Gmail

Benjamin J.F. Cruz <senator@senatorbjcruz.com>

DRT 2017 CCR

2 messages

Carolyn A. Rivera <Carolyn.Rivera@revtax.guam.gov> Tue, Sep 4, 2018 at 10:01 AM
To: "Honorable Benjamin J.F. Cruz" <senator@senatorbjcruz.com>, Yukari Hechanova <yhechanova@guamopa.com>
Cc: "John P. Camacho" <John.Camacho@revtax.guam.gov>, "Marie M. Benito" <Marie.Benito@revtax.guam.gov>, Paul Pablo <Paul.Pablo@revtax.guam.gov>, Michele Brillante <mbrillante@guamopa.com>, Rodalyn Gerardo <rgerardo@guamopa.com>

Hafa Adai Speaker Cruz and Ms. Hechanova,

On behalf of the Department of Revenue and Taxation and pursuant to Title 1 Guam Code Annotated (GCA) Chapter 19 §1922(a), I hereby submit the 2017 Citizens Centric Report for your perusal. For any questions or concerns, you may contact our office at 635-1815 or 1816.

Sinceramente,

Carolyn

GL# 34-18-2290
Speaker Benjamin J.F. Cruz

SEP 04 2018
Time: 445 [ ] AM [ ] PM File No. ____
Received By:

CAROLYN J.A. RIVERA
Special Assistant to the Director (Detail)
CRIMINAL TAX INVESTIGATOR
Department of Revenue and Taxation
Criminal Investigation, Tax Enforcement Division
PO Box 23607, GMF, GU 96921

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Benjamin J.F. Cruz <senator@senatorbjcruz.com> Tue, Sep 4, 2018 at 4:45 PM
To: Guam Legislature Clerks <clerks@guamlegislature.org>
Cc: "<rennae@guamlegislature.org>" <rennae@guamlegislature.org>, speaker.staff@guamlegislature.org

09/04/18	09/04/18	Department of Revenue and Taxation	DRT 2017 CCR	34-18-2290

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Speaker Benjamin J.F. Cruz
I Mina'trentai Kuåttro Na Liheslaturan Guahan
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DEPARTMENT of REVENUE & TAXATION

Citizen Centric Report



JOHN P. CAMACHO
Director



MARIE M. BENITO
Deputy Director

2017

MISSION STATEMENT

To provide quality service in helping our island community to understand and meet tax and licensing responsibilities by applying the Tax Laws and Business Regulations with fairness and integrity to all.

GUAM TAX STRUCTURE

The U.S. Congress created the Territorial Government of Guam as a separate taxing jurisdiction by enactment of the Organic Act of Guam in 1950. Section 31 of the Act provides that the income tax laws in force in the United States shall be the income tax laws of Guam, substituting Guam for the United States where necessary and omitting any inapplicable or incompatible provisions. The U.S. Internal Revenue Code with such changes constitutes the Guam Territorial Income Tax Law.

There is the usual range of other types of local taxes such as, real property, liquor, tobacco, liquid fuel, automotive surcharges, gross receipts, use, and hotel occupancy. However, there is only one taxing authority in the Territory, the Government of Guam. There are no separate municipal, county, school district or improvement district taxes. Additionally, Guam does not impose a general sales tax directly on the consumer.

AGENCY GOALS (~) and DESIRED OUTCOMES (*):

~ Develop, improve, and maintain technological systems, equipment and programs in all areas.
  * Efficient and effective internal controls to deliver accurate and real-time reporting.

~ Provide new and updated training in all divisions.
  * Greater public confidence in the integrity of Guam's tax system.

~ Enhance on building, equipment, supplies and maintenance resources.
  * To provide quality service in the most cost-effective and timely manner

~ Further develop and improve online filing for Individual Tax Returns.
  * Timely and accurately reporting; Reduction in this time-consuming process, thus allowing staff to refocus their time and attention on other agency duties while drastically reducing overtime costs.

~ Mandatory e-filing for the current 20K returns filed monthly by BPT entities.
  * Efficient and effective reporting together with refocusing and redistributing these saved staff hours to other crucial processes and duties.

~ Complete the development of dbases and reporting programs for case work inventories, productions, and industries (i.e. Military Contracts Program, Staff production reporting, etc.)
  * To achieve accurate and real-time production and status reports on a consistent, periodic and real-time basis.

~ Immediately fill vacated positions due to retirement and resignations as allowed by law and to augment our current workforce through added staffing in all areas of service and enforcement.
  * Improvement on an already constricted staffing pattern in ratio to our vast customer entities, while simultaneously achieving an effective and efficient servicing system and quality work environment in providing public service.

AGENCY CONTACT
1240 Army Drive, Barrigada, Guam 96913
(671) 635-7699 ext. 803/806/807
Office Hours: 8am-5pm Monday through Friday (excluding holidays)

Doc. No. 34GL-18-2290.*

Performance Accomplishments

ACTIVITIES	FOOTNOTE	2015 Branch Units	2015 Amount Assessed/Collected	2016 Branch Units	2016 Amount Assessed/Collected	2017 Branch Units	2017 Amount Assessed/Collected
Alcohol Beverage Licenses		1,023	$ 775,295	1,019	$ 784,875	940	$ 767,525
Amusement Devices		1,403	323,815	1,418	310,778	205	273,863
Recreational Facilities		292	31,500	296	38,636	1,167	31,250
ABC Cards		2,403	39,835	4,307	114,865	2,038	61,140
Guam Healthcare Trust & Other Events		435	182,315	405	181,785	461	191,950
Total Performance: ABC Compliance Branch		**5,556**	**$ 1,352,760**	**7,445**	**$ 1,430,939**	**4,811**	**$ 1,325,728**
Business Licenses		30,999	$ 2,245,373	19,055	$ 2,037,444	19,754	$ 2,248,346
Tobacco Licenses		465	67,390	444	57,950	426	61,061
Reg. of Corporations & related documents		6,159	890,323	7,424	562,261	637	243,428
Total Performance: Business License Branch		**37,623**	**$ 3,203,086**	**26,923**	**$ 2,657,655**	**20,817**	**$ 2,552,835**
Insurance Licenses		1,197	$ 201,688	1,177	$ 303,644	1,156	$ 211,023
Securities Licenses		1,015	641,465	1,023	638,385	726	616,178
Real Estate Licenses		216	44,368	208	38,265	246	61,952
UCC Filings		681	15,293	779	18,833	568	14,778
Total Performance: ISB Branch		**3,109**	**$ 902,814**	**3,187**	**$ 999,127**	**2,696**	**$ 903,931**
Scales		574	$ 3,279	573	$ 3,638	593	$ 3,967
Gas Pump Meter		853	8,530	1,420	14,200	962	9,620
Taxi Meters		316	6,320	91	1,940	330	6,600
Total Performance: Weights & Measures		**1,743**	**$ 18,129**	**2,084**	**$ 19,778**	**1,885**	**$ 20,187**
Passport Applications - Adults	5	7,985	$ 987,000	8,391	$ 599,400	8,857	$ 1,087,670
Passport Applications - Minors	5	4,428	464,940	4,641	487,305	5,013	526,365
Total Performance: Passport Branch		**12,413**	**$ 1,451,940**	**13,032**	**$ 1,086,705**	**13,870**	**$ 1,614,035**
Income Tax Examinations	2/4	1,147	$ 4,573,337	1,517	$ 8,977,094	1,736	$ 18,277,433
Business Privilege Tax Examinations	2/4	34	16,307,717	55	396,535	128	2,577,305
Total Performance: Examination Branch		**1,181**	**$ 20,881,054**	**1,572**	**$ 9,373,629**	**1,864**	**$ 20,854,738**
Driver's Licenses		25,723	$ 722,337	20,204	$ 723,961	27,175	$ 935,923
Permits (All types)		4,398	43,980	4,351	43,510	7,124	71,240
Vehicle Registrations		116,284	15,133,751	119,297	15,909,692	119,901	15,834,593
Total Performance: DMV		**146,405**	**$ 15,900,068**	**143,852**	**$ 16,677,163**	**154,200**	**$ 16,841,756**
Collection of Income Taxes	2	7,179	$ 19,491,243	8,497	$ 32,056,310	6,459	$ 17,269,425
Collection of Bus. Privilege Taxes	2	1,650	2,691,362	4,275	12,899,096	4,735	8,830,003
Total Performance: Collection Branch		**8,829**	**$ 22,182,605**	**12,772**	**$ 44,955,406**	**11,194**	**$ 26,099,428**
Real Property Tax Assessments		64,512	$ 28,500,549	70,188	$ 28,145,930	67,820	$ 29,074,010
Real Property Tax Collections			25,707,660		27,098,430		$ 27,846,222
Total Performance: Real Property Tax Branch		See above.		See above.		See above.	
Inspections		2,401		2,465		2,044	
Total Performance: Motor Carrier		**2,401**		**2,465**		**2,044**	
		Branch Units		**Branch Units**		**Branch Units**	
Business Privilege Tax (BPT)							
GuamTax.com E-Filing		71,466		75,856		94,469	
Electronic Data Processing Branch (EDPB)							
Forms 1040, 1040A, 1040EZ filed as of 12/31/XX	1	70,648		72,070		66,627	
Forms 1040, 1040A, 1040EZ processed as of 12/31/XX	1	70,648		72,069		67,667	
Corporate Tax Returns filed as of 12/31/XX	1	5,215		5,226		3,812	
Corporate Tax Returns processed as of 12/31/XX	1	5,215		5,223		3,812	

NOTE: Refer to following page for footnote references within this table.

Staffing, Revenue, & Budget Statement

STAFFING PATTERN			
DIVISION	**FY15**	**FY16**	**FY17**
EXECUTIVE DIRECTION			
Director's Office	8	8	8
Passport	7	7	7
Technical Research & Appeals Bureau	2	3	2
Systems & Programming Support	2	3	3
DIVISION TOTALS	**19**	**21**	**20**
TAX ENFORCEMENT DIVISION			
Criminal Investigation Branch	7	7	7
Tax Examination Branch	20	23	21
Collection Branch	23	23	26
DIVISION TOTALS	**50**	**53**	**54**
TAXPAYER SERVICE DIVISION			
Accounting Branch	7	12	12
Central Files Branch	7	8	8
Income Tax Assistance & Processing Branch	14	5	4
Electronic Data Processing/SWICA Branch	7	7	7
Business Privilege Tax Branch	6	7	6
DIVISION TOTALS	**41**	**39**	**37**
REGULATORY DIVISION			
General Licese & Registration	8	6	9
Compliance	3	4	7
Insurance, Banking, Securities & Real Estate	7	6	4
Weights & Measures	2	2	3
DIVISION TOTALS	**20**	**18**	**23**
REAL PROPERTY TAX DIVISION			
Appraisal	8	9	9
Assessment	8	6	7
DIVISION TOTALS	**16**	**15**	**16**
MOTOR VEHICLE			
Driver's License Examination	10	7	10
Vehicle Registration	10	9	9
Motor Carrier Safety Assistance Program	5	4	5
DIVISION TOTALS	**25**	**20**	**24**
TOTAL	**171**	**166**	**174**

TAX REVENUES COLLECTED per AUDIT			
	TY2015	**TY2016**	**TY2017**
Income Tax	$ 324,402,000	$ 343,837,000	**$ 354,709,313**
Business Privilege Tax	226,592,000	238,305,000	**237,133,647**
Section 30 Income Tax	71,446,424	78,467,450	**87,154,735**
Hotel Occupancy Tax	36,988,000	40,864,000	**44,007,074**
Real Property Tax	28,033,000	26,321,000	**26,990,962**
Tobacco Tax	19,723,000	20,104,000	**21,940,042**
Liquid Fuel Tax	9,932,000	10,051,000	**10,411,898**
Alcoholic Beverage Tax	2,778,000	2,896,000	**3,400,434**
Excise Tax	2,691,000	2,938,000	**2,835,998**
Limited Gaming	*	*	**1,718,598**
Other	9,160,000	2,267,676	-
TOTAL	**$ 731,745,424**	**$ 766,051,126**	**$ 790,302,701**

BUDGET STATEMENT	*FY15*	*TY16*	*TY17*
APPROPRIATIONS			
General Fund	10,013,790	10,849,229	12,129,870
Tax Collection Enhancement Fund	867,538	886,091	1,038,708
Better Public Service Fund	1,829,515	2,206,210	2,204,250
Federal Grant Fund	350,000	350,000	350,000
Real Property Reevaluation	28,027	37,377	36,294
Transaction Processing System	150,893	230,462	230,462
Principal Guam Income Tax Attorney	-	-	
Computer System Upgrade/Integrated	-	-	
Process Stimulus Tax Rebates	-	-	
Monitoring Hotel Occupancy Tax	-	-	
Monitoring Tobacco and Alcohol	-	-	
Safe Home/Streets	-	-	
Banking and Insurance Enforcement Fund	-	-	
Sale and Measure of Petroleum	-	-	
Total Appropriations	**13,239,763**	**14,559,369**	**15,989,584**
EXPENDITURES			
Personnel	9,410,280	9,204,063	9,286,085
Travel	16,314	4,068	20,488
Contractual Services	2,832,974	2,723,610	3,254,805
Office Space Rental	960,847	978,588	802,818
Supplies & Materials	215,674	139,010	129,593
Equipment	-	-	27,716
Utilities	99,275	102,000	101,872
Capital Outlay	-	-	-
Drug Testing	-	800	1,000
Miscellaneous (Board Stipend)	-	4,000	2,600
Total Expenditures	**13,535,364**	**13,156,139**	**13,626,977**

PERFORMANCE FOOTNOTES (previous page):

1. All units and dollar amounts are fiscal year based with the exception of Individual Income Tax Forms filed and processed which are based on calendar year; Performance measures include divisional figures (unaudited).
2. RRA98 provides that *in no event*, Tax Enforcement performance measures are not to be used for any purpose involving setting production and/or dollar goals, employee performance ratings, making related enforcement assessments on collections, or otherwise to undermine fair treatment of taxpayers.
3. The collection or assessments above may include applicable taxes, interest, penalties, credits or other related charges within its Branch as authorized.
4. Tax Examination $ figures are "net" production computed as: Agreed & Unagreed Deficiencies, (*Less):* Over-Assessments- *inclusive of* ***addl. Claims*** *allowed per an Audit*, *Plus:* Claims Denied, *Plus:* Applicable Penalties.
5. Change made to Passport figures for FY2013 and FY2014, due to inadvertent formula error in previous CCR publication.

Doc. No. 34GL-18-2290.

AGENCY ACCOMPLISHMENTS

- Fully compliant with the Real ID Act of 2005;
- First year to issue Real ID Compliant Driver's Licenses and Guam Identifications;
- Successful opening and operations of the Dirver's License Satellite office, Agana Shopping Center;
- Continued success with service and operations during the tax filing season at the main and satellite offices;
- Timely payment of refunds in the approximate amount of $137.3 Million. Note: 2016 CCR refund correction from $78.7 to $137.8 Million.
- Continued efforts in building and strengthening the partnership with the Internal Revenue Service as a vital component to both agencies' growth, productions, and achievements.

AGENCY CHALLENGES

- The update, revamping, development and enhancements of branch Standard Operating Procedures in all divisions;
- Lack of training;
- Inadequate office space and facility;
- Outdated and limited office equipment
- Inadequate and efficient office supplies;
- Updating, replacement, repair, and maintenance of Computer Systems & Technological Programs;
- Staffing placement and retention
- Budget constraints;

AGENCY FUTURE OUTLOOK

The *Tax Cuts and Jobs Act of 2017*, has created an adverse impact upon the Government of Guam. This mandate results in a significant revenue shortfall of approximately $68 Million in FY2018 and $120 Million in FY2019 Budgets. This budget crisis has catapulted our government bodies to immediately begin considerations in tax increases, budget reductions, and other effective budget measures. In addition, because the Department of Revenue and Taxation (DRT) is tasked with the collection of taxes and fees that finances our government's operations (taxes and fees make up approximately 96% of the general fund deposits), our efforts, practices and procedures have become the focus of the FY2019 Budget for the Government of Guam.

In the face of recurring challenges and added pressures on our work force and its resources, such as this massive revenue shortfall, DRT's staff continues to effectively collect on both current and delinquent taxes. We will continue our successful efforts in the processing of refund liabilities efficiently and timely while our staff simultaneously furthers their dedicated efforts to providing our public paramount services in every area together with effective enforcement.

AGENCY MANAGEMENT & DIVISION CONTACT:

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ONLINE SERVICES

- ***www.guamtax.com***
- ***www.govguamdocs.com***
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