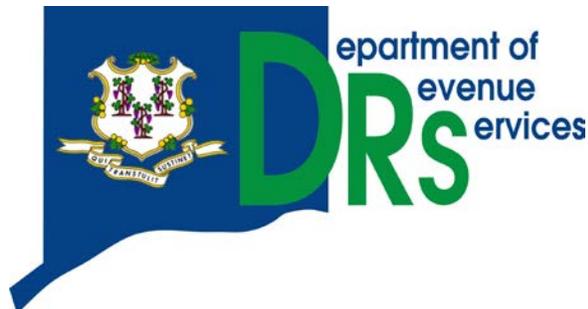


Department of Revenue Services



At a Glance

KEVIN B. SULLIVAN, Commissioner

Joseph W. Mooney, Deputy Commissioner

Established – 1901

Statutory authority – CGS Sec. 12-1

Central office – 25 Sigourney Street, Hartford, CT 06106-5032

Internet address - <http://www.ct.gov/drs>

Number of authorized positions – 665

Recurring operating expenses – \$66,894,915

Organizational structure – Four bureaus: General Counsel, Administration, Operations, and Audit and Compliance

Mission

The mission of the Department of Revenue Services (DRS) is to instill public confidence in the integrity and fairness of state tax collection; achieve the highest level of voluntary taxpayer compliance; continuously improve agency performance; contribute to the fiscal and economic well being of the state; and provide a positive and professional workplace.

Statutory Responsibility

The Department administers state taxes and collects state revenue while safeguarding and protecting Connecticut taxpayer rights and privacy. The agency provides information, education and taxpayer assistance. When necessary, DRS may initiate actions to collect unpaid taxes, other civil and criminal enforcement and litigation. The Department also provides research and advice concerning state tax policy related to state fiscal and economic policies.

Public Service

The Department is first and foremost a service agency, which makes serving taxpayers and the public in general the foundation of the Department's mission and the work of its employees. For DRS, being taxpayer friendly means accurate, efficient, timely, and respectful customer service.

- Our Taxpayer Service Center (TSC) offers a user-friendly, secure, and free automated system to register for business taxes, make payments and file returns for the vast majority of tax types. Taxpayers may also use this website resource to update and maintain their accounts, as well as to directly view previous filing and payment history.
- Utilizing a team approach to give taxpayers a single point of assistance for everything from billing to refunds, the Department handled more than 344,156 calls in FY2014.
- Taxpayers and tax practitioners may subscribe to the latest state tax information through e-alerts, with over 15,963 subscribers to date.
- Automated telephone responses enabled more than 151,614 taxpayers to check of the status of refunds.
- Department staff responded to 9,738 email inquiries both through general email and secure personal mailboxes, while the agency overall handles a high volume of written inquiries from taxpayers and tax practitioners.
- The Department's regional walk-in taxpayer assistance offices located in Bridgeport, Norwich Waterbury and Hartford served 10,694 taxpayers in FY 14.
- During FY14, more than 521,032 frequently-asked questions were viewed on the DRS website (www.ct.gov/DRS), which is available to the public 24-hours-a-day.
- Additionally, the website provides on-line access to DRS information and services as well as useful links -- receiving 3,041,401 visits in FY14.
- The Commissioner and agency staff regularly make public presentations of interest to taxpayers, civic and business organizations, and tax practitioners.

Improvements/Achievements 2013-2014

At DRS, recent improvements and achievements include:

- The 2013 Connecticut Tax Amnesty Program was the most successful in state history. The program generated \$193,526,983 in additional revenue for the State of Connecticut representing a cumulative total of applications filed by taxpayers and audits closed by DRS. Below is a statistical summary of the program results:

Type	Total
Total Applications Received	16,108
Total Periods	31,780
Periods Denied	1,588
Duplicate Periods	1,849
Audits Closed	883
Phone Calls Received	8,433
Website Hits	60,637
Amnesty Tutorial Plays	4,170

- At the start of Amnesty, the Audit and Compliance Bureau had 12,059 open audit cases. During the amnesty period the Bureau closed 883 cases or just over 7% of all open cases. The terms offered through the Amnesty Program proved to be enough of an incentive for taxpayers to expedite resolution of their case. As of March 1, 2014, the Audit and Compliance Bureau's open inventory stood at 8,071 cases, a 33% decline from pre-amnesty amounts.
- The Audit and Compliance Bureau generated \$340,057,319 from audit assessments which resulted in an 11.48% increase in revenue from the previous year. Additionally, 55,612 audits were processed which was an increase of 16.92% from the year before.
- The Audit and Compliance Bureau collected a total of \$145,863,226 in overdue taxes.
- Collecting more than \$8 million through the agency's Voluntary Disclosure Program.
- DRS cooperative offset programs with the IRS, several states (MD, NJ, NY, RI), and other CT agencies resulted in \$9.8M payments. In addition, internal offsets generated an additional \$13.8M in collected overdue taxes.
- Using LEAN principles, department employees stripped down and reconstructed the review process for the Unified Gift and Estate tax returns. This new and improved process will provide better communication to taxpayers and their representatives and will reduce the time to process and audit these returns.
- Processing 3.8 million tax filings, collecting \$16.4 billion in revenue, and issuing 1.3 million refunds totaling \$1.2 billion.
- Implementing a significant number of legislative tax changes and providing informational outreach to taxpayers and tax practitioners.

- Resolving 1,448 appeals (769 assessments/679 refund denials) valued at over \$53 million.
- Implementing a virtual Appellate package process during 2013-14.
- The anti-fraud measures implemented last fiscal year, continue to prevent more than \$13.3 million in improper refunds from being issued. Other criminal enforcement activities resulted in 254 arrests and more than \$ 2.037 million in revenue recovered. The program also collected \$5.5 million in overdue accounts specifically through Offer of Compromise and payment plans.
- Receiving 73% of business tax registrations electronically and 82% of personal income tax returns electronically, increasing business e-filing and eliminating paper publications and payments – significantly reducing costs and increasing total electronic payments to \$12.2 billion.

Strategic Planning/Business Planning

DRS continues to become a leaner and flatter state agency while enhancing performance through strategic projects, cross-agency project management, and LEAN initiatives that advance the agency's responsibility to add public value. Some of the projects completed in FY2014 include:

- Business Process Reengineering (BPR) Project determined that the Operations Bureau could conduct its work more efficiently and effectively by adopting a team approach. The shift from units for functional areas (registration, corrections, billing, and refunds) to a cross-functional approach yielded eight teams split between business and individual taxes. Each team is responsible for specific taxpayers and works with them throughout the process, handling all aspects of the taxpayer's account. This approach eliminates unnecessary steps, promotes knowledge transfer, and improves customer service.
- Requiring the electronic filing and payment of taxes for periods beginning on or after January 1, 2014, for sales and use, business use, withholding, room occupancy, corporation, partnership, attorney occupational, business entity, and admissions and dues taxes.
- Beginning in 2015, the Department will require taxpayers who make estimated income tax payments to file and pay those electronically if the taxpayer owed \$4,000 or more in state income tax the previous year.
- The Modernized e-File project enabled DRS to accept 1,384,616 Personal Income Tax returns, 37,388 Partnership returns and 5,865 Corporation returns to date. The project will begin accepting Trust and Estate Income Tax returns in 2015.
- DRS will participate as a member of a new consortium led by Kentucky and is known as the "IFTA Processing Consortium" or "IPC." By joining the IPC, DRS will save the state \$600,000 by not purchasing an independent system. The new IFTA returns processing

system will provide the services needed to effect compliance with the International Fuel Tax Agreement and the statutes of the 58 member jurisdictions. The new system is set to go live in December 2014.

- Creation of a unit to oversee Training, Lean, and Communications activities and initiatives. Training to enhance customer service by improving employee skillsets. Lean initiatives to review processes, cut costs, and work more efficiently. Improving communications internally through our intranet so employees know what's going on and externally through our internet including tutorials, alerts, and updated site information for taxpayers.

Affirmative Action, Diversity and Equity

DRS strives for a diverse and equitable workplace where employees can grow professionally. The Department's Diversity and Opportunity Committee (DOC), with employee representatives from all parts of the agency, continues to be a catalyst for opportunity and inclusion. In FY2013, the Department's efforts were reviewed, approved and commended by the state Commission on Human Rights and Opportunities.