

**COLORADO AUTOMOBILE
DEALERS ASSOCIATION**

BULLETIN



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Jeff Taylor
Chairman of the Board

A Message from the Chairman of the Board

The Importance of Our New Strategic Direction

Earlier this month our Board, staff leadership, and key stakeholders gathered at the Gaylord of the Rockies for a focused and forward-looking strategic planning session. We typically undertake this task every third year as a way to ensure the Association stays aligned with dealer interests. Directors left meetings more confident than ever that we are charting the right course for our industry, our members, and the communities.

Strategic planning can feel abstract, especially when our sector is healthy. But that is precisely when planning matters most. When things are going well, governance happens in inches, not miles. Progress is not characterized by sweeping, dramatic changes in direction; instead, it is built on deliberate, incremental decisions that accumulate into lasting advantage. Strong industries are not built on the back of crisis—they are built on steady, thoughtful stewardship.

During our time together at the Gaylord of the Rockies, that principle guided every discussion. One of the most resounding conclusions is that the dealer body still supports the Colorado Auto Show. Having redefined auto show success as measured in tangible leads for dealers and consumer contacts in the community, not profitability for the Association.

Dealers are re-committing to the show as a front line for consumer comparisons, in an age where electrification is taking a back seat, consumers are again paying for their own vehicles (not the state), and manufacturers will once again rely on dealers to move product.

What emerged from our two days of work is a strategy grounded in realism, unity, and forward momentum. Rather than seeking a “landslide” pivot, we committed to reinforcing the foundations that have made our association a stabilizing force for decades—while positioning ourselves to lead confidently into the future. Our new strategy focuses on three essential pillars:

1. Advocacy that anticipates change—not reacts to it.

We reaffirmed our commitment to strong legislative and regulatory engagement, but with a greater emphasis on proactive insight and early collaboration. Our members deserve a voice that is out in front of the issues, shaping outcomes long before they reach the showroom or the service bay.

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A Message from the Chairman of the Board, Continued

2. Workforce initiatives that match the speed of innovation.

As vehicles become more sophisticated, so does the skill set required to sell, service, and support them. A central element of our strategy is a renewed investment in training, talent development, and partnerships that will ensure dealerships have access to the workforce they need—not just today, but five and ten years from now.

3. Member value that strengthens every dealership—large or small.

We are committed to delivering tools, data, and programs that help our members operate more efficiently and profitably. That means modernizing our offerings, expanding our communication channels, and meeting members where they are with resources that matter. CADA highlighted return on member investment as a top priority, noting that once dues are paid, every other interaction with the Association should be at no cost to the dealer.

None of these priorities represent a radical departure from our mission. Instead, they reflect our belief that when times are good, smart governance focuses on reinforcing what works while preparing for what's next. That is how you build resilience. That is how you create sustainability. And that is how you honor the trust our members place in us.

I am proud of the work accomplished at the Gaylord. Looking forward – and taking a moment to reflect on the past, especially during the Automotive Hall of Fame – was a reflection on our own careers. I am even more excited about the road ahead. Together, inch by inch, we will continue to move this industry—and this association—forward.

Jeff Taylor
President, Pikes Peak RV





Matthew Groves
CEO/President

Scout Motors' Day at the Dealer Board

You will remember that during the legislative session, CADA attempted to run SB 160, to amend the statute that mandates independent control of a dealership, i.e. prevents manufacturers from owning a dealership. After passing 23-12 out of the Senate, we learned during our time in the House that the Governor was likely to veto us. This meant that we didn't need 51% of the vote; we would need 67% to override the veto. With only 7 days left in the session, we elected to pause our own bill, as a veto override typically takes longer than this.

Understanding that we were likely to bring the bill back this year, and sensing we may hit the 67% mark, the other side felt time running short. In mid-October, we learned that Scout Motors had filed an application for a license with the Department of Revenue, Auto Industry Division. This, in spite of the fact that no cars will be available for delivery before Fall 2027.

Needless to say, CADA opposed the application. We attempted to get a copy of the application from the Department of Revenue, via the Colorado Open Records Act (CORA). Our request was denied as it was the subject of an open investigation.

We would likely be able to obtain it after final agency action on the license, but subsequent information indicated that it may not reveal much of substance.

CADA, in conjunction with Fairfield & Woods, wrote a memo to the Auto Industry Division, outlining the law as it stands and highlighting reasons this application should be denied. The current state of our law (unamended by our bill) states that 1) a manufacturer may not control a dealership in Colorado, unless; they 2) makes only electric vehicles; and 3) does not have any franchised dealers in the state.

To sell direct, Scout must meet both criteria. Tesla does. Rivian does. Lucid does. But, it is our contention that as Scout is a straw man for the Volkswagen Group, Colorado's 12 Volkswagen dealers are franchisees, preventing their qualifying for the 'Tesla loophole.' Further, Scout has announced that to extend range, it will include a combustion engine in its vehicle. This engine will be a VW engine, produced in Mexico. This means that Scout no longer makes only electric vehicles.

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Matthew Groves
CEO/President

Scout Motors' Day at the Dealer Board, Continued

We further assert that Volkswagen has been conducting unlicensed sales activity in the state prior to being granted a license. We are quite certain of this, as I am a reservation holder of a 'gas + electric' vehicle and money has been taken from my account. This is indisputably sales activity. If a dealer did such a thing at the Colorado Auto Show, there would be a citation. In fact, there have been citations for this in the history of the Colorado Auto Show.

As the item came up at the dealer board meeting, board members had many questions. Several of them centered around our opposition and the requirements of C.R.S. 44-20-126 (the independent control statute). However, because this is NOT a rulemaking, CADA is not presented with a formal opportunity to speak during the discussion. It's worth noting that this meeting is virtual only. Ultimately, after guidance from the Attorney General's Office, questions persisted and board members asked the Executive Secretary to table the application until the December meeting so they could seek additional information.

Thus, a decision will be made on Scout's dealer license at the December 16th meeting of the Motor Vehicle Dealer Board. CADA intends to publish another letter, providing our perspective on the issues raised by individual board members. This letter is published later in the Bulletin.

Also published in this Bulletin is a letter to the CEO of Volkswagen Group of America from Fred Emich IV, the Chairman of the National Dealer Council. We are providing you with as much information as possible to make sure that each of you understands the gravity of what we are up against. If Volkswagen is successful here, it could be any one of your manufacturers attempting to set up a straw man corporation to sidestep franchise laws next year.

Of course, our words are non-binding on the board's decision. However, we do believe that the strongest statement against Volkswagen's unfair competition with dealers would be a 'no' vote on their application for a license from the regulatory board. We will keep you updated, but would encourage those with interest to join us for the next meeting of the dealer board on December 16th. The link will (closer to the date) be posted here: <https://sbg.colorado.gov/motor-vehicle-dealer-board>.

Matthew Groves
CEO, Colorado Auto Dealers Association



Matthew Groves
CEO/President

Open Letter to Department of Revenue Auto Industry Division

November 26, 2025

Via FedEx and Email, john.opeka@state.co.us
Department of Revenue Auto Industry Division
Attn: John Opeka, Division Director
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

Via FedEx and Email, dor_mvdb@state.co.us
Colorado Motor Vehicle Dealer Board
Attn: Amanda Gordon, President
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

Re: Follow Up on Scout Motors Discussion

Dear Mr. Opeka and Ms. Gordon:

CADA appreciates the Dealer Board's time and attention to the issue of Scout's license application during the November 18, 2025, monthly meeting. During the conversation, it became apparent that board members had unresolved questions of fact that may impact their position. We are seeking to provide additional context on those questions, as a friend to the State.

The November conversation properly focused on exemptions on the ban from manufacturer ownership/control of a dealership, under C.R.S §44-20-126(2)(g). While the foundation is that "...no manufacturer shall own, operate or control any motor vehicle dealer... in Colorado", the law provides a narrow carve out for dealers that 1) make only electric vehicles, and 2) have no franchised dealers of the same line-make. The "and" between elements one and two indicates that Volkswagen would have to meet both provisions to be permitted to sell direct to consumer.

The law has not always read this way. (2)(g) was a negotiated agreement during Senate Bill 167 (2020). It allowed both Rivian and Lucid to become licensed as dealers. Not only were CADA, Rivian, Lucid, and Tesla party to this agreement, but Volkswagen also participated via Alliance of Automotive Innovation. Now, merely five years later, they find this agreement - and the state of Colorado law - untenable.

There was a CADA-supported bill in 2025 to expand the language of 'affiliate.' This bill passed the Senate 23-12. It was voluntary laid over in the final days of the session. While Scout was a large part of this discussion, the definitional change was largely aimed at the other manufacturers seeking to bypass the franchise system through joint partnerships, like Sony/Honda Mobility and the Afeela line make. The affiliate definition applies less to Scout where they are 100% owned by Volkswagen, using Volkswagen components, and not in partnership with any non-franchised entity.



Matthew Groves
CEO/President

1. Definition of Electric Vehicle and SB 167 (2020)

One of the questions raised during the November meeting was the use of the term ‘pure’ electric vehicle, versus zero emissions vehicle, or plug-in hybrid electric vehicle. The exemption in 44-20-126(2)(g) specifies that ownership is only permitted when the manufacturer “manufactures only electric vehicles and has no franchised dealers of the same line-make in this state.”

While Title 42 does not specifically define electric vehicles, it does specifically define “Plug-in electric motor vehicle” in C.R.S. 42-1-102(69.5). This notes that Plug-in hybrid (PHEV) is something different than the standard electric vehicle (EV).[1]

One director asked, “Does a plug-in EV qualify for tax credits, or credit towards our EV mandates?” These rules for our EV mandates are laid out in 5 CCR 1001-24, Part D. In order to incorporate Plug-in Hybrid Electric Vehicles into the calculation, CDPHE re-labels the rule as “Zero Emission Vehicles.” This includes both PHEV and hydrogen vehicles. The redefinition indicates that we are seeking to include more than just ‘electric vehicles’ into the calculation.

However, when the agreement was struck on SB 167 (2020), the legislature opted for the narrower “only electric vehicles”. This provision is how Rivian and Lucid were both licensed. Neither company produces a Plug-in Hybrid Electric Vehicle. Tesla, licensed prior to this agreement, also makes no such vehicle. It would be very easy for a new manufacturer to claim they make only electric vehicles for the purposes of obtaining a license, then begin the manufacture of plug-in or combustion vehicles once licensed. This was something that SB 167 was designed to prevent. Volkswagen, having been a part of the negotiations, is aware of this.

Likewise, for emissions purposes, Colorado is known as a “California” or “ZEV” state. Developed by the California Air Resources Board, EVs and PHEVs do not receive the same amount of ZEV credits. Some are considered “transitional PHEVs”, receiving partial credit, and in no circumstance may a state receive more than 20% of their ZEV credits from PHEVs. [2] Quite simply, the two things are different. This was done with the express intent of “encouraging BEV and ensuring market adoption of fully electric vehicles.”

2. Precedential Value

In November, the Division stated a belief that this decision would carry precedential value. CADA respectfully disagrees. We cannot look at Scout in a vacuum without acknowledging that Sony/Honda mobility also manufactures cars in a Honda manufacturing facility and intends to market them direct-to-consumer in California in 2026. If either of these efforts are successful, we strongly believe legacy manufacturers will attempt to create strawman corporations for the purposes of sidestepping state franchise laws.

This idea was floated under both Polestar, when separating from Volvo, and Genesis, when separating from Hyundai. Ultimately, both brands complied with state laws and selected between one and three dealers of their choice to carry the brand and make it sustainable. For Polestar, it is the McDonald Group. For Genesis, it is the Planet Auto Group and the McDonald Auto Group. Even VINFast, who makes exclusively electric vehicles has opened 18 dealerships across 7 states, despite being eligible to sell direct in Colorado.



Matthew Groves
CEO/President

3. Scout's Licenses

Scout holds a manufacturing license in South Carolina, where it intends to build. However, Scout has attested in November that it holds "licenses." Even in South Carolina, Scout brought a bill to sell direct that was rejected unanimously by its legislature, on an 8-0 vote. Litigation in Florida and California center on the lack of license and ability to sell.

During the House Business Committee hearing in Colorado, one legislator asked Scout's founder if he could name one jurisdiction in which Scout was permitted to sell direct. He was unable, on the record.

CADA attests that Scout is not currently permitted to sell direct-to-consumer in any of the 50 states in the US. We have grave concerns about Colorado being the first, especially while their ability to do so is under judicial review. We will - of course - yield the argument, if they can simply produce a license alongside their letter.

4. Conclusion

CADA believes the reasons stated herein provide ample legal justification for the Board to decline to issue a license to Scout. We ask that for these reasons, and the protection of Title 44 of the Colorado Revised Statutes, the Board exercise its authority and discretion to do so.

Thank you for your consideration.

Very truly,

Matthew Groves
Colorado Automobile Dealers Association

[1] "Plug-in electric motor vehicle" means: (a) A motor vehicle that has received an acknowledgment of certification from the federal internal revenue service that the vehicle qualifies for the plug-in electric drive vehicle credit set forth in 26 U.S.C. sec. 30D, as amended, or any successor statute; or (b) Any motor vehicle that can be recharged from an external source of electricity and that uses electricity stored in a rechargeable battery pack to propel or contribute to the propulsion of the vehicle's drive wheels.

[2] California's Clear Car Midterm Review. https://ww2.arb.ca.gov/sites/default/files/2020-01/appendix_i_credit_alternative_2_ac.pdf



Fred Emich IV
NDAC Chairman

Open Letter to Volkswagen Group of America

Kjell Gruner, CEO
Volkswagen Group of America
1950 Opportunity Way, Suite 1500
Reston, VA 20190

Subject: Advocacy for Utilizing Franchised Dealers in the Distribution of Scout Vehicles

Dear Mr. Gruner,

On behalf of the Volkswagen dealer body in the U.S., I write you today with a unified request to reconsider Volkswagen Group's decision to distribute Scout vehicles through a direct-to-consumer model, rather than leveraging the established franchised dealership network. While we recognize the importance of innovation and adapting to evolving market trends, we strongly believe that Volkswagen's best interests align with maintaining its trusted and well-established dealer network as the preferred method of distribution.

Volkswagen's dealer network has decades of experience in selling, servicing, and supporting Volkswagen products. Our dealerships already possess the necessary infrastructure, personnel, and market expertise to effectively introduce and sustain the Scout brand in the competitive U.S. market. Eliminating our role in the distribution process disregards the invaluable knowledge and local market presence we bring.

Consumers rely on dealerships for more than just the purchase of a vehicle; they depend on us for education, financing assistance, and long-term vehicle maintenance. Direct sales models often struggle to match the level of personalized customer service, test-drive accessibility, and hands-on support that franchised dealers consistently provide. A dealership-based model ensures that customers receive a superior ownership experience from pre-sale inquiries to post-sale servicing. In addition, Volkswagen's JD Power sales and service satisfaction scores outperform their brand, initial quality, and reliability scores proving the dealers provide added value.

Volkswagen dealers have invested billions in facilities to represent the brand at a high level and create convenient access to sales and service outlets. I personally have spent over \$35 million in the last 6 years on two facilities. Dealers have invested because we believe in the power of the Volkswagen brand; one of the largest automotive manufacturers in the world despite their 2% sales share in the U.S. market. New dealers with better pedigrees have purchased struggling VW stores thus strengthening your dealer body. These buy/sells and investments into the brand have been made on the promise of increased sales and market share performance on par with other markets. Having Scout compete directly with your dealers undermines our investment and commitment to the Volkswagen brand.

Volkswagen dealers have been asking for a truck, rugged off-road vehicles, and PHEV drivetrains to support our business, increase our market share, and meet U.S. consumers' tastes. Scout embodies these products that we know are in high demand and will drive sales. As dealers we feel you are investing



Fred Emich IV
NDAC Chairman

more and bringing in-demand products to market while saddling us with old product with far less investment and R&D support.

Volkswagen’s relationship with its dealer network is built on mutual trust and a shared commitment to brand success. Excluding dealers from the Scout sales process risks alienating long-standing partners who have contributed to Volkswagen’s market presence and customer loyalty. By utilizing our existing dealerships for Scout distribution, Volkswagen strengthens its relationship with its dealers while ensuring seamless brand integration.

As you are aware, many states have franchise laws that require vehicle sales to go through licensed dealers. Attempting to circumvent these laws by selling Scout vehicles directly to consumers is likely to result in significant legal challenges, as seen with other manufacturers attempting similar models. Volkswagen leadership has brazenly ignored American laws in the past by cheating diesel emissions. We thought VW leadership had learned from this, but it is apparent with Scout that you choose to ignore our laws again. Volkswagen could avoid these costly legal battles and maintain compliance by working within the well-established franchise dealer framework.

The automotive industry is highly competitive, and many legacy automakers continue to rely on dealership networks to maintain an edge over new entrants. While companies like Tesla have adopted direct-to-consumer sales, this model has faced scrutiny, regulatory obstacles, and mixed consumer reception. Currently the likes of Rivian and Lucid are losing billions of dollars per year trying to deliver a similar product direct to consumers. How does this business model benefit Volkswagen while alienating your dealers? Volkswagen can differentiate itself by continuing to champion its dealership network as a pillar of stability and reliability in an evolving marketplace.

We urge Volkswagen Group to reconsider its approach to Scout distribution and allow the franchised dealership network to play an integral role in launching and sustaining the brand. By doing so, Volkswagen can ensure regulatory compliance, maintain strong dealer relationships, support the dealer’s investment, and provide customers with the highest quality service experience.

We appreciate your time and consideration on this matter and welcome the opportunity for further dialogue to discuss a solution that benefits Volkswagen, its dealers, and, most importantly, its customers.

Sincerely,

Fred Emich IV
Emich Volkswagen & Emich Volkswagen of Boulder
NDAC Chairman



Holiday LUNCHEON



WEDNESDAY, DECEMBER 10TH
AT 10:45 AM

290 E SPEER BLVD, DENVER CO 80203

[CLICK HERE TO RSVP](#)





Mark Zeigler
Clear the Air
Foundation Director

GOLF TOURNAMENT SUCCESS!

Early in October, over 100 players came out to the Colorado National Golf Course in Erie, CO, enjoying a signature Colorado blue-sky day while supporting education, sustainability, and workforce development.

Thanks to our generous participants, and 2025 sponsors, the event raised nearly \$60,000 for our mission to remove high-polluting vehicles from Colorado roads and fund scholarships for future automotive technicians.

We're grateful for your continued support and enthusiasm—and we look forward to another fantastic tournament next year!



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Support the Clear the Air Foundation
this Colorado Gives Day



ColoradoGives.org/ClearTheAirFoundation

ACCEPTING SCHOLARSHIP APPLICANTS



The Clear the Air Foundation is currently accepting applications for our Auto Technician Scholarship Fund. Please refer an up-and-coming technician from your dealership.





2025 EVENTS CALENDAR

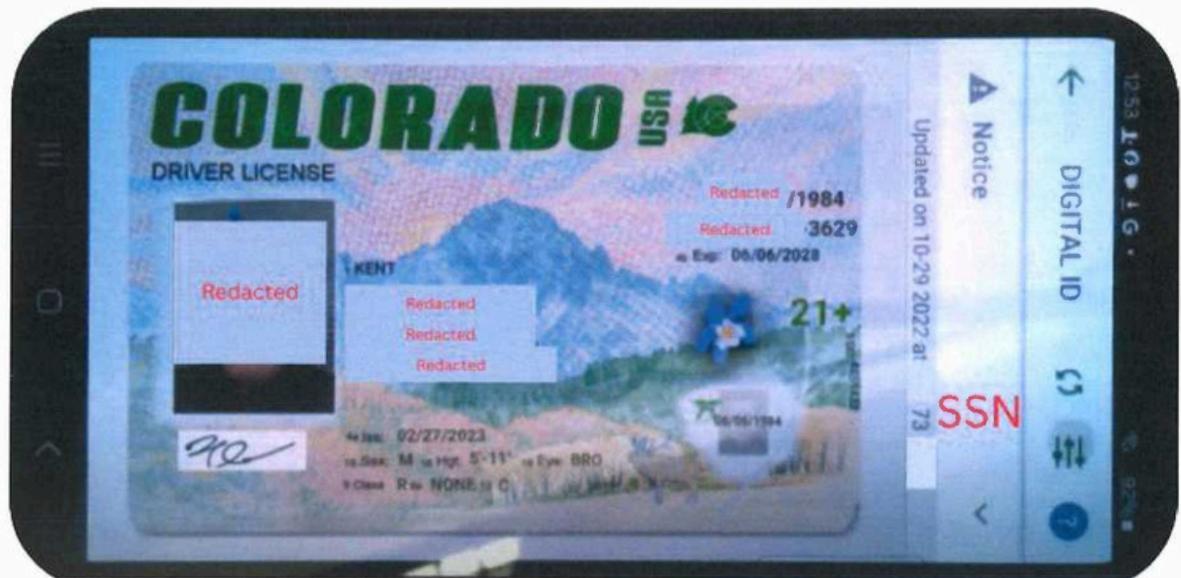
January - May	Colorado Legislative Session	✓
February 12	Q1 Board Meeting	✓
April 17-20	Colorado Auto Show - Industry Night	✓
June 11	Q2 Board Meeting	✓
June - August	Regional Meetings	✓
August	Special Legislative Session	✓
September 8-10	Project DC & Q3 Board Meeting	✓
October 8	Golf Event - Clear the Air Foundation	✓
November 13-14	Strategic Planning Retreat	✓
November 13	Colorado Automotive Hall of Fame	✓
December 10	Holiday Luncheon & Q4 Board Meeting	✓



UNITED STATES POSTAL INSPECTION SERVICE

BE ON THE LOOKOUT

Fraudulent myColorado Digital ID



This bulletin is being distributed to bring awareness to a counterfeit myColorado Digital ID that is currently in circulation. Sources of Information (SOI's) developed by the United States Postal Inspection Service and the Denver Police Department have indicated that initially this application was sold to approximately 1,000 individuals but that the application has been disseminated to an unknown number of users.

The application looks and operates similar to the real application. For example, when the phone is moved, the purple Columbine flower rotates as it does with the legitimate application. When the user pushes down on a text field, the text "pops out" like the real text.

When criminals are using the counterfeit application, they can modify almost every element on the screen. Law enforcement has learned that on the right-hand side of the ID (where "SSN" is written above), criminals are hiding the victims SSN in the information bar. This allows a criminal to complete a financial transaction without memorizing the victim's information.

Suspect's utilizing this application have also indicated that they engage in social engineering. For example, when asked for security questions at a bank – if the victim does not know the information (such as mother's maiden name), the suspect is instructed to look sad and apologize to the inquiring party for having a lack of information and claim they were adopted and therefore do not have the information.

Law Enforcement Notice – Please secure all digital devices where this application is suspected to have been utilized for a forensic examination.

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2025 Year-End Dealership Accounting Checklist

We recommend using the following 38-point checklist when compiling financial information for year-end:

December month-end closing items

1. Bank reconciliations-review bank reconciliations (including Cash Management Accounts) and record adjustments as needed. Determine if outstanding checks are unclaimed property that require follow-up.
2. Finance chargeback-reconcile and record December finance chargebacks on the December general ledger.
3. Floor plan reconciliation-prepare the December floor plan reconciliation.
4. Supporting schedule reconciliations-review balance sheet accounts and reconcile month-end balances to loan statements, vendor invoice and supporting schedules. Check supporting schedules for aged items and record adjustments as needed.
5. Accounting back-up-make sure there is a back-up of each month's accounting records.
6. Parts Inventory - Perform parts inventory count (if not done in previous 12-months).

Year-end closing items

7. Wages and W-2s
 - Record an accrual for wages/commissions/bonuses paid to non-owners during the first 3 months of 2026 for services performed in 2025.
 - For the first payroll of 2026, the paycheck dates must be the date checks are handed out, even though some portion of the payroll was for 2025 services.
 - W-2s for Year 2025 should only include paychecks issued in 2025.
 - New qualified overtime compensation reporting for 2025. Employers should add the qualified overtime pay to Box 14 with a separate statement
8. Prepaid expenses-review prepaid accounts and record adjustments as needed.
9. Closing books for 2025-
 - keep December accounting records open as long as possible To maximize LIFO deductions, vehicles invoiced in
 - 2025, but not received until 2026 still belong as a 2025 purchase in the new vehicle purchase journal. Provide copies of vehicle invoices to your tax professional for LIFO calculations. Prior to closing December accounts payable, ensure that all 2025 expenses are accrued and recorded. Provide copies of 2025 bills received in January
 - 2026 to your tax professional. If any vehicle deal is not 100% complete in 2025, treat it as a 2026 vehicle sale. Reminder – this must be dated in sales records as a 2026 transaction. Adjust all miscellaneous inventories to actual, including labor inventory, sublet, gas-oil-grease, body shop materials, etc.
 -
10. Bad debt expense-review past-due accounts receivable and write off uncollectible receivables.
11. Owner receivables and payables-pay interest on shareholder loans by year-end and issue IRS Form(s) 1099-INT for interest paid by the dealership in 2025. Record imputed interest expense/income as needed.
12. Parts inventory-compare actual parts inventory count versus parts inventory per books and make appropriate adjustments. Write off obsolete or damaged parts per consultation with parts manager.
13. LIFO reserve-record a reasonable estimate of the LIFO reserve adjustment on all versions of the December statement.
14. Used vehicle write-down-if the dealership is not on LIFO for used vehicles, adjust all used vehicles to the lower of cost or current wholesale market value as of year-end
15. Owner compensation-pay salaries, commissions or bonuses to stockholders and their related family members by December 31 for the 2025 deduction.

16. Tax liability accounts-ensure that payroll tax and sales tax payable balances equal the actual amount of taxes paid in 2026 for the 2025 fourth quarter tax returns.
17. Form 1099 reporting-prepare and issue IRS 1099 Forms to IRS and recipients.
 - Forms 1099-MISC are issued to noncorporate entities that received \$600 or more in 2025 for payment of rents, awards, and other income/payments or that received \$10 or more in 2025 for payment of royalties.
 - Forms 1099-NEC are issued to individual independent contractors that received \$600 or more in 2025 (including referral/bird dog payments)
 - Forms 1099-K are issued to recipients who received \$20,000 or more in 2025 via 3rd party networks.
 - Forms 1099-INT or 1099-DIV are issued to recipients who received \$10 or more in 2025
 - NOTE: for tax year 2026, the dollar threshold for 1099-MISC and NEC reporting requirements has been increased to \$2,000 (from \$600) due to the One Big Beautiful Bill Act.
18. Standard journal entries-review all standard entries for possible adjustments.
19. Fixed asset additions & disposals-list and gather invoices for fixed assets placed into service or disposed in 2025.
20. Intercompany accounts-reconcile intercompany receivable and payable balances. Pay interest on intercompany loans by year-end, if applicable. Impute interest expense/income as needed.
21. Interest expense-separately identify interest expense into floor plan, mortgage, business and/or investment categories. When recording mortgage payments, be sure to appropriately post to interest expense and mortgage liability.
22. Multi-company payroll-if wage expense is allocated across two or more companies, separately identify W-2 wages for each company.
23. Form 8300 Filing – check for missed Form 8300 submission and review a full year for any potential errors. Make necessary corrections as needed before January 31st filing due date.

Tax planning-Consult with your tax professional on tax impact of items listed below.

24. Accelerating or deferring income and expenses between tax years.
25. LIFO recapture-estimate the tax impact for 2025.
26. Scheduling large repair and maintenance projects for completion by December 31st
27. Review correct classification of independent contractors to determine whether employee treatment is more appropriate for 2026.
28. Acquisition of new business assets (depreciable property):
 - Consider purchasing business assets that qualify for Section 179 expense and placing in service by December 31, 2025. For 2025, the deduction limit is \$2,500,000.
 - For 2025, the OBBBA allows 100% bonus depreciation for assets acquired AFTER Jan 19, 2025. Taxpayers can make an election to apply 40% depreciation (but only for the first tax year ending after 1/19/2025).
 - Apply de minimis safe harbor election to expense small-dollar fixed asset expenditures (\$2,500 or \$5,000). Remember, the entity must have a written capitalization policy.
 - Consider a cost segregation study for new or existing building purchases or renovations to maximize depreciation deductions.
29. Charitable donations--to ensure a 2025 deduction, make any charitable contributions by year-end. For C-corporations, the OBBBA has imposed limitations on charitable contributions beginning in 2026.
30. State pass-through entity tax elections and payments:
 - Verify that elections and estimated payments have been made by the required due dates. Pay remaining 2025 estimated tax payments by the due dates. Be sure to provide your tax professional with copies of payment confirmations for their records. Due dates of elections and deductibility of payments differs between the various states. If you have not made the PTE election yet, please consult with your tax advisor.
 - IMPORTANT: for cash-basis taxpayers, be sure you pay all estimated tax payments by December 31st, 2025 to deduct the expense in 2025.
31. Demonstrator vehicles-Obtain demo user's signatures on demonstrator agreements. Include taxable value of demos on Forms W-2 or 1099, as required.
32. Energy credits-check to see if new property purchased during 2025 qualifies for the following tax deductions and credits.
 - Clean vehicle credit (new and used vehicles) – terminates for vehicles purchased after Sept. 30, 2025

- Commercial clean vehicle credit – terminates for vehicles purchased after Sept. 30, 2025
- Alternative fuel vehicle refueling property credit (charging stations) – terminates for property acquired after June 30, 2026
- Commercial energy deduction and credits (commercial buildings) - available for projects started before July 1, 2026.

Compliance and other responsibilities

33. Red Flag Program--confirm the Red Flag Program has been reviewed within the current year and the annual review is filed in the Red Flag binder.
34. Unclaimed property-comply with applicable state unclaimed property requirements including notifying property owners, filing annual reports, and escheating unclaimed property to state authorities.
35. FTC Consumer Safeguarding Program-review the FTC Customer Safeguarding Program to confirm timely testing and vendor safeguarding agreements are on file. The risk assessment should be on file and reviewed each year.
36. Form 8300 filings for 2025-be prepared to mail Form 8300 acknowledgment letters to applicable customers by January 31, 2026. Reminder – online filing is required.
37. Forms 1099 due dates-be prepared to timely file Forms 1099 with IRS and recipients
 - Forms 1099-NEC, 1099-MISC, 1099-INT, 1099-DIV, and 1099-K are due to recipients by February 2, 2026
 - Form 1099-MISC (no data in Box 8 or 10), 1099-INT, and 1099-DIV, 1099-K are due to the IRS by March 2, 2026 if paper-filed and March 31, 2026 if electronically filed.
 - Form 1099-NEC is due to the IRS by February 2, 2026 (paper or e-filed)
 - If reporting substitute payments in lieu of dividends (Box 8) or proceeds paid to an attorney (Box 10) – Form 1099-MISC is due to recipients by February 17, 2026 and due to the IRS by March 2, 2026 (or March 31, 2026 if e-filed).
 - Electronic filing is REQUIRED if you file 10 or more information returns during the year. There is no distinction between the type of form (Ex: 6 Forms 1099-NEC and 4 Forms 1099-MISC). If you file 10 or more information forms in total, you must electronically file all of those forms.
38. One Big Beautiful Bill Act (OBBBA): the OBBBA was passed on July 4th, 2025 and includes numerous provisions for dealerships. Please consult with your tax advisor if any of these provisions will or may apply to you.
 - 163(j) interest limitation: the limitation on interest expense deduction is 30% of Adjusted Taxable Income. The OBBBA has updated the calculation of ATI to include the addback for depreciation and amortization expense. The bill also modified the definition of “motor vehicle” to include towable trailers and campers allowing floor plan interest for these vehicles to be deductible.
 - Qualified Overtime pay deduction: creates a deduction of \$12,500 (single) or \$25,000 (married filing jointly) on qualified overtime pay. If married filing separately, this deduction does not apply. Deduction does have income limitations.
 - Allows a deduction of qualified vehicle loan interest of up to \$10,000 per year for interest paid on a qualified vehicle loan. Vehicle must be purchased between January 1, 2025 and December 31, 2028. Vehicle must be for personal use and original use must start with the taxpayer. The deduction is available whether the taxpayer itemizes or not; it is an above the line tax deduction. The deduction phases out if modified adjusted gross income is over \$150,000 (single filers) or \$250,000 (joint filers)
 - NOTE: used vehicles and leases do not qualify.
 - 174 research & experimental expenditures – the bill provides relief for treatment of domestic research and experimental expenditures. Please consult your tax advisor for details.
 - Provides a permanent extension of Opportunity Zone investments and modifies the definition of a qualified opportunity zone.

DISCLAIMER: As required by U.S. Treasury Regulations governing tax practices, you are hereby advised that any written tax advice contained herein was not written or intended to be used (and cannot be used) by any taxpayer for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code.



CONTACT US

Colorado Automobile Dealers Association

290 East Speer Blvd., Denver, CO 80203 | 303.831.1722

info@colorado.auto | www.colorado.auto



Matthew Groves
CEO/President
Matthew.Groves@Colorado.Auto
303.282.1449



Beth Weir
Vice President of Finance
Beth.Weir@Colorado.Auto
303.457.5120



Dan Allison
Director of Operations
Dan.Allison@Colorado.Auto
303.457.5104



Christy Fuicelli
Director of Communications
Christy.Fuicelli@Colorado.Auto
303.282.1456



Caitlin Ming
Director of Insurance Services
Caitlin.Ming@Colorado.Auto
303.457.5110



Maegan Wilson-Kjellberg
Director of Member Services
Maegan.Wilson-Kjellberg@Colorado.Auto
303.457.5109



Tiffany Coolidge
Sponsorship Director
Tiffany.Coolidge@Colorado.Auto
303.324.9500



Mark Zeigler
Clear the Air Foundation Director
Mark.Zeigler@Colorado.Auto
303.457.5105

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