



**STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE**

STRATEGIC PLAN THREE YEAR UPDATE: 2005-2007

Summary

Introduction

In 1997, the Department of Taxation and Finance (DTF) embarked on a comprehensive strategic planning process which culminated in the release of a Strategic Plan in August, 2000. The Strategic Plan articulated, for the first time, vision and mission statements for the agency and listed specific strategies, tactics and projects in furtherance of its mission. In 2002, DTF updated the Strategic Plan and issued a "*Blueprint for the Future*" that set forth key strategies, actions for the future, desired results, and performance indicators for 2002-2005.

Strategic planning is a dynamic process that requires constant evaluation and adjustment. This *Three Year Update* brings the Strategic Plan forward and charts DTF's course into an exciting future. The *Update* is organized into three documents. This *Summary* describes DTF's Strategic Goal, Strategic Objectives, Strategic Priorities and Enterprise Priorities. A separate *Strategic Plan Outline* identifies each division's goals and measurable objectives in furtherance of DTF's Strategic Objectives and Strategic Priorities. Finally, each division has prepared a tactical *Operational Plan* that includes specific performance measures.

Vision and Mission

As articulated in our Strategic Plan, DTF's vision is:

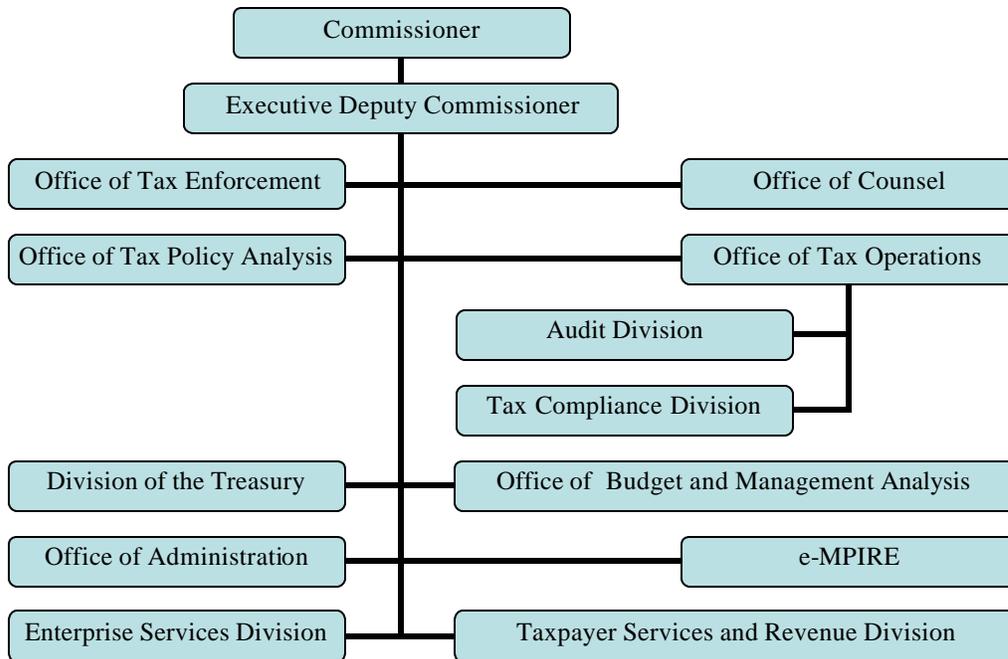
"An agency that provides a fair system of tax administration, is accessible and responsive to taxpayers and contributes to a favorable economic climate."

DTF's mission is:

"Collect tax revenues and provide associated services in support of government services in New York State."

Organization

To achieve its mission and realize its vision, DTF is organized into ten major offices and/or divisions:



Although DTF is not planning a major reorganization of its functions over the next three years, refinements of the existing structure are likely in light of resource constraints and to leverage business process improvement opportunities arising from the e-MPIRE integrated tax system project and other ongoing initiatives.

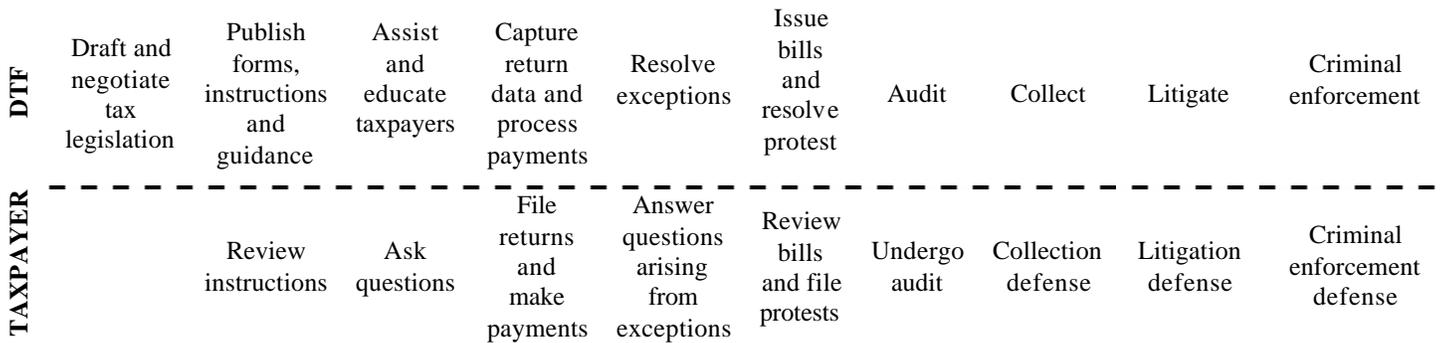
Strategic Goal: That All Taxpayers Voluntarily Pay the Correct Tax Timely

DTF administers the Tax Law with one overriding Strategic Goal:

That all taxpayers voluntarily pay the correct tax timely

New York's tax system is based on the concept of *voluntary compliance* – the expectation that taxpayers will voluntarily pay the right amount of tax timely. DTF engages in a wide range of activities that directly or indirectly promote voluntary compliance, stretching from activities that occur before the taxpayer begins to fill out his or her return to enforcement of the tax laws through criminal prosecution. Similarly, taxpayers' interactions with DTF cover a broad range of parallel activities, from reviewing instructions and filling out forms through potential litigation and criminal defense. The illustration below places the range of both DTF and taxpayer activities on a *Compliance Continuum* that depicts these relationships:

The Compliance Continuum



More Taxpayers Impacted at Less Cost

Fewer Taxpayers Impacted at Higher Cost

Increasing Voluntary Compliance

The Compliance Continuum illustrates two important points. First, the cost of tax administration and compliance --- for both DTF and taxpayers --- generally increases as one moves from left to right. Criminal enforcement against a minority of taxpayers is critical but an inherently inefficient means of raising revenue. Second, activities on the left side of the continuum directly impact a much larger number of taxpayers acting voluntarily, and hence are more efficient.

To meet the strategic goal that all taxpayers voluntarily pay the correct tax timely, *DTF should pursue activities that move taxpayers “up” the Compliance Continuum to achieve greater voluntary compliance. This conceptual framework should help us determine our priorities on both an enterprise and a division level. DTF should always seek to move taxpayers “up” the Compliance Continuum to achieve greater voluntary compliance.*

Strategic Objectives and Priorities

In support of our Strategic Goal, DTF’s Executive Leadership has identified three Strategic Objectives for the next three years:

1. Improve processing of taxpayer information, returns, and payments;
2. Enhance customer service; and
3. Improve and better coordinate audit, collection, and criminal enforcement activities.

The first of our strategic objectives focuses on *improvements to the way we process taxpayer data, returns and payments*. Each year, millions of taxpayers interact with the Taxpayer Services and Revenue Division (TSRD), our processing organization, in the course of filing returns, making payments, requesting assistance, or resolving account questions. In most cases, TSRD is the taxpayer’s only contact with DTF. Successful interaction at this stage is critical to assuring voluntary compliance.

Over the next three years, we will focus attention and resources on the following *Strategic Processing Priorities*:

- Successfully implementing the new front-end processing service contracts;
- Expanding e-filing and e-payment; and
- Improving the manner in which we handle exceptions, including timely resolution.

Service to our customers has long been a major focus of DTF. Our second strategic objective continues that focus, looking for ways to *expand and enhance customer service* as a means to support and promote voluntary compliance. Over the next three years, we will focus attention and resources on the following *Strategic Customer Service Priorities*:

- Providing timely, accurate and simplified forms and publications;
- Issuing timely, accurate and understandable notices and advice; and
- Improving service options, emphasizing self-help and e-service options for taxpayers ranging from our interactive voice response and prompt (IVR) system to web-based account management services.

Our third strategic objective gives emphasis to something that cannot be ignored: the fact that not all taxpayers are ready, willing or able to pay what they owe. *Effective and coordinated audit, collection and criminal investigation activities* to deter tax avoidance and abuse and to address taxpayer error, under reporting, and failure to file are fundamental to the support of a voluntary compliance system. Over the next three years, we will focus attention and resources on the following *Strategic Enforcement Priorities*:

- Improving audit selection and speeding up the audit cycle;
- Providing methodologies to increase the rate of collections;
- Improving methodologies used to identify and pursue non-filers and fraudulent filers; and
- Establishing a high dollar, high risk enforcement program coordinating audits, collections and criminal enforcement activities.

Enterprise Priorities

DTF Executive Leadership has also identified several other key enterprise activities as important to each of these strategic objectives. These *Enterprise Priorities* include:

- Refining the portfolio management process to insure that we deploy our limited information technology resources in alignment with our strategic goals;
- Providing timely and accurate legal support and guidance to internal and external customers; and
- Providing timely and accurate analytical data and information to internal and external customers.

In this context, it is important to note the on-going e-MPIRE (e-Managed Processes for an Integrated Revenue Enterprise) project. This important project will play a critical role in achieving our objectives as it replaces our outdated information management systems and processes with a new integrated tax system. e-MPIRE will enhance our department-wide information management capabilities, change how we function internally and in relation to taxpayers, and optimize our use of resources. In short, it is no exaggeration to say that *e-MPIRE will be critical to moving both DTF and taxpayers “up” the Compliance Continuum*. The next three years include three scheduled releases. DTF must coordinate its strategic objectives and activities -- and not compete -- with these releases.

Meeting Future Challenges

We recognize the various organizational stresses that we will face while striving to implement e-MPIRE successfully and achieve our strategic objectives. In addition to continuing budget restrictions and a challenging legal and policy environment, DTF faces continuing high levels of attrition as more staff reaches retirement age, with the associated loss of some of our most seasoned and knowledgeable employees. We anticipate continued constraints on rehiring into the foreseeable future. Attainment of our objectives will require successful change and succession management at all levels.

Nonetheless, we move forward with confidence borne of experience. We are proud of our outstanding accomplishments and know that our workforce, given a clear vision, strategic direction, and plan of action, will meet the challenges ahead.