

The Department of Taxation and the **Ohio Department of Commerce** share information pursuant to provisions of the Ohio Revised Code regarding businesses with liquor permits. The agencies work to ensure that holders of liquor permits remain current in their sales tax and employer withholding tax filings and payments.

The partnerships and collaborations with other agencies support the Department of Taxation by fairly applying the tax law and by assisting in tax collection and litigation. The department, in turn, also helps several governmental agencies accomplish their missions by distributing revenue, monitoring business tax compliance, and withholding some taxpayer refunds pursuant to statute.

Operations Center

The Operations Center is the central processing unit for the majority of the business and individual tax returns filed with the Department of Taxation. Over 8.9 million total tax returns were processed in tax year 2003 alone. The primary function of the Operations Center is to facilitate voluntary compliance. This is accomplished through receiving and recording tax returns, documents and remittances; issuing refunds; storing and retrieving tax documents;

and through bank deposits of taxpayer payments for purposes of fund distribution to state and local governments. The payments processed from tax returns are the primary source of revenue for the State of Ohio, providing income to elementary/secondary schools, colleges and universities, law enforcement, human services, general government, and property tax relief.

The Operations Center's goals are:

- to provide timely service to each taxpayer and to perform in a manner that instills public confidence and satisfaction;
- to deposit monies in a timely manner;
- to maintain high productivity while providing a quality work product; and
- to utilize technology for a more cost efficient operation.

The Operations Center has experienced record-breaking use of electronic filing since its introduction in 1998. Electronic filing (TeleFile) was first introduced to Ohio taxpayers in 1998 when 232,548, or 4.0 percent, took advantage of that filing option. E-file was first introduced to taxpayers in 1999 and was readily accepted by both taxpayers and tax practitioners alike. The number of electronically filed returns filed in 1999 grew to 19 percent of the total filed. Electronic filing has experienced a steady

increase each year thereafter, and in 2003 it accounted for nearly 2.5 million, roughly 47 percent, of the income tax returns filed.

Electronic filing not only allows taxpayers to get their refund faster, but it also substantially reduces both the taxpayer and processing errors generally found on paper returns. The ease and efficiency associated with electronically filed returns, versus the labor intensive manual process associated with paper filed returns, saved the citizens of Ohio millions of dollars in processing costs during the 2003 filing season. For example, it cost about \$1.6 million to process nearly 2.5 million electronically filed returns. By contrast, it cost almost \$8.6 million to process the more than 2.8 million paper returns filed. As taxpayers become more comfortable with electronic filing and the obvious benefits associated with it, its use is expected to continue to increase in the years ahead.

For the 2003 individual income tax return the Department of Taxation sent out post cards to taxpayers that had either filed electronically or filed with a practitioner. This step saved the state on booklets and postage costs.

By maximizing electronic means to ensure the timely and efficient processing of tax returns, the Operations Center aids the department in providing quality service through capturing

Individual & School District Income Tax Returns

Tax Return Year	1998	1999	2000	2001	2002	2003	2003 Percent
1040	3,195,691	2,967,340	2,645,743	2,585,136	2,430,889	2,259,825	42%
1040EZ	1,133,422	1,130,605	1,203,655	814,473	663,406	593,326	11
Telefile	365,881	421,483	468,930	621,810	534,787	435,883	8
Electronic filing	645,300	879,837	1,141,239	1,396,931	1,616,387	1,837,659	34
Web (I-File)					118,444	213,815	4
Individual Totals	5,340,294	5,399,265	5,459,567	5,418,350	5,363,913	5,340,508	100%
SD100	434,817	424,168	418,509	387,114	361,426	351,214	70
SD100 Electronic filing	46,467	73,481	85,619	116,203	127,252	151,649	30
School District Totals	481,284	497,649	504,128	503,317	488,678	502,863	100%
Paper Returns Percentage	4,329,113	4,097,945	3,849,398	3,399,609	3,094,295	2,853,151	
	81.07%	75.90%	70.51%	62.74%	57.69%	53.42%	
Electronic Returns Percentage	1,011,181	1,301,320	1,610,169	2,018,741	2,269,618	2,487,357	
	18.93%	24.10%	29.49%	37.26%	42.31%	46.58%	