STATE OF DELAWARE

Delaware
It's good
being first.℠
THE FIRST STATE

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PLAIN

AND

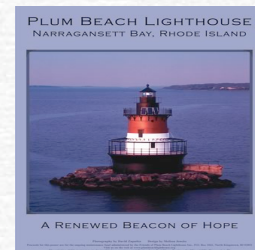DOABLE

PLUM BEACH LIGHTHOUSE
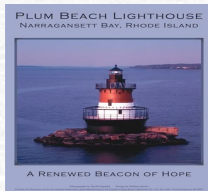NARRAGANSETT BAY, RHODE ISLAND

A RENEWED BEACON OF HOPE

PLAIN

- Delaware Personal income tax system is table driven.
- Delaware return processing is exception based.

EXAMPLE:

- Zip code (out of state areas with previous known refund fraud)

- High itemized deduction (2106)

- Withholding exceeding highest tax rate

➢ System is flexible to change

➢ Integration with other data

DOABLE

July of 2003 the Division hired a Senior Tax Auditor to create some doable audit programs. (Staff of eight Tax Auditors)

WE RUN QUERIES AGAINST A DATA MART

Department
of
Professional Regulations

IRS   Motor Vehicle

PROGRAMS CREATED

➢ Child Care-2000,2001

➢ Alimony- 2000

➢ Schedule C- 2001

➢ Nine tax preparer's from DE & New York- 2003

➢ Realtor -1999-2003

PLAIN & DOABLE

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ENFORCEMENT PROGRAMS

➢ W-1 & W-2 Withholding Match Program

➢ Withholding Non-Filer Program

W-1 & W-2 WITHOLDING MATCH PROGRAM

➢ For any calendar year, total the amount of W-1 state withholding received from the employer.

➢ For the same calendar year, record the FEIN and the amount of state withholding claimed on each W-2 filed with the employee's personal income tax return.

W-1 & W-2 WITHOLDING MATCH PROGRAM

➢ Match, for the same calendar year, the total W-1 state withholding remitted under the employer's FEIN to the total state withholding claimed by all employees of the same employer on their individual W-2 forms filed with their personal income tax return.

W-1 & W-2 WITHOLDING MATCH PROGRAM

➢ Non-Filers

➢ Underreporting

WITHHOLDING NON-FILER PROGRAM

➢ Compute the average monthly state withholding filed by an employer for the previous 12 month period.

➢ Compare the computed monthly average to the current month's state withholding remitted by the employer.

WITHHOLDING NON-FILER PROGRAM

➢ Identify as an audit candidate an employer whose current month's state withholding dropped by at least 20% from the previous 12 month average.