Citizen Centric Report for the
DEPARTMENT OF REVENUE AND TAXATION

Dipåttamenton Kontribusion yan Adu'ånå

Fiscal Year 2008 - 2009

OUR MISSION

The mission of the Department of Revenue and Taxation is to promote quality service to all taxpayers, increase taxpayer's voluntary compliance by helping them understand and meet their responsibilities by applying the tax law with integrity and fairness to all.

GOALS AND OBJECTIVES

- Improve the tax system so as to decrease the burden that any such tax system imposes on the public.
- Provide quality services in a cost-effective and timely manner.
- Administer and enforce all tax laws to ensure the highest degree of voluntary compliance.
- Maximize the use of all resources available in an effective and efficient manner and gain the trust and confidence from the general public in the fairness and integrity of our tax system.

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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, liquor, tobacco, gasoline, real property, gross receipts, use, admissions, amusement, recreational facilities, 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. Other than admissions, use, and hotel occupancy taxes, there is no general sales tax imposed directly on the consumer.

OUR DIVISIONS

DIVISION OF MOTOR VEHICLE: This division maintains the Driver's Licensing Branch and the Vehicle Registration Branch.

REGULATORY DIVISION: This division is composed of the Insurance, Banking, Securities and Real Estate Branch, General Licensing Branch, and Compliance Branch

TAX ENFORCEMENT DIVISION: This division is composed of the Criminal Investigative Branch, the Examination Branch, and the Collection Branch

TAXPAYER SERVICE DIVISION: This division is composed of the Income Tax Assistance and Processing Branch, Electronic Data Processing Branch, Business Privilege Tax Branch, Tax Accounting Branch and the Central Files Branch

REAL PROPERTY TAX DIVISION: This division is composed of the Real Property Tax Appraisal Branch and the Real Property Tax Assessment Branch.

PASSPORT OFFICE

PERSONNEL	FY2008	FY2009
Director's office	6	5
Division of Motor Vehicle	25	26
Regulatory Division	19	20
Tax Enforcement Division	48	49
Taxpayer Service Division	39	40
Real Property Tax Division	10	12
Passport Office	3	3
Total	150	155

ACTIVITIES	2008			2009		
Alcohol Beverage Licenses	1,025	$	776,275	969	$	742,395
ABC Cards	2,115	$	36,025	1,821	$	31,435
Amusement Devices	1,762	$	646,972	1,552	$	387,515
Recreational Facilities	469	$	74,688	350	$	32,013
Business Licenses	14,415	$	1,952,173	15,134	$	1,538,916
Tobacco Licenses	752	$	132,106	390	$	47,253
Reg. of Corporations & related documents	5,627	$	607,071	1,452	$	168,868
Insurance Licenses	1,186	$	258,722	1,260	$	228,981
Securities Licenses	971	$	504,801	1,006	$	504,550
Real Estate Licenses	252	$	45,588	250	$	55,164
UCC Filings	651	$	15,001	622	$	13,498
Passport Applications - Adults	7,967	$	707,820	6,827	$	612,825
Passport Applications - Minors	4,676	$	395,567	4,480	$	380,800
Income Tax Examinations	230	$	785,592	357	$	3,203,399
Business Privilege Tax Examinations	6	$	13,449	22	$	4,073,110
Driver's Licenses	44,483	$	1,044,987	44,859	$	1,078,518
Learners Permits	5,399	$	53,990	4,969	$	49,690
Vehicle Registrations	104,887	$	11,051,324	106,177	$	11,599,446
Collection of Income Taxes		$	28,855,147		$	34,187,528
Collection of Bus. Privilege Taxes		$	25,650,757		$	55,374,204
Real Property Tax Assessments		$	19,742,383		$	20,363,902
Income Tax Returns filed to date			59,438			53,618
Income Tax Returns processed to date			54,685			9,439

This data does not include all revenue and other activities generated by DRT such as copying fees, penalties, interest, miscellaneous filing fees, inspections, written examinations, rulings, appeals, etc. within each division

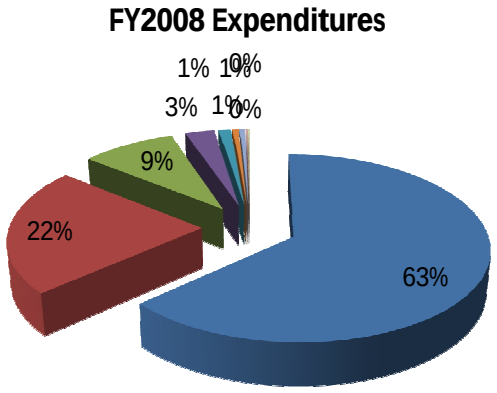
FINANCIAL REPORT

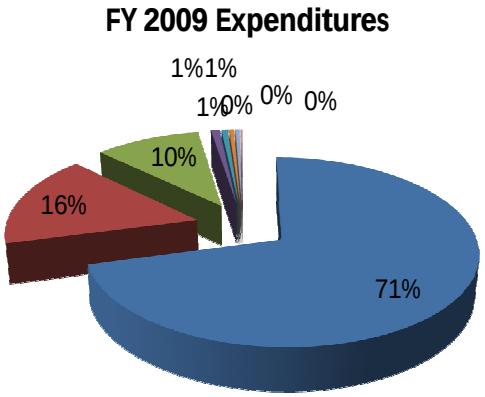
BUDGET APPROPRIATIONS

	FY 2008		FY 2009	
	Appropriated	Released	Appropriated	Released
General Fund	8,366,227	8,365,819	7,940,000	7,940,000
Tax Collection Enhancement Fund	962,105	962,105	771,706	771,434
Federal Grant Fund	350,000	323,281	350,000	350,000
Better Public Service Fund	1,473,776	1,473,776	1,550,639	1,346,092
Principal Guam Income Tax Attorney	300,000	0	300,000	0
Computer System Upgrade/Integrated	1,261,000	1,261,000	4,247	4,247
Process Stimulus Tax Rebates	745,247	745,247	384,425	384,425
Real Property Assessment Bond	1,000,000	0	1,000,000	0
Monitoring Hotel Occupancy Tax	1,266	0	1,266	0
Monitoring Tobacco and Alcohol	594	0	594	0
Safe Home/Streets	413	0	413	0
Banking and Insurance Enforcement Fund	9,334	0	0	0
Sale and Measure of Petroleum	54,393	7,675	0	0
Total	14,524,355	13,138,903	12,303,290	10,796,198

EXPENDITURES

	FY 2008		FY 2009	
	Expenditures	Encumbrances	Expenditures	Encumbrances
Personnel	7,337,149	0	7,534,685	0
Travel	129,755	1,418	86,270	5,222
Contractual Services	2,591,012	693,792	1,741,110	333,031
Office Space Rental	1,040,786	104,521	1,087,782	0
Supplies & Materials	57,641	1,354	64,502	10,435
Equipment	318,383	86,547	15,054	268
Utilities	62,268	51,496	4,334	0
Capital Outlay	17,500	72,839	49,900	0
Miscellaneous	15,774	0	48,789	0
Total	11,570,268	1,011,967	10,632,426	348,956





CHALLENGES AND FUTURE OUTLOOK

THE CHALLENGES

According to a report issued by the Office of Inspector General, DRT is hamstrung by the lack of adequate funding and staff, an inability to hire and retain qualified tax enforcement officers and agents, an ever-increasing workload, and reliance on manual processes and outdated equipment and technology. DRT's authorized staffing levels have dropped significantly over the past 10 years. Prior to the year 1996, DRT had a staffing level of approximately 250 full-time employees. DRT now has a staffing level of approximately 150 employees, in which 30 or more of these employees have over 25 years of service. Losing these employees to retirement will not only result in a significant loss of institutional knowledge for DRT, but will certainly hamper the effectiveness of its operations. And while our staffing decreased, the number of branches/offices of DRT has increased (e.g.: U.S. Passport and Guam I.D.) DRT cannot offer competitive salaries to attract and retain qualified employees.

FUTURE OUTLOOK

The POS system implemented by DRT resulted in a significant reduction of bounced checks, thereby saving the Government millions of dollars annually; also eliminating one of the Independent Auditor's exceptions. In March 2008, DRT purchased a "high speed" scanner (IBML). The scanner undoubtedly helped in the processing of GRT returns allowing the department to generate up-to-date information. As of today, GRT returns are being scanned and processed almost immediately after being filed. DRT is waiting for funding to purchase computer software for processing income tax returns. Section 30 Reconciliation: the last reconciliation with IRS produced an additional 21 million dollars of Sec. 30 revenues. Since DRT has no local funding for this project, Sec. 30 reconciliation will not happen this year. The funding would have to include travel off-island to meet with U.S. officials. Tax Mapping / GPAS: Implementation of the Tax Mapping and GPAS initiative project will generate property tax revenues of 23 million dollars. Funds for this revenue-producing project have yet to be committed.

References:

Mission, Goals and Objectives, Tax Structure, Divisions, and Staffing Pattern retrieved from DRT website: https://www.guamtax.com/

Statistical Data obtained from each division within the Department of Revenue and Taxation on August 30, 2010.

Appropriations & Expenditures retrieved from the Guamtax.com website and information provided by Edmond Villanueva, Chief of Administration for DRT.

Challenges and Outlook retrieved from a presentation given by Artemio B. Ilagan, Director of DRT, in November 2009 to the GCEDP.

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