

Department of Revenue Services



At a Glance

SCOTT D. JACKSON, Commissioner

Established – 1901

Statutory authority – C.G.S. Sec. 12-1

Central office – 450 Columbus Boulevard, Suite 1, Hartford, CT 06103

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

Number of authorized positions – 660

Recurring operating expenses – \$61,718,895

Organization structure – Four bureaus: Administration; Audit and Compliance; Legal Services; and Operations

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 DRS administers state taxes (except for the property tax), and collects state revenue while safeguarding and protecting Connecticut taxpayer rights and privacy. The DRS represents the State of Connecticut in litigation before the state's Tax Court and may initiate civil collection actions to collect unpaid taxes, including the placement of liens and the issuance of tax warrants. The DRS also conducts criminal investigations of potential tax violations of the Connecticut General Statutes.

Public Service

The DRS serves taxpayers and collects funds to help the State of Connecticut carry out its various functions, while providing research, data, and guidance concerning state taxes to support

state fiscal and economic policies. Since the work of the DRS touches so many, the agency has a special responsibility to be welcoming, accessible, and fair.

- The DRS implemented a significant number of legislative tax changes and provided information and outreach to taxpayers and tax practitioners.
- The Commissioner and DRS staff regularly make public presentations of interest to taxpayers, civic and business organizations, and tax practitioners.
- The DRS online Taxpayer Service Center (TSC) offers a user-friendly, secure, and free automated system to register for business taxes, make payments, enter into payment plans, and file returns for the vast majority of tax types. Taxpayers may also use this resource to update and maintain their accounts and directly view previous filing and payment history.
- Through the TSC, 80% of taxpayer registrations were submitted online and over two million electronic payments were made for all tax types.
- Of the 1.9 million personal income tax returns processed by the Operations Bureau, 88% were filed electronically and electronic business filing requirements resulted in a 3% increase in returns filed through the TSC, which helped to reduce processing time and costs. Total electronic payments have increased to \$14.6 billion (of more than \$19 billion collected).
- The Operations Bureau handled more than 422,992 calls.
- Over 18,500 taxpayers and tax practitioners subscribe to the latest state tax information through DRS e-alerts.
- Automated telephone responses enabled more than 248,000 taxpayers to check on the status of their refunds.
- DRS staff responded to 9,127 e-mail inquiries through general e-mail and secure personal mailboxes, and responded to a high volume of written inquiries from taxpayers and tax practitioners.
- The DRS regional walk-in taxpayer assistance offices located in Bridgeport, Norwich, Waterbury, and Hartford served 11,796 taxpayers.
- The DRS website, which provides online access to agency information, services, and useful links, received 12,077,167 visits.

Improvements and Achievements

- The Audit and Compliance Division generated \$449,979,270 from audit assessments. Additionally, 166,259 audits were processed.
- The Audit and Compliance Division collected more than \$16 million through the agency's Voluntary Disclosure Program on 189 registrations. The agency also participated in the Multistate Tax Commission's new Voluntary Disclosure Program for Online Marketplace

Companies that gives them prospective treatment for sales and use tax and the corporation tax. The initiative brought in 210 registrations.

- A remote seller's initiative was conducted with the goal of having remote sellers either register with the DRS based on being engaged in business in Connecticut due to substantial presences, or providing three years of sales records. As of June 30, 2018, 131 remote sellers registered generating \$6,519,689 in sales tax remitted; 46 remote sellers supplying sales records; and 6,185 customer use tax bills paid totaling \$1,040,356.
- The Audit and Compliance Bureau implemented the CT Fresh Start initiative. CT Fresh Start is a voluntary compliance incentive program that affords taxpayers who have not filed returns or under-reported their liability on a previously filed return, the opportunity to correct such errors at significant savings. The program runs from October 31, 2017, to November 30, 2018, with a target of \$85 million in additional revenue collections. The program reached its first milestone of \$60 million by July 1, 2018.
- DRS cooperative offset programs with the Internal Revenue Service, several states (MD, NJ, NY, RI), and other Connecticut agencies resulted in approximately \$9.5 million in payments. Internal offsets generated an additional \$18.7 million in collected overdue taxes.
- DRS processed 4.6 million tax returns, collected \$19.03 billion in revenue, and issued 1.18 million refunds totaling \$1.26 billion.
- The Operations Bureau Collections and Accounts Receivable Management Division collected \$203,898,608 in overdue taxes. This 21% increase is the result of a dedicated collection initiative that improved processes and increased field presence, identified tax delinquents for bank attachments more quickly, and utilized private collection agencies for lower-risk accounts so agents could focus efforts on higher-risk cases. The division also resumed conducting tax permit suspension hearings.
- The Appellate Division resolved 2,664 protests valued at over \$82 million.
- DRS anti-fraud measures prevented approximately \$5.7 million in improper refunds from being issued. The Fraud Unit continues to make progress in discouraging tax fraud via identity theft and continues to investigate other areas of tax fraud. As part of its fraud prevention efforts, the Fraud Unit is playing a significant role in the registration of tax preparers.
- Criminal enforcement activities of the Criminal Investigations Division (CID) resulted in 466 arrests and more than \$2.2 million in revenue recovered. CID continued its due diligence enforcement activities in the tobacco arena, having made the largest seizure of contraband cigarettes in Connecticut history.
- DRS data centers were consolidated and now reside within two DAS/BEST facilities. Two separate locations provide enhanced security and redundancy for disaster recovery purposes.

- To consolidate space and staff, the DRS completed a consolidation initiative that allowed an additional state agency to occupy space at 450 Columbus Boulevard, Hartford, CT.
- An agency LEAN was conducted to improve the legislative implementation process. DRS staff was able to reduce the number of steps involved by 25% and automate the workflow to eliminate paper handoffs and reduce internal processing time.
- Training in support of agency initiatives included 1,678 hours of instructor-led classroom training or webinars, and approximately 120 hours of e-learning for supervisors and managers. In addition, 130 employees took advantage of in-service training classes.

Strategic Projects

- The DRS issued a Request for Proposals for the *CTax* modernized management system to enhance taxpayer services, optimize data security, decrease processing times, and maximize revenue. Contract negotiations are currently underway.
- The DRS has operationalized an Enterprise Content Management (ECM) system to scan for Optical Character Recognition and 3D barcodes, and to store, control, monitor, and report on a repository of documents. The ECM will improve efficiency, productivity, and information management, and allow the agency to reduce its paper storage footprint.
- The 2017 income tax season was the first year all paper income tax returns were processed in-house through ECM. Highlights include: over 235,000 income tax returns (1040, NRPY, & X) processed; over 21,400 1040 extensions (1040EXT) processed; half as many temporary employees hired as the previous tax season; returns prepped and scanned by May 14, 2018; and returns keyed into our Integrated Tax System by May 18, 2018.
- The DRS continued with its standards project for commercial tax preparers. This initiative better protects taxpayers who purchase the services of a paid tax preparer. Effective October 1, 2018, non-exempt preparers and facilitators will be able to register via the state's eLicense platform. DRS staff will continue outreach efforts to preparers and taxpayers regarding new requirements as outlined by statute.
- The DRS implemented a new filing application known as e-REC, which allows submitters to electronically prepare and file Form OP-236, *Real Estate Conveyance Return*, first to the Town Clerk's office for validation and recording, and then to the DRS. DRS staff has worked with submitters and Town Clerks throughout implementation. The agency currently has agreements in place with over 50 Town Clerk offices. New submitters are setting up accounts within e-REC to participate and have future conveyance returns processed electronically.

Affirmative Action, Diversity and Equity

DRS strives for a diverse and equitable workplace where employees can grow professionally. The DRS Diversity and Opportunity Committee, with employee representatives from all parts of the agency, continues to be a catalyst for opportunity and inclusion. The DRS Affirmative Action Plan was reviewed, approved, and commended by the state Commission on Human Rights and Opportunities.