

# Rev-A-News

*Our DOR is always open to you.*

## Compliance and Collection

### IRIS Phase II

The Montana Department of Revenue, in conjunction with the state's Chief Information Officer, has entered into a contract with Fast Enterprises to begin work on Phase II of the department's Integrated Revenue Information System (IRIS).

The second phase of IRIS will focus on two major areas. Administration of the state's corporation license tax and individual income tax will be migrated onto the vendor's GenTax software package. Implementation of a series of enhanced compliance tools provided by the vendor, including a data warehouse module and a discovery module, will help the department to improve taxpayer compliance.

Fast Enterprises was hired last August to begin work on the first phase of the new computer system. The Boise, Idaho-based company's product, called GenTax, is a proven administration solution designed specifically for government revenue agencies.

Under the new contract, the department will pay Fast Enterprises \$7 million to complete Phase II. Corporation license tax will be completed by January 31, 2005. Individual income tax and the compliance modules will be completed by September 30, 2005. The contract is effective July 1, 2004 to December 31, 2005.

The Phase II contract ensures that Fast Enterprises will be able to continue working on the project without interruption. The department estimates a cost savings of more than \$4 million by maintaining project continuity, keeping contractor staff in Helena, and signing a single contract to implement the two additional taxes and the compliance modules.

The new compliance tools will assist the revenue department with audit selection, non-filer identification and skip tracing. These functions will aid the department in identifying persons or businesses, both in state and out-of-state, who should be filing but are not.

"Beyond the obvious question of fairness, we are pursuing a path that allows IRIS to help pay for itself through additional revenues from enhanced taxpayer compliance," said Acting Revenue Director Don Hoffman.

IRIS was funded in the 2003 Legislative Session through Senate Bill 271. The bill, sponsored by Sen. Corey Stapleton, R-Billings, authorized the Department of Revenue to borrow up to \$17 million for a new computer system to replace the failed POINTS system. Future work on POINTS was halted in late 2002 due to ongoing defects in its operation.

Since the late 1990's, the Department of Revenue has sought an "integrated" computer system that will allow the department to track multiple taxes paid and/or owed by a single customer. In the past, the department relied on multiple systems, hindering compliance efforts as well as service to taxpayers. An integrated system that supports customer relationship management will allow the department to be more responsive to Montana taxpayers while helping ensure tax laws are applied fairly and consistently.

A third phase of the IRIS project is still needed to convert some smaller tax types to IRIS and thereby allow the department to completely shut POINTS down.

## Successful Withholding Tax Rollout

The Withholding Tax (WTH) rollout is now officially past the first phase of production support. The rollout went smoothly and users have done a fantastic job of getting comfortable with performing post-conversion activities in IRIS.

During the July 4 weekend, conversion efforts were complete. This was no small feat as demonstrated by the numbers below. The conversion went extremely well and users were using the new system a day ahead of schedule! The following is a sampling of the data volume converted from POINTS to IRIS:

54,000	Customers
470,000	Periods or Returns
144,000	2004 WTH Payments totaling \$211 million
108,000	Business and Mailing Addresses

Over 3,000 Statement of Accounts were issued during the first 10 days of implementation and auditors have been busy responding to any resulting questions from employers. If a balance remains due on their account, employers will now subsequently receive Statement of Accounts on a monthly basis.

The department is now re-focusing efforts on various compliance projects. For example, employers will be notified if they have been delinquent thus far in submitting their withholding payments to the department for the 2004 tax year.

Combined Oil and Gas (COG) is the next and final rollout for Phase 1 of the IRIS project. The IRIS project team is excited at the opportunity to move ahead with Phase II for Corporate License Tax and Individual Income Tax. It is anticipated that the conversion will occur for Corporation License Tax and Individual Income Tax in January and September of 2005, respectively.

## Employers Submitting Withholding Tax Coupons

The department processes a large number of payments each year. Recently, we have noticed that if the correct "period end date" is not included on the withholding tax coupon, it often causes the payment to "suspend" and the employer must then be contacted to ascertain the proper period end date. To reduce the number of these "suspended" withholding tax payments, we would like to remind employers to do the following:

- For employers submitting payments on a monthly, quarterly, or annual basis, **please include the correct "period end date" on the coupon**, not the "pay period end" date, "pay date", or the date that you are submitting the payment. For example, employers submitting payments on a monthly basis should report July 31, August 31, September 30, etc. on the coupons.
- For employers submitting payments on an accelerated basis, the pay date should be used. For example, if your employees are paid on August 4 then August 4 should be reported on the coupons.

Beginning with the tax year 2005, the coupons for monthly and annual filers will be "pre-populated" with the correct period end date to help reduce suspensions.

If you have any questions, please call our Customer Service Center at (406) 444-6900 and they will be happy to assist you.

## Customer Service

## 2004 Assistance for Business Clinics Receive Positive Feedback

The Department of Revenue received positive feedback from eastern Montana on our 2004 Assistance for Business Clinics. These clinics, geared to employers and business owners, offer up-to-date information on employment tax laws and tax credits, along with methods and options to file and pay.

### Glasgow

Excellent/Very Good	22/24	92%	
Satisfactory	2/24		8%
Unsatisfactory	0	0%	

*Comments:* Business Tax Express sounds very good; easy to follow and understand; liked short & varied presentations; very informative; this was informative -- happy to know about Business Tax Express.

### Sidney

Excellent/Very Good	11/11	100%	
---------------------	-------	------	--

*Comments:* None

### Miles City

Excellent/Very Good	7/7	100%	
---------------------	-----	------	--

*Comments:* Good information, well presented, thank you!; Business Tax Express is great; mostly just review; very clear presentation; very easy to hear and understand -- good info -- new info!

Thank you to all tax practitioners who encouraged your customers to attend the clinic.

## About the Agency

### Calendar of Events

#### Committee Meetings

For committee membership, agendas, minutes and reports, visit our website at [www.discoveringmontana.com/revenue](http://www.discoveringmontana.com/revenue).

Tax Reform Legislative Interim Committee, Room 317, State Capitol, Helena, Montana, Monday, August 9, 8:30 a.m. to 5 p.m. and Tuesday, August 10, 8:30 to noon.

Property Tax Reappraisal Legislative Interim Committee, Room 317, State Capitol, Helena, Montana, Helena, Montana, Wednesday, September 8, 8:30 a.m. to 5 p.m.

#### Holiday Closures (state holidays)

##### *Labor Day*

Monday, September 6, 2004

### Meet Our Leadership

**Neil Peterson, Customer Service Division Administrator**

Neil Peterson is currently the administrator of the Department of Revenue's Customer Service Division, a position he has held since 1998. A major service delivery area for Department of Revenue customers, the Customer Service Division includes a customer call center, processing of tax returns and payments, customer licensing and registration, collection of tax debt, administration of unclaimed property, and creation of tax forms.

Neil started his career in the department in October of 1978 as a corporate tax auditor and worked in the corporate tax arena until 1994. From 1994 to 1998, he was the bureau chief for administrative services within the former Income and Miscellaneous Tax Division.

Neil is a 1978 graduate of Carroll College and holds Bachelor of Arts degrees in Business Administration, Finance and Accounting. While at Carroll College, Neil was a member of the basketball team and earned All-Conference honors his last two years. Neil has two children, a daughter Casey (15) and a son Tommy (13). His hobbies include golf, football officiating and attending all kinds of sporting events.

### **Career Opportunities**

The Department of Revenue posts new job opportunities on Wednesday and Friday each week. Visit our website [www.discoveringmontana.com/revenue](http://www.discoveringmontana.com/revenue) and go to About the Agency for current job opportunities.