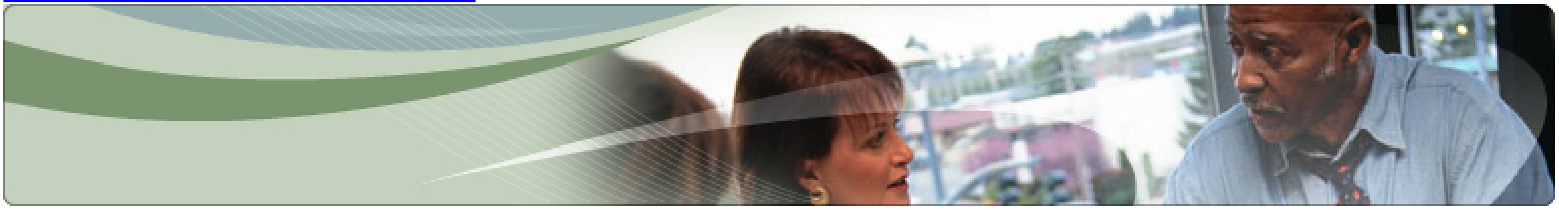

Results-based Plan Briefing Book 2009-10: Ministry of Revenue

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Part I: Published Results-based Plan 2009-10
Ministry of Revenue

Ministry Overview

The Ministry of Revenue supports the government's agenda by strengthening Ontario businesses through an efficient tax system and making voluntary compliance as easy as possible, being responsive to the needs of small business, modernizing government through an integrated approach to customer service, and supporting low-income and working families.

Vision and Mission

The vision of the Ministry of Revenue is to be the public service leader in tax, benefit and revenue administration. The Ministry's activities directly support the government priorities of Strengthening Our Economy and Serving the Public Interest by supporting a competitive business environment and a strong economic and investment climate in Ontario.

The mission of the Ministry is to continually improve services and to fairly and efficiently administer tax and benefit programs and related services through accessible and customer-focused delivery channels.

Mandate

The Ministry administers most of the province's tax statutes as well as a number of tax incentive and benefit programs. The tax revenues collected provide the fiscal foundation upon which many of the government programs rely. The Ministry is also responsible for the relationship management and monitoring of numerous agreements, including third-party service agreements; the most recent being with Canada Revenue Agency to administer Ontario's corporate tax program.

The Ministry promotes the integrity of the province's self-assessing tax system by encouraging compliance through taxpayer education and customer service, while discouraging non-compliance through enforcement activities.

Program Overview

The Ministry of Revenue is comprised of the following key programs:

Ministry Administration

Ministry Administration includes the Deputy Minister Office, the Assistant Deputy Minister Office of Service Standards and

Commitments, and the Strategic Communications unit. Ministry Administration provides leadership and governance for the Ministry.

Compliance Programs

The Compliance Programs Division is responsible for the audit, inspection and investigation functions for the Ministry to ensure compliance with Ontario's tax statutes.

This Division plays a key role in promoting public confidence in the fairness and integrity of Ontario's tax system by:

- directing and executing excellence in the audit function using risk based techniques, modern technology and best practices; and
- providing high quality, effective investigations and inspections

Operations

The Operations Division focuses on operational and service delivery, benefits administration, revenue collection and the integration of current transformational projects to support our commitment to continuous improvement and modernization.

This Division:

- supports the administration of tax statutes as well as a number of tax incentive and benefit programs;
- encourages compliance through taxpayer services;
- maintains data integrity in sustaining an efficient tax administration system and collections function for all Ministry of Revenue administered tax statutes; and
- provides support to fiscal policy formation in determining tax incentives and benefit programs.

Tax Administration Policy and Partnerships

The Tax Administration Policy and Partnerships Division is responsible for strategic management services, relationship management and business development, tax advisory services and tax appeals.

This Division:

- oversees the Ministry's strategic management services;
- develops proactive and effective tax administration policy that supports the government's competitive business environment and Open for Business priorities;
- maintains and monitors inter-governmental relationships, third party service provisions and issues;
- explores new business development opportunities; and
- provides service excellence in the tax advisory and tax appeals functions

Modernizing Ontario's Systems for Tax Administration

Modernizing Ontario's Systems for Tax Administration (MOST) is a multi-year project and one of the largest business transformation and IT projects currently underway in the Ontario Public Service. MOST will modernize the Ministry's current information systems and implement a state-of-the-art tax administration computer system.

This initiative will provide:

- accessible, integrated, streamlined processes that will assist tax clients to better understand and voluntarily comply with Ontario's tax laws; and
- new business and system processes which will improve tax administration services to Ontario's tax clients.

Ministry Activities

The Ministry of Revenue supports the government's agenda by:

- **Strengthening Ontario business through a simpler tax system** – Beginning in April 2008, the Canada Revenue Agency began administering certain aspects of Ontario's corporate income tax program audits, appeals, tax advisory/rulings. This was followed by a single tax form, a single tax collector and one set of income tax rules starting in the 2009 taxation year. Transferring the administration of Ontario corporate taxes to the federal government will save Ontario businesses up to $100 million a year in compliance costs and an additional $90 million in Ontario corporate income tax reductions from harmonization with the federal corporate income tax base.
- **Reforming Ontario's sales tax -** Working in partnership with the federal government, Ontario proposes to move to a federally administered single sales tax, effective July 1, 2010, subjective to legislative approval. Replacing two sales taxes with one would save businesses more than $500 million per year in reduced compliance costs. Implementation of a single sales tax will bring Ontario into line with what is viewed as the most efficient form of sales taxation around the world. The single sales tax will reduce the cost of Ontario's exports, making the province more competitive.
- **Responding to the needs of small business** – Small business in Ontario is a major contributor to job creation and economic growth. To support a strong economy and a vibrant small business community, the Ministry of Revenue assists taxpayers in understanding their tax obligations by offering Tax Information Forums, joint PST/GST seminars, and field visits to new vendors under its Customer Service Education Program (CSEP) initiative. The Ministry also provides up-to-date information bulletins, notices, tax guides and details of the various tax programs on its website to make it easier for taxpayers to comply.
- **Providing income support to low income seniors and families with children -** The Guaranteed Annual Income System (GAINS) program ensures a guaranteed minimum income for Ontario senior citizens by providing monthly payments to qualifying pensioners. The Ontario Child Care Supplement for Working Families (OCCS) is a tax-free payment to help low and middle income families raising children under the age of seven years. The OCCS program is being phased out and replaced by the Ontario Child Benefit program that will provide assistance to help low income families with children under age eighteen. The Ministry also serves as a service provider to the Ministry of Municipal Affairs and Housing in the delivery of the Rental Opportunity for Ontario Families (ROOF) program.
- **Modernizing Government** – The Modernizing Ontario's Systems for Tax Administration (MOST) Project is a multi-year modernization initiative that will replace the Ministry's current information systems. The MOST Project enables the Ministry of Revenue to consolidate all of its modernization activities under one umbrella – ONT-TAXS (Ontario's Tax Services). This is the Ministry's modern, integrated approach to customer service and our new way of doing business. ONT-TAXS encompasses the following Ministry of Revenue modernization initiatives:
    - one toll-free number, replacing 39
    - one Business Number for convenient access to multiple tax accounts
    - new services on our internet site, including new self-service options to file returns, make payments and view accounts online
    - easy to read and easy to use forms; and

- one integrated tax administration computer system (OntTax) to support "one window" service delivery.

Highlights of 2008-09 Achievements

Ministry Reorganization

In January 2009, the Ministry announced the realignment of existing branches into three divisions - the Compliance Programs Division, the Operations Division and the Tax Administration Policy and Partnership Division. The reorganization will better position the ministry to support government priorities.

Corporate Tax Administration Redesign Project (CTAR)

On April 3, 2008, the Ministry of Revenue transferred all corporate tax related audit, appeals, objections and advisory functions to the Canada Revenue Agency (CRA). Starting in the 2009 taxation year, Ontario corporations began benefiting from a single tax return and a single set of income tax rules.

Tobacco Tax Enforcement

The Ministry of Revenue expanded the Tobacco Retailer Inspection Program by adding additional staff to its province-wide inspection program which inspects tobacco inventories and business records of retail dealers. In addition to our own inspection activities, Ministry inspectors worked with the Ministry of Health Promotion (MoHP) and Municipal Health Units to conduct joint inspections.

Modernize Ontario's Systems for Tax Administration (MOST) Project

The MOST Project successfully integrated the Employer Health Tax (EHT) component into the OntTax application in November 2008, as well as the revenue collections function for the Retail Sales Tax (RST) and EHT.

In 2008, the MOST project received a Gold Award of Excellence at the Public Sector Quality Fair, a Merit Award at Showcase Ontario and an OCCIO (Office of the Corporate Chief Information Officer) Award of Excellence.

Business Number/Business Directory

The Ministry of Revenue, through ONT-TAXS, joined the Canada Revenue Agency (CRA) and other provinces in using the federal Business Number (BN) to securely identify a business and its associated accounts.

One Toll-free Number

A new telephone system was implemented that replaced 39 existing toll-free numbers with a single telephone number. The new telephone system makes it easier for clients to access the help and information they need.

Internet Services for tax Clients

A secure authentication service was implemented that allows businesses to register and use on-line tax services.

ONT-TAXS Advisory Group (OTAG)

In November 2007, the Ministry created the ONT-TAXS Advisory Group (OTAG). Since inauguration of OTAG, a number of enhancements have been made to products under the ONT-TAXS umbrella (e.g. business number, online services and tax client correspondence and forms) as a result of ongoing feedback received from this group.

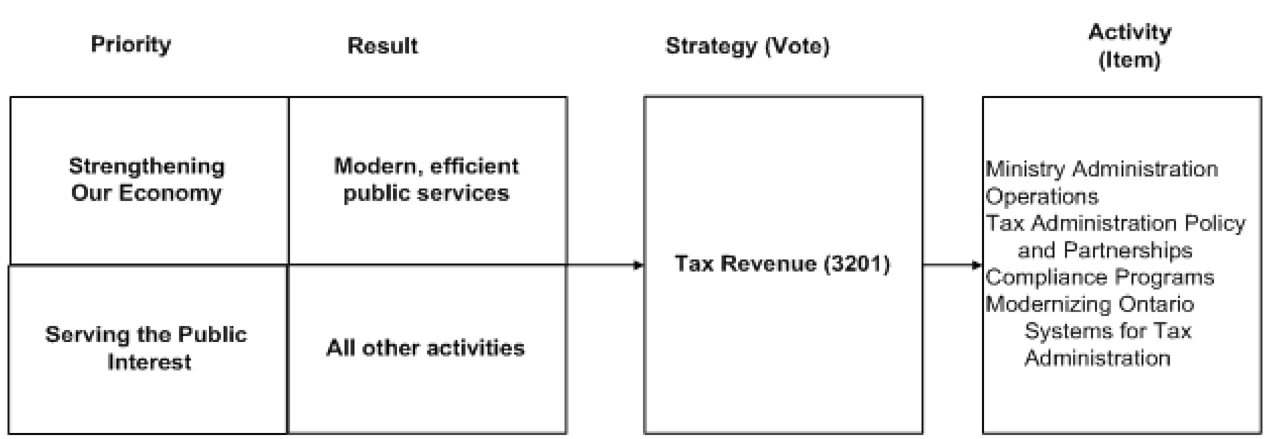
E-service: First Nations Gas Refund

In 2008, the province launched a new electronic service (e-service) to automate the gas tax refund process for authorized on-reserve gas retailers.

Implementation of the Risk Assessment and Audit Selection Project

The Risk Assessment and Audit Selection Project (RAASP) was initiated to enhance risk assessment methodologies and practices in the Ministry of Revenue through centralized and automated risk assessment processes.

Ministry Contribution to Key Priorities and Results



Performance Measures

Promoting Electronic Payments

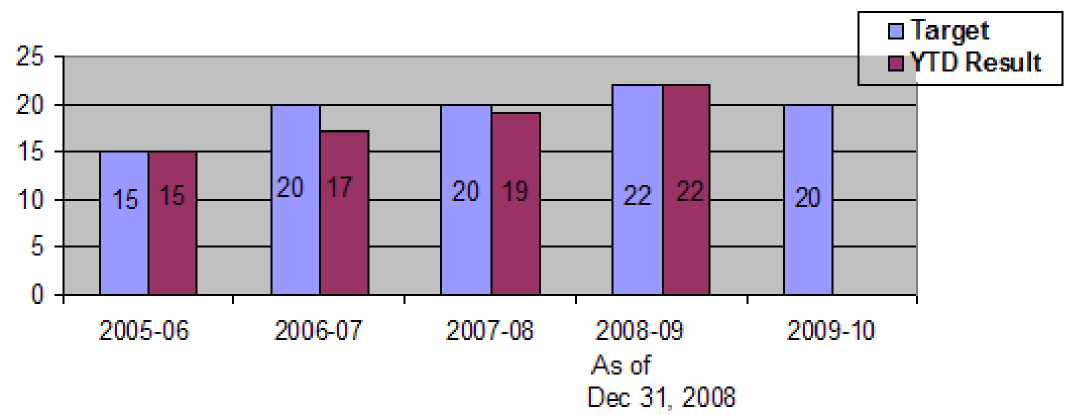
Performance Measure	Description of Target	2009-10 Target	Comments
% of payments remitted electronically	This is an indication of successful modernization of tax administration, achieved by increased service delivery channels, client communications and confidence in our online services.	20%	Government Priority Linkage: a) Serving Public Interest b) Modern, efficient public services

In June 2008, the Ministry started to rollout a new online service delivery channel called "ONT-TAXS online" to taxpayers. This was done using a phased approach to ensure quality, security and confidentiality standards for the new service delivery channel would be met.

Effective October 2008, Retail Sales Tax and Employer Health Tax clients can register and remit tax returns and payments via ONT-TAXS online. ONT-TAXS online will be rolled out to other tax statutes in 2009-10.

Unlike other electronic services available, ONT-TAXS online is free to use, will be accessible to all registered taxpayers when fully implemented and is expected to improve service by making it easier to file returns and pay taxes on time.

% of Payments Remitted Electronically Year-to-Date



Targets

- 2005-06: 15%
- 2006-07: 20%
- 2007-08: 20%
- 2008-09: 22%
- 2009-10: 20%

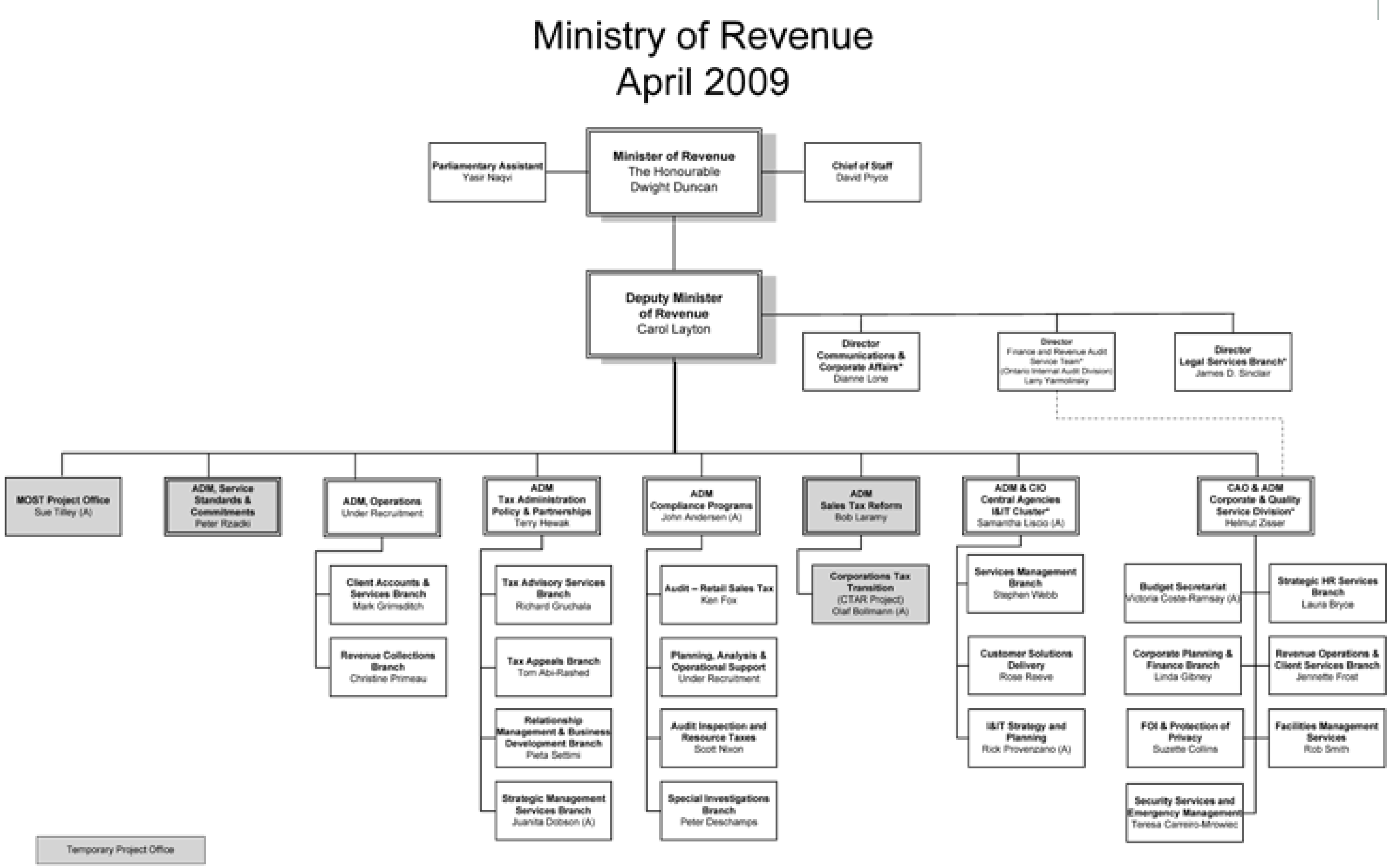
Looking Forward

The Ministry is continuously striving to improve tax and benefit administration. To meet our long term objective of becoming the leader in tax and benefit administration, the Ministry will be implementing sales tax reform subject to legislative approval.

As announced in the 2009 Budget, and working in partnership with the federal government, Ontario proposes to move to a federally administered single sales tax. This important priority will involve:

- Creation of a single value-added sales tax to boost investment and productivity, and to foster job creation and economic growth in Ontario;
- Implementation of the single sales tax effective July 1, 2010, with the wind-down of the current Retail Sales Tax administration; and that
- The new single sales tax would be administered federally by the Canada Revenue Agency (CRA) and the Canada Border Services Agency (CBSA).

Organization Chart



[Printer-friendly version of the organization chart]

Legislation

The following is a list of the legislation for which the Ministry of Revenue has primary legislative or administrative responsibility. Responsibility for this legislation is also shared with the Ministry of Finance.

Vote 32: Ministry of Revenue

Ministry of Revenue Act

Item 3201-1: Tax Revenue

Commercial Concentration Tax Act*
Community Small Business Investment Funds Act
Corporations Tax Act (administration transferred to CRA)
Electricity Act, 1998 (only specific provisions)
Employer Health Tax Act
Estate Administration Tax Act, 1998 (joint with the Ministry of the Attorney General)
Fuel Tax Act
Gasoline Tax Act
Highway Traffic Act (only specific provisions)
Land Transfer Tax Act
Mining Tax Act
Provincial Land Tax Act, 2006
Race Tracks Tax Act
Retail Sales Tax Act
Small Business Development Corporations Act
Succession Duty Act Supplementary Provisions Act, 1980
Taxation Act, 2007
Tobacco Tax Act
Ontario Guaranteed Annual Income Act
Ontario Home Ownership Savings Plan Act *
Income Tax Act

** being phased out*

Agencies, Boards and Commissions

The Ministry has no Agencies, Boards, or Commissions.

Ministry Financial Information

The following tables depict the Ministry's allocation in 2009-10 to achieve its key priorities and results.

Ministry Planned Expenditures 2009/10

	Ministry Planned Expenditures 2009/10 ($M)
Operating	821.1
Capital	0.1
TOTAL	821.2

Operating and Capital Summary by Vote

Votes/Programs	Estimates 2009/10	Change from 2008/09 Estimates		Estimates 2008/09	Interim Actuals 2008/09	Actuals 2007/08
	$	$	%	$	$	$
OPERATING AND CAPITAL EXPENSE						
Tax Revenue	705,837,200	208,090,300	41.8	497,746,900	478,049,100	501,046,898
Total Operating and Capital Expense to be Voted	**705,837,200**	**208,090,300**	**41.8**	**497,746,900**	**478,049,100**	**501,046,898**
Statutory Appropriations						
Minister's Salary	-	(47,841)	(100.0)	47,841	47,800	52,862
Parliamentary Assistant's Salaray	16,173	16,173		-	-	-
Bad Debt Expense	115,199,100	(25,001,000)	(17.8)	140,200,100	115,000,000	53,141,333
Bad Debt Expense for Provincial Land Tax	1,000	1,000		-	-	-
Amortization	146,000	146,000		-	-	-
Ministry Total Operating and Capital Expense	**821,199,473**	**183,204,632**	**28.7**	**637,994,841**	**593,096,900**	**554,241,093**
OPERATING AND CAPITAL ASSETS						
Operating	3,975,000	(50,000)	(1.2)	4,025,000	4,025,000	-
Capital	16,633,000	16,633,000		-	-	-
Total Assets to be Voted	**20,608,000**	**16,583,000**	**412.0**	**4,025,000**	**4,025,000**	-
Statutory Appropriations						

Advances, the Education Act	1,000	1,000		-	-	-
Advances, the Northern Services Boards Act	1,000	1,000		-	-	-
Advances, the Local Roads Boards Act	1,000	1,000		-	-	-
Ministry Total Operating and Capital Assets	**20,611,000**	**16,586,000**	**412.1**	**4,025,000**	**4,025,000**	**-**

Appendix I: 2008-09 Annual Report Ministry of Revenue

Annual Report 2008-09

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 2008/09.

Ministry Reorganization

In January 2009 the Ministry announced the realignment of existing branches into three divisions, the Compliance Programs Division, the Operations Division and the Tax Administration Policy and Partnership Division. The reorganization will better position the ministry to meet its priorities and support government's delivery by:

- Enhancing the senior leadership team to better position the ministry to meet its priorities and support delivery of the government's priorities;
- Ensuring a strong executive team to support our most valuable asset – our employees;
- Increasing our attention on strategic endeavours;
- Ensuring continued customer service excellence to Ontario taxpayers, stakeholders and internal and external clients; and
- Positioning the Ministry to achieve its ultimate vision of becoming a leader in tax, benefit and revenue administration.

Corporate Tax Administration Redesign (CTAR) Project

On April 3, 2008, the Ministry of Revenue transferred all corporate tax related audit, appeals, objections and advisory functions to the Canada Revenue Agency (CRA) along with a significant number of classified Corporate Tax professionals. As a result, Ontario business began seeing the benefits of the harmonized corporate tax system a full eight months before the introduction of the harmonization return.

Starting in the 2009 taxation year, Ontario corporations began benefiting from a single tax return and a single set of income tax rules. As a result, all Ontario corporations are now remitting combined corporate tax instalment payments to the CRA. They are also benefiting from one audit, one objections and appeals framework and one tax advisory system.

Transferring the administration of Ontario corporate taxes to the federal government will save Ontario businesses up to $100 million a year in compliance costs and an additional $90 million in Ontario corporate income tax reductions from harmonization with the federal corporate income tax base.

Tobacco Tax Enforcement

In 2008, a number of legislative amendments were introduced in the Tobacco Tax Act. The most significant amendment was the prohibition provisions which allow the Ministry to prohibit a retail location from selling any tobacco if they are found to have repeatedly contravened the Tobacco Tax Act or specific sections of the Smoke-Free Ontario Act. The Retailer Temporary Prohibition Program included an education campaign to raise awareness among retailers. As part of the campaign, the Ministry included an information brochure for tobacco retailers with the distribution of the industry magazine, "Your Convenience Manager" (YCM), to approximately 14,000 Ontario convenience store retailers. The same brochure along with three published bulletins was sent to all registered tobacco wholesalers. In addition, a series of outreach activities took place: ministry staff participated in vendor training sessions in certain regions in conjunction with various health units across the province; Tax Information Forums were held; and ministry staff participated in a trade show put on by the Ontario Korean Businessmen's Association.

The Ministry of Revenue shared intelligence information with federal, provincial and municipal agencies that enforce tobacco-related laws. More specifically the Ministry:

- Further refined its partnerships with the Cornwall-area OPP and the Cornwall Community Police Service.
- Actively participated in the Cornwall-Valleyfield area Integrated Border Enforcement Team through joint investigations into tobacco tax offences and laid charges accordingly.
- Partnered with the Canada Border Services Agency (CBSA) to investigate tobacco-related issues resulting in strengthened tobacco tax enforcement at border crossings; and
- Worked with a number of RCMP detachments across the province on joint contraband tobacco enforcement projects.

Modernize Ontario's Systems for Tax administration (MOST) Project

The MOST Project successfully integrated the Employer Health Tax (EHT) component into the OntTax application in November 2008, as well as the revenue collections function for the Retail Sales Tax (RST) and EHT.

In 2008, the MOST Project received a Gold Award of Excellence at the Public Sector Quality Fair, a Merit Award at Showcase Ontario and an OCCIO (Office of the Corporate Chief Information Officer) Award of Excellence.

Business Number/Business Directory

In partnership with ServiceOntario (Ministry of Government Services), the Ministry of Revenue, through ONT-TAXS, joined the CRA and other provinces in using the federal Business Number (BN) to securely identify a business and its associated accounts.

The Ministry of Revenue has been phasing in the BN as tax statutes are integrated into OntTax. RST and EHT clients were assigned a BN in July 2008 and December 2008 respectively. Assignment of a BN is facilitated through the Business Directory. The Business Directory has an automated link to the CRA, and a cross reference facility to identify the same business across all MOR programs.

MOR's success with the BN is being used as a model for other ministries considering this approach as part of the Open for Business initiative.

One Toll-free Number

A new telephone system was implemented that replaced 39 existing toll-free numbers with a single telephone number (1-800-668-8297). Calls are automatically distributed to staff that are logged in and have the required skill-set to best assist clients. The new telephone system makes it easier for clients to access the help and information they need. The project received a Gold Award of Excellence at the 2008 Public Sector Quality Fair.

Internet Services for Tax Clients

The corporate solution for secure online authentication allows businesses to register and use on-line tax services. This was implemented in partnership with the Ministry of Government Services.

In June 2008, a new internet service (ONT-TAXS online) for RST tax clients was established which permits authorized individuals to view up to four years of tax account related information, update account information, file RST returns and remit RST payments over the internet. In 2008, ONT-TAXS online was made available to EHT clients. ONT-TAXS online was further enhanced in 2008 to allow businesses to provide role-based access (i.e. authorized employees) and third party access (i.e. authorized accountants, lawyers, and bookkeepers) to conduct tax business on their behalf over the internet. As of March 31, 2009, $2.3 million in RST and EHT tax payments had been received through the new internet service.

ONT-TAXS Advisory Group (OTAG)

In November 2007, the Ministry created the ONT-TAXS Advisory Group (OTAG) as a forum to:

- help create awareness about current Ministry of Revenue modernization initiatives;
- obtain input on the design of business process improvements such as one integrated system for tax services, new online services, and one business number;
- ensure participation in surveys and focus groups;
- enable access to regular communication channels; and
- incorporate other emerging initiatives the committee chooses to include as part of its scope.

OTAG members represent the following groups:

- small, medium and large businesses
- sole proprietorships, corporations and partnerships
- tax practitioners (representing various sized businesses)
- not-for-profit organizations
- major business sectors (e.g., retail, service, manufacturing)
- various geographic locations throughout Ontario.

The group meets on a bi-monthly basis to provide input into ONT-TAXS. Since the inauguration of OTAG, a number of enhancements have been made to products under the ONT-TAXS umbrella (e.g. business number, online services and tax client correspondence and forms) as a result of ongoing feedback received from this group.

E-service: First Nations Gas Refund

In 2008, the province launched a new electronic service (e-service) to automate and streamline the gas tax refund process for authorized on-reserve gas retailers. The old process was paper-based and created approximately three million paper vouchers each year. If retailers choose to use the e-service it will virtually eliminate the need for paper sales vouchers.

Implementation of the Risk Assessment and Audit Selection Project

The Risk Assessment and Audit Selection Project (RAASP) was initiated to enhance risk assessment methodologies and practices in MOR through centralized and automated risk assessment processes.

The resulting application of the project will reduce the burden on compliant taxpayers by selecting audits with the highest risk of non-compliance.

Glossary of Terms

BN	Business Number
CBSA	Canada Border Services Agency
CRA	Canada Revenue Agency
CSEP	Customer Service Education Program
CTAR	Corporate Tax Administration Redesign Program
EHT	Employer Health Tax
GAINS	Guaranteed Annual Income System
MGS	Ministry of Government Services
MHP	Ministry of Health Promotion
MOR	Ministry of Revenue
MOST	Modernizing Ontario's Systems for Tax Administration
OCCIO	Office of the Corporate Chief Information Officer
OCCS	Ontario Child Care Supplement for Working Families
ONT-TAXS	Ontario's Tax Services
OntTax	Ontario's Integrated Tax System
OPP	Ontario Provincial Police
OTAG	ONT-TAXS Advisory Group
RAASP	Risk Assessment and Audit Selection Project

RST	Retail Sales Tax
YCM	Your Convenience Manager

Ministry Interim Actual Expenditures and Staff Strength 2008-09

	Ministry Interim Actual Expenditures 2008-09 ($M)
Operating	593.1
Capital	-
Strength as of March 31, 2009*	2,400

(2009 Ontario Budget, page 97)

* Staff strength may be rounded

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Ministry of Revenue
April 2009