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M&C Fwd: FY2018 Citizen Centric Report - Department of Revenue and Taxation

1 message

Speaker's Office <speaker@guamlegislature.org> Fri, Aug 23, 2019 at 4:18 PM
To: Clerks Office <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>
Bcc: Tina Muna Barnes <tinamunabarnes@gmail.com>

08-23-19	2:03 PM	08-23-19	FY2018 Citizen Centric Report.*	Department of Revenue and Taxation	35GL-19-0928

35GL-19-0928
Speaker Tina Rose Muña Barnes

AUG 2 3 2019
Time 2:03 ( )AM (X)PM
Received By: Matt

Sinseru yan Minagåhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

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Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yanggen lachi rinisibu-mu nu este na mensåhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

---------- Forwarded message ---------
From: **Albert Perez** <Albert.Perez@revtax.guam.gov>
Date: Fri, Aug 23, 2019 at 2:03 PM
Subject: FY2018 Citizen Centric Report - Department of Revenue and Taxation
To: Michele Brillante (mbrillante@guamopa.com) <mbrillante@guamopa.com>, Speaker Tina Muna Barnes (speaker@guamlegislature.org) <speaker@guamlegislature.org>
Cc: Dafne M. Shimizu <Dafne.Shimizu@revtax.guam.gov>, Michele B. Santos <Michele.Santos@revtax.guam.gov>, Paul Pablo <Paul.Pablo@revtax.guam.gov>, Lawrence S. Terlaje <Lawrence.Terlaje@revtax.guam.gov>, Michele Rabago <Michele.Rabago@revtax.guam.gov>

Hafa Adai:

Office of Public Accountancy

Speaker, 35th Guam Legislature

Pursuant to the filing requirements stated in Title 1 GCA Chapter 19 SS1922(a), please find DRT's FY2018 Citizen-Centric Report attached. Please feel free to contact me should you have any questions.

2019 AUG 23 PM 4:25

Albert M. Perez

Senior Economist

Department of Revenue and Taxation

Tel: (671) 635-1817/1779

DRT FY2018 CCR Publication.pdf
461K

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DEPARTMENT OF REVENUE & TAXATION
Fiscal Year 2018 Citizen-Centric Report

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Website: http://guamtax.com
Office Hours: 8am-5pm Monday through Friday (excluding holidays)



DAFNE MANSAPIT-SHIMIZU
Director

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.



MICHELE B. SANTOS
Deputy Director

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. In effect, the U.S. Internal Revenue Code constitutes the Guam Territorial Income Tax Law as administered by the Department of Revenue and Taxation (DRT).

The Department also administers other local taxes on Guam, including the Business Privilege Tax, Real Property Tax, Excise and Tobacco Tax, Liquid Fuel Tax, Use Tax, Hotel Occupancy and Short-Term Vacation Rental Tax and Automotive Surcharges. The Department also issues Real IDs, Driver's Licenses, and Vehicle Registrations. The Insurance, Securities, Banking and Real Estate industries are also regulated by the Department. The national Motor Carrier Safety Assistance Program is also administered and operated out of the Department.

AGENCY GOALS	***DESIRED OUTCOMES***
Develop, improve, and maintain database and reporting systems, equipment and programs in all areas.	» *Minimizes down time and unnecessary work flow interruptions.* » *Provides tools necessary to respond to inquiries from management.* » *Leads to efficient and effective controls to deliver accurate, real-time or periodic reporting.*
Provide new and updated training programs in all divisions.	» *Improves customer service and reduces wait times.* » *Provides quality service in the most cost-effective and timely manner.* » *Leads to greater public confidence in the integrity of Guam's tax system.*
To open additional opportunities or individual and business entities to file online.	» *Ensures an electronic receipt of all online transactions.* » *Redistributes efforts away from manual processing and into compliance and enforcement activities.*
Engage in succession planning efforts that address retirement and work-place attrition concerns.	» *Improves on an already constrained staffing pattern in ratio to our vast customer entities.* » *Achieves an effective work-flow servicing system due to absenteeism.* » *Promotes a better overall environment when dealing with challenges of the day.*

Performance Measures & Outcomes

ACTIVITES	Footnote	FY2016 Branch Units	FY2016 Amount Assessed Collected	FY2017 Branch Units	FY2017 Amount Assessed Collected	FY2018 Branch Units	FY2018 Amount Assessed Collected
Alcohol Beverage Licenses		1,019	$784,875	940	$767,525	923	$735,350
Amusement Devices		1,418	$310,778	205	$273,863	1,111	$264,645
Recreational Facilities		296	$38,636	1,167	$31,250	301	$35,538
ABC Cards		4,307	$114,865	2,038	$61,140	1,418	$42,540
Guam Healthcare Trust & Other Events		405	$181,785	461	$191,950	380	$190,000
Compliance Branch Totals		**7,445**	**$1,430,939**	**4,811**	**$1,325,728**	**4,133**	**$1,268,073**
Business Licenses		19,055	$2,037,444	19,754	$2,248,346	16,069	$1,621,426
Tobacco Licenses		444	$57,950	426	$61,061	357	$40,314
Regulation of Corporations Documents		7,424	$562,261	637	$61,952	476	$233,071
General Licensing & Registration Branch Totals		**26,923**	**$2,657,655**	**20,817**	**$2,371,359**	**16,902**	**$1,894,811**
Insurance Licenses		1,177	$303,644	1,156	$211,023	1,427	$382,919
Securities Licences		1,023	$638,385	726	$616,178	665	$625,097
Real Estate Licenses		208	$38,265	246	$61,952	204	$39,850
UCC Filings		779	$18,833	568	$14,778	641	$14,715
Insurance , Securities, Banking & Real Estate Branch Totals		**3,187**	**$999,127**	**2,696**	**$903,931**	**2,937**	**$1,062,581**
Scales		573	$3,638	593	$3,967	563	$3,695
Gas Pump Meter		1420	$14,200	962	$9,620	969	$9,260
Taxi Meter		91	$1,940	330	$6,600	348	$6,820
Weights & Measures Branch Totals		**2,084**	**$19,778**	**1,885**	**$20,187**	**1,880**	**$19,775**
Passort Applications - Adults		8,391	$599,400	8,857	$1,087,670	7,916	$1,004,840
Passort Applications - Minors		4,641	$487,305	5,013	$526,365	4,683	$514,715
Guam Passport Office Totals		**15,116**	**$1,106,483**	**15,755**	**$1,634,222**	**14,479**	**$1,539,330**
GuamTax.com E-Filing		**94,469**		**106,278**		**121,907**	
Business Privilege Tax Branch							
Forms 1040, 1040A, 1040EZ filed	1	72,070		66,627		69,692	
Forms 1040, 1040A, 1040EZ processed	1	72,069		67,667		69,690	
Corporate Tax Returns filed	1	5,226		3,812		5,177	
Corporate Tax Returns processed	1	5,223		3,812		5,177	
Electronic Data Processing Branch							
Income Tax Examinations	2/4	1,517	$8,977,094	1,736	$18,277,433	1,524	$8,402,008
Business Privilege Tax Examinations	2/4	55	$396,535	128	$2,577,305	64	$4,764,735
Examination Branch Totals		**1,572**	**$9,373,629**	**1,864**	**$20,854,738**	**1,588**	**$13,166,743**
Collection of Income Taxes	3	8,497	$32,056,310	6,459	$17,269,425	6,528	$48,264,582
Collection of Business Privilege Tax	3	4,275	$12,899,096	4,735	$8,830,003	5,575	$17,702,517
Collection Branch Totals		**12,772**	**$44,955,406**	**11,194**	**$26,099,428**	**12,103**	**$65,967,100**
Driver's Licenses		20,204	$723,961	27,175	$935,923	26,287	$953,509
Permits (all types)		4,351	$43,510	7,124	$71,240	7,256	$72,560
Vehicle Registrations		119,297	$15,909,692	119,901	$15,834,593	119,479	$15,692,776
Motor Vehicle Division Totals		**119,297**	**$15,909,692**	**119,901**	**$15,834,593**	**119,479**	**$15,692,776**
Total Inspections		2,465		2,044		1,622	
Motor Carrier Assistance Program							

PERFORMANCE FOOTNOTES:

1. All units described represent that filed and processed during the fiscal year. Income tax returns are filed and processed after the referenced 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 include applicable taxes, interest, penalties, credits, or other related charges within its Branch as authorized.
4. Tax Examinations dollar amounts are "net" production computed as Agreed and Un-agreed Deficiencies, (Less): Over-assessments—inclusive of additional Claims allowed per an Audit, Plus: Claims Denied, Plus: Applicable Penalties.

Staff, Revenue & Budget Highlights

STAFFING PATTERN			
DIVISION	***FY2016***	***FY2017***	***FY2018***
Executive Direction			
Director's Office	8	8	7
Guam Passport Office	7	7	7
Technical Research & Appeals Bureau	3	2	2
System and Programming Support	3	3	2
Division Totals	**21**	**20**	**18**
Tax Enforcement Division			
Criminal Investigation Branch	7	7	8
Tax Examination Branch	23	21	20
Collection Branch	23	26	25
Divion Totals	**53**	**54**	**53**
Taxpayer Service Division			
Income Tax Assistance & Processing Branch	12	12	12
Electronic Data Processing / SWICA Branch	8	8	8
Business Privilege Tax Branch	5	4	3
Tax Accounting Branch	7	7	8
Central Files Branch	7	6	7
Division Totals	**39**	**37**	**38**
Real Property Tax Division			
Appraisal Branch	9	9	9
Assessment Branch	6	7	6
Division Totals	**15**	**16**	**15**
Regulatory Division			
Insurance, Securities, Banking & Real Estate Branch	6	9	7
General Licensing & Registration Branch	6	7	7
Compliance Branch	4	4	7
Weights & Measures Branch	2	3	2
Division Totals	**18**	**23**	**23**
Motor Vehicle Division			
Driver's Licensing Examination Branch	7	10	14
Vehicle Registration Branch	9	9	9
Motor Carrier Safety Assistance Program	4	5	5
Division Totals	**20**	**24**	**28**
TOTALS	***166***	***174***	***175***

Tax Revenues (Audit)	**FY2016**	**FY2017**	**FY2018**
Income Tax	$343,837,000	$354,709,313	$318,123,595
Business Privilege Tax	$238,305,000	$237,133,647	$269,684,874
Section 30 Income Tax	$78,467,450	$87,154,735	$77,795,541
Hotel Occupancy Tax	$40,864,000	$44,007,074	$43,181,165
Real Property Tax	$26,321,000	$26,990,962	$29,932,932
Tobacco Tax	$20,104,000	$21,940,042	$28,562,068
Liquid Fuel Tax	$10,051,000	$10,411,898	$13,297,415
Alcohol Beverage Tax	$2,896,000	$3,400,434	$3,676,775
Excise Tax	$2,938,000	$2,835,998	-
Limited Gaming	-	$1,718,598	$4,140,378
Other	$2,267,676	-	$2,765,591
Total Revenues Collected	**$766,051,126**	**$790,302,701**	**$791,160,334**

Budget Statement			
Appropriations	**FY2016**	**FY2017**	**FY2018**
General Fund	$10,849,229	$12,129,870	$12,974,387
Tax Collection Enhancement Fund	$886,091	$1,038,708	$996,351
Better Public Service Fund	$2,206,210	$2,204,250	$1,781,496
Banking and Insurance Enforcement Fund	-	-	$419,088
Federal Grant Fund	$350,000	$350,000	$478,000
Examiner Off-Duty	$37,377	$36,294	$32,455
DRT Asset Forfeiture Equitable Program	-	-	$83,489
Limited Gaming	$230,462	$230,462	-
Total Appropriations	**$14,559,369**	**$15,989,584**	**$16,765,266**
Expenditures	**FY2016**	**FY2017**	**FY2018**
Personnel	$9,204,063	$9,286,085	$9,715,923
Travel/Local Mileage Reimbursements	$4,068	$20,488	$25,560
Contractual	$2,723,610	$3,254,805	$3,124,329
Office Space Rental	$978,588	$802,818	$978,588
Supplies & Material	$139,010	$129,593	$193,233
Equipment	$0	$27,716	$16,948
Utilities	$102,000	$101,872	$115,667
Capital Outlay	$0	$0	$78,640
Drug Testing	$800	$1,000	$800
Miscellaneous (Board Stipend)	$4,000	$2,600	$2,800
Total Expenditures	**$13,156,139**	**$13,626,977**	**$14,252,488**

DEPARTMENT ACCOMPLISHMENTS

- Paid approximately $129 Million in income tax refunds in a timely basis.
- Collected $30 Million of outstanding taxes through a Tax Amnesty Program in FY2018.
- Implemented legislative initiatives affecting tax rate changes and collection programs.
- Achieved compliance with the Real ID Act of 2005.
- Improved customer service relations during the tax filing season.
- Continued building and strengthening of the partnership with the US IRS to keep abreast of developments and policies at the national level.

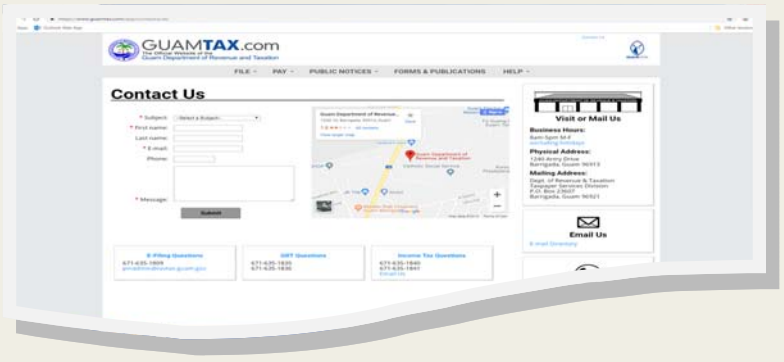
DEPARTMENT CHALLENGES

- The need to update department-wide Standard Operating Procedures on a continuing basis.
- A lack of access and resources for training.
- Inadequate funding to fill administrative positions and critical vacancies.
- Need for conducive work-place environment.
- Outdated computer system network
- Lack of opportunities for staff development, retention and promotion.
- Implementing and enforcing department related unfunded mandates.

CURRENT AND FUTURE OUTLOOK

The *Tax Cuts and Jobs Act of 2017 (TCJA)*, has created an adverse financial impact upon the Government of Guam in 2018 and beyond. The TCJA resulted in a significant revenue shortfall to Guam as individual and corporate income tax rates were reduced while the Additional Child Tax Credit (ACTC) was increased. The anticipated budget shortfall was off-set through increasing Gross Receipts Taxes from 4% to 5%, doubling property taxes on improvements exceeding $1 Million or more, collection of delinquent taxes and adoption of strict austerity measures. Since the Department is mandated to collect taxes and fees that finance our government's operations our tax collection and enforcement program efforts have received much needed resources.

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 collect on both current and delinquent taxes. In June, a Tax Amnesty program was put in place that reduced outstanding taxes by $30 Million through September 28, 2018. We also continue to process income tax refunds on a timely basis. Enforcement across all tax and regulatory fronts have intensified during the year coupled with an educational campaign to promote voluntary compliance. With utmost confidence, our committed, determined, and diligent employees will forge our department forward in achieving our overall mission.



FREQUENTLY CONTACTED BRANCHES

COLLECTION BRANCH
(671)635-1864/5, 635-7612
INCOME TAX ASSISTANCE AND PROCESSING BRANCH
(671) 635-1840, 635-1841, 635-1842
GENERAL LICENSING AND REGISTRATION BRANCH
(671) 635-1828. 635-1829, 635-7621
BUSINESS PRIVILEGE TAX BRANCH
(671) 635-1836, 635-7623
INSURANCE, SECURITIES, BANKING & REAL ESTATE BRANCH
(671) 635-1844, 635-1845, 635-7668
REAL PROPERTY TAX DIVISION
(671) 635-1897, 635-1896, 635-1892
MOTOR VEHICLE REGISTRATION BRANCH
(671) 635-7652, 635-1886, 635-1898
DRIVER'S LICENSE BRANCH
(671) 635-7651, 635-1761
GUAM PASSPORT OFFICE
(671) 635-7643, 635-7644, 635-7645
ADMINISTRATIVE OFFICES
(671) 635-1817, 635-1778, 635-1779



ONLINE SERVICES

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- ***www.govguamdocs.com***
- ***https://pay.guam.gov***
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