

# Department of Revenue Services



## *At a Glance*

**SCOTT D. JACKSON, Commissioner**

**Established – 1901**

**Statutory authority – Connecticut General Statutes, Section 12-1**

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

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

**Number of authorized positions – 660**

**Recurring operating expenses – \$58,975,341**

**Organization structure – Commissioner’s Office; Administration; Audit and Compliance; Legal Services; and Operations (structure currently under review)**

## **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 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 state tax research, data, and guidance. The DRS is focused on fair and equitable tax administration, excellent customer service, and stimulating higher levels of voluntary tax compliance.

- The DRS implemented a significant number of legislative tax changes and administered the state's Neighborhood Assistance Act (NAA), which awarded five million dollars in tax credits to businesses that sponsor approved projects on behalf of a tax-exempt organization or municipal agency. For the 2018 NAA year, 96 participating businesses supported 415 projects in 78 communities.
- The DRS Taxpayer Advocate worked with taxpayers in cases where they are unable to reach resolution through regular agency channels. The Taxpayer Advocate handled more than 700 cases; approximately 70% of the cases referred to the office were fully resolved, with the balance requiring additional hand-offs within DRS.
- In an effort to achieve superb levels of voluntary tax compliance, the Commissioner and DRS staff regularly made community education presentations and participated in tax help events such as the Spanish American Merchants Association Empresario Development Center training initiative; UCONN's Tax School; and STAND DOWN at the Department of Veteran's Affairs.
- The DRS online Taxpayer Service Center (TSC) offered 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 the TSC to update and maintain their accounts, and directly view previous filings and payment history.
- Through the TSC, 84% of taxpayer registrations were submitted online and over two million electronic payments were made for all tax types.
- Utilizing a team approach to give taxpayers a single point of assistance for everything from billing to refunds, the Operations Bureau handled more than 440,026 calls.
- The DRS e-Alert service, which includes state tax filing reminders, press releases, information about legislative tax changes, and new tax forms and publications, reached 6,275 subscribers.
- The DRS automated telephone response system enabled 220,064 taxpayers to confirm the status of their refunds.
- The DRS responded to 8,818 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 12,310 taxpayers.
- The DRS website, which provides online access to tax forms and publications, agency guidance, and other useful links and information, received 13,080,743 visits.

### **Improvements and Achievements**

- The Audit and Compliance Division generated \$666,202,797 from audit assessments. Additionally, 197,066 audits were processed.
- The Audit and Compliance Division collected more than \$11 million through the DRS Voluntary Disclosure Program on 205 registrations. The agency collected an additional one million dollars through the Multistate Tax Commission's Voluntary Disclosure Program.
- Implementation of marketplace facilitator legislation, combined with various Audit and Compliance Division initiatives, resulted in remote sellers reporting \$53,997,298, and marketplace facilitators reporting \$47,645,263, in sales tax revenue.
- The Audit and Compliance Division successfully implemented the CT Fresh Start voluntary compliance incentive initiative, as directed by state statute. The program ran from October 31, 2017 to November 30, 2018, with a target of \$85 million in additional revenue collections. The program exceeded budgeted expectations, collecting \$99.4 million from 20,644 taxpayers.
- With the availability of new data sources, Audit's Income Tax Subdivision expanded its individual non-filer program. Notices were issued to 19,504 potential non-filers for the 2013 and 2014 tax years. To date, \$17 million in additional revenue has been collected.
- The DRS cooperative offset programs with the Internal Revenue Service, multiple states, and other Connecticut agencies resulted in approximately \$10.2 million in payments. Internal offsets generated an additional \$19.8 million in collected overdue taxes.
- The DRS processed 4.7 million tax returns, collected \$19.93 billion in revenue, and issued 1.2 million refunds totaling \$1.5 billion.
- The Operations Bureau completed a two year project to accelerate collection of overdue taxes resulting in \$203,898,609 collected for fiscal year 2018, and \$213,416,788 collected for fiscal year 2019. The enhanced collection totals were achieved through increased staffing and efficient deployment of multiple collection tools.
- The Appellate Division resolved 2,782 protests valued at over \$103 million.
- The DRS anti-fraud measures prevented approximately \$2.6 million in improper refunds from being issued. The Fraud Unit continued to make progress in discouraging tax fraud via identity theft and continued to investigate fraudulent federal Schedule C losses.
- Criminal enforcement activities of the Criminal Investigations Division (CID) resulted in 318 arrests and more than \$2.45 million in revenue recovered. CID continued its due diligent enforcement activities in the tobacco arena.
- The United States Attorney's Office selected two CID members to receive 2019 U.S. Attorney's Awards for their outstanding contributions to U.S. v. Pavan Vaswani and Rishi

Malik. As a result of these tobacco cases, defendants were ordered to pay restitution to the State of Connecticut in the amount of \$5.8 million.

- Training in support of agency initiatives included instructor-led classroom training and webinars, and e-Learning for supervisors and managers. In addition, DRS employees continued to take advantage of State of Connecticut in-service training classes offered.

### **Strategic Projects**

- The DRS embarked on an aggressive, four year, four phase IT modernization initiative – called CTax – that will stage a tax administration environment supporting integration, knowledge transfer, and flexible adaptation to tax changes. CTax implementation is underway, with a Phase One rollout launch date of May 2020.
- The Operations Bureau implemented a newly structured Forms Administration unit to develop clear and complete announcements, informational publications, policy statements, special notices, tax returns, and instructions explaining legislative changes. The unit will create additional structure and continuity in the forms and legislative implementation processes.
- The DRS conducted a successful career event in April at Middlesex Community College. More than 100 attendees had the opportunity to visit with current DRS personnel to learn more about the agency's mission and work. The DRS plans to hold a similar career event annually.
- The 2018 season for paper income tax returns processed in-house through the Enterprise Content Management system included over 219,000 income tax returns, and more than 19,700 Form 1040 extensions, processed. These returns were prepped, scanned, and keyed into the DRS Integrated Tax System by May 16, 2019.
- In November 2018, the DRS launched our new website on the State of Connecticut's enhanced portal. The mobile-enabled platform is intuitive and allows users to easily navigate the DRS website from their preferred device.
- The DRS continued to implement new standards for paid tax preparers. Effective January 1, 2019, non-exempt tax preparers must obtain a DRS permit. Since launching the online-only permit application in October 2018, 1,692 applicants have been registered.

### **Affirmative Action, Diversity and Equity**

The 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.