

TAX Amnesty & Compliance Initiatives

Virginia Department of Taxation's
2009 Tax Amnesty and Compliance Initiative
Programs

Presentation to the
House Appropriations Committee

September 21, 2009



GET SQUARE
ON BACK TAXES
VIRGINIA DEPARTMENT OF TAXATION



Amnesty Terms

- 60 Day Amnesty – dates still confidential
- Eligibility - Outstanding Liabilities & Unfiled returns at least 90 days old
- Benefit - 50% of Interest forgiven and all Penalty forgiven
- Amnesty granted on a bill by bill basis – it's not all or nothing
- Any eligible liabilities not satisfied through Amnesty receive an additional 20% penalty



How it Will Work

- Notifications sent to known eligible taxpayers
- Large address cleanup effort underway to ensure maximum delivery of notifications. New contract with 3rd party to provide address updates
- Marketing and Advertising campaign with Pulsar Advertising – a kinder and gentler approach
- General inquiry phone calls will be handled by either an outsourced call center – West Asset, or TAX’s current collection agency - Performant
- TAX will handle more complex inquires via phone, correspondence, or Live Chat
- Most taxpayers will come forward the last 2 weeks of the program
- 20% penalty applied approximately 30-45 days post-amnesty ₃



What Will the Commonwealth Get

- Anticipated net Amnesty revenue of \$41 million
- Live Chat and Address Correction will be used post-Amnesty for continuing benefit to the Commonwealth
- Agency data “cleaned-up” which should improve operational effectiveness and taxpayer communication long-term



Compliance Initiative

- Compliance Initiative approved October 2008
- \$80 million in new revenue by 2012
- Hired 55 employees
 - 21 in Desk Audits
 - 8 in Field Audits
 - 15 in Collections
 - 11 in Support Areas (Technology, Customer Services, Processing, etc.)

Revenue by Source



Category	New Revenue by Year			
	FY 2009	FY 2010	FY 2011	FY 2012
Desk Audit		\$ 12,962,422	\$ 17,283,229	\$ 18,192,872
Field Audit		\$ 2,386,875	\$ 3,182,500	\$ 3,350,000
Collections	\$ 1,300,000	\$ 7,125,000	\$ 7,125,000	\$ 7,500,000
Annual Total	\$ 1,300,000	\$ 22,474,297	\$ 27,590,729	\$ 29,042,872
Accumulated Total	\$ 1,300,000	\$ 23,774,297	\$ 51,365,025	\$ 80,407,898

Compliance Initiative Programs



- **Expand Current Desk Audit Programs**
 - Federal corporate audit cases referred from the IRS
 - Federal individual audit cases referred from the IRS
 - Non-filer audit cases
 - Non-resident/Part-year returns
 - Fraudulent Refund Returns

- **Implement New Audit Initiatives**
 - Conduct withholding audits on employers that underpay their withholding. Match employer to employee filing of W-2 information
 - Individual return audits – (Inflated expenses, credits, etc.)

Compliance Initiative Programs



- **Add Additional Field Audit Staff**
 - Add field audit staff to the most productive geographical areas (Northern Va., Interstate, and Danville).

- **Expand Collection Efforts**
 - Add field collection staff to the most productive geographical areas (Northern Va., Richmond, and Roanoke).
 - Add additional phone staff to assist with increased collections for both business and individual accounts (i.e. liens, correspondence, etc.).

Summary of Compliance Initiative



- Initial Goal: \$1.3 million for FY09
- Exceeded goal by \$5.6 million for FY09
- FY10 compliance initiative collections through August 2009 total \$4.3 million, or 2% above goal
- Reasons for large increase due to:
 - Accelerated hiring schedule which improved revenue collections in FY 09
 - Experienced new hires reduced training time
 - More liens issued this fiscal year
 - Desk audit programs expanded
 - Amnesty Cleanup

QUESTIONS ??



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