



# Results-based Plan Briefing Book 2007/08

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**Ministry of Revenue**

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**Ministry of Revenue**



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# Part I: Published Results-Based Plan 2007/08

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**Ministry of Revenue**



## Vision and Mission

The vision of the Ministry of Revenue is to be a leader in tax administration. The Ministry is a highly respected and responsive organization that encourages voluntary compliance. The Ministry serves the vital public interest by supporting a strong economic, fiscal and investment climate for Ontario. This vision is founded on an Ontario that:

- provides leadership in jobs, income and investment;
- promotes accountability in public sector organizations to ensure the effective management and efficient use of taxpayer dollars;
- spends taxpayers' money on priority programs and public infrastructure investment with increasing economy, efficiency and effectiveness;
- has the financial capacity to sustain these government programs and infrastructure; and
- invests in a better future for the people of Ontario.

The mission of the Ministry is to continuously improve by becoming a modern, effective and efficient organization through the delivery of customer-focused services.

## Mandate

The Ministry administers the province's tax, tax credit and benefit programs. The tax revenues collected provide the fiscal foundation upon which many of the government programs are based.

The integrity of the province's self-assessment system is maintained by encouraging compliance through taxpayer education and customer service, while discouraging non-compliance through enforcement activities.

The Ministry's activities are enablers that directly support the *Strong People, Strong Economy* government priority and contribute to a competitive business environment.

## Programs

The Ministry's operations have two major components:

- tax administration programs, and
- tax credit and benefit programs.



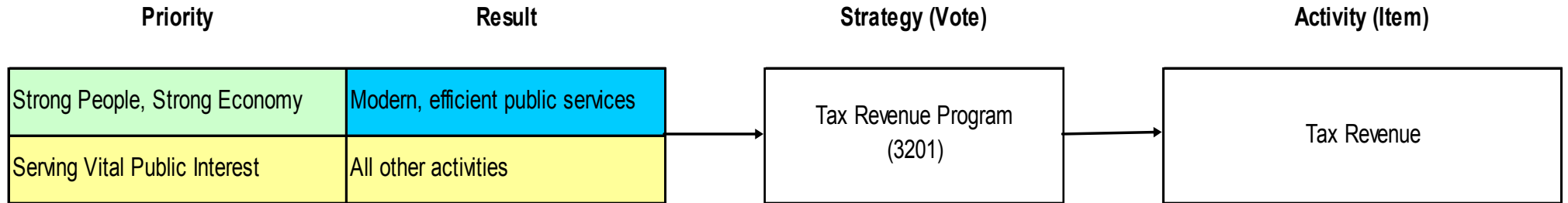
## Functions

The Ministry performs two major functions by administering:

- the taxing statutes of the province, and
- various transfer payment, tax credit and benefit programs.



**MINISTRY CONTRIBUTION TO KEY PRIORITIES AND RESULTS**





## 2006/07 Achievements

The Ministry continues to make progress in becoming a modern, efficient and effective tax administration.

### Strong People, Strong Economy

#### Modern, efficient public services

##### ▪ Reorganize and Modernize Tax Administration

- The Federal and Ontario governments signed a Memorandum of Agreement (MOA) on October 6, 2006, for the federal administration of Ontario's corporate taxes (CT). Currently the Ministry is negotiating other agreements, such as Human Resources, Business Transition, Service Level and Service Management Framework. The MOA demonstrates what governments can achieve when they work together and is an important step in the plan to build a more competitive economy that reduces costs and simplifies the rules for business.
- The MOST Project (Modernizing Ontario's Systems for Tax Administration), acquired a commercial off the shelf (COTS) tax administration system and began work to configure the new system.
- Progress was made in establishing a common Business Number to coordinate access to client account information with Canada Revenue Agency (CRA). This is a partnership with ServiceOntario as the lead, to move towards a single window approach for taxpayers. The MOF/MOR will be the first partner using the Business Directory.
- Effective May 1, 2006, the Division completed the organizational redesign of tax administration along functional business lines, as opposed to the former tax statute business lines.
- The Ministry continued upgrading its telephone infrastructure to allow one-point of access (single toll-free number) for clients, with an interactive voice response (IVR) system to direct their call. This upgrade will work in tandem with the MOF call centre, either for direct callers or as Tier 2 support.
- The Ministry conducted consultations with fuel/gasoline and tobacco industry constituents with respect to the requirement to post security with the Ministry where large sums of tax dollars are held in trust.

##### ▪ Review Delivery of Income-Based Tax Benefits

- The Ministry of Revenue/Finance and Human Resources & Social Development Canada explored opportunities to expand their existing service delivery partnership as a means to streamline delivery of federal and provincial pension programs and to enhance the client experience.
- As announced in the 2006 Budget, Ontario Property and Sales Tax Credits (OPSTCs) for seniors were enriched.

## Ontario

- MOF/MOR and MCSS conducted policy, legal and financial analysis of options to reform Ontario Child Care Supplement (OCCS) and social assistance.
- The Ontario Home Electricity Relief (OHER) program is provided up to \$100 million in one-time payments to help almost 1.5 million lower-income families with their 2006 electricity costs.



## Performance Measures

Performance Measures for the Ministry of Revenue are linked to the government's **Getting Results for Ontario** strategic plan and focus on the priority **Strong People, Strong Economy: *Modern, efficient public services.***

### Measure 1: Increase the percentage of tax payments remitted electronically.

This measure is an indication of successful modernization of tax administration, achieved by increased service delivery channels, client communications, and confidence in the Ministry's online services.

The campaign to promote the option of e-filing and e-payment by taxpayers has been successful. For 2006/07, 14.44% of payments have been remitted electronically, an increase above the 2003/04 baseline of 9.94%.

	2004/05 Achievement	2005/06 Achievement	2006/07 Achievement	2007/08 Plan
% of Payments Remitted Electronically	10.78%	12.62%	14.44%	20.00%

### Measure 2: Percentage of applicants who meet Tax Revenue Division's (TRD) eligibility criteria and receive their first Guaranteed Annual Income Supplement (GAINS) benefits within 30 days.

This measure reflects the Ministry's ability to ensure eligible recipients receive tax benefits due in an efficient and timely manner, resulting in reduced poverty among eligible low income seniors, and more prosperity for citizens of Ontario.

	2004/05 Achievement	2005/06 Achievement	2006/07 Achievement	2007/08 Plan
% of GAINS Applicants Receiving First Payment within 30 Days	100%	100%	100%	100%



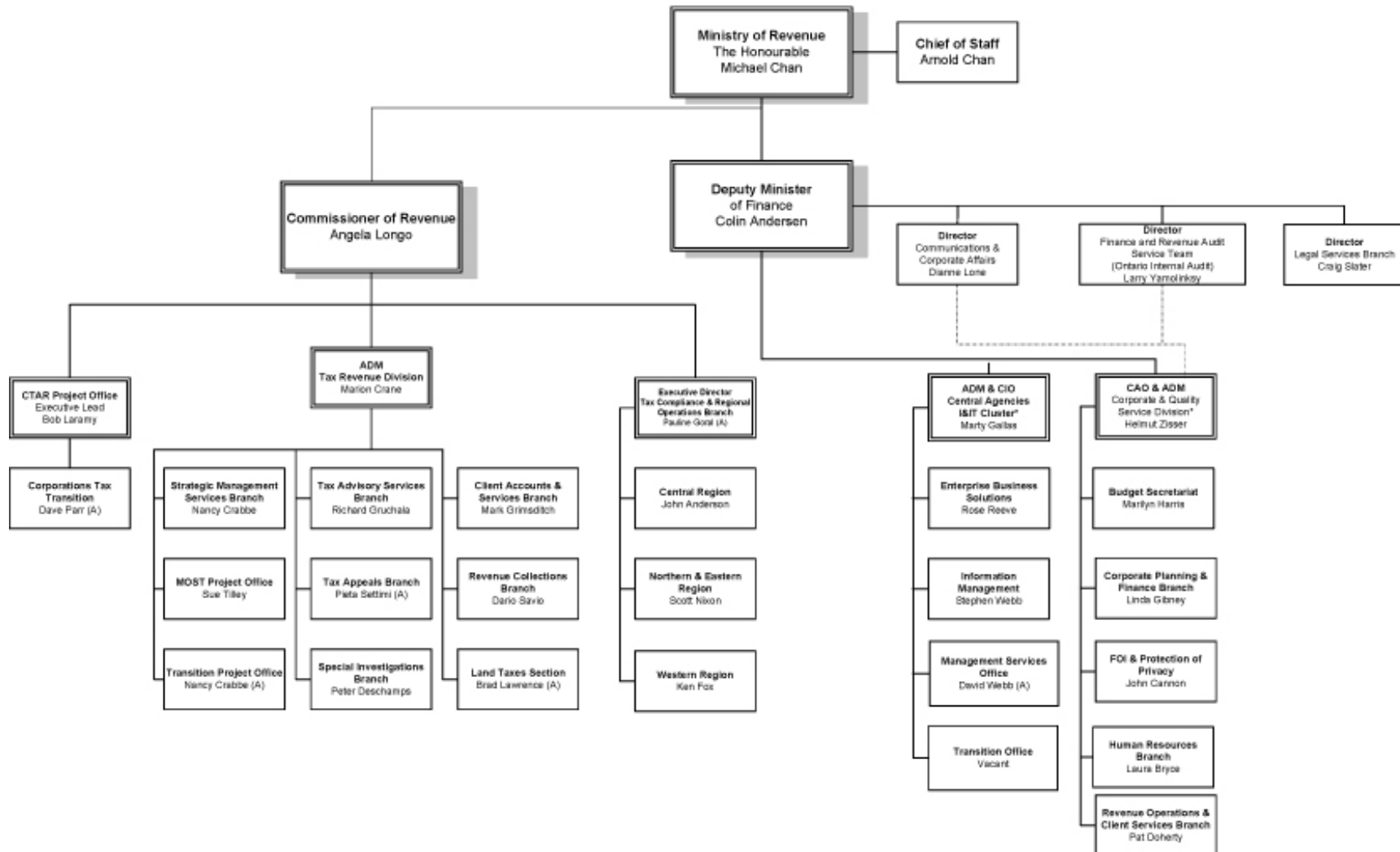
**Measure 3: Increase the percentage of Ontario Child Care Supplement for Working Families (OCCS) payments made by direct deposit.**

This measure reflects the Ministry's progress in the percentage of payments made by direct deposit, which is a more efficient payment method.

	<b>2004/05 Achievement</b>	<b>2005/06 Achievement</b>	<b>2006/07 Achievement</b>	<b>2007/08 Plan</b>
% of OCCS Recipients paid by Direct Deposit	75.28%	76.0%	75.22%	76.0%



# Ministry of Revenue March 2007





## Legislation

The following is a list of the legislation for which the Ministry of Revenue has primary legislative or administrative responsibility.

### Tax Revenue Operations

#### Vote 32: Ministry of Revenue

Ministry of Revenue Act

#### Item 3202-1: Tax Revenue

Tax Administration (Sub- Item 2)

Commercial Concentration Tax Act\*

Community Small Business Investment Funds Act

Corporations Tax Act

Electricity Act, 1998

Employer Health Tax Act

Fuel Tax Act

Gasoline Tax Act

Highway Traffic Act (only specific provisions)

Mining Tax Act

Provincial Land Tax Act (joint)

Provincial Land Tax Act, 2006 (joint; in force on January 1, 2009)

Race Tracks Tax Act

Retail Sales Tax Act

Small Business Development Corporations Act \*

Succession Duty Act Supplementary Provisions Act, 1980

Tobacco Tax Act

\* *being phased out*

Tax Benefit Programs (Sub-Item 3)

Ontario Guaranteed Annual Income Act

Ontario Home Ownership Savings Plan Act \*

Income Tax Act (Ontario)

\* *being phased out*



## **Agencies, Boards and Commissions**

The Ministry has no Agencies, Boards, or Commissions.



## SUMMARY FINANCIAL INFORMATION

**Table 1: Ministry Planned Expenditures 2007/08 (\$M)**

	Ministry Planned Expenditures (\$M) 2007/08
Operating	578
Capital	-

**Table 2: Operating and Capital Summary by Vote**

Votes/Programs	Estimates 2007/08 \$	Change from 2006/07 Estimates		Estimates 2006/07 \$	Interim Actuals 2006/07 \$	Actuals 2005/06 \$
		\$	%			
<b>OPERATING AND CAPITAL</b>						
Tax Revenue	519,831,400	(2,329,800)	(0.4)	522,161,200	492,692,000	471,773,228
Total Including Special Warrants	519,831,400	(2,329,800)	(0.4)	522,161,200	492,692,000	471,773,228
Less: Special Warrants	-	-		-	-	-
<b>Total to be Voted</b>	<b>519,831,400</b>	<b>(2,329,800)</b>	<b>(0.4)</b>	<b>522,161,200</b>	<b>492,692,000</b>	<b>471,773,228</b>
Special Warrants	-	-		-	-	-
Statutory Appropriations						
<i>Minister's Salary</i>	46,858	46,858		-	-	-
<i>Bad Debt</i>	58,000,100	(199,900)	(0.3)	58,200,000	58,200,000	(29,527,431)
<b>Ministry Total Operating and Capital</b>	<b>577,878,358</b>	<b>(2,482,842)</b>	<b>(0.4)</b>	<b>580,361,200</b>	<b>550,892,000</b>	<b>442,245,797</b>
<b>ASSETS</b>						
Tax Policy and Budget Operations	5,275,000	224,800	4.5	5,050,200	5,050,200	3,899,595
<b>Total Assets to be Voted</b>	<b>5,275,000</b>	<b>224,800</b>	<b>4.5</b>	<b>5,050,200</b>	<b>5,050,200</b>	<b>3,899,595</b>

# Appendix I: 2005/06 Annual Report 2006/07 Annual Report

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**Ministry of Revenue**



## Key Activities

The Ministry of Revenue directly supports the government's **Strong People, Strong Economy** priority and the following result:

- **Modern, efficient public service:** *Deliver timely, cost-effective and accountable public services.*

The balance of Ministry activities directly support the government's **Serve the Vital Public Interest** priority.



## ANNUAL REPORT 2005/06

In support of a strong economic, fiscal and investment climate for Ontario and to ensure accountability in the use of public funds, the Ministry recorded a number of significant achievements during 2005/06.

### TAX ADMINISTRATION

- **Reorganization to a Functional Organization Structure and Modernization of Tax Administration**
  - Completed the planning phase of the Modernizing Ontario's Systems for Tax Administration (MOST) Project, received MBC approval for the plan and developed RFP strategy.
  - Created the Tax Compliance and Regional Operations Branch which fully realigned the field audit boundaries for TRD.
  - Realigned collections, audit and some services positions, which means 70% of the statute positions are fully functional.
  - Created the Tax Advisory Services Branch and appointed the Director.
  - Rejuvenated and renewed the work force by establishing "Financial Officer Trainee" as an entry level position into TRD.
  - Recruited over three hundred staff by March 31, 2006 under the Revenue Generation Plan.
  
- **Service Delivery and Partnerships**
  - Continued work with the federal government to reach a Memorandum of Agreement dealing with the Corporate Tax Administration Redesign (CTAR) initiative.
  - Accepted returns and payments for Retail Sales Tax, Corporate Tax and Employer Health Tax at all 64 ServiceOntario Centres.
  - Participated with the Ministry of Labour, Workplace Safety and Insurance Board, Ministry of Training, Colleges and Universities and Canada Revenue Agency (CRA) on a pilot to address the underground economy in the construction sector.
  - Conducted 17 community visits across the province in partnership with the CRA - provided information to 2,651 businesses.
  - Conducted close to 300 joint PST-GST seminars across the province, with just over 4,000 taxpayers in attendance.
  - Developed a mutually beneficial working relationship with Health Canada inspection staff and Regional Health Units, resulting in prosecutions under the *Tobacco Tax Act*.
  - Assumed a lead role in the Inspection, Investigation and Enforcement (IIE) Secretariat's Transformation and Modernization initiative.
  - Partnered in joint investigations with the CRA, Canada Border Services Agency (CBSA), and multi-agency Integrated Border Enforcement Team (IBET).

 Ontario

- Reported publicly for the first time on all 18 Service Commitments and Standards in Tax Administration and conducted a gap analysis to determine areas to improve services to taxpayers.
- **Process Improvements and Streamlining Operations**
  - Recovered \$9M for the Federal-Provincial Refund Set-Off program between April and August of 2005.
  - Implemented Apprenticeship Training Tax Credit (ATTC) - processed 500 claims and allowed \$3.3 million in credits.
  - Improved Desk Audit selection process through enhanced reconciliation between CRA and ministry data.
  - Introduced risk-based audit selection methodology for Land Taxes.
  - Implemented an enhanced automated solution for managing accounts in default.



## Performance Measures 2005/06

Performance Measures for the Ministry of Revenue are linked to the government's **Getting Results for Ontario** strategic plan and focus on the priority **Strong People, Strong Economy: *Modern, efficient public services.***

### Measure 1: Increase the percentage of tax payments remitted electronically.

This measure is an indication of successful modernization of tax administration, achieved by increased service delivery channels, client communications, and confidence in the Ministry's online services.

The campaign to promote the option of e-filing and e-payment by taxpayers has been successful. For 2005/06, 12.62% of payments have been remitted electronically, an increase above the 2003/04 baseline of 9.94%.

	2004/05 Achievement	2005/06 Achievement
% of Payments Remitted Electronically	10.78%	12.62%

### Measure 2: Percentage of applicants who meet Tax Revenue Division's (TRD) eligibility criteria and receive their first Guaranteed Annual Income Supplement (GAINS) benefits within 30 days.

This measure reflects the Ministry's ability to ensure eligible recipients receive tax benefits due in an efficient and timely manner, resulting in reduced poverty among eligible low income seniors, and more prosperity for citizens of Ontario.

	2004/05 Achievement	2005/06 Achievement
% of GAINS Applicants Receiving First Payment within 30 Days	100%	100%



**Measure 3: Increase the percentage of Ontario Child Care Supplement for Working Families (OCCS) payments made by direct deposit.**

This measure reflects the Ministry's progress in the percentage of payments made by direct deposit, which is a more efficient payment method.

	<b>2004/05 Achievement</b>	<b>2005/06 Achievement</b>
% of OCCS Recipients paid by Direct Deposit	75.28%	76.0%



▪ **Table 1: Ministry Expenditures 2005/06**

	<b>Ministry Actual Expenditures 2005/06 (\$M)</b>
<b>Operating*</b>	<b>442</b>
<b>Capital</b>	<b>Nil</b>
<b>Staff Strength (as of March 31, 2006)</b>	<b>2,851.4</b>

\*Refer to page 166 *2007 Ontario Budget*.



## ANNUAL REPORT 2006/07

In support of a strong economic, fiscal and investment climate for Ontario and to ensure accountability in the use of public funds, the ministry recorded a number of significant achievements during 2006/07.

### TAX ADMINISTRATION

- The Federal and Ontario governments signed a Memorandum of Agreement (MOA) on October 6, 2006, for the federal administration of Ontario's corporate taxes (CT). Currently the Ministry is negotiating other agreements, such as Human Resources, Business Transition, Service Level and Service Management Framework. The MOA demonstrates what governments can achieve when they work together, and is an important step in the plan to build a more competitive economy that reduces costs and simplifies the rules for business.
- Acquired a commercial off the shelf (COTS) tax administration system for the Modernizing Ontario's Systems for Tax Administration (MOST) Project.
- Established a common Business Number to coordinate access to client account information with Canada Revenue Agency (CRA). This is a partnership with ServiceOntario as the lead, to move towards a single window approach for taxpayers. The MOF/MOR will be the first partner using the Business Directory.
- Upgraded the Ministry's telephone infrastructure to allow one-point of access (single toll-free number) for clients, with an interactive voice response (IVR) system to direct their call. This upgrade will work in tandem with the MOF call centre, either for direct callers or as Tier 2 support.
- Conducted consultations with fuel/gasoline and tobacco industry constituents with respect to the requirement to post security with the Ministry where large sums of tax dollars are held in trust.
- Created the final functional branch within the Division – Client Accounts and Services Branch.
- Effective May 1, 2006, the Division completed the organizational redesign of tax administration along functional business lines, as opposed to the former tax statute business lines.

### TAX BENEFIT PROGRAM: REVIEW DELIVERY OF INCOME-BASED TAX BENEFITS (GAINS, OCCS)

- The Ministry of Revenue and Human Resources and Social Development Canada explored opportunities to expand their existing service delivery partnership as a means to streamline delivery of federal and provincial pension programs and to enhance the client experience.
- Enriched Ontario Property and Sales Tax Credits (OPSTCs) for seniors as announced in the 2006 Budget.
- MOF/MOR and MCSS conducted policy, legal and financial analysis of options to reform Ontario Child Care Supplement (OCCS) and social assistance.

 Ontario

- The Ontario Home Electricity Relief (OHER) program is provided up to \$100 million in one-time payments to help almost 1.5 million lower-income families with their 2006 electricity costs.



## Performance Measures 2006/07

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% of OCCS Recipients paid by Direct Deposit	75.28%	76.0%	75.22%	76.0%

**Table 1: Ministry Expenditures 2006/07**

	<b>Ministry Interim Actual Expenditures 2006/07 (\$M)</b>
<b>Operating*</b>	<b>551</b>
<b>Capital</b>	<b>Nil</b>
<b>Staff Strength (as of March 31, 2007)</b>	<b>2,868.4</b>

\*Refer to page 166 *2007 Ontario Budget*.