

State Tax Administration: We Are All in this Together

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Agenda

What is the Federation of Tax Administrators?	Gale
Information-Sharing	Gale, All
Issues Facing State Tax Administration	All
Transfer Pricing Administrative Considerations	Mike & Marshall
Alternative Apportionment	Mike & Marshall
Forums for Taxpayer Input	All

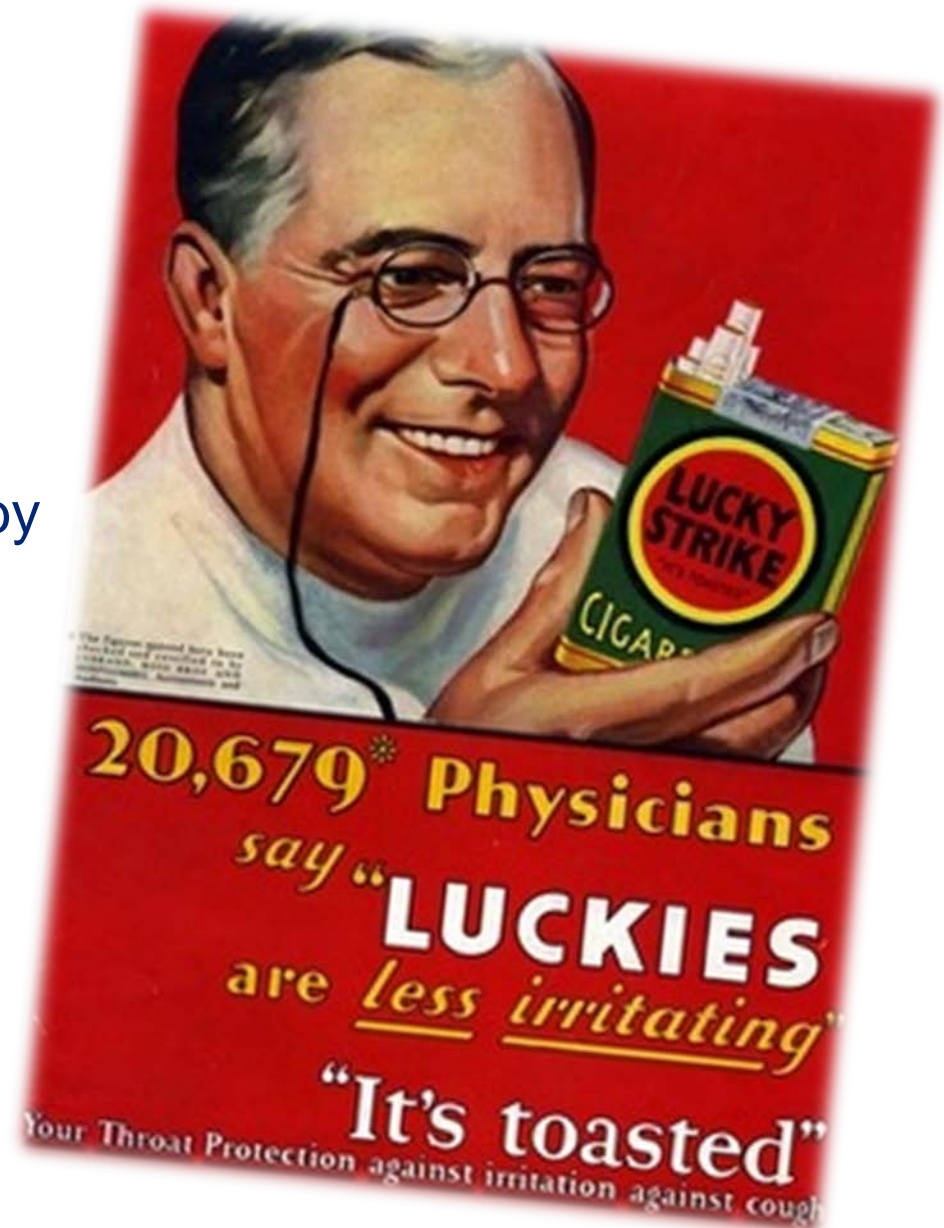
History of Federation of Tax Administrators (FTA)

- 1926 – North American Gasoline Tax Conference (NAGTC) organized by motor fuel tax administrators.



History of FTA

- 1927 – National Tobacco Tax Association (NTTA) organized by tobacco tax administrators.



History of FTA

- 1934 – National Association of Tax Administrators (NATA) organized by state tax administrators.
- Mission: To communicate and cooperate with each other to promote more effective tax administration.

History of FTA



National Association of Tax Administrators-1934

History of FTA

- All three organizations recognized value of a common clearinghouse to deal with day-to-day issues.
- 1937 – Federation of Tax Administrators (FTA) created by representatives of NAGTC, NTTA and NATA to serve as “common secretariat,” or staff.

History of FTA

- 1984 – NAGTC and NTTA became sections of NATA, which then became the only organization served by FTA.
- 1988 – NATA merged with FTA, assumed name of Federation of Tax Administrators.

History of FTA

- Today – FTA’s purpose remains unchanged -- to improve quality of state tax administration by providing services to state tax authorities:
 - Information Exchange
 - Research
 - Training
 - Intergovernmental Coordination

Differences Between Multistate State Commission (MTC) and FTA

MTC

Intergovernmental state agency, established in 1967, to preserve state taxing authority.

FTA

Membership organization, established in 1937, to improve state tax administration by providing a clearinghouse for information exchange.

Differences Between MTC and FTA

MTC

Website is www.mtc.gov
(a public entity).

Emphasis on tax policy and enforcement.

FTA

Website is www.taxadmin.org
(a private organization).

Emphasis on information sharing and communication.

Differences Between MTC and FTA

MTC

FTA

Tax Policy:

- Recommends uniform laws, regulations, and guidelines.

N/A

Enforcement:

- Amicus briefs
- Audit program
- Nexus program

N/A

Differences Between MTC and FTA

MTC

Information sharing:

- One annual conference.
- Through specific tax compliance programs and committees.

FTA

Information sharing:

- Seven national conferences annually.
- Weekly Tax ExPRESS.
- Bi-weekly State Tax Highlights.
- Listserve email system.
- IRS coordination with states.

Information Sharing – Florida’s Perspective

- Data Sources
 - Federal sharing
 - Interstate sharing
 - Local government sharing
 - Inter-agency sharing
 - Intra-agency sharing
 - 3rd party information
- Lead Identification
 - Developing enhancements to system
 - More efficient case selection

Information Sharing – New Jersey’s Perspective

- Data Warehouse
 - Interstate Data Sharing
 - Federal Data Sharing
- Systems Modernization
 - More efficient and effective case selection for audit and collections
 - More efficient case management from “birth to earth”
 - Enable taxpayers to proactively manage accounts in real-time
- Better data handling
 - 1099k matching & uses

FTA Information Sharing

- Conference Calls:
 - Bi-weekly calls with eFile coordinators.
 - Monthly suspicious filers call.
 - Bi-monthly calls with chief information officers.
 - Quarterly calls with tobacco tax administrators.
 - Quarterly calls with call center administrators.
- Listservs:
 - Active email service allowing states to ask questions on a variety of topics and receive answers from other states.



FTA Information Sharing

- Conferences:
 - Compliance Workshop - a forum for FTA members only to share best auditing and collection practices. February 23-25, 2015.
 - Tobacco Tax Audit Workshop - New training class on auditing tobacco products, including information on exercise of due diligence. March 8-12, 2015.
 - FTA/IRS Safeguard Security Workshop - To assist implementation of recent changes to IRS Publication 1075.
 - Sales Suppression Workshop – Partnered with California BOE for a “train the trainers” workshop on zappers.

FTA Information Sharing

- Agreements Between States
 - SEATA Information Exchange Agreement – a program to exchange tax information among the member states to facilitate compliance across state boundaries.
 - State Refund Offsets – state-by-state agreements to offset refunds owed to a taxpayer by one state against a tax debt owed by the taxpayer to a different state.

Issues Facing State Tax Administrators – Florida's Perspective

- Employee recruitment and retention
- Baby Boomer generation retirements
- Greater reliance on analytics and automation
- Working together
- Moderate growth in revenues continues
 - Monthly collections generally running over estimates
 - Anticipate surplus after critical needs met
 - Tax reductions?

Issues Facing State Tax Administrators – New Jersey's Perspective

- Budget - Meeting expectations but lagging economically
- Continuing press on:
 - Gas Tax
 - Estate and Transfer Inheritance Tax
- Workforce turnover
- Looming Pension Burden
 - Study Commission
 - Report pending
- Governor's National Ambition

MTC – Arm’s Length Advisory Service – NJ Perspective

- Original interest was staff augmentation
 - Outsourcing didn’t work well
 - Difficult to recruit, compensate and retain internal staff
 - Centralized, shared resource could be successful
- Goals:
 - Well informed consideration of Federal APA
 - Well developed original work product
 - Address only material adjustments
 - Audit, administrative appeal and litigation support
 - Different goals among participants

MTC – Arm’s Length Advisory Service – FL Perspective

- Obtaining expertise
 - Best way to obtain necessary knowledge?
 - Expensive to contract with experts for services

- Goal: reach right result
 - Make and support adjustment where appropriate

Alternative Apportionment

- New Jersey
 - N.J.S.A. § 54:10A-8 Consideration on a Case by Case Basis
 - Market Sourcing regulation from April 2013

- Florida
 - Very strong presumption in favor of normal apportionment
 - Alternative used where the statute reaches arbitrary or unreasonable results
 - Must prove that the alternative formula fairly and accurately apportions income based upon business activity

Forums For Taxpayer Input

- Florida
 - Tax Section of the Florida Bar
 - Florida Institute of Certified Public Accountants
 - Industry liaison meetings

- New Jersey
 - NJSCPA, Bar Association
 - Industry, NJBIA
 - Advisory Council

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