

PROGRAM DESCRIPTION

Department of Revenue

HB Section(s): 4.01

Program Name: Processing Bureau

Program is found in the following core budget(s): Taxation

1a. What strategic priority does this program address?

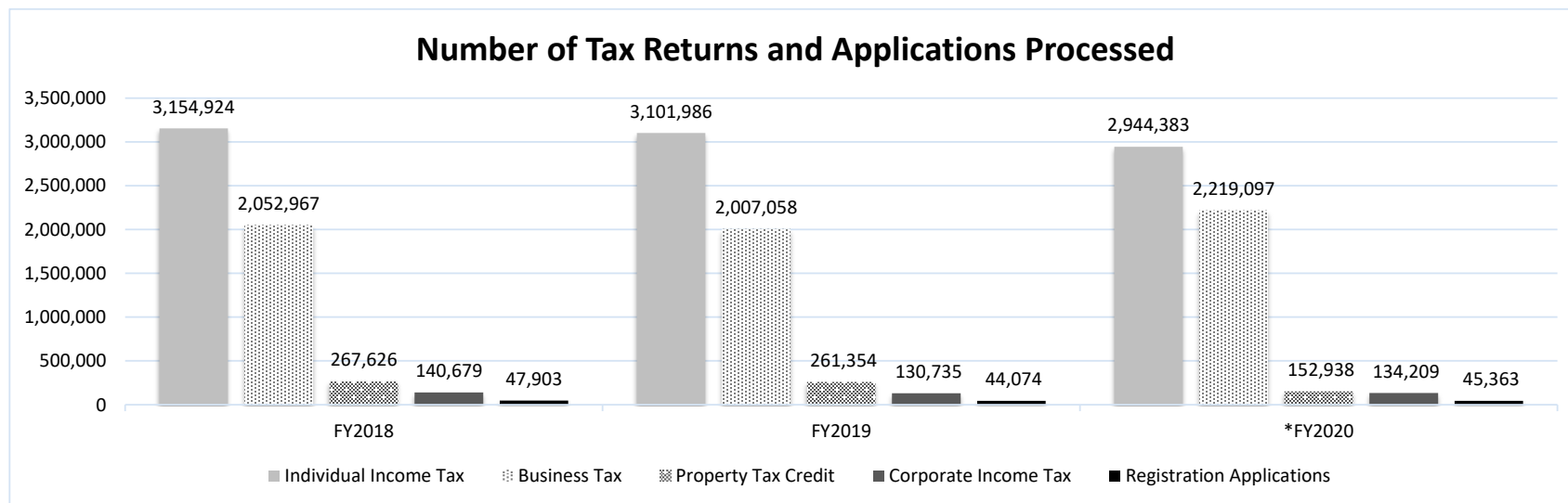
Embed Transformational Purpose; Focus on Service Culture; Team Member Recognition and Engagement; Partnerships; IT Roadmap

1b. What does this program do?

The **Processing Bureau** processes returns and payments for Individual Income Tax, Corporate Income Tax, Property Tax Credit claims, Sales/Use Tax, Employer Withholding Tax, Insurance Tax, Financial Institution Tax, Tire and Lead-Acid Battery Fees and New Business Registrations. To give every customer the best experience every time, the bureau is establishing partnerships with return preparers to improve return processing, educating customers on efficient filings methods, and improving our internal processing methods.

2a. Provide an activity measure(s) for the program.

1) Number of Tax Returns Processed



Note: Business Tax Returns includes the following returns: Sales, Use, Employer Withholding, Insurance, Financial Institution Tax and Tire and Lead-Acid Battery Fees

*Income Tax and Property Tax Credit Returns were impacted by the COVID-19 July 15, 2020 extended due date.

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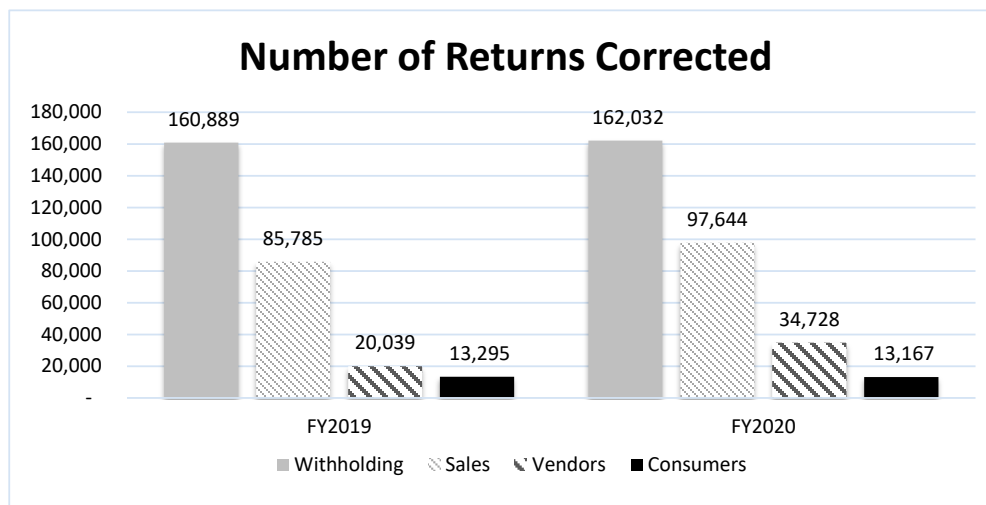
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2a. Provide an activity measure(s) for the program (cont).

2) Number of Sales / Use / Withholding Returns Corrected

The Processing Bureau reviews and corrects returns that have been flagged by the system for having errors, such as missing information, taxpayer calculation mistakes, and incorrect jurisdiction or site codes. By correcting these errors, the taxpayer's return is able to be processed with accurate rates and figures.

FY20 saw an increase in the number of sales, use and withholding returns corrected because we implemented process improvements to reduce the number of return errors received on a return. Reducing the number of errors increases the number of returns processed on a daily basis. We also utilized data driven staffing plans to determine the staffing level required to process incoming return volumes. We used cross education to increase the number of employees educated to process return corrections.



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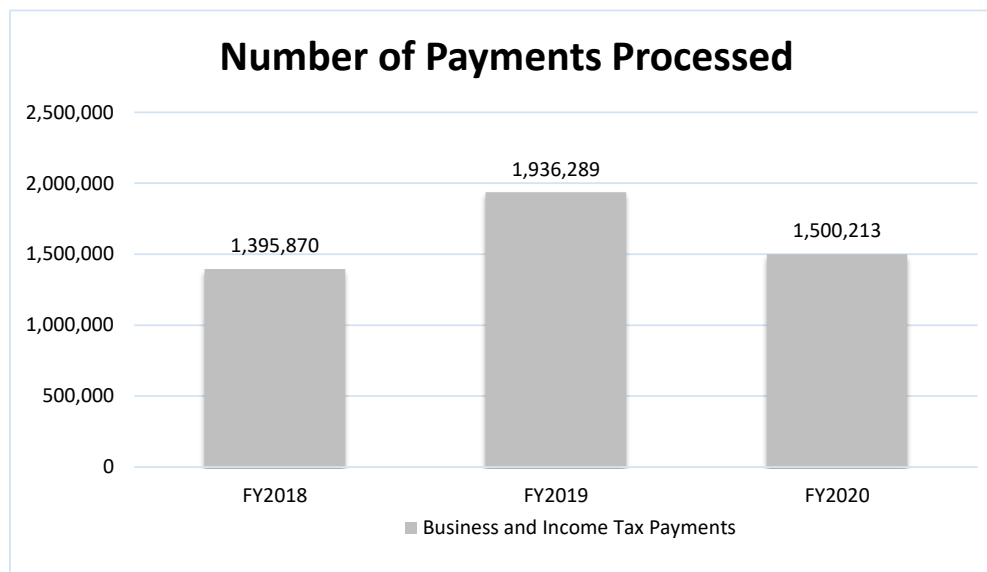
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2a. Provide an activity measure(s) for the program (cont).

3) Number of Business and Income Tax Payment processed

The Processing Bureau receives customer payments for estimated tax payments, return payments and billing payments. Payments submitted without a processing voucher require department manual review to determine to which tax year the payment should be applied and creation of a payment processing voucher. On average, 15 percent of payments received require payment voucher creation. In FY21, the bureau will work with our third party payment vendor to utilize check scanners to process payments electronically. This will reduce employee man hours and the number of paper vouchers created in the bureau.



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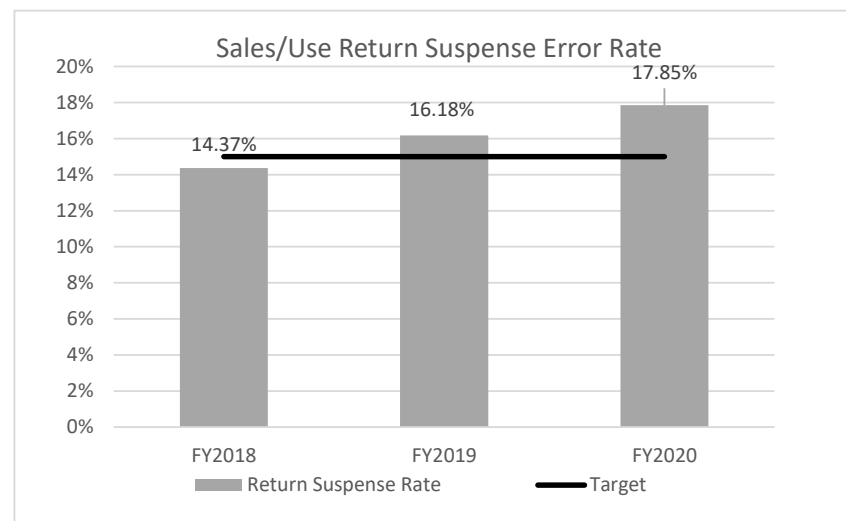
2b. Provide a measure(s) of the program's quality.

Sales/Use Suspense Error Rate

Since 2017, there has been an increase in the suspense error rate, the rate at which returns go to error, due to: missing information, taxpayer calculation mistakes, and incorrect jurisdiction or site codes listed. Sales/Use taxes were incorporated into our new integrated tax system in the beginning of FY 2018, which resulted in many processes and form changes.

We found efficiencies by eliminating pre-editing or manually providing missing data before processing into the tax system. We found that spending less time completing pre-edit resulted in an increase in productivity overall, because editing by hand took longer than editing in the system. Less employee time on pre-edit leads to returns entering the tax system timely and results in a higher percentage of errors reviewed once the return is in the system.

Additionally, the Processing Bureau implemented several system enhancements in late FY20 that led to a reduction in exceptions in our targeted returns (see table on right). The Processing Bureau will decrease the number of return errors in FY 2021 by continuing to educate taxpayers, aggressively promoting electronic filing options and enhancing additional identified system capabilities.



Timeframe	Exceptions Received on Sales / Use Returns
July – December 2019	1,793,136
January – June 2020	1,270,301
July – December 2020	511,964

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2c. Provide a measure(s) of the program's impact.

The below illustrates the accounts representing state & non-state fund that are included in our daily deposits:

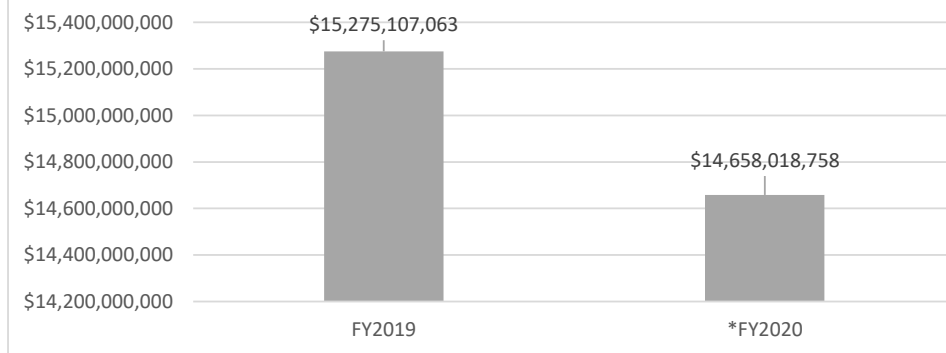
State Accounts

Corporate Tax
Franchise Tax
Withholding Tax
Individual Tax
Fiduciary Tax
Tire/Battery Tax
Insurance
Captive
Premium
Surplus Lines
Worker's Comp
Credit Annual Report Penalty

Non-State Accounts

Insurance
County Stock
Financial Institutions
Sales
Bankruptcy Clearing
Bank Holding
Compliance Clearing
Splits
HB 1456 (MO 911 Trust Fund)

Amount Deposited into State and Non-State Funds



*Deposits were impacted by the COVID-19 July 15, 2020 extended due date for Individual, Corporate and Fiduciary tax returns and payments. From July 1 to August 12th we processed an additional \$871,237,646.47 in Corporate, Individual and Fiduciary payments.

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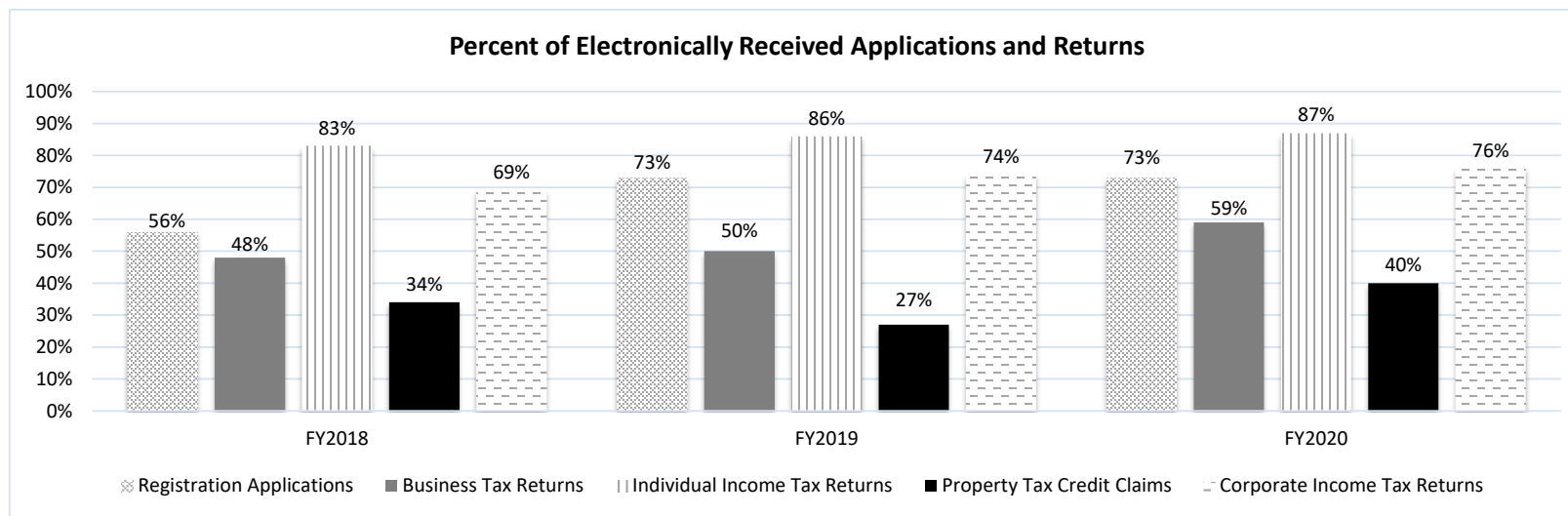
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2d. Provide a measure(s) of the program's efficiency.

Percentage of Returns and Applications Received Electronically



FY 2021 Targets: Percent of Electronically Received Applications and Returns

⊗ Registration Applications	80%
■ Business Tax Returns	65%
Individual Income Tax Returns	90%
■ Property Tax Credit Claims	42%
- Corporate Income Tax Returns	80%

Processing returns electronically is faster than processing paper returns due to less manual intervention and a lower potential for errors. Businesses filing electronically can utilize a return that is prepopulated with their specific jurisdiction and site codes. The electronic return also auto-calculates and populates the return figures, resulting in fewer manual calculations and typographical errors.

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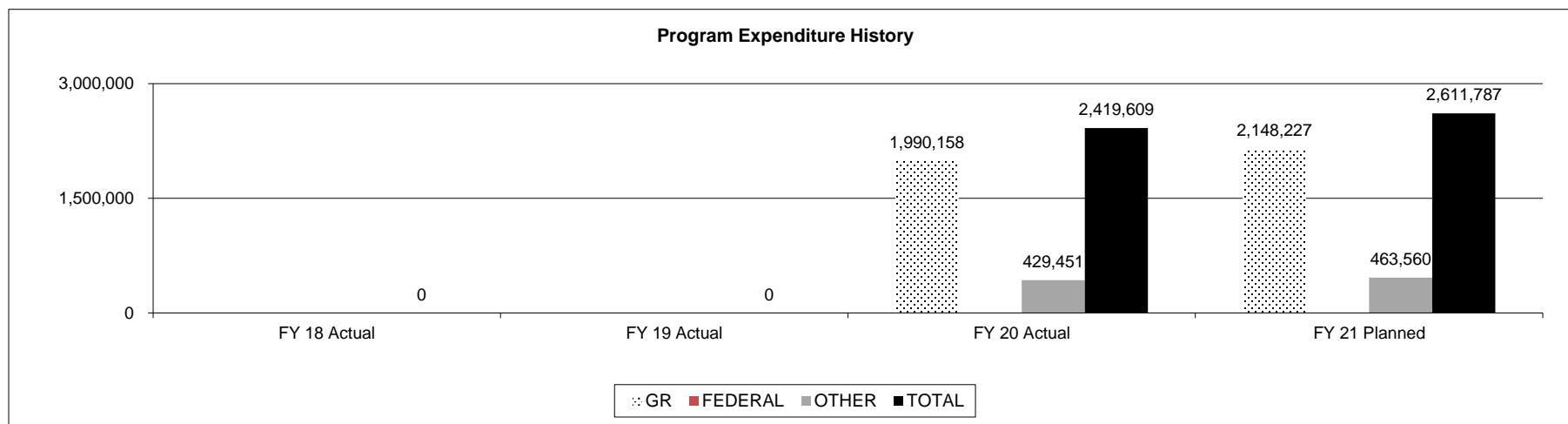
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



The Tax Processing Bureau was created in FY20. Prior year expenditures were included in Business Tax, Income Tax, and Customer Assistance and Taxpayer Services bureaus.

4. What are the sources of the "Other " funds?

Conservation Fund (0609), Health Initiatives Fund (0275), Petroleum Inspection Fund (0662), Petroleum Storage Fund (0585), Highway Collections GR/State Highways and Transportation Department Fund (0644)

5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)

Missouri Constitution, Article IV, Sections 12, 15 and 22 and Chapters 32, 136, 142, 143, 144, and 147 RSMo

6. Are there federal matching requirements? If yes, please explain.

No

7. Is this a federally mandated program? If yes, please explain.

No