions. Most corporations, LLCs, etc. likely must file. However, many dealerships will be exempt due to having revenue of more than $5 million and more than 20 employees, which is one of the exceptions to filing. However, the dealership's associated real estate entities, management companies, etc. will still likely be required to file unless they also meet one of the exceptions.

As might be expected, a considerable amount of litigation has been filed in various courts. In December 2024, a judge in Texas ruled that the mandated filing of BOI reports was likely to be unconstitutional and ordered a nationwide stay (hold) on filing BOI reports for all businesses pending a hearing on the case before the court, which is expected in the spring of 2025.

As also might be expected, the Texas judge's ruling was appealed, and two days before Christmas a panel of the U.S. 5th Circuit Court of Appeals overturned the judge's stay, which reinstated BOI filing requirements which were due the following week. The U.S. Treasury then extended the deadline for filing by two additional weeks, but four days after the Appeals panel decision, a different panel of the same Appeals Court reinstated the original Texas judge's order which put the stay (hold) on filing back in place, which is where things stand today. So as of the time of this writing, businesses are NOT required

to file BOI reports pending further rulings by the courts, which are expected.

If BOI reports are eventually required, FINCEN has indicated it will require filing soon thereafter.

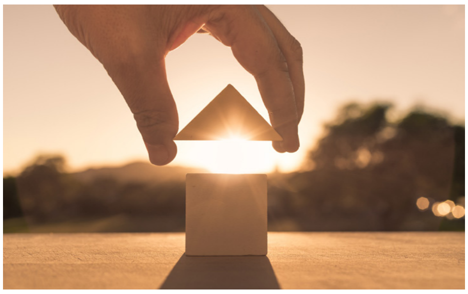
BOI reporting is relatively straightforward for most businesses, and your CPA or attorney can assist with the filings. The BOI website has a list of helpful FAQs, and the application itself can be filed online on the BOI site. FINCEN is currently encouraging voluntary filing of BOI reports, which would eliminate the worry for those concerned about all the current uncertainty which some businesses have chosen to do.

For now though, stay tuned. More rulings are likely on the way soon. Please reach out to an **AutoCPA Group** member with questions concerning your specific circumstances or to learn the most recent information about BOI reporting as the BOI picture continues to focus. ¶

2025 Sunsetting Tax Laws: Key Impacts for Auto Dealers

Carl Jensen, Larson & Co.

As 2025 approaches, we are closely monitoring the potential changes in tax laws that could significantly impact auto dealers' operations, profitability, and tax planning strategies. Several key provisions of the tax code, set to expire or undergo changes by the end of 2025, may have direct implications for auto dealers, particularly those dealing with sales, financing, and vehicle leasing. Understanding these changes is crucial for dealerships to maintain compliance, optimize their tax positions, and plan for the future.



Bonus Depreciation Expiration
One of the most significant tax changes auto dealers will need to address in 2025 is the gradual reduction and eventual expiration of the bonus depreciation provision. Under the current tax law (Tax Cuts and Jobs Act of 2017), businesses, including auto dealerships, are allowed 40% bonus depreciation in 2025, 20% in 2026 and none in 2027 and beyond. An entity is allowed to take bonus depreciation on qualifying assets, even if it creates a loss.

Impact on Auto Dealers: The reduction in bonus depreciation will mean that auto dealers may be limited in expensing the purchase of assets in the year they are acquired. This could lead to higher taxable income and an increased tax burden unless dealers adjust their capital expenditure strategies accordingly.

Section 179 Expensing Limits
While bonus depreciation grabs most of the attention, Section 179 expensing also provides an avenue for businesses to deduct the cost of certain property up to a limit. In 2025, changes to Section 179 are expected that may affect the cap on deductions.

Current Law
-Section 179 allows businesses to expense up to $1.16 million of qualifying equipment, with a phase-out threshold of $2.89 million.
-Unlike bonus depreciation, Section 179 is only allowed if there is taxable profit.

Impact on Auto Dealers: If Section 179 limits change, dealerships may find their ability to deduct the full purchase price of certain assets in the current year restricted. This could result in a reduction in upfront tax savings.

Changes to the Research & Development (R&D) Credit
Auto dealerships that invest in technological upgrades, software systems, or other innovations may be impacted by changes to the R&D tax credit. Currently, businesses can expense qualified R&D costs, including the development of new tools or systems that improve dealership operations, customer service, or vehicle technology. However, the law as it stands suggests the expensing of R&D costs will be phased out after 2025, with companies required to amortize these costs over several years instead of expensing them immediately.

Impact on Auto Dealers: Dealerships that invest heavily in technology upgrades or product development (such as creating custom financing tools or new inventory management systems) may face a delayed return on investment if the R&D credit is no longer available or is amortized over a longer period.

Electric Vehicle (EV) Incentives and Tax Credit Expiration
In recent years, the government has offered a range of incentives to encourage the adoption of electric vehicles (EVs), including tax credits for both consumers and businesses. However, many of these credits are set to expire or undergo significant changes in 2025.

Key Considerations
-The federal tax credit for purchasing new EVs, which has been instrumental in driving consumer demand for electric vehicles, will be subject to income limits and vehicle price caps as part of the Inflation Reduction Act (IRA) provisions.
-Additionally, tax incentives for the development of EV infrastructure (such as charging stations) are also set to expire in 2025.

Impact on Auto Dealers
-As the availability of tax credits for consumers decreases, dealerships that sell EVs may face challenges in maintaining the same level of demand. Without these credits, the upfront cost of EVs could become a significant barrier for potential buyers.
-Auto dealers will also need to adjust their sales and marketing strategies for EVs, which may become less attractive to price-sensitive buyers if incentives expire or are reduced.

State-Specific Changes
While federal tax law changes have a broad impact, individual states may also enact changes that affect auto dealers. For example, some states offer tax credits or incentives for dealerships to upgrade to greener technologies, expand operations, or reduce their carbon footprints. However, some of these state-level incentives may be subject to change as local budgets and priorities shift.

Impact on Auto Dealers
-Dealerships in certain states may need to track the status of state-level credits or incentives to ensure they are taking full advantage of available benefits before expiration.
-In states with a strong emphasis on EV adoption, dealers may need to stay on top of changing requirements related to electric vehicle sales, rebates, and infrastructure investments.

Tax Credits for Dealerships with Employee Benefits
Employers that offer employee benefits, including health insurance and retirement savings plans, may see changes to available tax credits or deductions. Tax laws related to these benefits are constantly evolving, and businesses that do not stay up to date on these regulations may miss out on valuable savings.

Impact on Auto Dealers
-If tax credits related to employee benefits (such as the credit for small businesses offering health insurance) sunset or change, auto dealers may face higher operational costs if they cannot leverage these credits.
-Dealerships with large numbers of employees will need to reassess their benefit offerings to ensure they remain competitive in attracting and retaining talent while maximizing tax savings.

Conclusion
As auto dealers prepare for the sunsetting of key tax provisions in 2025, strategic planning and proactive engagement with tax professionals are essential. The reduction or expiration of bonus depreciation, changes to Section 179 limits, and the evolving landscape of EV incentives present significant challenges. However, with careful planning and knowledge of potential changes, dealerships can continue to thrive and remain competitive in an ever-evolving industry. By keeping an eye on both federal and state-level changes, dealers can make timely adjustments to their operations, financing options, and vehicle offerings, ensuring they are well-positioned for the future. As always, please consult your **AutoCPA Group** member to discuss and strategize in light of the sunsetting provisions. ¶