Improving Voluntary Compliance Using A Managed Audit Program

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TAXPAYER DEMOGRAPHICS

- Total Active Sales/Use Accts---- 55,861
- Accounts with less than $1Million in annual sales---------- 43,442
- Percentage of firms with less than $1 million in annual sales----91%

What Economic Impact Do Smaller Firms Have On Potential Tax Revenue

Percentage of Small Business sales to total Idaho business sales.

11%

Audit Coverage

- Firms with >$1M in annual sales-- .0039%
- Firms with <$1M in annual sales-- 5.5%

Basic Managed Audit Program

- Contact Taxpayer.
- Review records.
- Sign Manage Audit Agreement.
- Taxpayer reviews remaining tax periods.
- Review Taxpayer work.
- Compute tax and interest.
- Sign Resolution Agreement.

Basic Self Audit Program

- Identify noncomplying industry.
- Seek cooperation of industry association.
- Create and mail Self Audit package.
- Review Taxpayer work.
- Sign Resolution Agreement.
- Verification.

Potential Audit Candidates

- Taxpayer initiated contacts.
- Single issues associated with law. changes and court decisions.
- Referrals from other bureaus.
- Referrals from comprehensive audits.
- Audits where costs exceeds benefit.
- Industry specific audits.

REPORT CARD

Annual Cost of Program	Audit Recoveries
CY 1998 ------ $330,000	$1.4 M
CY 1999 ------ $330,000	$2.1 M
CY 2000 ------ $330,000	$1.5 M
CY 2001 ------ $330,000	$0.720 M
CY 2002 ------ $330,000	$1.6 M

TAXPAYER CONTACTS

YEAR	T/P CONTACTS	PERCENTAGE OF T/P CONTACTS
1998	4078	3%
1999	2403	2%
2000	1787	1%
2001	1263	1%
2002	1196	1%

THE END