



A Dealer's Guide  
To Tax Season  
White Paper

**GoldStar**  
by Spireon

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# A Huge Opportunity For Expansion And Growth

White Paper featuring GoldStar GPS

## 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, US consumer confidence has hit a 15-year high according to a recent article by [PYMTS](#). Unfortunately, their credit scores don't always reflect the same progress. The end result is that approximately 20% of buyers ready to purchase cars this tax season will require subprime and deep subprime loans based on statistics from [Bankrate](#). This is in addition to typical dealership traffic and prime consumers who wait to have the extra cash in hand for a down payment.

A used car dealer can expect to see up to 50% of their annual business during tax season. Especially dealers servicing the subprime market where tax refunds have more than doubled in the last decade signaling a huge opportunity for expansion and growth.

Even large lenders are taking notice and relaxing their credit score requirements to attract the subprime market. This is another big indicator that there's opportunity to go around. However, there's also a lot of competition out there to win those customers' business.

With more car loan options available to subprime buyers, dealers need a plan in place to secure every deal with confidence because once a customer walks off the lot – chances are high that they'll go to your competitors and secure a deal.

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## MAKE THE MOST OF TAX SEASON

Maximizing revenue during tax season is every dealer's goal. It's those who take strategic steps to get ahead who will be the real winners.

### **Act on the following recommendations to set your dealership apart from the competition:**

1. If you haven't started preparing already, start immediately! Now that the PATH Act is federal law, tax refunds won't go out until February 15th or later. If you wait until then, you're giving competitors an advantage.
2. Get the word out. Many customers are doing their research before they step foot into a dealership. Let them know why they should do business with you, utilizing print, online ads and even social media.
3. Streamline the sales process. You'll close more deals, faster, and you'll ensure customers don't walk away as a result of a long and cumbersome experience at your dealership.
4. Stick to your underwriting guidelines. It's easy to get caught up in the tax season frenzy. Especially when you're looking at buyers with their tax refund in hand for the down payment. But it's equally important that a buyer has the ability to make their payments after they drive off the lot.
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. Partner with a tax and technology professional who can estimate refunds for your buyers and couple that with a reliable GPS solution to mitigate the additional risk.
7. Keep policies regarding partial payments, conditions for asset recovery and how GPS vehicle tracking may be used to support your collection efforts. These policies will allow you to offer customers flexibility and transparency without putting your business at risk.
8. Have delinquency controls in place to protect and recover delinquent assets.

Proactive dealers can extend tax season benefits far beyond a mad dash in February putting more money in the bank or in hand to reinvest in their business.

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## COMMON TAX SEASON PITFALLS

Big money will be driving off lots around the country this 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.

Today, with the increased competition for subprime and deep subprime buyers, there's also added vulnerability for dealers to combat to remain competitive and grow profits during tax season.

**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 and the importance of properly servicing customers to keep them for life
4. Compromise underwriting guidelines to close more deals
5. Allow STIPs verification to fall to the wayside
6. Ignore new technologies available to improve your business
7. Forget that your business relies on effective lending practices to be profitable
8. Leave your business vulnerable to loss and/or expensive recovery cost by lacking predetermined policies, tools and partners to act quickly

The underlying principle to avoiding these and other pitfalls is to be **prepared**. Find out how the right GPS solution can help.

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## AVOID TAX SEASON PITFALLS WITH A GPS SOLUTION

With the right tools and preparation, dealers can thrive during tax season and beyond; and a trusted GPS partner can play a central role in that success.

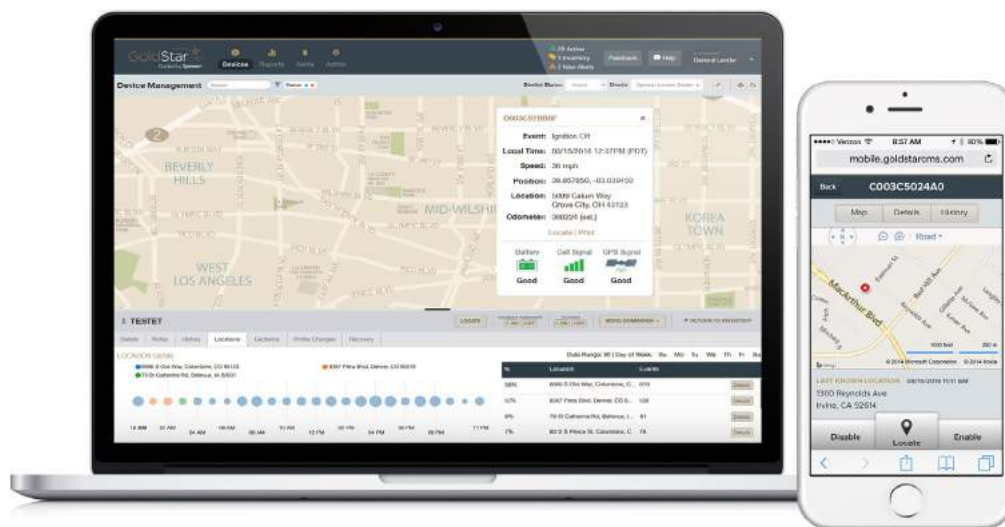
The first step is recognizing that a GPS solution can be more than an easy locate mechanism.

While tracking and recovering a vehicle is faster and more cost-efficient with GPS, recovery should be a last resort. A GPS solution should deliver a full suite of time and money saving features that add value the moment it's installed on a vehicle.

From helping dealers proactively manage risk, to keeping customers current after they've driven off the lot, a robust GPS solution means dealers can:

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. Have on-demand visibility into the location and status of every financed asset
6. Use easy-to-access reporting to manage accounts en masse verses on an individual basis
7. Be less dependent on third party repo agents
8. Avoid extensive impound fees
9. Reduce time and costs associated with recovery

The bottom line? Finding the right solution can have a major impact on business during tax season, even with increased competition, dealers can sell to more low credit customers using tax returns for a down payment and increase their profits.



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## THE GOLDSTAR DIFFERENCE

Unfortunately, not all GPS 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 GPS has:



A 99.9% performance guarantee



The number 1 selling device in the industry



Over 3 million active subscribers



Comprehensive security measures that protect data and exceed regulatory standards



Nearly 2 decades of experience in serving and protecting dealers from risk

GoldStar helps dealers to maximize revenue while maintaining peace of mind that their dealership and investments are safe.

The risk of selling to subprime buyers doesn't have to prevent dealers from making the most of this tax season.

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

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## 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

Reduce recovery costs with GoldStar Location Genie, enabling recovery agents to quickly and effectively locate and recover your assets

Avoid impound fees on abandoned vehicles with GoldStar GeoZones and GeoFences

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