

*Department of Revenue and Taxation*  
**2016 CITIZEN CENTRIC REPORT**



**JOHN P. CAMACHO**  
Director

**MISSION STATEMENT**

*To provide quality service in helping our island community to understand and meet tax and licensing responsibilities by applying the Tax Laws and Business Regulations with fairness and integrity to all.*



**MARIE M. BENITO**  
Deputy Director

**GUAM TAX STRUCTURE**

The U.S. Congress created the Territorial Government of Guam as a separate taxing jurisdiction by enactment of the Organic Act of Guam in 1950. Section 31 of the Act provides that the income tax laws in force in the United States shall be the income tax laws of Guam, substituting Guam for the United States where necessary and omitting any inapplicable or incompatible provisions. The U.S. Internal Revenue Code with such changes constitutes the Guam Territorial Income Tax Law.

There is the usual range of other types of local taxes such as, real property, liquor, tobacco, liquid fuel, automotive surcharges, gross receipts, use, and hotel occupancy. However, there is only one taxing authority in the Territory, the Government of Guam. There are no separate municipal, county, school district or improvement district taxes. Additionally, Guam does not impose a general sales tax directly on the consumer.

**AGENCY GOALS (>) and OBJECTIVES (\*)**

- > Provide new and updated training in all divisions.
  - \* Establish and maintain public confidence in the integrity of the tax system of Guam.
- > Adequately staff all divisions.
  - \* Provide quality service in a cost-effective and timely manner through maximizing all available resources.
- > Further develop, upgrade, and augment web and online services.
  - \* To attain ease and convenience of services for those who opt to conduct business through technological, electronic, and/or digital means with the department.
- > Educate the public and enhance their awareness by increasing enforcement of the tax code in all areas of the Tax Enforcement Division involving civil, criminal, and collection cases.
  - \* Achieve the highest degree of voluntary compliance.
- > Continue increased efforts and develop closer regulation with license holders.
  - \* Protect consumers of Guam from unsafe, unsound, and unfair practices.



**AGENCY CONTACT**

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Office Hours: 8am-5pm Monday through Friday (excluding holidays)



# PERFORMANCE ACCOMPLISHMENTS

ACTIVITIES	FOOT-NOTE	2014		2015		2016	
		Branch Units	Amt Assessed or Collected	Branch Units	Amt Assessed or Collected	Branch Units	Amt Assessed or Collected
Alcohol Beverage Licenses		1,023	\$ 771,800	1,023	\$ 775,295	1,019	784,875
Amusement Devices		1,678	340,229	1,403	323,815	1,418	310,778
Recreational Facilities		307	31,900	292	31,500	296	38,636
ABC Cards		1,776	29,030	2,403	39,835	4,307	114,865
Guam Healthcare Trust & Other Events		373	180,325	435	182,315	405	181,785
<b>Total Performance: ABC Compliance Branch</b>		<b>5,157</b>	<b>\$ 1,353,284</b>	<b>5,556</b>	<b>\$ 1,352,760</b>	<b>7,445</b>	<b>\$ 1,430,939</b>
Business Licenses		23,190	\$ 2,272,160	30,999	\$ 2,245,373	19,055	2,037,444
Tobacco Licenses		454	73,273	465	67,390	444	57,950
Reg. of Corporations & related documents		9,281	880,066	6,159	890,323	7,424	562,261
<b>Total Performance: Business License Branch</b>		<b>32,925</b>	<b>\$ 3,225,499</b>	<b>37,623</b>	<b>\$ 3,203,086</b>	<b>26,923</b>	<b>\$ 2,657,655</b>
Insurance Licenses		1,662	\$ 152,275	1,197	\$ 201,688	1,177	303,644
Securities Licenses		622	200,750	1,015	641,465	1,023	638,385
Real Estate Licenses		72	28,800	216	44,368	208	38,265
UCC Filings		415	4,150	681	15,293	779	18,833
<b>Total Performance: ISB Branch</b>		<b>2,771</b>	<b>\$ 385,975</b>	<b>3,109</b>	<b>\$ 902,814</b>	<b>3,187</b>	<b>\$ 999,127</b>
Scales		526	\$ 3,054	574	\$ 3,279	573	3,638
Gas Pump Meter		1,093	10,930	853	8,530	1,420	14,200
Taxi Meters		274	5,480	316	6,320	91	1,940
<b>Total Performance: Weights &amp; Measures</b>		<b>1,893</b>	<b>\$ 19,464</b>	<b>1,743</b>	<b>\$ 18,129</b>	<b>2,084</b>	<b>\$ 19,778</b>
Passport Applications - Adults	5	7,556	\$ 930,310	7,985	\$ 987,000	8,391	1,034,010
Passport Applications - Minors	5	4,365	458,325	4,428	464,940	4,641	487,305
<b>Total Performance: Passport Branch</b>		<b>11,921</b>	<b>\$ 1,388,635</b>	<b>12,413</b>	<b>\$ 1,451,940</b>	<b>13,032</b>	<b>\$ 1,086,705</b>
Income Tax Examinations	2/4	848	\$ 10,395,896	1,147	\$ 4,573,337	1,517	8,977,094
Business Privilege Tax Examinations	2/4	96	2,282,036	34	16,307,717	55	396,535
<b>Total Performance: Examination Branch</b>		<b>944</b>	<b>\$ 12,677,932</b>	<b>1,181</b>	<b>\$ 20,881,054</b>	<b>1,572</b>	<b>\$ 9,373,629</b>
Driver's Licenses		28,737	\$ 871,274	25,723	\$ 722,337	20,204	723,961
Permits (All types)		3,877	38,810	4,398	43,980	4,351	43,510
Vehicle Registrations		113,999	15,039,015	116,284	15,133,751	119,297	15,909,692
<b>Total Performance: DMV</b>		<b>146,613</b>	<b>\$ 15,949,099</b>	<b>146,405</b>	<b>\$ 15,900,068</b>	<b>143,852</b>	<b>\$ 16,677,163</b>
Collection of Income Taxes	2	7,172	\$ 18,719,150	7,179	\$ 19,491,243	8,497	32,056,310
Collection of Bus. Privilege Taxes	2	3,941	11,286,028	1,650	2,691,362	4,275	12,899,096
<b>Total Performance: Collection Branch</b>		<b>11,113</b>	<b>\$ 30,005,178</b>	<b>8,829</b>	<b>\$ 22,182,605</b>	<b>12,772</b>	<b>\$ 44,955,406</b>
Real Property Tax Assessments		67,463	\$ 21,529,590	64,512	\$ 28,500,549	70,188	28,145,930
Real Property Tax Collections			23,378,675		25,707,660		27,098,430
<b>Total Performance: Real Property Tax</b>			N/A See above		N/A See above		N/A See above
Inspections		2,607		2,401		2,465	
<b>Total Performance: Motor Carrier</b>		<b>2,607</b>		<b>2,401</b>		<b>2,465</b>	
		<b>Branch Units</b>		<b>Branch Units</b>		<b>Branch Units</b>	
<b>Business Privilege Tax (BPT)</b>							
GuamTax.com E-Filing			76,656		71,466		75,856
<b>Electronic Data Processing Branch (EDPB)</b>							
Forms 1040 Series filed (12/31/XX)	1		70,204		70,648		72,070
Forms 1040 Series processed (12/31/XX)	1		70,204		70,648		72,069
Corporate Tax Returns filed (12/31/XX)	1		4,832		5,215		5,226
Corporate Tax Returns processed (12/31/XX)	1		4,831		5,215		5,223

**NOTE: Refer to following page for footnote references within this table.**

BUDGET STATEMENT	FY14	FY15	TY16
<b>APPROPRIATIONS</b>			
General Fund	\$ 9,015,615	\$ 10,013,790	\$ 10,849,229
Tax Collection Enhancement Fund	835,484	867,538	886,091
Better Public Service Fund	1,620,468	1,829,515	2,206,210
Federal Grant Fund	350,000	350,000	350,000
Real Property Reevaluation	1,400,000	28,027	37,377
Transaction Processing System	400,000	150,893	230,462
Principal Guam Income Tax Attorney	13,647	-	-
Computer System Upgrade/Integrated	-	-	-
Process Stimulus Tax Rebates	-	-	-
Monitoring Hotel Occupancy Tax	-	-	-
Monitoring Tobacco and Alcohol	-	-	-
Safe Home/Streets	-	-	-
Banking/Ins Enforcement Fund	-	-	-
Sale and Measure of Petroleum	-	-	-
<b>Total Appropriations</b>	<b>\$ 13,635,214</b>	<b>\$ 13,239,763</b>	<b>\$ 14,559,369</b>
<b>EXPENDITURES</b>			
Personnel	\$ 7,826,264	\$ 9,410,280	\$ 9,204,063
Travel	18,180	16,314	4,068
Contractual Services	2,467,114	2,832,974	2,723,610
Office Space Rental	963,381	960,847	978,588
Supplies & Materials	98,819	215,674	139,010
Equipment	-	-	-
Utilities	91,983	99,275	102,000
Capital Outlay	-	-	-
Drug Testing	-	-	800
Miscellaneous (Board Stipend)	-	-	4,000
<b>Total Expenditures</b>	<b>\$ 11,465,741</b>	<b>\$ 13,535,364</b>	<b>\$ 13,156,139</b>

DIVISION	FY14	FY15	FY16
<b>EXECUTIVE DIRECTION</b>			
Director's Office	9	8	8
Passport	7	7	7
Technical Res. & Appeals Bureau	1	2	3
Systems & Programming Support	2	2	3
<b>DIVISION TOTALS</b>	<b>19</b>	<b>19</b>	<b>21</b>
<b>TAX ENFORCEMENT DIVISION</b>			
Criminal Investigation Branch	7	7	7
Tax Examination Branch	21	20	23
Collection Branch	25	23	23
<b>DIVISION TOTALS</b>	<b>53</b>	<b>50</b>	<b>53</b>
<b>TAXPAYER SERVICE DIVISION</b>			
Income Tax & Processing Branch	15	14	12
Electronic Data Processing Branch	7	7	8
Business Privilege Tax Branch	6	6	5
Accounting Branch	7	7	7
Central Files Branch	7	7	7
<b>DIVISION TOTALS</b>	<b>42</b>	<b>41</b>	<b>39</b>
<b>REGULATORY DIVISION</b>			
General License & Registration	6	8	6
Compliance	3	3	4
Ins./Banking/Securities/Real Estate	9	7	6
Weights & Measures	3	2	2
<b>DIVISION TOTALS</b>	<b>21</b>	<b>20</b>	<b>18</b>
<b>REAL PROPERTY TAX DIVISION</b>			
Appraisal	9	8	9
Assessment	8	8	6
<b>DIVISION TOTALS</b>	<b>17</b>	<b>16</b>	<b>15</b>
<b>MOTOR VEHICLE</b>			
Driver's License Examination	8	10	7
Vehicle Registration	9	10	9
Motor Carrier Safety	7	5	4
<b>DIVISION TOTALS</b>	<b>24</b>	<b>25</b>	<b>20</b>
<b>TOTAL</b>	<b>176</b>	<b>171</b>	<b>166</b>

### TAX REVENUES COLLECTED per AUDIT

	TY2014	TY2015	TY2016
Income Tax	\$ 296,187,000	\$ 324,402,000	\$ 343,837,000
Section 30 Income Tax	87,998,215	71,446,424	78,467,450
Business Privilege Tax	238,249,000	226,592,000	238,305,000
Real Property Tax	23,263,000	28,033,000	26,321,000
Hotel Occupancy Tax	34,362,000	36,988,000	40,864,000
Liquid Fuel Tax	9,792,000	9,932,000	10,051,000
Tobacco Tax	20,961,000	19,723,000	20,104,000
Beverage Tax	2,208,000	2,778,000	2,896,000
Excise Tax	3,463,000	2,691,000	2,938,000
Other	16,950,000	9,160,000	2,267,676
<b>TOTAL</b>	<b>\$ 733,433,215</b>	<b>\$ 731,745,424</b>	<b>\$ 766,051,126</b>

#### PERFORMANCE FOOTNOTES (previous page):

- All units and dollar amounts are fiscal year based with the exception of Individual Income Tax Forms filed and processed which are based on calendar year; Performance measures include divisional figures (unaudited).
- RRA98 provides that *in no event*, Tax Enforcement performance measures are not to be used for any purpose involving setting production and/or dollar goals, employee performance ratings, making related enforcement assessments on collections, or otherwise to undermine fair treatment of taxpayers.
- The collection or assessments above may include applicable taxes, interest, penalties, credits or other related charges within its Branch as authorized.
- Tax Examination \$ figures are "net" production computed as: Agreed & Unagreed Deficiencies, (Less): Over-Assessments- *inclusive of addl. Claims allowed per an Audit, Plus:* Claims Denied, *Plus:* Applicable Penalties.
- Change made to Passport figures for FY2013 and FY2014, due to inadvertent formula error in previous CCR publication.

## **AGENCY CHALLENGES**

- ### **AGENCY ACCOMPLISHMENTS**
- ◆ Successful operations during the tax filing season at both the main and satellite offices.
  - ◆ Payment of refunds in the approximate amount of \$147,855,774.
  - ◆ Successful administration of the Section 30 reimbursement program between DRT, Guam and the IRS, U.S. Treasury offices.
  - ◆ Successful implementation of the Non-Filer program.
  - ◆ Developed more public awareness and increased compliance of license holders in the areas of business, insurance, banking, securities, motor vehicle and alcohol entities through enhanced DMV administration and Regulatory enforcement efforts .

- Inadequate staffing, supplies, and equipment for all divisions compromises delivery of effective services to our island community.
- Cost burden of more periodic Real Property Tax Revaluation assessments.
- Providing quality service to the public while replacing and training new employees as a result of employee turnover.
- Upkeep and maintenance of limited critical office equipment and the cost to acquire new, upgrade, and maintain needed technology, automated programs, and software.
- Contract costs for upkeep, repairs, and maintenance of DRT's main office facility.
- Development of the Earned Income Credit reimbursement program.
- Implementing unfunded mandates created by the Guam Legislature or as mirrored in the U.S. Internal Revenue Code.
- Inadequately designed and/or a lack of a permanent facility to better serve the large taxpaying public while meeting the needs of the department staff.

## **AGENCY FUTURE OUTLOOK**

Despite the department's constant challenges such as the critical lack of staffing, an inadequate facility, the deficient and deteriorating equipment, and other challenges, we continue to deliver paramount service standards successfully to Guam's public. By prioritizing the focus of our limited resources toward effective and efficient service, educating the public in all areas, we will continue to be successful in line with our mission. This focus, along with the increase of Regulatory and Tax Enforcement efforts, will effect a decrease and deterrence of violators of regulatory policies and tax laws thus improving voluntary compliance overall.

### **ONLINE SERVICES**

- [www.guamtax.com](http://www.guamtax.com)
- [www.myguamtax.com](http://www.myguamtax.com)
- <https://pay.guam.gov>
- <https://realid.guam.gov>
- [www.govguamdocs.com](http://www.govguamdocs.com)

### **AGENCY DIVISION CONTACT**

#### **TAX ENFORCEMENT DIVISION**

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#### **TAXPAYER SERVICE DIVISION**

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#### **REAL PROPERTY TAX DIVISION**

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#### **REGULATORY DIVISION**

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#### **MOTOR VEHICLE DIVISION**

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