



STAFF REPORT INFORMATION ONLY

On-line Tax Calculation Statements and Prior Year Tax Receipts

Date:	May 6, 2010
To:	Government Management Committee
From:	Treasurer
Wards:	All
Reference Number:	P:\2010\Internal Services\rev\gm10013rev (AFS 11344)

SUMMARY

This report provides information on an anticipated timeline for making automated tax calculation statements and prior year tax receipts available via on-line requests for these products.

Financial Impact

There are no financial implications as a result of this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on November 30, December 1, 2, 4 and 7, 2009 City Council, while considering the Government Management Committee report (GM26.3) entitled “User Fees for Property Tax, Utility and Parking Ticket Accounts” adopted among other things a motion requesting “the Treasurer to report to the Government Management Committee on when tax calculation statements and prior year tax receipts are expected to be available on-line”.

The report and the decision document of City Council meeting of November 30, December 1, 2, 4 and 7, 2009 can be accessed at:

<http://www.toronto.ca/legdocs/mmis/2009/gm/reports/2009-11-09-gm26-cr.htm#GM26.3>

ISSUE BACKGROUND

Tax Calculation Statements

Tax Calculation Statements are prepared as a service to property owners to help explain the calculation of taxes for owners of commercial, industrial and multi-residential properties. This service was developed to address the complexity of capping/claw-back adjustments, and to explain or identify any other adjustments (refunds, rebates, tax appeal or assessment appeal changes, etc.) that may affect the calculation of final billings.

Tax Calculation Statements are provided as an additional service to property owners on an as-requested basis, and a fee of \$50.00 per assessment roll number per taxation year is charged, so that only those owners requiring this service pay for the costs of preparing the statements. The fee charged is based on full cost recovery for the service provided, and reflects the fact that Tax Calculation Statements are currently produced manually.

The process for producing and issuing Tax Calculation Statements consists of the following steps:

- i. Staff receive and log requests for Tax Calculation Statements, usually by the property owner and/or a designated agent (e.g. tax consultant), by mail, fax, phone or in person at Revenue Services' customer service counters. Staff must verify that requests are made by the property owner(s), or if the requests are made by an agent on behalf of the property owner(s), a valid letter of authorization from the property owner must accompany the request.
- ii. Payment must accompany the request. Staff record the request on the automated tax billing system, and payments are recorded and deposited into the City's accounts.
- iii. A staff member is assigned to manually retrieve and compile the necessary account information from the tax billing system, confirm the calculation of taxes and prepare the statement manually. Staff are often required to liaise with other units within Revenue Services and/or to consult with representatives from the Municipal Property Assessment Corporation to identify any pending assessment changes, or tax adjustments (refunds, rebate payments, etc.) before finalizing the statement.
- iv. Statements are then reviewed and approved by a Supervisor, the account is updated to reflect the date of mailing of the statement, and the statement is then mailed. Before mailing the statements, staff ensure that payments have cleared the bank, to ensure that cheque payments are not returned with insufficient funds.

Prior Year Tax Receipts

Prior Year Tax Receipts are requested by property owners when an official receipt is required for property taxes paid in a year, usually for the purposes of income tax filings with the Canada Revenue Agency. Such requests can be made for more than one tax account and for multiple years. Current year tax receipts are provided at no charge, while

a fee of \$16.00 is presently charged for issuing Prior Year Tax Receipts per assessment roll number for each year of request.

Requests for tax receipts are made by phone, mail, e-mail, and fax or in person at Revenue Services' customer service counters. The process for issuing tax receipts is similar to that described above for Tax Calculation Statements, and includes:

- i. Logging the initial request, and confirming the identity of the person making the request (i.e., owner or agent with signed authorization from the owner);
- ii. Receiving the payment for each request, and recording the request on the automated tax billing system and depositing the payment amount in the City's accounts.
- iii. Assignment of the request to staff to process, prepare and verify a statement of receipt against the City's tax records, prepare a cash receipt, enter a note on the tax account, prepare a covering letter, and obtain approval prior to mailing the tax receipt, together with the cash receipt and the covering letter.

COMMENTS

In order to make tax calculation statements and prior year tax receipts available as an on-line customer-requested service, a number of challenges need to be met. These include:

- Automation of processes within the City's tax billing system to automatically generate tax calculation statements or prior year tax receipts, and establishment of interfaces between the City's tax billing system and the City's website.
- Authentication requirements to maintain confidentiality of personal or financial information;
- Development and implementation of a web portal to receive requests, process payments, and transmit services or products.

Automation Required within the City's Tax Billing System

Revenue Services' tax billing system (Tax Management and Collection System, or TMACS) is currently not programmed to produce tax calculation statements automatically such that statements could be generated by the system at the user's request and automatically output in a pre-programmed format which could then be mailed or scanned and electronically transmitted. The current tax billing system is currently capable of generating an automated prior year tax receipt for single years, and where there have been no ownership changes or adjustments to the account. In all other cases, prior year tax receipts are manually produced. Even where receipts are automatically generated, these must still be printed and mailed manually, and the accompanying payment processed and noted on the account. The ability to produce, transmit and process payments for such automated products directly in response to customer requests has long been recognized as a key enhancement that could reduce manual requirements, increase efficiency, and improve on customer service by streamlining the process of producing such statements and receipts.

Revenue Services Division is in the process of documenting the required functionality for a new tax billing system. The TMACS Redevelopment capital project was initiated in 2007, with expected implementation of a replacement system over 2011-2013. The requirement to produce automated detailed tax calculation summaries and tax receipts was identified and incorporated into the Project's Business Requirements document and was also identified within the Request for Information (RFI) document that was compiled and released in 2009 to assess the availability of commercial tax billing solutions.

Based on the outcome of the RFI process, Revenue Services and Information and Technology staff are currently conducting a detailed "fit-gap" assessment of SAP's Property Tax Solution to determine whether the SAP product would be capable of meeting the City's needs for a tax billing solution, including the ability of the system to automatically generate tax calculation statements and tax receipts. This process is ongoing, and anticipated to be concluded in the first half of 2010. Once the current assessment and evaluation process has been concluded, and a decision is made with regard to a replacement property tax system for the City, implementation of a new system is not anticipated any earlier than 2012.

Interfaces between the Tax Billing System and the City's website

In order to make automated tax calculation statements or prior year receipts available as an on-line service, it would be necessary to develop a specialized web-based front-end application to interface with the current property tax billing system, i.e. to establish the required interfaces between the current tax billing system and the City's website. At present, Revenue Services' tax billing system is based on older technology and a programming platform that pre-dates web-based technology. As a result, the establishment of the necessary interfaces that would permit the transfer and two-way exchange of information (e.g. documents, payment data, etc.) between the web portal and the tax billing system would be complex to develop and implement. Additionally, the programming modifications to the current tax billing system to fully automate the production of tax calculation statements or tax receipts to make these products available via the City's website, including the necessary processes to receive requests, accept and post payments to the account and to electronically transmit the document represents a costly and time consuming exercise.

Given that the current tax billing system is scheduled to be replaced within the next two to three years, it would not be cost-effective to invest significant staff time and resources to undertake the programming changes required to make the TMACS system web-enabled or to develop the necessary interfaces for a system that is in the process of being replaced. It is anticipated that a replacement property tax billing system will be fully web-compatible and enabled, such that interfaces and communications between the tax billing solution and a web portal are fully integrated in the solution.

Authentication Requirements

Certain information relating to a property tax account, including information on payments made, constitutes personal information, and as such cannot be publicly disclosed under the *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA). The Act defines "personal information" as recorded information about an identifiable individual, including information relating to financial transactions in which the individual has been involved.

As such, detailed information on an individual tax account within the City's property tax billing system may only be disclosed to a property owner, or to a person where the owner has consented in writing to the release of the information. Therefore, in order to issue prior year tax receipts (which provide a history of payments made), or a tax calculation statement (that may include details of rebates, refunds or other adjustments made), the City must have protocols and procedures in place to ensure that this information is only made available where the City can establish that the person requesting the information is entitled to receive it, and that its release complies with the disclosure provisions of MFIPPA.

Authentication for individuals using web-based services is a pre-requirement for many web-based applications, and would be a necessary requirement to enable on-line requests for tax receipts or tax calculation statements. The City's eService Committee, through the development of the eService Strategic Plan, and staff from Information and Technology and other divisions have identified the requirement for enhanced levels of authentication as mandatory to enable and expand potential on-line services. However, until such time that the City has developed specific protocols and means of addressing authentication requirements for web-based services available on the City's website, it is not possible to offer prior year tax receipts or tax calculation statements as an on-line service. Information and Technology division advise that authentication protocols and procedures are expected to be architected and developed in 2010, and made available in 2011.

Development of the City's On-line Service Delivery Capacity

Beyond the need to establish authentication processes, making prior year tax receipts or tax calculation statements available as an on-line service will require the development of a comprehensive shared City web-site to receive such requests for service, provide the necessary authentication, process payments, and transmit services or products to the user. This will require dedicated staff resources from Information and Technology Division and funding to implement. Additionally, the provision of such service must be consistent with the City's broader eService Strategic Plan, including the timetable and priorities for implementation of web-enabled services.

Revenue Services Division participates as a member of the City's eService Committee. The need to expand the types of on-line products and services, including self-serve options related to property tax and utility accounts, has been identified as a key component of a "My Property" concept for web-based service delivery.

Anticipated Timeline for Delivery

In summary, it is likely that on-line delivery of prior year tax receipts and tax calculation statements will not be available until 2012 at the earliest, based on the following:

- a replacement property tax system capable of producing automatic tax calculation statements and tax receipts based on user-generated requests via a public web portal will not be implemented earlier than 2012;
- investing significant staff time and resources to undertake the programming changes to the current tax billing system (given its pending replacement) and to develop the necessary web interfaces to make automated statements or receipts available on-line would not be cost-effective;
- specific protocols and means to address authentication requirements for web-based services on the City's website must be developed and approved prior to offering such services on-line; and
- a comprehensive shared City web-site must be developed to make on-line services available, including methods to receive such requests for service, ensure that authentication and validation requirements are met, receive payments, and transmit products and services.

Revenue Services will continue to make the availability of on-line services for property tax and utility services a priority for delivery, by continuing to work with the City's eService Committee.

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SIGNATURE

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