

Pennsylvania Department of Revenue

Strategic Plan

3/2019

UPDATE

2016 - 2020



Est. 1927

On behalf of the department's Executive Office, I am proud to share the accomplishments the Pennsylvania Department of Revenue has realized in support of our 2016 through 2020 strategic plan.

We are fortunate to have dedicated and talented employees who are committed to the success of our agency. Our successes have come as a result of articulating our mission, vision, and values, evaluating our strengths and weaknesses as an organization, and actively working towards the initiatives identified to support achievement of our strategic goals.

With help from the Governor's Lean process improvement initiative, our staff are getting involved in identifying additional ways to improve our agency. By listening and empowering our employees to take ownership of our department's future, we are seeing a renewed energy towards advancing our core goals, as well as striving for continuous improvement in our agency.

While we've had success, we know that there is still plenty of work to do in order to reach our vision of being a leading tax administration and public service agency. With the initiatives we have in process and a revision of our strategic plan for beyond 2020 forthcoming, we look forward to continuing to innovate the Department of Revenue in order to fund government services for the benefit of all Pennsylvanians.



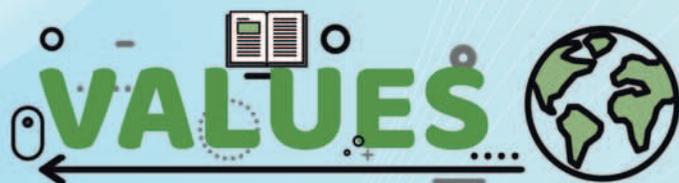
C. Daniel Hassell
Secretary of Revenue



To fairly, efficiently, and accurately administer the tax laws and other revenue programs of the **Commonwealth of Pennsylvania**



To be a leading tax administration and public service agency known for customer service, integrity, innovation, processing, and compliance that funds government services for the benefit of all **Pennsylvanians**, with a caring and professional workforce



Voluntary Compliance, Employee Engagement
Customer Service, Ethics, Accountability,
Fairness, Efficiency

01 GOAL
CONTINUALLY IMPROVE
CUSTOMER SERVICE



02 GOAL
ENHANCE EFFECTIVENESS
OF TAX COMPLIANCE



03 GOAL
CONTINUALLY IMPROVE BUSINESS
PROCESSES AND TECHNOLOGY



04 GOAL
PROVIDE ACCURATE AND
TIMELY REVENUE ANALYSIS



pennsylvania
DEPARTMENT OF REVENUE

GOALS



05 GOAL
CONTINUALLY IMPROVE LOTTERY
SALES AND NET PROFITS



06 GOAL
CONTINUALLY IMPROVE
PUBLIC CONFIDENCE



07 GOAL
INCREASE
ORGANIZATIONAL CAPACITY



08 GOAL
PROMOTE TAX POLICIES TO
IMPROVE THE COMMONWEALTH'S
TAX ADMINISTRATION

Strategic goals are
a clearer statement
of the department's
vision.

Our initiatives help us
accomplish our mission
and our stated goals by
converting these
concepts into specific,
measurable, and
achievable actions.

The department will improve the quality, efficiency, and effectiveness of service delivery by developing a wide range of self-service and customized service initiatives, by simplifying the tax filing and payment experience, and by helping all sectors of the public participate in the tax system.

Initiative 1.1

Develop a comprehensive strategy for taxpayer service including online self-service options such as account review, correspondence management, and transactional capabilities.

Initiative 1.2

Expand departmental communication channels to include social media networks, such as Facebook, Twitter, and YouTube, and ensure consistency in messaging between traditional communication methods and social media.

Initiative 1.3

Review and update departmental forms and correspondence with a focus on increasing clarity, accuracy, and simplicity of the language.



Continually *Improve* Customer Service

1.1 Increased Self-Service Options for Business Tax Customers with e-Correspondence

Business tax customers and practitioners can elect to receive and view their departmental correspondence electronically, in real time, in eTIDES, the department’s online business tax system.



1.1 Tell Us How We Are Doing!

Back in 2017, the department implemented an online customer feedback survey on its website. Since that time, the department has received 1,322 responses through this feedback tool. We want to hear from you!

1.2 Have you Liked Us on Facebook?

The department actively maintains a social media presence on Facebook by posting at least three posts per week, on different days with different topics, along with a graphic on each post. You can find us on Facebook by searching Pennsylvania Department of Revenue.



The department will ensure taxpayers meet their tax obligations so when Pennsylvanians pay their taxes, they can be confident their neighbors and competitors are sharing the total tax burden equitably.

Initiative 2.1

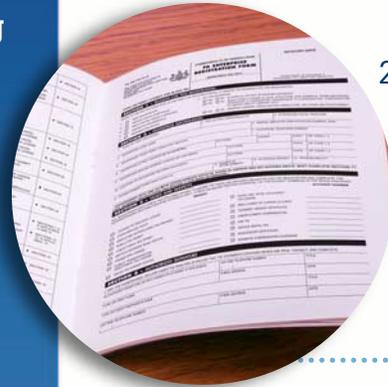
Develop a coordinated compliance and collections strategy that provides a structured and systematic approach to managing accounts receivable and minimizing the motivation for non-payment and non-filing.

Initiative 2.2

Develop a coordinated examination and audit strategy that focuses on maximizing the effectiveness of applied resources and optimizes voluntary compliance while improving public confidence.



Enhance Effectiveness of Tax Compliance

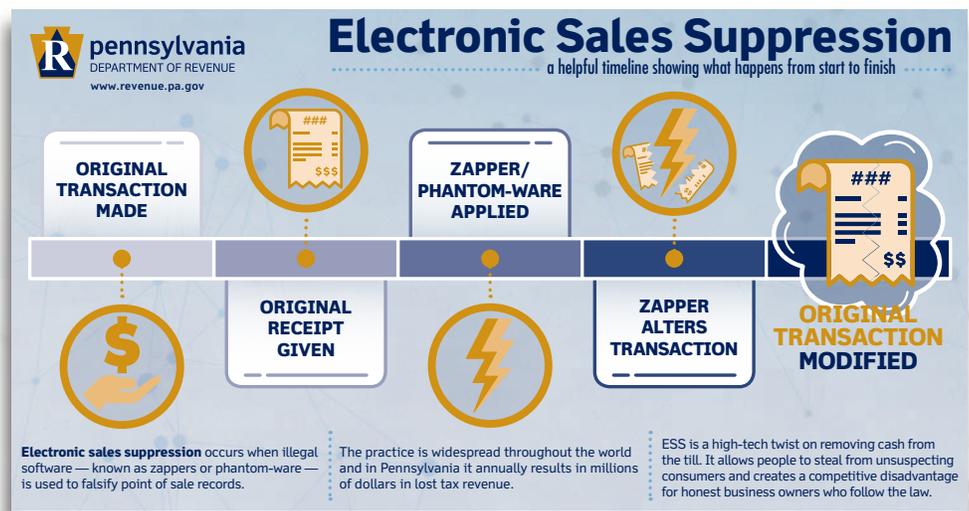


2.1 Added Convenience of Online Filing for Transactional and Business Use Tax Obligations

Our customers have the option to complete a PA-1 return and make a payment online for transactional and business use tax obligations. Accompanying this new filing option are revamped, easier to understand notices.

2.2 Continued Success and Recognition of the Electronic Sales Suppression Program

The department was recognized in May 2018 with the Governor’s Award for Excellence for its work in exposing electronic sales suppression. Anomalies indicative of sales suppression are identified through data analytics and field work, and are referred for field audit to expose sales suppression activities.



2.2 Audit Best Practices

The Bureau of Audits, with involvement of its staff, has developed a set of audit best practices. These best practices in the areas of record requests, research, communications, and audit review are improving the consistency and efficiency of the audit process. The recommendations of this group also led to new trainings for new hires and Lean process improvement initiatives. These efforts help leverage the input of staff to bring more consistency, efficiency, and improvements to the audit process.

The department will modernize its processes, encourage innovation, and replace legacy technology systems to effectively and efficiently address its enforcement and service needs.

Initiative 3.1

Define a reorganization strategy around department functions to reduce duplication of effort and increase efficiency in the affected processes.

Initiative 3.2

Document and redesign department business processes and implement internal controls.

Initiative 3.3

Grow the department's external agency services bureau.

Initiative 3.4

Implement technology upgrades related to tax processing system platforms, security, imaging functions, hardware infrastructure, and end user software programs.

Initiative 3.5

Enhance the department's technologies to improve functionality.

Initiative 3.6

Implement a modernized tax processing system for individual tax, inheritance tax, realty transfer tax, property tax/rent rebate, and motor and alternative fuel taxes.



Continually *Improve* Business Processes and Technology

3.1 Started a **Realignment** of the Business Tax Bureaus

In late 2018, the department began work to realign its business tax bureaus. This transformation will include collaboration and input from staff to modernize tax processing and accounting functions. The new bureaus will officially launch in summer 2019.

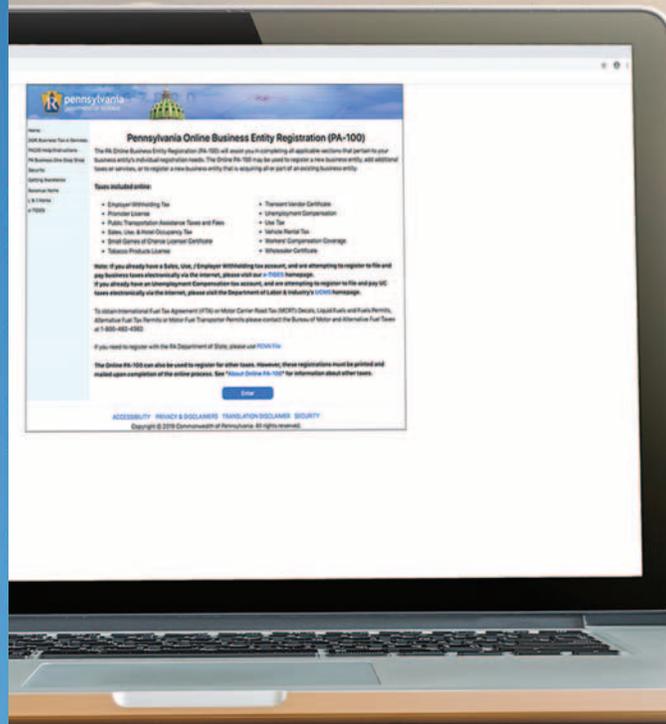
3.2 **Expansion** of the Department's Internal Controls Program

Since 2016, the department has been actively working toward implementing an internal controls program. The department has successfully documented key business processes, identified controls, and developed a controls testing schedule. Next steps include an expansion of the department's risk management efforts.

3.2 Introduced **Lean Process** Improvement Methodology and Tools

In support of this Governor's Office initiative, the department has fully embraced the Lean process improvement methodology. Through communications and training opportunities, the department is educating staff on the importance of process improvement projects. As of late 2018, more than 44% of department staff had completed the initial Lean training. The department has established a goal to have 100% of its staff complete the initial training by the end of 2019.

3.5 **Updated** Online Enterprise Registration (PA-100)



The updated PA-100 online application went live in January 2019 as a part of the department's efforts to improve customer service and offer more self-service options. With this enhancement, the PA-100 has a new look and an application screen that provides a complete list of all current applications. Users also can take advantage of new pre-filled fields containing information that users previously entered.

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Continually *Improve* Business Processes and Technology

3.5 Implemented Intelligent Mail Barcode on Outgoing Correspondence

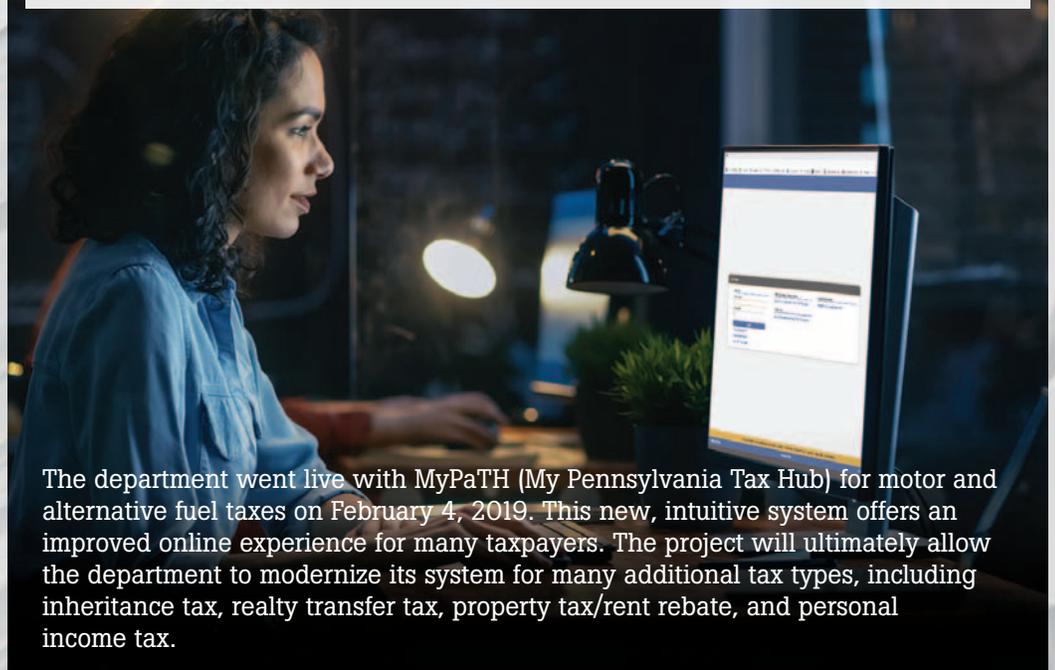
Starting in December 2018, the department introduced an IMb (Intelligent Mail Barcode) on most outbound mail. This barcode allows the department to electronically receive address information from the U.S. Post Office. While seamless to the taxpayer, this project results in better addressing and more timely correspondence for our customers.

3.5 Improved the Research and Development Tax Credit Application Process

The new online application for the Research and Development Tax Credit Program eliminates the inefficiencies and costs associated with paper filing. Additionally, by including a tax clearance check in the process, as required by law, the department collected over \$1 million.



3.6 Modernized Motor and Alternative Fuel Taxes

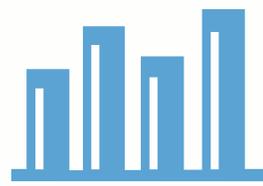


The department went live with MyPaTH (My Pennsylvania Tax Hub) for motor and alternative fuel taxes on February 4, 2019. This new, intuitive system offers an improved online experience for many taxpayers. The project will ultimately allow the department to modernize its system for many additional tax types, including inheritance tax, realty transfer tax, property tax/rent rebate, and personal income tax.

The department will develop necessary analyses, models, and projections to enable the Governor's Office, the General Assembly, and other interested parties to make informed decisions about legislative changes, enforcement, outreach and education, and litigation.

Initiative 4.1

Develop a coordinated and secure approach for data analytics and performance measurement.



Provide **Accurate** and Timely Revenue Analysis

4.1 Revised Performance Metrics Tied to Strategic Goals



In the fall of 2018, the department undertook an effort to revise its performance measures. The revised measures better reflect alignment to the department's strategic goals, mission and vision.

The department will maximize sales and profits of the Pennsylvania Lottery through sound business practices, innovation, and creativity.

Initiative 5.1

Expanding points of distribution will ensure that players can find Lottery games where they shop. This initiative will explore new retail channels as well as new product delivery options.

Initiative 5.2

Maintaining a diverse portfolio of products will generate incremental sales and profits by ensuring that players will have a variety of options from which to choose.



Continually *Improve* Lottery Sales and Net Profits

5.1 Expanded Methods of Play with the Launch of iLottery and Virtual Sports Monitor Games

June 2018 saw the launch of iLottery, a new way for players located in Pennsylvania to play and win from a mobile device, tablet or computer. The Lottery also launched Xpress Sports, games that use ultra-realistic animation to depict the outcome of random computerized drawings that take place every five minutes.



5.2 Increased Product Portfolio with the Debut of Keno

Keno, the fast-paced game with drawings every four minutes, debuted in May 2018. Along with iLottery and Xpress Sports, Keno is helping the Lottery develop new products that will help it remain competitive.

The department will utilize an open and transparent approach in dealing with taxpayers while maintaining the privacy and security of taxpayer information, and it will fairly, equitably, and consistently apply the law.

Initiative 6.1

Develop an outreach and education strategy to provide pertinent, timely information to increase voluntary compliance and reduce the need for customer contact.

Initiative 6.2

Develop partnerships with Commonwealth agencies, local, state, and federal tax agencies, as well as associations and groups to share information and best practices.

Initiative 6.3

Implement information security best practices in the handling and protection of confidential taxpayer data, including federal tax information and personally identifiable information.



Continually *Improve* Public Confidence



6.1 Provided Customer Education Workshops for New Businesses

The department debuted a new customer education workshop, New Business 101: Tax Tips and Resources designed to provide entrepreneurs with information on state tax obligations and help them achieve success in managing their new businesses.

6.2 Partnered with PRLA to Create Awareness of Electronic Sales Suppression

The department spread awareness of electronic sales suppression efforts in the restaurant industry by presenting, Protecting Pennsylvania's Restaurants, at the Pennsylvania Restaurant and Lodging Association's Webinar Wednesday series and at local chapter meetings.

6.3 Continued Success and Recognition of the Fraud Detection and Analysis Unit

The department's Fraud Detection and Analysis Unit was a finalist for the 2018 Governor's Award for Excellence for its efforts in protecting and defending Pennsylvania taxpayers and their tax dollars against refund fraud and identity theft. The unit is constantly working to detect new scams and provide service to identity theft victims.

The department will attract, hire, and retain qualified staff, providing development opportunities for both current and future professional growth and making available the necessary tools and resources to maximize performance and to attain organization.

Initiative 7.1

Develop a centralized training program to provide consistent and timely training and employee development activities to staff department-wide.

Initiative 7.2

Create an online community to share information and provide employees an avenue to ask questions and share information.

Initiative 7.3

Create internal programs (job shadowing and mentoring) to provide staff development opportunities and promote learning within the department.



Increase Organizational Capacity

7.1 Creation of the Customer Experience Center to Continually Improve Customer Service



In October 2018, the department established a new bureau, the Customer Experience Center (CEC). The CEC will serve as a centralized unit that will help the department improve customer service and create a central location to coordinate the department's training programs.



The department will continue to evaluate and recommend tax policies to improve Pennsylvania's tax structure, emphasizing simplicity, consistency, and reducing the cost of compliance.

Initiative 8.1

Review and update tax laws, regulations, and policies to provide clear and simplified underlying authority for tax obligations as well as education and outreach activities.



Promote Tax Policies to *Improve* the Commonwealth's Tax Administration

8.1 Revised the Pennsylvania Personal Income Tax Guide



The department's Personal Income Tax (PIT) guide got a major overhaul in 2018. Led by a workgroup within the department, each section was reviewed, updated, and reformatted to transition it from PDF format to HTML. This makes the content more searchable and allows for easier updates as content changes. Check out the updated PIT Guide online.

8.1 Issued **Guidance** to Taxpayers and Tax Practitioners

The department continues to provide guidance in the form of informational notices and tax bulletins to assist taxpayers and tax practitioners in understanding tax obligations. Guidance was issued on the following subjects:

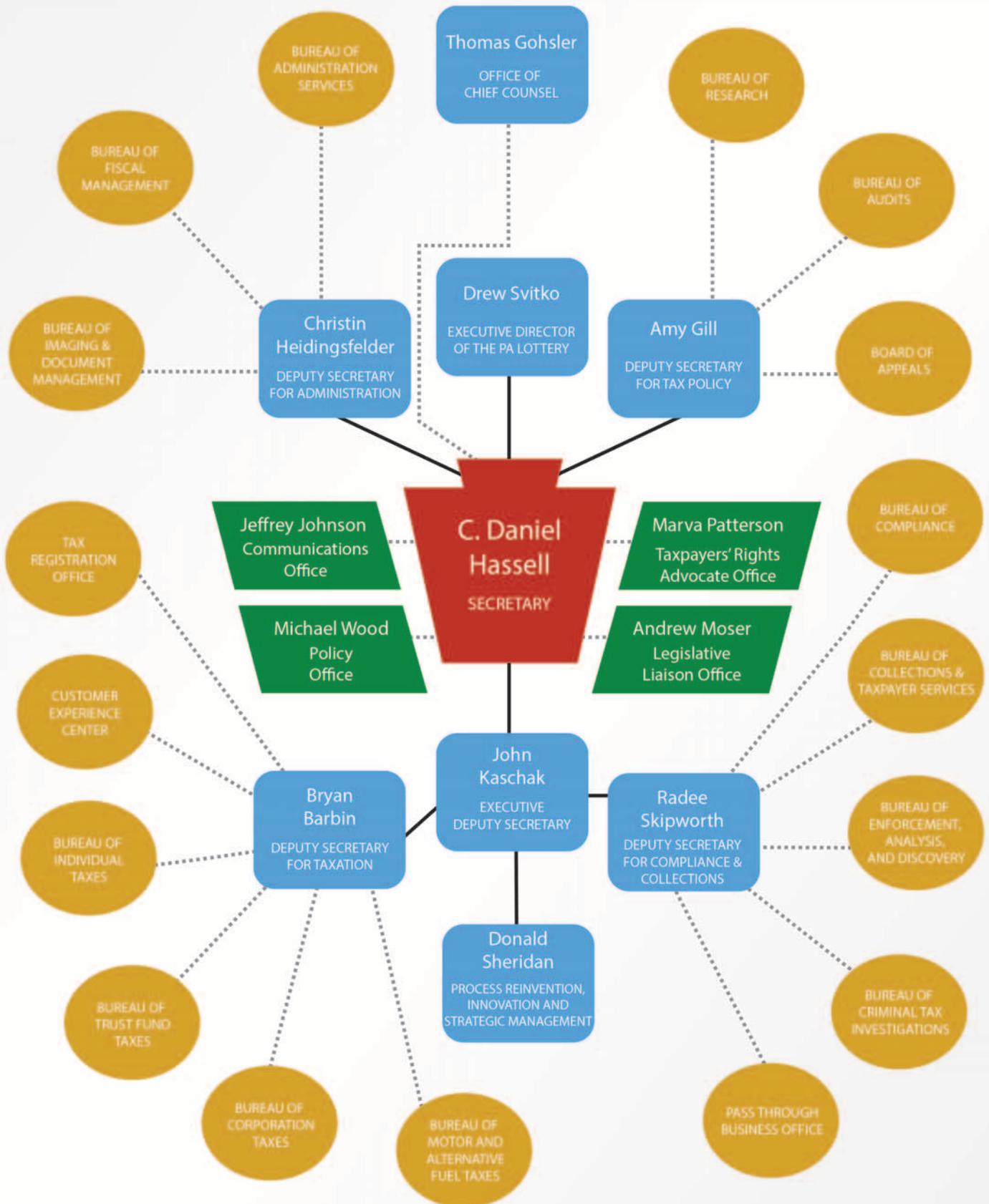
- Marketplace Sales
- Economic Nexus for Sales and Use Tax
- Hotel Occupancy Tax
- Tax Cuts and Jobs Act of 2017

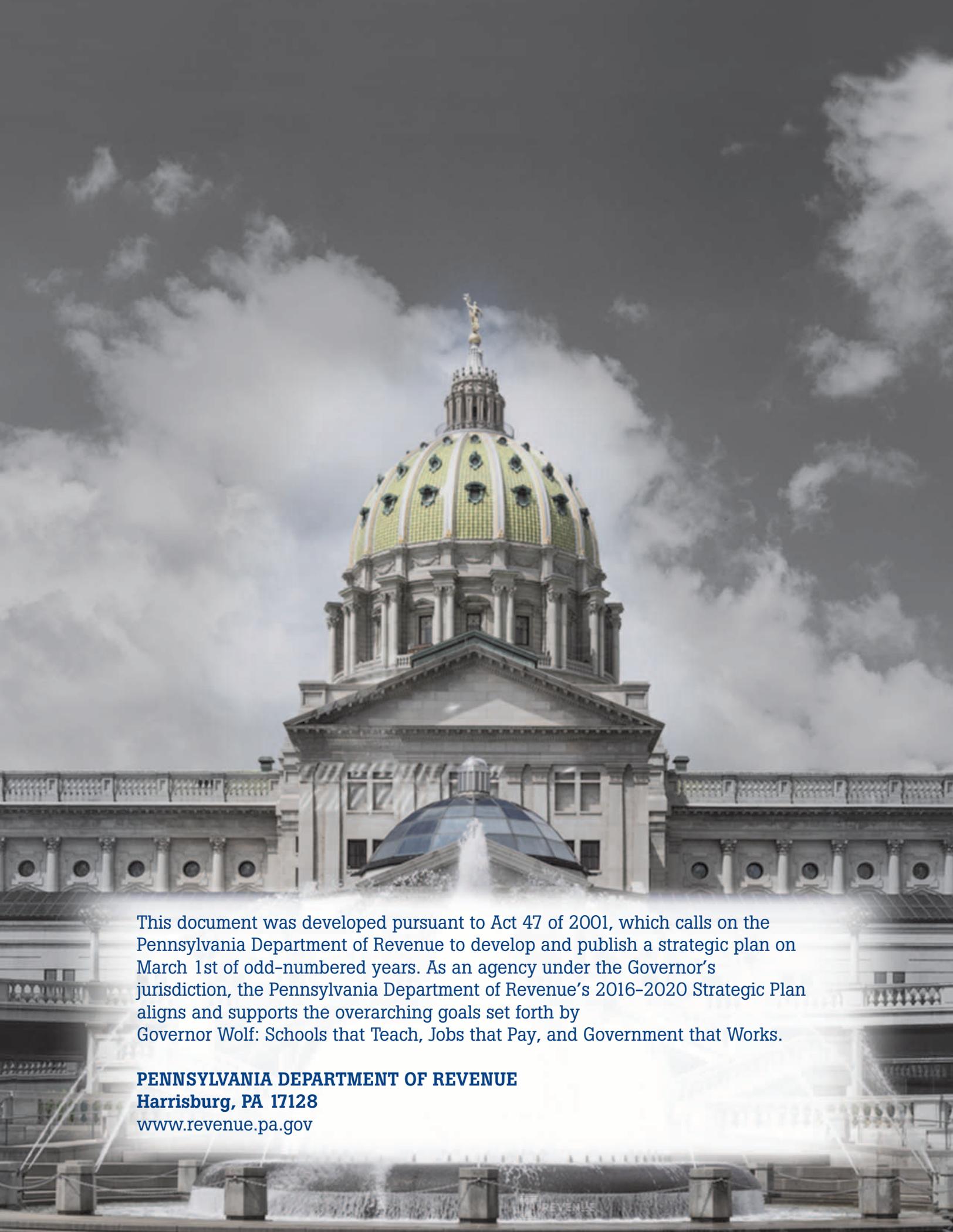
8.1 Published **Regulatory Agenda** in the Pennsylvania Bulletin

The department has set forth its regulatory agenda with the Independent Regulatory Review Commission (IRRC) in order to more clearly define the tax law. Here are the proposed regulations on the department's agenda:

- Amendments to Chapter 113 of PIT Tax Withholding were codified in February 2019 to reduce the threshold for electronic submission of annual withholding reconciliation from 250 to 10 or more.
- Permanent Regulations for iLottery Games describe how new Internet-based lottery games will operate, replacing the temporary regulations that expire March 31, 2020.
- Amendments to Realty Transfer Tax to provide consistency with department policy and language in the realty transfer tax statute.
- Amendments to Local Option Small Games of Chance to incorporate changes to implement Acts 2 and 184 of 2012 and Acts 90 and 92 of 2013.

Organizational Chart





This document was developed pursuant to Act 47 of 2001, which calls on the Pennsylvania Department of Revenue to develop and publish a strategic plan on March 1st of odd-numbered years. As an agency under the Governor's jurisdiction, the Pennsylvania Department of Revenue's 2016-2020 Strategic Plan aligns and supports the overarching goals set forth by Governor Wolf: Schools that Teach, Jobs that Pay, and Government that Works.

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