2010-11 Results-based Plan

Ministry of Revenue
Results-based Plan Briefing Book 2010-2011
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Part I. Published Results-based Plan 2010-11

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Ministry Overview

The Ministry of Revenue's activities directly support government priorities including Strengthening the Economy and Open for Business by enhancing Ontario's business climate, and Serving the Public Interest by supporting modern, efficient public services. It achieves both through the administration of an efficient tax and benefits system, education and outreach to encourage voluntary compliance, through an integrated approach to customer service, and by supporting low-income Ontarians.

Vision and Mission

The vision of the Ministry of Revenue is to be a leader in tax, benefit and revenue administration.

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's programs rely. The ministry is also responsible for managing relationships, particularly with the Canada Revenue Agency (CRA) in their administration of provincial taxes and benefit programs on behalf of Ontario.

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 provides overall leadership, governance and communication for the ministry. It comprises the Offices of the Minister, Parliamentary Assistants, Deputy Minister, Tax Programs Strategies, Strategic Communications Unit, and Central Agencies Information and Information Technology Cluster.

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.

The Division:

- supports the administration of tax statutes as well as a number of tax incentive and benefit programs;
- encourages compliance through taxpayer services;
- provides remittance, data and image capture and revenue accounting operations 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.

The 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;

- manages inter-jurisdictional relationships, joint initiatives and monitors the related service provisions;
- explores new business development opportunities; and
- provides service excellence in the tax advisory and tax appeals functions.

Ministry Activities

The government's agenda includes Strengthening the Economy and Open for Business by enhancing Ontario's business climate, and Serving the Public Interest by supporting modern, efficient public services. The ministry supports this agenda through a number of different initiatives.

Reforming Ontario's sales tax

Working in partnership with the federal government, Ontario is moving to a federally administered harmonized sales tax, effective July 1, 2010, as part of the government's Tax Plan for Jobs and Growth. Implementation of a harmonized sales tax will bring Ontario into line with what is viewed as the most efficient form of sales taxation around the world. It will save businesses more than $500 million per year in reduced compliance costs, reduce the cost of Ontario's exports, and cut the tax rate on new investment in Ontario by half, 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 encourage a vibrant small business community, the ministry assists taxpayers in understanding their tax obligations by offering Tax Information Forums, seminars, and field visits to new clients 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 voluntarily comply with legislation.

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 the age of eighteen.

The ministry is also responsible for the Ontario Senior Homeowners' Property Tax Grant which is intended to help offset the property taxes for seniors who own their own home and who have low or moderate incomes. Finally, the ministry is a service provider to the Ministry of Municipal Affairs and Housing in the delivery of the Rental Opportunity for Ontario Families (ROOF) program.

Modern, Efficient Public Services

The ministry is implementing a project to modernize Ontario's systems for tax administration (MOST) - a multi-year modernization initiative to replace the ministry's current information systems. It includes:

- New and improved business processes;
- One integrated tax administration system called Ontario's Tax Services (ONT-TAXS), including:
  - One computer system to replace over 65 independent systems;
  - One toll-free phone number to reach the Ministry of Revenue;
  - One single business identifier based on CRA's Business Number.
- New internet services providing taxpayers with self-serve options to manage their tax accounts.

MOST is expected to drive cost reductions through decreased requirements for production support, maintenance and development activities. More importantly, it will provide a more customer-focussed delivery of services. The MOST project is to be completed in the 2010-11 fiscal year.

Highlights of 2009-10 Achievements

Harmonization of Sales Tax

The Province of Ontario announced the introduction of a Harmonized Sales Tax (HST) on

March 26, 2009 that will be administered by the federal government effective July 1, 2010.

The ministry has made significant progress towards the implementation of the new tax. In May, 2009 it established a cross-jurisdictional project team to manage all aspects of the transition to the HST.

The ministry participated in a working group, led by the Ministry of Finance, which negotiated a Canada-Ontario Comprehensive Integrated Tax Co-ordination Agreement (CITCA) with the federal government. The CITCA sets out the policy framework for the HST in Ontario and provides the framework and authority to enter into other agreements, including the Human Resources Agreement (HRA) and agreements pertaining to service, compliance and exchange of information.

In March 2010, the Human Resources Agreement (HRA) with the federal government was negotiated. This agreement commits to job offers from the Canada Revenue Agency (CRA) for all Ontario government employees impacted by the winding down of the Provincial Retail Sales Tax, as well as terms and conditions of employment for staff that transfer to the CRA.

Modernizing Ontario's Systems for Tax Administration (MOST)

Over the past three years, the MOST project has put in place key modernization tools such as the ONT-TAXS online system to streamline our services. This integrated tax administration system is on schedule to be fully implemented in early 2010-11.

ImageON

ImageON is an improved data capture and payment processing technology that was successfully implemented in 2009-10. This enhanced tool dramatically reduced the administrative burden of managing government revenue by simplifying remittances, data processing and image capturing. ImageON will help the ministry manage the deposit and reporting of multiple revenue streams on the day they are received.

Tobacco Tax Enforcement

The Tobacco Tax Act was amended in 2009 to provide new measures to deal with contraband tobacco and to encourage compliance with the Act. The ministry has been working with police agencies on surveillance operations and vehicle inspections that have resulted in a number of prosecution cases that are before the courts. Civil inspection of retailers' premises continue and oversight of tobacco products was expanded.

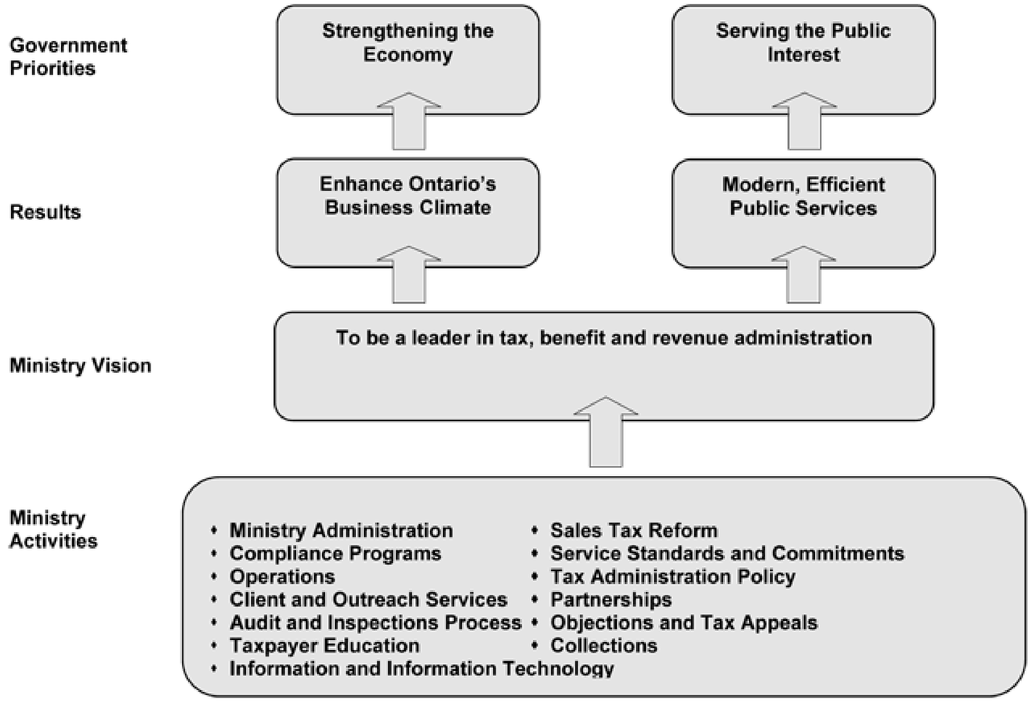
Provincial Land Tax

In 2009 the ministry moved to consolidate the multiple property tax bills taxpayers in unorganized townships received from different taxing authorities (Provincial Land Tax, Provincial Education Tax, Local Roads Boards and Local Service Boards) into a single bill. The first consolidated tax bill was issued in July 2009 by the ministry's contracted service provider, the City of Thunder Bay.

Processing Transfer Payments

This initiative improves the delivery of transfer payments from the federal government to Ontario ministry programs (i.e. Ministry of the Attorney General, Ministry of Municipal Affairs and Housing, Ministry of Training, Colleges and Universities, etc.) where they can be disbursed in support of services to the public.

Ministry Contribution to Government's Key Priorities and Results



Performance Measures

The ministry currently monitors performance for public reporting in two areas, both of which are specifically aligned with the government's agenda:

- percent of payment transactions remitted electronically; and
- percent of eligible applicants who receive their Guaranteed Annual Income Supplement within 30 days.

(a) Percent of Payment Transactions Remitted Electronically

Description of Performance Measure	2010-11 Target
The measure is intended to reflect the success of the ministry's modernization initiative to improve online access to taxpayers. Performance is reported quarterly. Government Priority: Serving Public Interest Result: Modern, Efficient Public Services	55%

Historically, taxpayers have had an opportunity to remit payments electronically through Electronic Data Interchange and Internet Banking, both of which are favoured by taxpayers when filing payments related to the Employer Health Tax (EHT). Beginning in June 2008, the ministry introduced a new online channel for delivering services to taxpayers, called ONT-TAXS online. This new channel, which allows taxpayers to file returns and pay online at no cost to them, was introduced first for the Retail Sales Tax (RST) in June 2008, then became available in January 2009 for EHT, in August 2009 for the Debt Retirement Charge and International Fuel Tax Agreement, and in April 2010 for Tobacco Tax, Fuel Tax, and Gasoline Tax.

The "percent of payments remitted electronically" was introduced as a performance measure in 2004-05; it is intended to assess taxpayers' use of electronic service channels. Since its introduction, the ministry's performance has shown a steady increase, particularly following the introduction of ONT-TAXS online, growing from 14.8% in 2004-05 to 22% in 2008-09, or roughly growing to 410,000 payments being remitted electronically.

Due to the replacement of the RST with the HST in July 2010, the RST component has been removed from this performance measure – from both historical results and future targets. As shown in the following chart, this has significantly affected the magnitude of the numbers, since remaining taxpayers, particularly those remitting payments related to EHT, use electronic service channels more often than those remitting RST payments. The proposed target for 2010-11 is 55% or roughly 275,000 payments.

Percentage of Payments Remitted Electronically

Results

- 2008-09: 52%
- 2009-10: 57%

Note: 2009-10 Results are interim.

Targets

- 2010-11: 55%
- 2011-12: 58%
- 2012-13: 61%
- 2013-14: 65%

(b) Percent of Eligible Applicants who Receive their Guaranteed Annual Income Supplement within 30 days

Description of Performance Measure	2010-11 Target
This measure is intended to reflect the ministry's ability to ensure eligible recipients receive their benefit payment in a timely manner. Performance is reported quarterly. Government Priority: Serving Public Interest Result: Modern, Efficient Public Services	99%

This measure was first introduced in 2004-05 and it is intended to demonstrate that eligible applicants receive their benefits in a timely manner. As noted in the following chart, very high performance is consistently achieved.

Percentage of Eligible Applicants who Receive Their Guaranteed Annual Income Supplement Within 30 Days

Results

- 2008-09: 99%
- 2009-10: 99%

Note: 2009-10 Results are interim.

Targets

- 2010-11: 99%
- 2011-12: 99%
- 2012-13: 99%
- 2013-14: 99%

Looking Forward

The Ministry is continuously striving to improve. To meet our long term objective of becoming a leader in tax and benefit administration, the Ministry will be implementing a number of initiatives in 2010-11, the most significant of which is winding down of the Retail Sales Tax and implementing new tax programs and HST transitional rebates/credits, including:

- Beer and Wine – new taxes will replace various alcohol-related fees, levies and charges;
- Sales tax on certain types of insurance – Ontario will retain a tax on insurance premiums at a rate of eight per cent after the transition to the Harmonized Sales Tax (HST), on the same types of insurance currently subject to RST;
- Sales tax on private transfers of motor vehicles, pleasure crafts, and aircrafts – Ontario will retain a sales tax on private transfers of specified vehicles at 13 per cent;
- Regional tourism levy on transient accommodation – this proposed levy under the RST Act will standardize and replace destination marketing fees across the province;
- Small business transition support payment – most businesses, other than financial institutions, with less than $2 million in annual revenue from taxable sales (including zero-rated sales) will be eligible for a small business transition support payment of up to $1,000;
- Transitional housing rebate – for newly constructed or substantially renovated homes that are subject to HST on or after July 1, 2010, but were completed in full or in part prior to that date, this rebate will provide relief in respect of the RST embedded in the cost of the home; and
- Transitional inventory rebate – this rebate will provide relief to real property contractors with

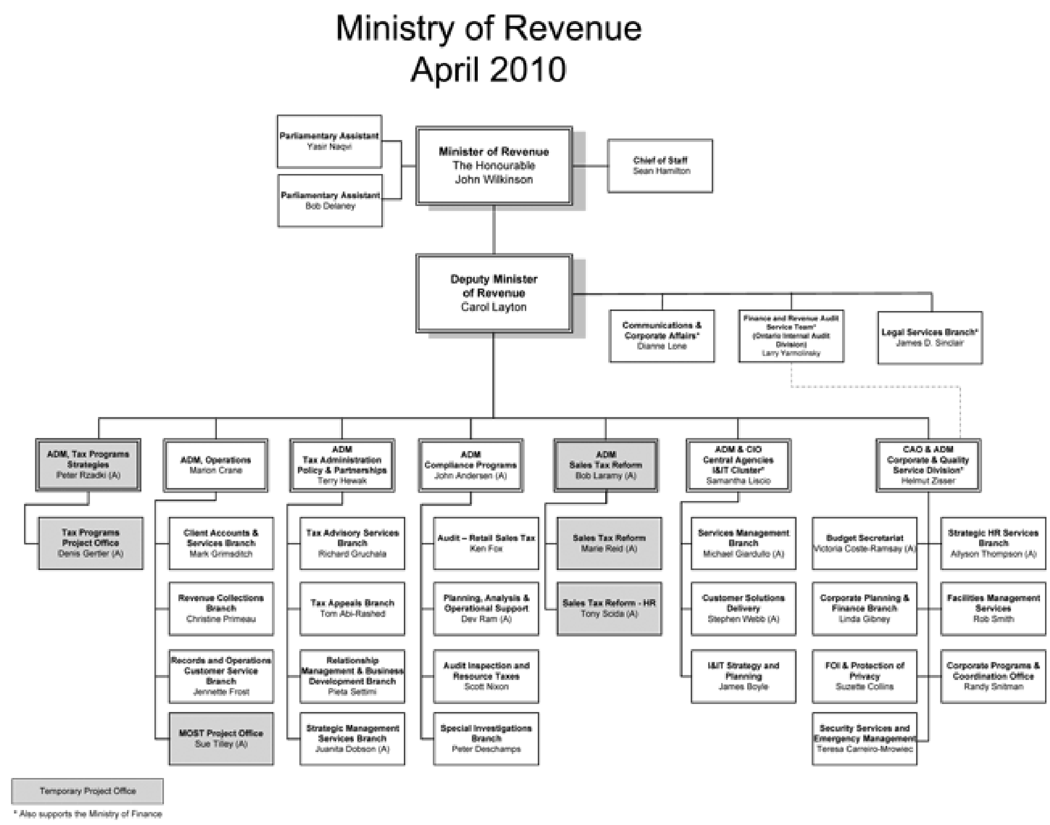
respect to RST paid on construction materials held in inventory at the end of the day on June 30, 2010 and used in residential real property contracts to which HST will apply.

A Tax Programs Project Office was established April 1 to play a critical role in implementing the government's plan to address the challenges of illegal tobacco and will work in partnership across the government. Key responsibilities of the project office will be to lead inter-ministerial program design, communications, research, planning and coordination activities; provide dedicated project management and administrative support to a multi-ministry committee; and to strengthen the ability of ministry partners to achieve their deliverables within required timeframes.

The ministry will also be working with the Ministry of Transportation to implement an electric vehicle incentive program. This incentive to consumers, replacing the existing RST rebate for alternative fuel vehicles, will be available for plug-in hybrid and battery electric vehicles.

Organization Chart

Printer-friendly version of the organization chart [PDF]



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

Alcohol and Gaming Regulation and Public Protection Act
Commercial Concentration Tax Act*
Community Small Business Investment Funds Act
Corporations Tax Act (only specific provisions)
Electricity Act, 1998 (only specific provisions)
Employer Health Tax Act
Estate Administration Tax Act, 1998

Fuel Tax Act
Gasoline Tax Act
Highway Traffic Act (only specific provisions)
Income Tax Act
Land Transfer Tax Act
Mining Tax Act
Ontario Guaranteed Annual Income Act
Provincial Land Tax Act, 2006
Race Tracks Tax Act
Retail Sales Tax Act
Taxation Act, 2007
Tobacco Tax Act

* *being phased out*

Agencies, Boards and Commissions

The ministry has no Agencies, Boards, or Commissions.

Ministry Financial Information

Includes statutory appropriations.

Table 2
Operating and Capital Summary by Vote

Votes/Programs	Estimates 2010-11	Change from 2009-10 Estimates		Estimates 2009-10	Interim Actuals 2009-10	Actuals 2008-09
	$	$	%	$	$	$
OPERATING AND CAPITAL EXPENSE						
Tax Revenue	4,064,313,600	3,297,253,600	429.9	767,060,000	720,839,000	531,387,652
Total Operating and Capital Expense to be Voted	**4,064,313,600**	**3,297,253,600**	**429.9**	**767,060,000**	**720,839,000**	**531,387,652**
Statutory Appropriations						
Minister's Salary, the *Executive Council Act*	47,841	47,841		-	47,800	22,870
Parliamentary Assistants' Salaries, the *Executive Council Act*	32,346	16,173	100.0	16,173	16,200	8,334
Bad Debt Expense, the *Financial Administration Act*	136,750,000	21,550,900	18.7	115,199,100	440,800,100	104,006,223
Bad Debt Expense for Provincial Land Tax, the *Financial Administration Act*	-	(1,000)	(100.0)	1,000	-	-
Amortization, the *Financial Administration Act*	2,628,600	2,174,600	479.0	454,000	146,000	-
Ministry Total Operating and Capital Expense	**4,203,772,387**	**3,321,042,114**	**376.2**	**882,730,273**	**1,161,849,100**	**635,425,079**
OPERATING AND CAPITAL ASSETS						
Operating	3,225,000	(750,000)	(18.9)	3,975,000	3,975,000	4,039,913
Capital	9,075,000	(13,709,000)	(60.2)	22,784,000	21,797,000	-

Total Assets to be Voted	**12,300,000**	**(14,459,000)**	**(54.0)**	**26,759,000**	**25,772,000**	**4,039,913**
Statutory Appropriations						
Advances, the *Education Act*	21,000,000	20,999,000		1,000	33,001,000	-
Advances, the *Northern Services Boards Act*	4,000,000	3,999,000		1,000	1,000	-
Advances, the *Local Roads Boards Act*	6,000,000	5,999,000		1,000	1,000	-
Total Assets	**43,300,000**	**16,538,000**	**61.8**	**26,762,000**	**58,775,000**	**4,039,913**

Notes:

1. Notable changes in 2010-11 include: $2.8 billion for the Sales Tax Transition Benefit, $400 million in Small Business Transition Credit, and a $21.6 million increase in Bad Debt Expense related to the RST wind-down strategy.
2. Increase in the Statutory Appropriations are for advance payments to School Boards, Local Services Boards and Local Roads Boards related to Provincial Land Tax Reform.
3. Estimates for the previous fiscal year are re-stated to reflect any changes in ministry organization and/or program structure. Interim actuals reflect the numbers presented in the **2010 Ontario Budget**.
4. Commencing in 2009-10, the Province's minor Tangible Capital Assets (mTCA) are capitalized on a prospective basis. Direct comparison between 2010-11, 2009-10, and 2008-09 may not be meaningful.

Appendix: Annual Report 2009-10 - Ministry of Revenue

The Ministry of Revenue accomplished a number of major achievements in 2009-10.

Harmonized Sales Tax

On March 26, 2009, the Minister of Finance announced that the province will convert to a sales tax based on a value-added tax structure largely consistent with the federal goods and services tax structure. This new tax system will take effect on July 1, 2010 and is referred to as the "Harmonized Sales Tax" or "HST".

The ministry has made significant progress towards implementing the HST:

- In May 2009, the ministry established a cross-jurisdictional project team representing Ontario and federal interests to oversee and manage all aspects of the transition to the HST.
- Over the past year, the province has been working closely with its federal counterparts at the Canada Revenue Agency (CRA) to ensure that Ontario businesses are getting timely, accurate information about how they can prepare for the HST. Officials from the ministry and the CRA have conducted close to 850 seminars across the province with more than 20,000 attendees.
- The **ontario.ca/taxchange** website was launched in September 2009 providing taxpayers with the most up to date information about the comprehensive tax package. Since its launch in September 2009, **ontario.ca/taxchange** has attracted over one million visitors.
- The ministry collaborated with the Ministry of Finance (MOF) and Canada Revenue Agency (CRA), in the development of Transitional Rules, published in October 2009, which provide details of measures that help consumers and businesses transition to the HST.
- The ministry participated in a working group, led by MOF, which negotiated a Canada-Ontario Comprehensive Integrated Tax Co-ordination Agreement (CITCA) with the federal government. The CITCA, completed in November 2009, sets out the policy framework for the HST in Ontario and provides the framework and authority to enter into other agreements, including the Human Resources Agreement (HRA) and agreements pertaining to service, compliance and exchange of information.
- In March 2010, the ministry successfully concluded HRA negotiations with the federal government. The HRA contains the terms and conditions of employment for all HST-impacted Ontario government employees who accept job offers from the Canada Revenue Agency (CRA).

This agreement met the ministry's primary goal of ensuring 100% job offers from the CRA for all these employees whose positions were impacted by the retail sales tax wind down.

- In conjunction with the HST, a Retail Sales Tax (RST) audit wind-down strategy has been completed. This strategy retains the basic elements of achieving adequate coverage, optimizing audit recoveries and continuing to focus on potential areas of high risk. The wind-down strategy includes enhancements to the automated audit selection tool, Flexible and Integrated Risk System (FAIRS).

Modernizing Ontario's Systems for Tax Administration (MOST)

Modernizing Ontario's Systems for Tax Administration (MOST) is a multi-year project and over the past three years, the MOST project has put in place key modernization tools such as the ONT-TAXS online system to streamline our services. The final implementation of gas, fuel, tobacco and land transfer taxes in ONT-TAXS was in April 2010 and Sales Tax Reform related changes will be completed by July 30, 2010. This integrated tax administration system is on schedule to be fully implemented in early 2010-11.

In 2009-10, the ministry substantially completed the work required to modify the ONT-TAXS system in order to discontinue RST functionality and develop new business processes and systems to transition to the harmonized sales tax, while simultaneously delivering the remaining phases of the MOST project.

In August 2009, full Internet services were also made available to International Fuel Tax Agreement (IFTA) clients, with functionality for Debt Retirement Charge (DRC) and Gross Revenue Charge (GRC) clients to view account history and update information. Formerly, this service was available to RST and EHT clients only. ONT-TAXS online allows a tax client to:

- view up to four years of account history
- file and pay tax returns
- update account information
- request refunds of overpayment of tax
- stop paper returns
- request payment plans
- provide online access to employees and representatives

In September 2009, the ONT-TAXS online service received a Merit Award in the Government Modernization Category at Showcase Ontario for the implementation of Internet services for tax clients.

Improved Audits

All aspects of an audit can now be conducted electronically within ONT-TAXS. Field staff can 'check-out' audit cases to work on remotely while away from the office, and 'check-in' the case once they have returned to the office. With the addition of a secure Virtual Private Network (VPN), auditors can be connected to the network allowing them to check-out and check-in audit cases from locations other than the office.

International Fuel Tax Agreement (IFTA) – Entry into IFTA Clearinghouse

In July 2009, through numerous consultations with industry, associations and other stakeholders, the ministry became a fully participating member of the IFTA Clearinghouse. Formal agreements are now in place for ministry participation in both the IFTA Clearinghouse and Funds Netting processes.

In January 2010, the MOST Project successfully implemented Funds Netting through the IFTA Clearinghouse. Through this simplified process, each jurisdiction forwards transmittal information to IFTA Inc. which calculates and reconciles how much a jurisdiction pays into the IFTA fund, or how much IFTA pays to each jurisdiction. Previously this was a paper-based process that involved the Ministry of Revenue sending information in paper format to up to 57 separate member jurisdictions.

Secure Online Authentication (Internet Services for Tax Clients)

Secure Online Authentication was implemented in partnership with the Ministry of Government Services. This corporate solution for secure online authentication allows businesses to register and use online tax services. Implementation of the new internet service (ONT-TAXS online) followed.

Small Business Tax Administration Advisory Committee (SBTAAC)

The ministry established SBTAAC in 2001 (formerly named the Small Business Advisory Committee, SBAC) as a forum to simplify tax administration and cut red tape. The committee is comprised of 16 small business association representatives and ministry representatives.

The scope of SBTAAC is limited to Ontario tax statutes administered by the Ministry of Revenue with an emphasis on Retail Sales Tax (RST). Members are also invited to participate in a pre-budget consultation meeting annually where they raise their tax policy or pre-budget issues.

Ontario Business Advisory Council (OBAC)

In November 2007, the ministry created the ONT-TAXS Advisory Group (OTAG) as a forum to obtain input on the design of business process improvements such as one integrated system for tax services, new online services, and one business number. A number of enhancements were 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.

OTAG has now transitioned into the Ontario Business Advisory Council (OBAC), which provides an ongoing consultative opportunity for ministries to dialogue with Ontario businesses, in a round-table format, on a variety of government business issues/initiatives.

Business Number / Business Directory

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

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 ministry programs. The ministry has been phasing in the BN as tax statutes are integrated into ONT-TAXS. In fiscal year 2009-10, the required work was completed for the use of the BN for Fuel, Gas, Tobacco and IFTA clients and this was implemented in ONT-TAXS in April 2010.

Inter-Jurisdictional Tax Operations Network (ITON)

The ministry initiated the creation of the Inter-Jurisdictional Tax Operations Network (ITON). ITON, an international network, currently consists of members from seven American and two Canadian jurisdictions. The network allows for the sharing of best practices and lessons learned specific to the collections industry. The network has created and is continuing to build a "knowledge repository" database for relevant operational issues allowing participants to stay at the forefront of industry specific issues.

Tobacco Tax Enforcement

The Tobacco Tax Act was amended in 2009 to:

- prohibit possession of unmarked cigarettes for any purpose;
- authorize the search of personal belongings for unmarked cigarettes, and require identification if unmarked cigarettes are found;
- allow the courts, when sentencing, the option to suspend the driver's licence where a person is convicted of an offence involving unauthorized delivery, distribution or transportation of tobacco or tear tape;
- standardize the penalties imposed on convictions for offences under the Act;
- protect persons engaged in enforcement of the Act from being in technical violation when carrying out their duties; and
- broaden the range of items subject to seizure (e.g. cell phones) if they afford evidence of a contravention of the Act.

In August 2009, the ministry and police agencies conducted a three week surveillance operation in the Caledonia area of the province which resulted in over 250 vehicle stops, a number of prosecutions that are pending in the courts, and a number of assessments by the ministry's tobacco retailer inspection program. Similar joint surveillance operations were conducted in northern Ontario.

In November 2009, the ministry worked with police agencies in the Kirkland Lake area. This resulted in a number of seizures and charges laid under the Tobacco Tax Act by the ministry.

The Ontario Flue-Cured Tobacco Growers' Marketing Board (the Board) was restructured in 2009 following a buyout program related to the quota system for tobacco growers. A contract licensing system between buyers and growers was introduced in 2009 as a replacement to the quota system. As a result of the restructuring, the Board's resources were reduced significantly. In an effort to encourage tobacco tax compliance, cooperative actions were taken by the Ontario Ministry of Revenue, Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), Canada Revenue Agency, Royal Canadian Mounted Police, and Ontario Flue-Cured Tobacco Growers' Marketing Board concerning the monitoring and control of raw leaf tobacco in Ontario for the 2009 growing season.

Ministry of Revenue tobacco inspectors have been appointed inspectors with the Ontario Flue-Cured Tobacco Growers' Marketing Board (Board) in order to manage raw leaf tobacco and decrease the supply to the illegitimate market. They have been trained by the Board and during the 2009 growing season, made approximately 40 tobacco farm inspections per week.

Supporting Other Ministries - Audit and Inspection

The Ministry of Revenue supports other ministries in carrying out their audit and inspection requirements for their own programs. The ministry shares its expertise by conducting audits and inspections on other ministries' behalf or by simply assisting them in developing a compliance framework using best practices employed in audits and inspections. In addition, the ministry undertakes some assignments to explore new business opportunities where it can add value to the Ontario Public Service (OPS) provided they are strategically aligned with the ministry's mandate.

ImageON

ImageON was fully implemented. This is an improved data capture and payment processing technology. This enhanced tool dramatically reduced the administrative burden of managing government revenue by simplifying remittances, data processing and image capturing. ImageON will help the ministry manage the deposit and reporting of multiple revenue streams on the day they are received.

Processing Transfer Payments

The ministry established a partnership with the federal government to electronically process all federal transfer payments to the province. This initiative maximizes revenue processing efficiencies and reduces revenue processing costs across the OPS. Same day deposit ensures that funds can be utilized more efficiently by the Ontario Financing Authority (OFA) and improves the delivery of transfer payments from the federal government to Ontario ministry programs (i.e. Ministry of the Attorney General, Ministry of Municipal Affairs and Housing, Ministry of Training, Colleges and Universities, etc.) where they can be disbursed in support of services to the public.

Risk Based Tax Audit

The ministry's risk based tax audit methodology positions the ministry to become an Ontario Public Service leader in risk assessment and business intelligence.

The Flexible and Integrated Risk System (FAIRS) was implemented in March 2009, and a major upgrade was completed in February 2010. FAIRS is a business intelligence system that scores and prioritizes taxpayers based on the risks associated with their accounts. This reduces the burden on compliant taxpayers. To complement FAIRS, the ministry employs risk assessment methodologies to ensure that the proper analysis is conducted to identify areas of business operations that present the highest risk, thus minimizing audit time and material revenue loss.

Provincial Land Tax

In 2009 the ministry moved to consolidate the multiple property tax bills taxpayers in unorganized townships received from different taxing authorities (Provincial Land Tax, Provincial Education Tax, Local Roads Boards and Local Service Boards) into a single bill. The ministry received Management Board of Cabinet direction to acquire the services of a municipality in Northern Ontario to administer PLT on behalf of the ministry. The City of Thunder Bay has been commissioned to provide billing and administration services relating to Provincial Land Tax on behalf of the Province. In July 2009, Thunder Bay issued the first consolidated tax bill to approximately 60,000 property owners in Northern Ontario.

Information and Information Technology (I&IT) Support

The Central Agencies Information and Information Technology Cluster (CAC) was transferred to the ministry effective April 1, 2010. The CAC supports Cabinet Office, the Ministry of Energy and Infrastructure, the Ministry of Finance, and the Ministry of Revenue with innovative, cost-effective, customer-focused I&IT business services and comprehensive solutions.

In addition to delivering new internet services as part of the MOST Project and completing systems enablement for transfer of the province's corporate income tax administration to the Canada Revenue Agency, the CAC accomplished the following in 2009-10:

- Launched the Revitalizing Ontario's Infrastructure website, a Ministry of Energy & Infrastructure website that allows the public to track the progress of infrastructure projects in communities across the province to find out how much funding the Ontario government is contributing to federal-provincial economic stimulus projects.

- Developed a Newsroom website with Cabinet Office that broadcasts Ontario government news and information in real time. Using Web 2.0 tools the site is a modern way to engage citizens now that one-third of Ontarians rely on email and the internet for government news and information.
- Completed an application that will strengthen internal controls over transfer payments for OntarioBuys – a program within the Ministry of Finance that provides funding and advice to the province's broader public sector partners – principally, hospitals, schools boards, colleges and universities.
- Undertook a green print assessment to reduce the number of personal and work group printers and achieve substantial reductions in paper, energy use and lease/supply costs as part of the Enterprise Green Print Strategy.

Ministry Interim Actual Expenditures 2009-10

	Ministry Interim Actual Expenditures 2009-10 ($M except Staff Strength)*
Operating	1,161.7
Capital	0.1
Strength as of March 31, 2010	2,179

* Interim actuals reflect the numbers presented in the **2010 Ontario Budget (page 137)**.

Glossary of Terms

BN : Business Number
CAC : Central Agencies Information and Information Technology Cluster
CITCA : Canada-Ontario Comprehensive Integrated Tax Co-ordination Agreement
CRA : Canada Revenue Agency
DRC : Debt Retirement Charge
EHT : Employer Health Tax
FAIRS : Flexible and Integrated Risk System
GAINS : Guaranteed Annual Income System
GRC : Gross Revenue Charge
GST : Goods and Services Tax
HRA : Human Resources Agreement
HST : Harmonized Sales Tax
IFTA : International Fuel Tax Agreement
I&IT : Information and Information Technology
ITON : Inter-Jurisdictional Tax Operations Network
MOF : Ministry of Finance
MOHLTC : Ministry of Health and Long-Term Care
MOST : Modernizing Ontario's Systems for Tax Administration
OBAC : Ontario Business Advisory Council
OCCS : Ontario Child Care Supplement for Working Families
ODB : Ontario Drug Benefits
OFA : Ontario Financing Authority
OHA : Ontario Hospital Association
ONT-TAXS : Ontario's Tax Services
OPP : Ontario Provincial Police
OPS : Ontario Public Service
OTAG : ONT-TAXS Advisory Group
PST : Provincial Sales tax (Provincial Retail Sales Tax)

RST :	Retail Sales Tax
ROOF :	Rental Opportunity for Ontario Families
SBTAAC :	Small Business Tax Administration Advisory Committee