

Sales Tax

Sep 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	Jul 13	Aug 13	Sep 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>		53	50	39	<table border="1"> <tr> <td>428</td> <td>Expected</td> </tr> <tr> <td></td> <td>Actual</td> </tr> </table>	428	Expected		Actual
428	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>		33.0%	32.5%	32.8%	<table border="1"> <tr> <td>30.0%</td> <td>Expected</td> </tr> <tr> <td>31.5%</td> <td>Actual</td> </tr> </table>	30.0%	Expected	31.5%	Actual
30.0%	Expected								
31.5%	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>		9.0	9.0	10.8	<table border="1"> <tr> <td>5</td> <td>Expected</td> </tr> <tr> <td>9.57</td> <td>Actual</td> </tr> </table>	5	Expected	9.57	Actual
5	Expected								
9.57	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>		651	627	591	<table border="1"> <tr> <td>500</td> <td>Expected</td> </tr> <tr> <td>591</td> <td>Actual</td> </tr> </table>	500	Expected	591	Actual
500	Expected								
591	Actual								

— Current Year
 — Previous Year





Key Performance Measures Report

Sales Tax Quarter 3 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

The Sales Tax Division continues to issue more new sales tax licenses than expected for 2013. However, for the same time period in 2012, the number of new sales tax licenses issued is down 2.7% (146 to 142). As shown on the 12 Month Trend chart, new issues are trending just below the prior year to date.

Percentage of Sales Tax Filings Made Online

The percentage of sales tax filings made online for Quarter 3 is 32.76%, an increase of nearly 1% from Quarter 2 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 31.5%, or one-and-a-half percentage points above expected. Staff will continue to monitor the percentage of sales tax filings made online.

Audit Return on Investment

In Quarter 3 2013, the City collected \$9.60 for every \$1 spent on sales tax audits, which represents a 12.5% increase from Quarter 2. 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 (\$9.57 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 3, the number of delinquent accounts is down 5.1% from the end of Quarter 2 and 37% from the beginning of Quarter 1.

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.