

Sales Tax

Jun 2013

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.

	12 Month Trend	Apr 13	May 13	Jun 13	YTD Actual to Expected				
<p>New Sales Tax Licenses Issued <i>Registration of new businesses and/or businesses making sales in Centennial. Measures Staff effort in outreach. Ensures compliance with licensing requirements.</i></p>		78	57	47	<table border="1"> <tr> <td>285</td> <td>Expected</td> </tr> <tr> <td></td> <td>Actual</td> </tr> </table>	285	Expected		Actual
285	Expected								
	Actual								
<p>Percentage of Sales Tax Filings Made Online <i>Number of filings made online compared to total filings. Measures customer service and cost avoidance.</i></p>		32.1%	32.3%	31.0%	<table border="1"> <tr> <td>30.0%</td> <td>Expected</td> </tr> <tr> <td>30.9%</td> <td>Actual</td> </tr> </table>	30.0%	Expected	30.9%	Actual
30.0%	Expected								
30.9%	Actual								
<p>Audit Return on Investment <i>Dollars received from audits compared to dollars spent on audits. Measures enforcement of sales tax requirements, compliance efforts, and audit effectiveness.</i></p>		8.6	7.6	9.4	<table border="1"> <tr> <td>5</td> <td>Expected</td> </tr> <tr> <td>9.55</td> <td>Actual</td> </tr> </table>	5	Expected	9.55	Actual
5	Expected								
9.55	Actual								
<p>Number of Delinquent Accounts <i>Measures the number of accounts that have not filed a return. Measures outreach, compliance, and enforcement efforts.</i></p>		652	597	623	<table border="1"> <tr> <td>500</td> <td>Expected</td> </tr> <tr> <td>623</td> <td>Actual</td> </tr> </table>	500	Expected	623	Actual
500	Expected								
623	Actual								

— Current Year
 — Previous Year





Key Performance Measures Report

Sales Tax Quarter 2 2013

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

Boosted by a very strong April, the Sales Tax Division continues to issue more new sales tax licenses than expected. For the same time period in 2012, the number of licenses issued is up 37.8% (182 to 150). As shown on the 12 Month Trend chart, new issues are trending above the prior year to date.

Percentage of Sales Tax Filings Made Online

The percentage of sales tax filings made online for Quarter 2 is 31.8%, an increase of 1.8% from Quarter 1 2013. At this point, it is unclear if this increase will continue, although the percentage of online filings for the year has now increased to 30.9% for the year, or almost a full percentage point above expected. Staff will continue to monitor the percentage of sales tax filings made online.

Audit Return on Investment

In Quarter 2 2013, the City collected \$8.50 for every \$1 spent on sales tax audits. While this number represents a decrease from Quarter 1 as well as the prior year to date, it is important to note that sales tax audits are conducted primarily as a compliance practice, rather than a revenue source for the City. However, return on investment remains strong: 91% above the expected return (\$9.55 to \$5.00)

Number of Delinquent Accounts

Accounts become delinquent if a sales tax return is not filed by the appropriate deadline. For 2013, the City expects to have 500 delinquent accounts at any point in time. In Quarter 2, the number of delinquent accounts is down from Quarter 1. Recognizing the increase in delinquent accounts at the annual filing period (January 1), the Quarter 2 number of delinquent accounts is down 15.9%.

Previously, the Sales Tax Division added a new position focused on compliance and delinquent accounts. This position is currently vacant. However, a decrease in the number of delinquent accounts remains apparent when comparing the current year to the previous year.

Mission

The mission of the City of Centennial Sales Tax division is 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.

Performance Measures

New Sales Tax Licenses Issued

The number of sales tax licenses issued to businesses that have not previously been issued a license. Sales tax licenses are issued to businesses within Centennial that sell taxable products and/or services at retail, as well as businesses located outside of Centennial that sell taxable products and/or services at retail in the City.

Measures: Staff effort in outreach to the business community and compliance with the sales tax laws of the City.

Percentage of Sales Tax Filings Made Online

The number of sales tax returns filed through the City's online system compared to the total number of sales tax returns filed. Businesses are required to file a sales tax return monthly, quarterly, or annually depending on their average sales tax liability.

Measures: customer service, cost avoidance, and use of online and paper filing systems.

Audit Return on Investment

The dollars received from audits performed on sales tax return filings compared to the dollars spent to perform the audits. The City maintains an active auditing program to verify compliance with sales tax laws and ensure that all appropriate sales taxes are collected.

Measures: compliance effort, enforcement of sales tax laws, and effectiveness of audit program.

Number of Delinquent Accounts

The number of accounts that have not filed a sales tax return on time and have entered delinquency.

Measures: outreach, compliance, and enforcement efforts.