

DEPARTMENT OF REVENUE & TAXATION

FISCAL YEAR 2020

CITIZEN-CENTRIC REPORT



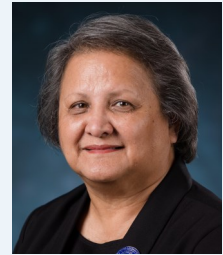
1240 Army Drive, Route 16, Barrigada, Guam 96913
 Tel: (671) 635-1817 Fax: 633-2643
 Website: <http://guamtax.com>
 Office Hours: 8am-5pm Monday through Friday



Marie P. Lizama
 Deputy Director



Dafne Mansapit-Shimizu
 Director



Michele B. Santos
 Commissioner,
 Insurance and Banking

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.

GUAM TAX AND REGULATORY STRUCTURE AND OVERVIEW

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. In effect, the U.S. Internal Revenue Code constitutes the Guam Territorial Income Tax Law as administered by DRT. In addition to administering the GTIT, the DRT also administers other local taxes on Guam, including the Business Privilege Tax, Real Property Tax, Excise and Tobacco Tax, Liquid Fuel Tax, Use Tax, Hotel Occupancy Taxes and Automotive Surcharges. DRT issues Real ID and non-Real ID compliant Guam IDs and Driver's Licenses and Vehicle Registrations. The Agency houses the Guam Passport Office and is responsible for the regulation of the Insurance, Securities, Banking and Real Estate industries as well as commercial motor carrier safety through Motor Carrier Safety Assistance and the Official Vehicle Inspection Station programs. The Department has oversight over and provides support for the Alcoholic Beverage Control Board, Banking & Insurance Board, Board of Equalization, Cannabis Control Board, and the Real Estate Commission.

Initiatives

Outcomes

<p>The 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act and U.S. Department of the Treasury Economic Impact Payment program</p> <p>Executive Order No. 2020-04, Relative to Responding to Confirmed Cases of the 2019 Novel Coronavirus (COVID-19)</p>	<ul style="list-style-type: none"> » Completed the processing of 81,459 EIP taxpayer filers and non-filers accounts amounting to \$143,780,000 from May thru September 24, 2020 with \$96 million being process within seven days from receiving EIP funding from the US treasury » Utilized funding to purchase additional 80 computer work stations and additional equipment to address public health emergency resulting from COVID; including acrylic shields and stand-up thermometers. » DRT issued first of many notices that alerted the public to its closure on March 16, 2020 and its reopening, subject to established public health guidelines found in E.O. No. 2020-04; extended expiration dates for local regulatory programs » Instituted processes and procedures to minimize COVID-19 exposure including requiring the washing of hands, wearing masks, and requiring social distancing. » Launched mail services for replacements and renewals of Guam Driver's Licenses and Guam IDs; launched form BL-01 New Business License Application which allowed for business license applications to be received by mail and drop box for the first time. Encouraged the use of online services such as online renewal of vehicle registration and business licenses..
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Activity Highlights

ACTIVITES	FN	FY2019		FY2020	
		Branch Units	Revenues	Branch Units	Revenues
Real Property Tax Assessments		71,806	\$37,332,435	71,102	\$37,525,102
Real Property Tax Branch					
Alcohol Beverage Licenses		1,045	\$809,250	840	\$685,700
Amusement Devices		1,111	\$244,001	852	\$209,783
Recreational Facilities		248	\$137,083	161	\$12,700
Alcohol Beverage Control (ABC) Cards		2,398	\$71,940	996	\$30,500
Guam Healthcare Trust & Other Events		382	\$191,000	0	\$0
Compliance Branch Totals		5,184	\$1,453,274	2,849	\$938,683
Business Licenses	4	33,629	\$2,013,086	24,014	\$1,934,820
Tobacco Licenses	4	402	\$36,393	392	\$43,932
Regulation of Corporations Documents	4	7,010	\$901,783	3,130	\$457,776
General Licensing Branch Totals		41,041	\$2,951,262	27,536	\$2,436,528
Insurance Licenses		1,103	\$486,449	418	\$295,648
Securities Licences		1,029	\$598,290	1,187	\$555,226
Real Estate Licenses		294	\$53,510	221	\$43,583
UCC Filings		594	\$12,991	369	\$9,971
Insurance, Securities, Banking & Real Estate Branch Totals		3,020	\$1,151,240	2,195	\$904,428
Scales		627	\$4,405	289	\$1,992
Gas Pump Meter		915	\$9,150	961	\$9,610
Taxi Meter		352	\$7,040	324	\$6,480
Weights & Measures Branch Totals		1,894	\$20,595	1,574	\$18,082
Passport Applications - Adults		7,455	\$974,435	2,241	\$257,715
Passport Applications - Minors		4,642	\$533,830	3,694	\$477,250
Guam Passport Office Totals		13,991	\$1,528,860	7,509	\$753,047
GuamTax.com E-Filing		159,419		177,946	
Business Privilege Tax Branch					
Forms 1040, 1040A, 1040EZ processed/filed	1	67,680		76,120	
Corporate Tax Returns processed/filed	1	5,090		4,851	
Electronic Data Processing Branch					
Income Tax Examinations	2/3	994	\$6,358,045	543	\$3,663,884
Business Privilege Tax Examinations	2/3	50	\$7,958,766	48	\$1,261,881
Examination Branch Totals		1,044	\$14,316,811	591	\$4,925,765
Driver's Licenses		34,902	\$1,061,437	18,732	\$570,666
Permits (all types)		3,781	\$37,810	2,039	\$20,390
Vehicle Registrations		123,151	\$16,768,444	110,218	\$14,456,358
Motor Vehicle Division Totals		161,834	\$17,867,691	130,989	\$15,047,414
Total Inspections		1,809		812	
Motor Carrier Assistance Program					

PERFORMANCE FOOTNOTES (FN):

- All units described represent that filed and processed during the fiscal year. Income tax returns are filed and processed after the referenced 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.
- Tax Examinations dollar amounts are "net" production computed as Agreed and Un-agreed Deficiencies, (Less): Over-assessments—inclusive of additional Claims allowed per an Audit, Plus: Claims Denied, Plus: Applicable Penalties.
- Preliminary for FY2020.

Staff, Revenue & Budget Highlights

STAFFING PATTERN

DIVISION	FY2019	FY2020
Executive Direction		
Director's Office	7	9
Passport Office	7	7
Technical Research & Appeals Bureau	2	2
System and Programming Support	2	2
Division Totals	18	20
Tax Enforcement Division		
Criminal Investigation Branch	7	7
Tax Examination Branch	20	21
Collection Branch	25	27
Division Totals	52	55
Taxpayer Service Division		
Income Tax Assistance & Processing Branch	12	12
Electronic Data Processing / SWICA Branch	8	8
Business Privilege Tax Branch	4	6
Tax Accounting Branch	8	8
Central Files Branch	6	6
Division Totals	38	40
Real Property Tax Division		
Appraisal Branch	8	8
Assessment Branch	5	6
Division Totals	13	14
Regulatory Division		
Insurance, Securities, Banking & Real Estate Branch	7	8
General Licensing & Registration Branch	6	7
Compliance Branch	7	7
Weights & Measures Branch	2	2
Division Totals	22	24
Motor Vehicle Division		
Driver's Licensing Examination Branch	14	14
Vehicle Registration Branch	8	8
Motor Carrier Safety Assistance Program	5	5
Division Totals	27	27
TOTALS	170	180

Tax Revenues (Audit)	FY2019	FY2020
Income Tax	\$280,787,279	\$324,932,867
Business Privilege Tax	\$314,946,414	\$296,518,767
Section 30 Income Tax	\$77,046,768	\$82,309,451
Hotel Occupancy Tax	\$44,701,481	\$26,366,511
Property Tax	\$33,333,472	\$34,159,248
Tobacco Tax	\$35,448,719	\$35,817,232
Liquid Fuel Tax	\$14,428,017	\$12,042,192
Alcohol Beverage Tax	\$3,785,570	\$3,955,987
Excise Tax	\$3,535,038	\$3,979,588
Limited Gaming	\$4,159,506	\$1,754,904
Total Revenues Collected	\$812,172,264	\$821,836,747

Budget Statement

Appropriations	FY2019	FY2020
General Fund	\$8,435,897	\$8,410,539
Tax Collection Enhancement Fund	\$975,577	\$910,341
Better Public Service Fund	\$1,564,374	\$1,553,526
Banking and Insurance Enforcement Fund	\$474,403	\$416,051
Federal Grant Fund	\$490,436	-
Examiner Off-Duty	-	-
DRT Asset Forfeiture Equitable Program	-	-
Total Appropriations	\$11,940,687	\$11,290,457
Expenditures	FY2019	FY2020
Personnel	\$7,359,710	\$8,065,570
Travel/Local Mileage Reimburse	\$25,853	\$13,500
Contractual	\$2,371,921	\$2,465,640
Office Space Rental	\$1,425,712	\$1,430,792
Supplies & Material	\$106,306	\$65,000
Equipment	\$0	\$167,680
Utilities	\$98,306	\$73,925
Capital Outlay	\$0	\$0
Drug Testing	\$400	\$1,000
Miscellaneous (Board Stipend)	\$5,100	\$7,250
Total Expenditures	\$11,393,308	\$12,290,357

11 GCA Subsection 1103:

Purpose of the Department

"[The Department] shall be charged with the enforcement of the tax laws of Guam and the collection of revenue. It shall also be the government agency responsible for licensing and registration as allied and connected enforcement functions."



DEPARTMENT ACCOMPLISHMENTS

- ◆ Released DRT's COVID-19 Services Volume Series via online and media channels, in response to DPHSS Health Advisories
- ◆ Administered Economic Impact Payment program for Guam residents authorized by the CARES Act (EIP1)
- ◆ Implemented the Governor's Temporary Economic Assistance and Mitigation Guam Plan
- ◆ For the first time in approximately six years, arranged for the US Internal Revenue Service to provide in-person training for the Collection team in Guam
- ◆ Worked to expand services by mail and drop box to address issue of public health emergency
- ◆ Ensured continued processing of income tax returns

DEPARTMENT CHALLENGES

- ◇ Increased responsibilities due to new mandates and increased demand for services
- ◇ Challenges with meeting mandates due to lack of financial and other resources
- ◇ Lack of opportunities for staff development and retention
- ◇ Challenges with automating of services so that customers are able to access from work, home, or via handheld devices
- ◇ Need for a conducive work-place and working environment
- ◇ Need to do timely updates of department-wide Standard Operating Procedures as new mandates take effect
- ◇ Implementing and enforcing department related unfunded mandates.

CURRENT AND FUTURE OUTLOOK

The COVID-19 pandemic caused two shutdowns for the island in FY2020. In spite of this, the Department continued its services with its mandate to collect the revenues which finance our government's operations. We worked to ensure that we continued to provide services for our people, even if on a limited basis, given the public health emergency. In anticipation of the lifting of public health restrictions, we created a safe, socially-distanced environment in order to conduct face-to-face business. When the federal government provided monies for economic relief, we streamlined the processes and were able to disburse the funds to qualified individuals in a timely manner.

In the face of recurring challenges and added strain on our workforce and its resources, our staff continues to work to meet our agency's voluminous mandates. Income tax refunds have been processed on a consistent basis. Enforcement across all tax and regulatory fronts has intensified during the year, and we continue to wage an educational campaign to increase voluntary compliance. As we move into the future, our plans include a greater push toward the automation of services and use of technology.

FREQUENTLY CONTACTED BRANCHES

COLLECTION BRANCH

(671)635-1864/5, 635-7612

INCOME TAX ASSISTANCE AND PROCESSING BRANCH

(671) 635-1840, 635-1841, 635-1842

GENERAL LICENSING AND REGISTRATION BRANCH

(671) 635-1828, 635-1829, 635-7621

BUSINESS PRIVILEGE TAX BRANCH

(671) 635-1836, 635-7623

INSURANCE, SECURITIES, BANKING & REAL ESTATE BRANCH

(671) 635-1844, 635-1845, 635-7668

REAL PROPERTY TAX DIVISION

(671) 635-1897, 635-1896, 635-1892

MOTOR VEHICLE REGISTRATION BRANCH

(671) 635-7652, 635-1886, 635-1898

DRIVER'S LICENSE BRANCH

(671) 635-7651, 635-1761

GUAM PASSPORT OFFICE

(671) 635-7643, 635-7644, 635-7645

ADMINISTRATIVE OFFICES / CALL CENTER

(671) 635-1817, 635-1740/41

ONLINE SERVICES

*www.guamtax.com

*www.govguamdocs.com

*<https://pay.guam.gov>

*<https://realiddrt.guam.gov>

*www.myguamtax.com