

Sales Tax: 2014 2nd Quarter

Mission: To ensure all appropriate sales taxes are collected by providing responsive and sound sales tax management services in order to sustain the City's fiscal health.

Annual Budget: \$872,827

Staff: 3 Full-Time Equivalents; **Contractor:** PReMA

	12 Month Trend	Apr	May	June	YTD Actual to Expected				
New Sales Tax Licenses Issued <i>Registration of new businesses and/or businesses making sales in Centennial.</i> <i>Measures Staff effort in outreach.</i> <i>Ensures compliance with licensing requirements.</i>		57	46	51	<table border="1"> <tr> <td>285</td> <td>Expected</td> </tr> <tr> <td>332</td> <td>Actual</td> </tr> </table>	285	Expected	332	Actual
285	Expected								
332	Actual								
Percentage of Sales Tax Filings Made Online <i>Number of filings made online compared to total filings.</i> <i>Measures customer service and cost avoidance.</i>		36.3%	36.4%	40.5%	<table border="1"> <tr> <td>30.0%</td> <td>Expected</td> </tr> <tr> <td>36.8%</td> <td>Actual</td> </tr> </table>	30.0%	Expected	36.8%	Actual
30.0%	Expected								
36.8%	Actual								
Audit Return on Investment <i>Dollars received from audits compared to dollars spent on audits.</i> <i>Measures enforcement of sales tax requirements, compliance efforts, and audit effectiveness.</i>		14.7	13.0	11.3	<table border="1"> <tr> <td>5.0</td> <td>Expected</td> </tr> <tr> <td>11.3</td> <td>Actual</td> </tr> </table>	5.0	Expected	11.3	Actual
5.0	Expected								
11.3	Actual								
Number of Delinquent Accounts <i>Measures the number of accounts that have not filed a return.</i> <i>Measures outreach, compliance, and enforcement efforts.</i>		549	514	494	<table border="1"> <tr> <td>500</td> <td>Expected</td> </tr> <tr> <td>494</td> <td>Actual</td> </tr> </table>	500	Expected	494	Actual
500	Expected								
494	Actual								

— Current Year
— Previous Year





Key Performance Measures Report

Sales Tax Quarter 2 2014

Executive Summary

The Sales Tax Division continues to perform at a high level in the collection of sales tax, encouraging compliance with City sales tax laws, and enforcement of the City sales tax laws.

New Sales Tax Licenses Issued

Sales tax licenses are issued to businesses physically located in the City of Centennial and businesses outside the City making sales within the City. There were 154 new sales tax licenses issued in Quarter 2 bringing the 2014 total to 332. While the number of issued licenses is lower compared to the same time period last year (344), the number issued is 16.5% higher than expected. Reasons for this occurrence include: compliance efforts to license outside the City businesses that engage in business in the City and an increase in home-based businesses.

Percentage of Sales Tax Filings Made Online

In early 2014, the City's version of the Innoprise software program was upgraded to enhance the online portal for users. The upgraded online portal provides businesses a "one-stop" shop to apply for or renew a sales tax license or business registration, file and pay for a sales tax return and pay past due balances on their account. The benefits to online filing are convenience for the business community, accuracy of filings, and reduced costs to the City.

The City first made online filing available to businesses back in 2009 and had around a 12% filing rate at the end of that year. At the end of June of this year, the online filing rate has crossed the 40% mark for the first time since this service became available. This achievement occurred in part through the active promotion of the service by Staff through correspondence with new businesses, providing information about the service on the City's website and including information about this service within the licensing packet received by all new businesses.

Audit Return on Investment

At the end of Quarter 2, the City collected \$11.30 for every \$1 spent on sales tax audits. Compared to the end of Quarter 2 the previous year, the audit return on investment for 2014 is about 20% higher (\$9.40 to \$11.30). This significant increase is a result of an audit paid in January for a large company not in compliance. The return on investment includes a penalty (assessed at 15% of taxes owed) and interest paid on the assessment. It is important to note that sales tax audits are conducted primarily as a compliance practice, rather than a revenue source for the City.

Number of Delinquent Accounts

Accounts become delinquent if a sales tax return is not filed and/or paid by the appropriate deadline. For Quarter 2, the City expected to have 500 delinquent accounts at any point in time. At the end of the Quarter, the City had 494 delinquent accounts. This number has been steadily trending downward since a high of 879 delinquent accounts in January, which is caused in part to taxpayers on an annual filing frequency. Compared to the same time as last year, the number of delinquent accounts was down 5% in Quarter 1 and 20% in Quarter 2. This is a result of expanding the scope of services for the contractor relative to addressing delinquent accounts and filing the Sales Tax Compliance Technician position. These changes were made to strengthen the efficiency of operations within the department.