

# MASSACHUSETTS DEPARTMENT OF REVENUE ANNUAL REPORT FY2013



## ENGAGE. CONNECT.



# LETTER FROM THE COMMISSIONER



**To the Honorable Deval Patrick, Governor of the Commonwealth, and the Honorable members of the General Court of Massachusetts:**

I am pleased to present the Massachusetts Department of Revenue's fiscal 2013 Annual Report. FY13 revenues totaled \$22.1 billion or 4.8 percent more than the previous fiscal year. The significant increase over the previous year can be largely attributed to federal tax changes that triggered a surge in investment-related income, better than expected corporate profits in 2012 and one-time tax settlements.

When I returned to DOR as Commissioner in 2011 my priority was to increase access to the Department to learn more about what was needed to improve the customer experience.

Efforts to reach out and make a difference with our stakeholders included:

## **Advisory Council**

A 16-member Advisory Council of individuals outside the Department was seated, representing a broad spectrum of taxpayers including tax practitioners, small and large businesses, seniors and low-income taxpayers. The Council will engage with the Department throughout the year on various subject matters including customer satisfaction outreach, the appeals process, dispute resolution and education.

## **Early Mediation**

The Office of Appeals completed an early mediation pilot program as an option for taxpayers to resolve tax disputes quickly and efficiently prior to assessment. The taxpayer or the Audit Division may suggest participation in the Early Mediation program where a trained appeals officer serves as mediator in an expedited process that can save both time and money for the taxpayer.

## **Partnership with Bunker Hill Community College**

Associate degree and certificate programs in taxation were developed in collaboration with Bunker Hill Community College prompted by the need for a qualified and educated foundational workforce as numerous employees near retirement over the next several years. Students may qualify for an internship at DOR upon successful completion of one of the programs.

## **Customer Service Monitoring**

The first surveys in a major effort to monitor customer satisfaction were launched. Child Support Enforcement partnered with UMass Center for Survey Research to ask CSE's stakeholders about customer service and process. The Division of Local Services asked their municipal constituents in cities and towns across the state to weigh in on current practices. The Audit Division has been surveying taxpayers for some time and we plan to follow suit for virtually every taxpayer customer-facing process and ask for feedback service and process.

Through its continued utilization of automated programs, our Audit Division was able to increase the number of desk exams conducted to slightly over 70,000. By maximizing its use of technology and data matching programs as well as its efforts to combat aggressive tax planning schemes, the Audit Division assessed approximately \$1 billion.

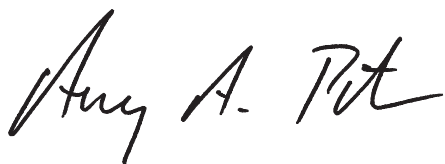
DOR's Child Support Enforcement Division collected almost \$645 million, up .3 % from the previous fiscal year. For every dollar spent on the collection program, CSE took in \$5.64 in child support.

In FY2013, the Division of Local Services certified free cash for 350 communities in the amount of \$1,132,639,571; certified new tax levy growth \$196,520,282; distributed \$4.9 billion in net local aid; certified tax rates in 352 cities, towns and tax levying districts; and conducted 16 management reviews for local governments. DLS hosted or directly participated in sixteen conferences, meetings and seminars for local officials and other stakeholders.

I applaud the efforts of a great team, made up of the best and brightest, here at the Department of Revenue. They are incorporating the goal of improving the customer experience at every intersection into their already very busy workloads.

I look forward to continuing the implementation of a long-term strategic plan to improve the taxpayer experience.

Sincerely,

A handwritten signature in black ink that reads "Amy A. Pitter". The signature is written in a cursive, flowing style.

Amy A. Pitter,  
Commissioner

# LEGISLATIVE REVIEW FY2013

## Sales and Use Tax

### **The 2012 Massachusetts Sales Tax Holiday Weekend**

On August 7, 2012, the Governor signed into law the Massachusetts "sales tax holiday weekend," i.e., two consecutive days during which most purchases made by individuals for personal use would not be subject to Massachusetts sales or use taxes ("the Act"). St. 2012, c. 238. The Act provided that the sales tax holiday would occur on August 11 and 12, 2012 and on those days, non-business sales at retail of single items of tangible personal property costing \$2,500 or less were exempt from sales and use taxes, subject to certain exceptions. The following did not qualify for the sales tax holiday exemption and remained subject to tax: all motor vehicles, motorboats, meals, telecommunications services, gas, steam, electricity, tobacco products and any single item whose price is in excess of \$2,500. The exemption applied to sales of tangible personal property bought for personal use *only*. Purchases by corporations or other businesses and purchases by individuals for business use remained taxable. Purchases exempt from the sales tax under G.L. c. 64H were also exempt from use tax under G.L. c. 64I. Therefore, eligible items of tangible personal property purchased on the Massachusetts sales tax holiday from out-of-state retailers for use in Massachusetts were exempt from the Massachusetts use tax. See TIR 12-5.

### **Personal Income Tax and Corporate Excise**

On August 6, 2012, a Massachusetts Act Improving the Quality of Health Care (the "Act") was signed into law. See St. 2012, c. 224. The Act establishes a Wellness Program Tax Credit that is effective for tax years beginning on or after January 1, 2013 and is set to expire on December 31, 2017. The Employer Wellness Program Tax Credit is an element of the most recent amendments to the Massachusetts health care reform legislation, the purpose which is to provide incentives for businesses to recognize the benefits of wellness programs. Wellness programs implemented by businesses have resulted in both

savings to their premiums as well as overall savings to the cost of health care. The goal of this tax credit is to provide smaller businesses with an expanded opportunity to implement these programs. The credit is available to both chapter 62 and chapter 63 taxpayers. The Department of Public Health will determine standards for an Employer Wellness Program that will qualify for the credit. A business will apply to the Department of Public Health, describing the proposed wellness program to be implemented by the business and providing an estimated budget and applicable taxpayer identification number. The Department of Public Health will approve a dollar amount of credit for a qualifying taxpayer and issue a certificate to be filed with the appropriate tax return.

The credit is equal to 25 percent of the costs associated with implementing a "certified wellness program." The maximum amount of Employer Wellness Program Tax Credits available to a taxpayer pursuant to G.L. c. 62, § 6N or G.L. c. 63, § 38FF is \$10,000 in any tax year. The total amount of Employer Wellness Program Tax Credits authorized by the Department of Public Health is subject to a \$15,000,000 annual cap. See TIR 12-10.

### **Community Investment Credit:**

On August 7, 2012, a Community Investment Tax Credit was signed into law, to be effective January 1, 2014 and set to expire December 31, 2019. The purpose of the credit is to enable local residents and stakeholders to work with and through community development corporations to partner with nonprofit, public and private entities to improve economic opportunities for low and moderate income households and other residents in urban, rural and suburban communities across the Commonwealth. The credit is available to both chapter 62 and chapter 63 taxpayers. The Department of Housing and Community Development will issue a certification to a taxpayer after the taxpayer makes a qualified investment. The certification will be acceptable as proof that the expenditures related to such investment constitute qualified investments for purposes of the Community Investment Tax Credit.

The Community Investment Tax Credit is equal to 50 percent of the total qualified investments made by a taxpayer in a “community partner,” i.e., a “community development corporation” or a “community support organization,” selected by the Department of Housing and Community Development through a competitive process. A qualified investment must be in the form of a cash contribution of at least \$1,000. A taxpayer may invest in more than one community partner, but may not claim more than \$1,000,000 of credits in any single taxable year. A taxpayer must claim the credit in the taxable year in which a qualified investment is made. The total amount of Community Investment Tax Credits authorized by the Department of Housing and Community Development is subject to a \$3,000,000 cap in 2014, and an annual cap of \$6,000,000 in 2015 to 2019, inclusive. See St. 2012, c. 238; TIR 12-10.

## Personal Income Tax

### Domicile

On July 8, 2012, the Fiscal Year 2013 Budget amended G.L. c. 62, § 1(f) of the personal income tax to provide that charitable contributions in the form of cash or property that qualify as a charitable contribution under section 170 (a) of the Code to any corporation, foundation, organization or institution, which is exempt from taxation under section 501(c)(3) of the Code will not be considered in the determination of domicile in the Commonwealth or any other jurisdiction.

Under the personal income tax, G.L. c. 62, clause (1) of § 1(f), a person who is domiciled in Massachusetts is considered a resident of Massachusetts. “Domicile” is the place which is an individual’s true, fixed and permanent home, determined by established common law principles and the facts and circumstances in each case. A domicile determination is largely a factual determination that takes into consideration many factors relating to a person’s social, economic and political life. In order to determine a taxpayer’s domicile, all the factual circumstances connected

to the taxpayer’s major life interests, including family relations, business connections, social activities, and health care are examined.

## Corporate Excise Tax

### FAS 109 Deduction

The legislation addressed in this section was not passed during Fiscal Year 2013 however it involves a tax change that affects the FY2013 state tax revenues. It began on July 11, 2011, when the Governor signed into law the Fiscal Year 2012 Budget (“the Act”). St. 2011, c. 68. At that time, a “FAS 109” deduction was approved for certain publicly held companies as part of a Massachusetts tax law change that lowered the corporate tax rate in stages and adopted combined reporting for tax years beginning on or after January 1, 2009. Essentially, under this law, if the combined reporting requirements for unitary businesses result in an increase to a combined group’s net deferred tax liability, the combined group is entitled to a FAS 109 deduction. See TIR 09-8. Under the 2012 Budgetary Act, if applicable, the FAS 109 deduction was to be prorated over the 7-year period beginning with the combined group’s taxable year that begins in 2012. Under the more recent Act in the FY2013 Budget (St. 2012, c. 139) the first year of the 7-year period to claim the FAS 109 deduction is the combined group’s taxable year that begins in 2013. See TIRs 11-6 and 12-10. Thus, the recent Act delays by another year, the implementation of the FAS 109 deduction.

## Administrative

### Applications for Abatement and Refunds; G.L. c. 62C, §§ 36 and 37

On August 7, 2012, the Supplemental Budget was passed which included an amendment to G.L. c. 62C, § 36 relating to the statute of limitations on refunds resulting from an application for abatement. See St. 2012, c. 239; TIR 12-10. A previous amendment to the statute, in 2011, did not address the situation where

a taxpayer files an application for abatement after such taxpayer agreed with the Department to extend the statute of limitations for assessment of tax. Thus, there could have been an inadvertent limitation on refunds where a taxpayer voluntarily signed a waiver of the statute of limitations for assessment, and then, subsequent to the close of audit, the taxpayer filed an application for abatement seeking a refund. Even if a taxpayer timely filed an application for abatement, the amount of refund available to them could have been zero (because the refund is limited to amounts paid within 3 years of the date that the application for abatement is filed, taking into account any extension of time for filing the return).

Accordingly, the recent changes to the third paragraph of G.L. c. 62C, § 36 state: Notwithstanding the preceding sentence and any contrary provision of section 27, where the Commissioner and the taxpayer have agreed

to extend the period for assessment of a tax pursuant to section 27, the amount of any refund or credit, whether determined by the Commissioner to be an overpayment pursuant to section 27 or claimed by the taxpayer pursuant to a timely filed application for abatement, shall not exceed the amount of the tax paid after the execution of the agreement and before the expiration of the agreed extension period or periods plus the amount of the tax paid which would otherwise be eligible for refund under this section if an application for abatement had been filed on the date the agreement was first executed.

The new provision applies to requests for refund or applications for abatement filed with the Commissioner of Revenue on or after July 1, 2011; but it does not apply with respect to tax periods where the statute of limitations for refund or abatement, as applicable, had expired before July 1, 2011. See TIR 12-10.

# The Taxes FY 2013

TYPE OF TAX	MEASURE	RATE <sup>1</sup>	RETURN DUE
<b>Personal income and fiduciary income</b>	Net capital gains <sup>2</sup>	5.25–12%	On or before April 15 for calendar year filings.
	Dividends, interest, wages, other income	5.25%	The 15th day of the 4th month for fiscal year filings.
<b>Nonresident</b>	Massachusetts source income	5.25%	
<b>Estimated tax</b>	Liability in excess of \$400		Due quarterly on or before the 15th day of April; June, September and January.
<b>Withholding</b>	Wages	5.25%	Varies depending on amount of tax withheld in calendar year. If annual withholding: up to \$100 — annual filing; \$101–1,200 — quarterly filings; \$1,201–25,000 — monthly filings; over \$25,000 — quarterly filings, weekly payments.
<b>Estate</b>	Federal taxable estate	0.8%–16% <sup>3</sup>	Within 9 months after date of decedent's death.
<b>Nonresident</b>	Massachusetts real and tangible property <sup>3</sup>		Within 9 months after date of decedent's death.
<b>Alcoholic beverages</b>	Malt (31-gal. bbl.)	\$3.30	Monthly, on or before the 20th day of the month.
	Cider 3%–6% (wine gal.)	\$ .03	
	Still wine 3%–6% (wine gal.)	\$ .55	
	Sparkling wine (wine gal.)	\$ .70	
	Alcoholic beverages 15% or less (wine gal.)	\$1.10	
	Alcoholic beverages more than 15%–50% (wine gal.)	\$4.05	
	Alcoholic beverages more than 50% or alcohol (proof gal.)	\$4.05	
<b>Cigarettes</b>	20-count package	\$2.51	Monthly, on or before the 20th day of the month. Unclassified acquirers must file upon importation or acquisition.
	Smokeless tobacco (percentage of price paid by licensee)	90%	same as cigarettes
	Cigars and smoking tobacco (percentage of price paid by licensee)	30%	Quarterly, on or before the 20th day following the close of the tax period.
<b>Deeds</b>	Sales price (less mortgage assumed) of real estate	\$2.28 <sup>4</sup> per \$500	Monthly, on or before the 10th day of the month (filed by Registers of Deeds).
<b>Motor fuels</b>	Gasoline and diesel fuel per gallon	\$ .21	Monthly, on or before the 20th day of the month.
	Propane, liquified gas, etc. (no minimum)	19.1%	
	Aviation (10¢ minimum)	7.5%	
	Jet fuel at local option (5¢ minimum)	5%	
<b>Room occupancy</b>	Transient room occupancy	5.7%	Monthly, on or before the 20th day following the close of the tax period.
	At local option, up to	6.0% <sup>5</sup>	
	Convention Center Financing Fee	2.75%	
	(Boston, Cambridge, Springfield, Worcester, Chicopee and West Springfield)		
<b>Club alcoholic beverages</b>	Gross receipts	0.57%	On or before April 15.
<b>Sales and use tax</b>	Sale, rental or use of tangible personal property, including cigarettes, telecommunication services and certain fuel.	6.25%	On or before the 20th day following the close of the tax period. If annual liability: up to \$100 — annual filing; \$101–1,200 — quarterly filings; over \$1,200 — monthly filings

<sup>1</sup> Tax rates as of August 1, 2012.

<sup>2</sup> Gains from the sale or exchange of capital assets (except collectibles) held for more than one year are taxed at 5.25%. Short-term capital gains, as well as long-term capital gains arising from the sale of collectibles (with a 50% deduction) are taxed at 12%.

<sup>3</sup> Resident rate is equal to federal credit for state death taxes based on December 31, 2000 IRC. Nonresident rate is equal to Massachusetts proportionate share of federal credit for state death taxes.

<sup>4</sup> In Barnstable County, the rate is \$6.12 (combined state and county deeds excise) per \$1,000.

<sup>5</sup> Boston is authorized to charge up to 6.5%

TYPE OF TAX	MEASURE	RATE	RETURN DUE
<b>Sales tax on meals, prepared food and all beverages</b>	All "restaurant" food and on-premises consumption of any beverages in any amount.	6.25%	Monthly, on or before the 20th day following the close of the tax period.
	At local option, up to	.75%	
<b>Direct broadcast satellite service</b>	Gross revenues	5%	Monthly, on or before the 20th day of each calendar month.
<b>Business and manufacturing corporations</b>	Net income	8.0% <sup>6</sup>	On or before the 15th day of third month after close of taxable year.
	Tangible property or net worth	\$2.60 per \$1,000	
	Minimum	\$456	
<b>Estimated tax</b>	Liability in excess of \$1,000		Due quarterly as follows: 15th day of 3rd (40%), 6th (25%), 9th (25%) and 12th (10%) months of taxable year. <sup>7</sup>
<b>Security corporation</b>			
Non-bank holding co.	Gross income	1.32%	Same as business corporations.
Bank holding company	Gross income	0.33%	
	Minimum	\$456	
<b>Financial institutions</b>	Net income	9.0% <sup>8</sup>	Same as business corporations.
	Minimum	\$456	
<b>Public utilities</b>	Net income	6.5%	Same as business corporations.
<b>Ship excise tax</b>	Value (equity interest) of the corporation's interest in a ship or vessel engaged in interstate or foreign trade.	0.33%	Same as business corporations.
<b>Insurance company</b>			
Domestic life	Premiums	2.0%	On or before March 15.
Foreign life	Premiums	2.0%	
Domestic casualty	Premiums	2.28%	On or before May 15.
	Gross investment income	0.2%–1.0%	
Foreign casualty	Premiums	2.28%	On or before May 15.
Ocean marine	Underwriting profit	5.7%	
Preferred provider arrangements	Premiums	2.28%	
<b>Motor vehicle</b> garaged outside Massachusetts	90% to 10% of manufacturer's list price	\$25 per \$1,000	On or before 30 days from issuance of tax bill.
<b>Boston sightseeing tour</b>	Ticket purchase price of any water- or land-based sightseeing tourist venue or entertainment cruise or trolley tour originating or located in Massachusetts and conducted partly or entirely in Boston.	5%	Quarterly, on or before the 20th day following the close of the tax period.
<b>Boston vehicular rental transaction surcharge</b>	Each vehicular rental transaction contract executed in Boston.	\$10	Quarterly, on or before the 20th day following the close of the tax period.
<b>Parking facilities surcharge in Boston, Springfield and/or Worcester</b>	Parking facilities built in conjunction with or as part of a project authorized by the Convention Center Financing Act in Boston, Springfield or Worcester.	\$2 per vehicle per day	Quarterly, on or before the 20th day following the close of the tax period.

<sup>6</sup>S corporations: for tax years beginning on or after January 1, 2012, 2.75% if total receipts are \$9 million or more; 1.83% if total receipts are \$6 million or more but less than \$9 million.

<sup>7</sup>30%, 25%, 25% and 20% for corporations with fewer than 10 employees in their first full tax year.

<sup>8</sup>S corporations: for tax years beginning on or after January 1, 2012, 3.75% if total receipts are \$9 million or more; 2.5% if total receipts are \$6 million or more but less than \$9 million.



# Revenue Collections FY 2013

In thousands	FY09	FY10	FY11	FY12	FY13	% change FY12-13
<b>STATE TAXES COLLECTED BY DOR</b>						
<b>Tax on personal income</b>						
<b>TOTAL</b>	<b>\$10,599,086<sup>1</sup></b>	<b>\$10,128,035<sup>1</sup></b>	<b>\$11,597,151</b>	<b>\$11,933,452</b>	<b>\$12,853,989</b>	<b>7.7</b>
<b>Taxes on business</b>						
Corporations	\$ 1,548,619	\$ 1,600,305	\$ 1,951,444	\$ 1,771,113	\$ 1,821,950	2.9
Insurance companies	309,448	285,175	296,022	318,061	373,141	17.3
Public utilities	(1,685)	(316)	(8,834)	(35,945)	(11,508)	(68.0)
Financial institutions	242,619	234,870	(11,039)	266,612	78,007	(70.7)
<b>TOTAL</b>	<b>\$ 2,099,001</b>	<b>\$ 2,120,034</b>	<b>\$ 2,227,593</b>	<b>\$ 2,319,841</b>	<b>\$ 2,261,590</b>	<b>(2.5)</b>
<b>Taxes on commodities sold</b>						
Motor fuels	\$ 654,022	\$ 654,649	\$ 660,830	\$ 661,975	\$ 651,631	(1.6)
Cigarettes	587,331	579,854	577,359	573,759	558,297	(2.7)
Alcoholic beverages	71,850	70,981	72,733	76,059	76,313	(0.3)
Sales and use <sup>2</sup>	3,241,720	3,854,920	4,094,067	4,193,873	4,265,852	1.7
Sales on meals	638,696	771,103	826,797	885,644	918,874	3.8
<b>TOTAL</b>	<b>\$ 5,193,619</b>	<b>\$ 5,931,507</b>	<b>\$ 6,231,786</b>	<b>\$ 6,391,310</b>	<b>\$ 6,470,967</b>	<b>1.2</b>
<b>Other taxes</b>						
Estate & inheritance	\$ 259,734	\$ 221,379	\$ 309,638	\$ 293,269	\$ 313,394	6.9
Room occupancy excise	160,933	152,233	167,304	183,707	194,577	5.9
Deeds excise <sup>3</sup>	75,260	97,633	98,881	109,883	131,882	20.0
Club alcoholic beverage excise	748	905	928	901	1,044	15.9
Motor vehicle excise	75	74	61	67	73	9.0
Controlled substances	0	0	0	0	1	—
Satellite	NA	10,914	13,283	12,504	11,392	(8.9)
Convention Center surcharge	11,795	11,561	13,338	13,642	14,020	2.8
Community preservation trust	25,241	26,289	26,638	27,363	30,598	11.8
<b>TOTAL</b>	<b>\$ 533,786</b>	<b>\$ 520,988</b>	<b>\$ 630,071</b>	<b>\$ 641,336</b>	<b>\$ 696,981</b>	<b>8.7</b>
<b>Total state taxes collected by DOR</b>	<b>\$18,425,492</b>	<b>\$18,700,564</b>	<b>\$20,686,601</b>	<b>\$21,285,939</b>	<b>\$22,283,527</b>	<b>4.7</b>

<sup>1</sup>Personal Income includes penalties assessed under Section 2 of Chapter 111M of the General Laws and Deposited into the Commonwealth Care Trust Fund.

<sup>2</sup>Include sales and use tax on motor vehicles.

<sup>3</sup>Due to different accounting methods, amounts reported for the deeds excise differ from those amounts reported by the comptroller.

Because of rounding, detail may not add to Totals.

In thousands	FY09	FY10	FY11	FY12	FY13	% change FY12-13
<b>LOCAL TAXES COLLECTED BY DOR ON BEHALF OF COMMUNITIES</b>						
Urban redevelopment	\$ 55,060	\$ 53,664	\$ 45,453	\$ 48,291	\$ 44,900	(7.0)
Local option airplane jet fuel	36,504	20,288	26,753	36,213	39,212	8.3
Local option room occupancy	89,815	102,406	131,282	146,111	155,717	6.6
Local option meals	NA	27,152	67,325	83,353	89,963	7.9
Local rental vehicle (Convention Center 10%)	1,107	1,066	1,172	1,275	1,303	2.2
Vehicle rental surcharge	701	612	706	699	790	13.0
Embarkation fees	1,233	1,190	1,214	1,244	1,299	4.4
<b>Total local taxes collected by DOR on behalf of communities</b>	<b>\$ 184,420</b>	<b>\$ 206,378</b>	<b>\$ 273,905</b>	<b>\$ 317,186</b>	<b>\$ 333,184</b>	<b>5.0</b>
<b>OTHER REVENUE</b>						
Utility and insurance assessments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	—
Department fees, licenses, etc.	17,945	20,209	11,768	12,180	12,054	(1.0)
County Correction Fund — deeds	4,807	2,727	0	0	0	—
County recording fees	28,063	28,030	29,492	30,518	34,151	11.9
Abandoned deposits — bottle	32,026	35,274	35,109	35,371	34,475	(2.5)
<b>Total other revenue</b>	<b>\$ 82,841</b>	<b>\$ 86,240</b>	<b>\$ 76,369</b>	<b>\$ 78,069</b>	<b>\$ 80,680</b>	<b>3.3</b>
<b>STATE TAXES COLLECTED BY OTHER AGENCIES</b>						
Horse and dog racing	\$ 2,773	\$ 2,098	\$ 1,457	\$ 1,635	\$ 1,830	11.9
Beano, boxing, Boxer's Fund and State Athletic Commission	1,397	1,356	1,509	1,200	1,075	(10.4)
Raffles/bazaars	1,052	960	1,077	1,131	918	(18.8)
Special insurance brokers	26,198	25,414	23,822	24,140	30,646	27.0
UI surcharge	21,032	19,377	20,448	21,339	22,202	4.0
Deeds, Secretary of State	30,286	40,280	41,321	48,956	56,985	16.4
<b>Total state taxes collected by other agencies</b>	<b>\$ 82,738</b>	<b>\$ 89,485</b>	<b>\$ 89,634</b>	<b>\$ 98,401</b>	<b>\$ 113,656</b>	<b>15.5</b>
<b>TAXES ON PROPERTY COLLECTED BY LOCAL GOVERNMENT</b>						
Real estate	\$11,097,468	\$11,505,889	\$11,907,140	\$12,358,206	\$12,792,183	3.5
Personal property	455,326	518,588	577,759	618,025	651,569	5.4
Motor vehicles	640,487	605,179	637,123	644,541	676,973	5.0
<b>Total taxes on property collected by local government</b>	<b>\$12,193,281</b>	<b>\$12,629,656</b>	<b>\$13,122,022</b>	<b>\$13,620,772</b>	<b>\$14,120,725</b>	<b>3.7</b>
<b>TOTAL ALL TAXES</b>	<b>\$30,968,772</b>	<b>\$31,712,323</b>	<b>\$34,248,531</b>	<b>\$35,400,367</b>	<b>\$36,931,772</b>	<b>4.3</b>

Because of rounding, detail may not add to Totals.

# Offers in Final Settlement FY 2013

Under M.G.L. c. 62C, sec. 37A, the Commissioner of Revenue has the authority, under specific conditions, to accept less than full payment as a final settlement for a state tax liability. The statutory condition for such settlement is “serious doubt” as to collectibility of the tax due or the taxpayer’s liability for it. The Commissioner must also determine that the taxpayer or responsible person has acted without intent to defraud. The settlement must be recommended to the Commissioner by at least two deputy commissioners.

The written agreement, signed by all parties and including the reasons for settlement, is a public record. In cases where the liability is reduced by more than half, or by \$20,000 or more, the Attorney General of the Commonwealth must review the settlement and has the authority to object to it.

The law requires that a listing of all settlements entered into during the fiscal year be included in the Commissioner’s annual report. In Fiscal Year 2013, 24 settlements were made. All 24 were reviewed by the Attorney General.

The cases approved were as follows:

NAME	TOTAL TAX, INTEREST & PENALTIES	AMOUNT PAID IN SETTLEMENT	AMOUNT ABATED
Adam D. Kesmetis	\$ 22,501.91	\$ 7,200.00	\$ 15,301.91
Dataprofit Solutions, Inc. & Dataprofit Corp. & Alan M. Scrivner, Responsible Person	254,556.83	7,200.00	247,356.83
Andrew R. Newcorn & Charlotte Newcorn (Deceased)	11,664.59	2,400.00	9,264.59
Pappas Brothers Distributors, Inc. & Christos Papatthasiou, Responsible Person	91,231.19	16,500.00	74,731.19
Christopher J. Faria	11,948.80	4,800.00	7,148.80
Denean C. Copeland	14,217.42	3,000.00	11,217.42
Excell Communications, Inc. & Robert Scott Bowers, Responsible Person	92,477.84	26,342.12	66,135.72
Harvest Gift Shop, Inc. & Mary Alice Gregoire, Responsible Person	231,528.13	10,200.00	221,328.13
James J. Pezzano	17,897.41	9,600.00	8,297.41
John Petros	38,202.00	6,816.00	31,386.00
Jose Vaz d/b/a Vaz Variety & Jose & Carmo Vaz for Income Taxes	54,939.41	10,000.00	44,939.41
MGAJS, Inc. & Mario Liquori, Responsible Person & Mario Liquori for Income Taxes	38,201.02	13,500.00	24,701.02
Natalies, Inc. & John V. Mammola, Responsible Person	22,175.18	5,000.00	17,175.18
Norman Duhart	10,135.04	5,400.00	4,735.04
North Shore Pool, Inc. & Christopher J. Callanan, Responsible Person	235,125.05	88,200.00	146,925.05
Organic Garden Restaurant, Inc. & Robert Reid, Responsible Person	76,508.33	30,000.00	46,508.33
Paul K. Seger	7,417.95	1,392.00	6,025.95
Raymond F. & Pamela M. Avis	38,328.91	5,000.00	33,328.91
Ricky D. LeClair	89,602.19	14,400.00	75,202.19
R. Jay Meddaugh	37,465.43	12,800.00	24,665.43
Thomas F. Lampos	32,395.55	10,000.00	22,395.55
William McNeil	8,165.59	1,169.00	6,996.59
Winston P. Farrington	13,105.90	2,400.00	10,705.90
Zachary U. Thomas	21,222.15	12,000.00	9,222.15
<b>TOTAL</b>	<b>\$1,471,013.82</b>	<b>\$305,319.12</b>	<b>\$1,165,694.70</b>

*Because of rounding, detail may not add to Totals.*

# Collection Agencies FY 2013

Chapter 209 of the Acts of 1988 permits the Commissioner of Revenue to use private collection agencies to collect unpaid state taxes. The Commissioner is required to notify all taxpayers whose accounts are to be assigned to a collection agency at least 30 days beforehand.

The law requires that the Commissioner list all agencies with whom collection agreements exist, the amount of taxes collected and the amount of compensation paid in the Department's annual report. They are as follows:

<b>CONTRACTOR</b>	<b>TOTAL COLLECTED</b>	<b>FEES PAID</b>	<b>NET TO DOR</b>
Allen Daniel Associates	\$ 489,499.82	\$ 53,075.32	\$ 436,424.50
EOS-CCA	10,666,892.97	1,323,011.26	9,343,881.71
<b>TOTAL</b>	<b>\$11,156,392.79</b>	<b>\$1,376,086.58</b>	<b>\$9,780,306.21</b>

*Because of rounding, detail may not add to Totals.*