



THE DEFINITIVE BHPH DEALER GUIDE TO 2019 TAX SEASON

INDUSTRY REPORT

A Huge Opportunity For Expansion And Growth

HOW TAX SEASON CAN MAKE OR BREAK YOUR BUSINESS

More consumers are finding stronger financial standings and their purchasing power is increasing in lock-step. Similarly, the US economy continues a steady acceleration in GDP and job growth that began in 2011, [per Bloomberg](#). Unfortunately, consumer credit scores don't always reflect the same progress. A 25 percent tariff hike on imported vehicles, if imposed, [would push subprime consumers away from new car options](#) and into the used realm.

The Tax Cut & Jobs Act of 2017 brings another set of impacts. A more generous Child Tax Credit [will increase](#) from \$1,000 to \$2,000 per child under the age of 17, which could lead to refunds of up to \$1,400. Earned Income Tax Credit [was raised](#) by up to \$6,431 for married taxpayers filing jointly with three or more qualifying children (for households with modest annual incomes). Income tax brackets [have been revised](#), with lower rates now covering larger income ranges. In total, dealerships should see customers show up with more money in their pockets.

This convergence of factors could very well lead to a prosperous tax season for BHPH dealers.

BHPH dealers can expect to see up to 50 percent of their annual business during tax season. [Tax refunds have more than doubled in the last decade](#). This coming tax season, dealers have a huge opportunity to cash in on the unfolding market dynamics.

Even large lenders have taken notice and are relaxing their credit score requirements to attract the subprime market. The opportunity is there. However, there's also a lot of competition to win over these customers.

With the changing landscape and more options than ever available to subprime buyers, dealers and lenders need a game plan. Dealers who don't do their due diligence will find the competition eating their lunch this tax season.



A GOAL
WITHOUT
A PLAN
IS JUST
A WISH

8 WAYS TO MAXIMIZE TAX SEASON

Maximizing revenue during tax season should be every dealer's goal. Those that are strategic will come out on top.

The following recommendations will set your dealership apart from the competition:

- 1. Start preparing immediately!** Now that the PATH Act is federal law, tax refunds won't go out until Feb. 15th or later. Don't wait until then; your competitors won't. "What's the PATH Act?" Visit our [Tax Season Resource Center](#) for everything you need to know.
- 2. Get the word out.** Consumers have already begun doing their research online. Let them know now why they should do business with you. Use a mix of print ads, online ads, and social media.
- 3. Streamline the sales process.** When you can close deals faster, you minimize the risk of customers simply walking away to avoid the hassle.
- 4. Stick to your underwriting guidelines.** It's easy to lose sight of good business practice when anxious customers are waving big tax refunds in your face. Stay strong and always make sure buyers aren't biting off more than they can chew.
- 5. Follow through on STIPs verifications and make sure applications are air-tight.** Profits are only profits after they've been collected.
- 6. Initiate a "drive now, pay later" program.** Use with a tax and technology partner that can estimate refunds for your customers and mitigate the additional risk with a reliable GPS solution.
- 7. Create clear policies regarding partial payments, asset recoveries, and vehicle tracking to support collection efforts.** These policies will allow you to provide flexibility and transparency without putting your business at risk.
- 8. Create delinquency controls.** These are a must to protect and recover delinquent assets.

Proactive dealers extend tax season far beyond a mad dash in February. They end up with more money in the bank, or better yet, reinvest it back into their business.



BEWARE: TAX SEASON PITFALLS

Big money will be driving off lots during tax season with just a fraction of the purchase price collected as down payment. So, while tax season means higher sales volume, it also means increased risk and a greater potential for loss.

Avoid these common pitfalls to keep your dealership in the game.

DON'T:

1. Wait for February 15 to begin planning
2. Begin advertising before preparing your dealership for handling increased traffic
3. Ignore sales process efficiencies or the importance of great customer service
4. Compromise underwriting guidelines to close more deals
5. Allow STIPs verification to fall to the wayside
6. Discount new technologies that could improve your business
7. Forget that your business relies on effective lending practices to be profitable
8. Leave yourself vulnerable to loss or expensive recoveries with undefined policies, unreliable tools, or inconsistent partners

Bottom line, like the Boy Scouts, **be prepared.**

SIMPLIFY THE PROCESS: GPS SOLUTION

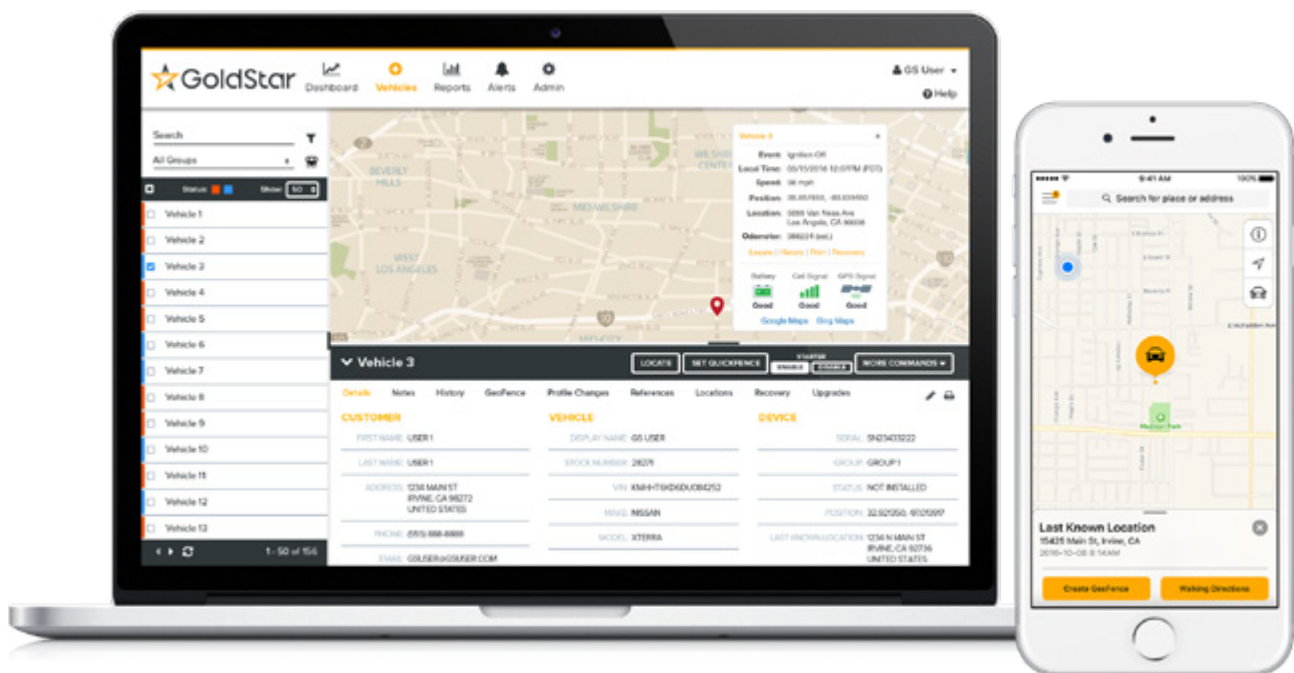
Coupling preparation with efficient technology takes dealers beyond side-stepping pitfalls, it can help your dealership thrive. A reliable GPS solution can play a central role in that success.

GPS can be utilized as more than a location device. A full-featured GPS solution delivers a full suite of efficiencies for the dealer.

From proactive risk management to maintaining a prosperous relationship with customers, the right GPS solution can help dealers not only mitigate risk, but expand business and lower costs:

1. Save time with automated features to check references, enter vehicle information and more
2. Offer financing to more customers with confidence
3. Collect more on-time payments
4. Help customers improve their credit scores
5. Maintain on-demand visibility into the location and status of every financed asset
6. Easily batch-manage accounts rather than one at a time
7. Be less dependent on third-party repo agents
8. Minimize impound lot storage fees
9. Reduce recovery time and associated costs

Finding the right solution can have a major impact on business during tax season. Despite increased competition, dealers can sell to more credit-challenged customers who are ready to spend their tax return on a down payment.



THE GOLDSTAR DIFFERENCE

Not all GPS solution providers are created equal. From physical product quality and network coverage, to reliability and customer support, there is a wide range of products to choose from.

The fact is, only GoldStar provides:



24/7 award-winning customer support



The No. 1 selling device in the industry



Nearly 4 million active subscribers



20,000 devices shipped monthly.



97% of orders shipped same day



More than 15 years of experience serving and minimizing risk for BHPH dealers and lenders

GoldStar helps dealers to maximize revenue while maintaining peace of mind that their assets are secure.

Utilize a trusted solution like GoldStar to minimize your risk and say yes to more buyers with confidence this tax season.

TAX SEASON CHECK LIST

Evaluate inventory levels and anticipate increased demand during tax season

Prep vehicles to be sales-ready – confirm operating condition and cleanliness

Secure advertising and develop a plan to promote your dealership

Invest in tools like a GPS tracking solution to increase efficiency and boost profitability

Consider new partnerships like a tax and technology partner to get a leg up on the competition

Educate dealership staff on new tools and/or processes

Automate STIPs verification with GoldStar Reference Genie to save time

Close STIPs quickly so loans can be sold or processed, translating into faster cash flow and inventory turnover

Preinstall GPS on vehicles to eliminate wait time for your customers

Utilize GoldStar to automate payment reminders and collect more on-time payments

Outline delinquency policies and collection or recovery procedures to maintain transparency with your customers