

# Department of Revenue Services



## *At a Glance*

**Commissioner – Mark D. Boughton**

**Deputy Commissioner – John D. Biello**

**Established – 1901**

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

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

**Internet address – <https://portal.ct.gov/DRS>**

**Number of authorized positions – 627**

**Recurring operating expenses – \$58,915,943**

**Organization structure – Commissioner’s Office; Audit and Compliance; Fiscal Administrative Services; Legal Services; Information Systems; Operations; Organizational Development**

## **Mission**

The Department of Revenue Services (DRS) seeks to be the best tax agency in the country. The DRS instills public confidence in the integrity and fairness of state tax collection; achieves the highest level of voluntary taxpayer compliance; continuously improves performance; contributes to the fiscal and economic well-being of the state; and provides 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 administers approximately 40 state taxes and collects funds to help the State of Connecticut carry out its various functions, in addition to providing research, collecting data, and issuing taxpayer guidance. The DRS is focused on fair and equitable tax administration, excellent customer service, and stimulating high levels of voluntary tax compliance.

- To protect the health and safety of employees and taxpayers, DRS positioned resources and implemented remote work procedures to ensure essential agency functions such as processing returns, payments, and refunds continue uninterrupted during the COVID-19 pandemic. There have been no wait times for those calling DRS during normal work hours and the Department introduced a videoconferencing option to further meet taxpayer needs.
- To provide additional administrative relief to Connecticut taxpayers, DRS used its statutory authority to extend filing and payment deadlines for 2020 individual state income tax returns, until May 17, 2021. The Department also published a Connecticut Income Tax Filing Season page on our website to address frequently asked questions about the extension.
- The DRS implemented a substantial number of legislative tax changes, including changes to the admissions tax, corporation business tax, income tax, and sales and use tax.
- The DRS administered the state's Neighborhood Assistance Act (NAA), which awards five million dollars in tax credits to businesses that sponsor approved projects on behalf of a tax-exempt organization or municipal agency. For the 2020 program year, the NAA supported 375 proposals, submitted by 309 organizations in 65 communities.
- The DRS Taxpayer Advocate (TPA) worked with taxpayers in cases where they were unable to reach resolution through regular agency channels. The TPA handled hundreds of referrals from colleagues, including those seeking more information on non-DRS administered programs such as federal Economic Impact Payments and the Advance Child Tax Credit.
- Despite health and safety restrictions on in-person meetings, DRS organized and participated in virtual presentations to deliver organizational updates, state tax education, and other outreach to further engage stakeholders. Partner organizations included: the Connecticut (CT) Business and Industry Association; National Association of Tax Professionals – CT; Small Business Administration; CT Bar Association Tax Section; CT Society of CPAs; the American Federation of Teachers – CT; the Internal Revenue Service; CT Town Clerks Association; CT Library Association; American Association of Retired Persons - CT; CT Lodging Association; CT Restaurant Association; the Spanish American Merchants Association; the CT Department of Veteran's Affairs; and the CT Society of Enrolled Agents.
- The DRS continued to offer user-friendly, secure, and free online options to register for business taxes, make payments, enter into payment plans, and file returns via the DRS

Taxpayer Service Center and **myconneCT**, a new, customer-facing tax filing and payment portal. The Department is in the second year of a four-year transition from the TSC to **myconneCT**.

- The DRS reestablished a Taxpayer Services Division. The Taxpayer Services Division represents the alignment of related disciplines within DRS with the goal of providing world-class customer service to all Connecticut business and individual taxpayers.
- The Taxpayer Services Division is the home of a newly dedicated Taxpayer Services Contact Center. The Taxpayer Services Contact Center operates as a “one-stop” contact area and, as such, handled more than 409,443 phone calls and delivered world-class customer service by assisting taxpayers with understanding all aspects related to their tax obligations and tax accounts including, but not limited to, registration, completing and filing tax returns, making payments, bills, status of refunds, and corrections made to accounts.
- The DRS automated telephone response system enabled 210,148 taxpayers to confirm the status of their refunds.
- The Taxpayer Services Division responded to 26,557 email inquiries through general email and secure personal mailboxes, and responded to a high volume of written inquiries from taxpayers and tax practitioners.
- 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 6,680 subscribers.
- The DRS website received 12,955,324 visits, a substantial increase that reflects the DRS commitment to making information about filing and payment of state taxes easily accessible online.

#### **Improvements and Achievements**

- The Audit and Compliance Division generated \$267,666,895 from audit assessments. Additionally, 16,673 audit cases were processed.
- The Audit and Compliance Division collected more than \$31,416,355 million through the DRS Voluntary Disclosure Program on 130 cases. The agency collected an additional \$274,982 through the Multistate Tax Commission’s Voluntary Disclosure Program.
- Sales tax revenue from administration of remote seller and marketplace facilitator provisions resulted in remote sellers reporting \$161 million on 467 registrations, and marketplace facilitators reporting \$180 million on 23 registrations.
- The Appellate Division resolved 1,409 protests valued at \$45 million.
- The DRS anti-fraud measures prevented approximately \$11.7 million in improper refunds from being issued. The Fraud Prevention Unit continued to make progress in discouraging

tax fraud via identity theft and expanded the scope of its efforts to identify and address the Connecticut tax consequences of fraudulent federal Schedule C losses.

- Criminal enforcement activities of the Criminal Investigations Division (CID) resulted in 60 arrests and 50 infractions. During this fiscal year, the DRS received approximately \$457,000 in restitution from the prosecution of cases that stemmed from arrests made by CID. The CID continued its diligent enforcement activities in the tobacco arena, including conducting over 200 inspections across all eight counties in Connecticut leading to the seizure of contraband cigarettes and other tobacco products.
- The DRS launched an Organizational Development Unit, with the goals of transforming DRS into a performance-driven agency, increasing training and education opportunities, and building employee engagement. The Unit has identified a tax administration training series and has begun developing e-learning modules that will be rolled out at the conclusion of Saba software implementation.
- The DRS entered final discovery stages to prepare for launch of a new Research, Analytics, and Forecasting Unit. The Unit will focus on building analytical modules to identify new strategies and organizational design elements to flourish in an agile mindset. Implementation is set for March 2022. Work will be guided by the following key objectives: (1) a focus on data analytics, forecasting, and modeling; (2) utilizing data to improve tax collections and prevent fraud; (3) improving audit selection; and (4) utilizing data to develop state tax policy and inform decision-making.

### **Strategic Projects**

- In September 2020, DRS successfully launched Phase One of our enterprise-wide information technology (IT) modernization initiative, highlighted by a new, online tax filing and payment portal called **myconneCT**, which is improving the customer's experience and delivering user-friendly features like secure web messaging and advanced tax filing reminders. Phase Two – which will incorporate additional tax types and functionality in **myconneCT** – is scheduled for rollout in September 2021.
- The DRS continues to prioritize paperless tax filings and payments. As of June 30, 2021, 27% fewer Connecticut 2020 individual income tax returns had been filed by paper than the year before.
- The DRS team worked to advance key policy initiatives in collaboration with other state agencies, including Paid Family and Medical Leave; unemployment insurance claim administration; Business.ct.gov; and pandemic-related Business Recovery Grants. At the direction of Governor Lamont, DRS also administers the *Back to Work CT* program, to provide one-time, \$1,000 incentive payments to long-term unemployed people who live in Connecticut and return to the workforce.

### **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 and approved by the state Commission on Human Rights and Opportunities.