

“Ca\$hing In On Tax Season NOW!”

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New For 2016 - 2017: The PATH Act

Federal Law Change

**VERY few tax files processed before
February 15th, 2017**

Most refunds delayed by 3-6 weeks

**Customers' only money in January:
Tax Refund Advances**

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A Few Clarifications

Tax Season DID happen!

Tax Season IS still alive & better than ever

**LARGE Tax Refunds have more than
DOUBLED in size since 2003.**

So how can tax season just go away?

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Tax Refund Quiz:

Single Parent

- 2-3 Children
- \$20,000 in reported income
- ZERO Federal Taxes Withheld

How much will the refund be?

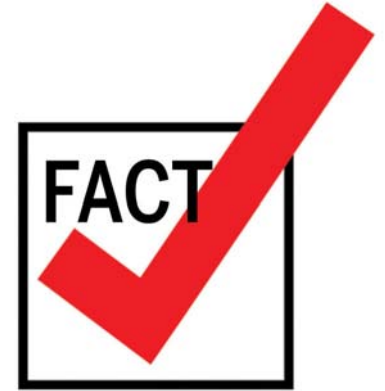
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Tax Refund Quiz:

\$8,388

That's 2% HIGHER than last year!

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Facts About Tax Refunds:

THE FACTS:

- **BHPH customer refunds were UP in 2017**
- **Average BHPH customer refunds with children are OVER \$5,600**

The vast majority of recipients spend nearly all of the refund within 24-48 hours of receiving it

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Facts About Tax Refunds:

- **Most customers 'promise out' their refund in November and December**
- **40% of refunds are over \$6,000**
- **10% of refunds are over \$9,000**

If you aren't ACTIVE during tax season, your customer will spend their money elsewhere!

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The Cold, Hard Facts

You are behind the times if you are using the same strategy as 20, 10, or even 3 years ago

Larger refunds have drawn the larger sharks into the Sub Prime waters



**More Predators
More Competition
New Strategies**



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What can you do about it?

➤ Do Nothing

➤ Adapt to change

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Does this sound familiar?

**How many of you hear this from customers
in December and January?**

“I am waiting for my tax refund”

**Remember: Only 17% of customers that
leave will actually come back**

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The 3 Tax Refund SELLING Seasons

- **January & February – print refunds**
- **October through January – 4th Quarter**
- **All Year – Irregular/Seasonal payments**

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MONETIZING The *SELLING* Seasons

January & February – Traditional Season

- ✓ **Bring your W-2 & Drive Home Today**
- ✓ **Print the check onsite**
- ✓ **Tax Refund Advances!**

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MONETIZING The *SELLING* Seasons

October to February – 4th Quarter Season

- ✓ **Bring your Paystub - Drive Home Today**
- ✓ **Get a down payment now**
- ✓ **Get a seasonal payment in February**

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MONETIZING The *SELLING* Seasons

Irregular Payments – The 12-Month Season

- ✓ **Bring your Paystub - Drive Home Today**
- ✓ **Get a down payment now**
- ✓ **Get a seasonal payment in February**

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MONETIZING The *SELLING* Seasons

Irregular Payments – The 12-Month Season

- ✓ **February Payment is IN the CONTRACT**
- ✓ **Must use an approved DMS provider**
- ✓ **TaxMax.com provides underwriting suggestions and guidance**

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All Year – Irregular/Seasonal Payments

What is that exactly?

Move the car with the NORMAL down payment...

Payments 1 – 17 = \$90

Payment 18 = \$1,200 (accrues interest)

Payments 19 – 70 = \$90

Payment 71 = \$800

Payments 72 – 123 = \$90

Payment 124 = \$600 (If Necessary)

Many loans will be completed BEFORE week 124 (28.6 Months)

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Ideal Irregular Payment & 4th Quarter Customer

You WANT \$1,500 down & the customer HAS \$800

Traditional Option #1 - NO Sale

Traditional Option #2 - Move the car anyway

- Higher payments**
- Longer terms**
- Pick Up Payment**

33% of these deals make their last payment

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Irregular Payment & 4th Quarter Program

The NEW Tax Season Deal:

**You WANT \$1,500 down & the customer HAS \$800
(same dollars as before)**

INSTEAD...

- Take the \$800 Down Now**
- Get \$500 - \$1,000 MORE from the refund**

**Now you are getting up to \$1,800+
vs. settling for \$800**

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So what does this all mean?

**Tax Refunds should always be part of your
business practice ALL 365 days a year**

More & more, tax refunds play a part in every sale

Tax Season is NOW YEAR ROUND!

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All Year – Irregular/Seasonal Payments

WHY?

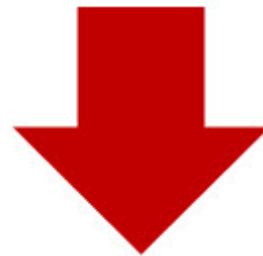
Loan Terms are UP

Cost of Cars are UP

Cash in Deal is UP



Down Payments are DOWN



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All Year – Irregular/Seasonal Payments

Benefits:

- **Shorter Terms = Lower Risk**
- **Lower Risk = Fewer Repos**
- **Fewer Repos = More Referral Customers**
- **Fewer Repos = More Repeat Customers**
- **68% will make their last payment**

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Irregular Payment & 4th Quarter Program

The Upside:

- **Move cars from Oct. – Feb. AND Year Round**
- **No holding inventory until W-2 time**
- **Weekly payments start immediately**
- **STEAL MARKET SHARE!**
- **Get those large down payments you NEED!**

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Irregular Payment & 4th Quarter Program

The Downside:

NONE!

Risks are the same as any other deal

Why would you NOT do this? This is GOOD risk!

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Compliance Issues



None to the dealer

100% on your tax partner

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All Year – Irregular/Seasonal Payments

Win the BHPH Race ~ What happens first?

- **Car Breakdown/Car Totaled**
- **Divorce**
- **Job loss**
- **Bored with the car**
- **Bankruptcy**
- **Loan Payoff**

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Best Practices - BHPH

Deferred/Irregular Payment Sweet Spot

- \$800 to \$1,200

Run Early Tax Refund Season promotion

- Purchase inventory in late summer/early fall when prices are lower

- Use the Tax Season Underwriting Checklist!

- These payments are IN ADDITION TO a down payment, NOT IN LIEU OF...

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Best Practices - BHPH

Use Tax Refunds to COLLECT PAST DUES!

- Dealers can clean up over 50% of delinquent accounts**
- Take a portfolio snapshot in December**
- Work past dues in December**

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Best Practices - BHPH

Use Tax Refunds to COLLECT PAST DUES!

- Use a “Promise To Pay With My W-2”**
- Who is willing to work with you?**
- Who is ready for repo?**
- No W-2 by February 10 = REPO**

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TAX SEASON UNDERWRITING CHECKLIST

Check "Yes" or "No" to the following questions.

Yes No

CUSTOMER IS APPROVED FOR NORMAL UNDERWRITING CRITERIA?

WOULD WE DO THE DEAL WITHOUT A TAX REFUND?

DOES THE FMS HOTLINE INDICATE "NO DEBTS"?

ARE WE TAKING LESS THAN 30% OF THE TAX REFUND?

IS THE CUSTOMER BEING SETUP FOR SUCCESS WITH THE SALE OF THIS VEHICLE?

DOES THE CUSTOMER HAVE ADEQUATE INCOME TO COVER THE WEEKLY PAYMENTS WITHOUT THE TAX REFUND?

IS THE CUSTOMER PUTTING CASH DOWN OR HAVE A TRADE IN BEFORE THE TAX REFUND?

IF ANY QUESTIONS ARE ANSWERED WITH A "NO", PLEASE PROCEED WITH CAUTION WHEN APPROVING THIS TAX DEAL.

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Best Practices – Outside Financing & Retail

Does this sound familiar?

- I need to file my taxes & will have my down payment when I get my refund**
- 1 to 6 weeks later...nothing**

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Best Practices – Outside Financing & Retail

The REALITY:

- Send the customer away and give them up to 6 weeks to change their mind.**
- Use a tax partner focused on the needs of the dealer & LOCK IN THE CUSTOMER!**
- You print the check. No more guessing.**

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Best Practices – Outside Financing & Retail

The REALITY:

- What guarantee do you have they'll come back to purchase?**
- How do you know WHEN the refund gets released by the IRS?**

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Best Practices – Outside Financing & Retail

Use Tax Refunds for down payments

- Get the W-2 Forms**
- Refund Advances in a few hours**
- Remainder in late February**
- Lock the customer into the deal**

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Your Action Plan

Get advice NOW

Develop a plan NOW

Start implementing NOW

Educate employees NOW

Customize sales strategies NOW

Capture 2018 tax refund sales NOW

**Get a tax season partner that specializes in
and understands the automotive industry!**



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What Tax Partners Can Do For Your Dealership

- **YOU sell more cars**
- **YOU print the refund check on site**
- **YOU control the refund dollars**
- **YOU get paid before the refund \$\$ is spent within 24-48 hours**
- **THEY file with the IRS**
- **THEY assume all IRS liability**

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Tax Season Solutions for Dealers



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The Future

Tax Season = 365 days a year

Irregular Payments change BHPH model

Shrinking Loan Terms!

More customers making their last payment

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What are our research is saying...

What prevented your dealership from executing more Tax Season deals?

- Inventory**
- Lack of Advertising**
- Started too late & waited until January**
- Next season we will advertise sooner**
- Customers not aware of the program**
- Start earlier & advertise**

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What are our research is saying...

What did your customers like?

- **Easier to buy a car than expected**
- **Customer can drive before refund arrives**
- **Refund advances with the W-2**
- **Customer can use refund to shorten the number of payments**
- **Tax season starts before Thanksgiving**

QUESTIONS?



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