



Municipal Tax Project General Overview for Tax Administrators

Municipal Tax Project Overview

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Municipal Tax Project General Overview for Tax Administrators

Agenda

- OBG Background
- Project Objectives and Approach
- Municipal Tax Application Overview
- Next Steps
- Q/A



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OBG Background



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What is OBG?

A web-based system that allows businesses to report and pay selected obligations within the state of Ohio.



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Intentions

- Designed to simplify Ohio business tax reporting and payment relationships
- Driven by Governor Taft's goal to move customers from in-line to on-line



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Positioning

- Groups common processes in one place
- Emphasizes recurring events
- Complements agency web sites



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Target Audience

- Ohio businesses
- Practitioners representing businesses
- Not for personal (individual) filings



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Multiple Ohio Agencies

- Department of Taxation
- Bureau of Workers' Compensation
- Department of Job and Family Services
- Department of Commerce
- Municipal Tax Departments (starts 2005)



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Oversight

Achieved through steering committee comprising:

- Directors of several state agencies
- Representatives appointed by Gov. Taft:
 - Businesses
 - Practitioners
 - Municipal tax administrators



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2004 Usage

- More than 75,000 registered businesses
- In excess of 350,000 reports filed
- Surpassed \$2 billion in filings



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Project Objectives and Approach



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Project Objectives

- Based on H.B. 95 passed in 2003
- Includes:
 - Net profits tax
 - Employer withholding
- Incremental deliverables through 2008



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Project Scope

- 550 municipal tax entities
- 103 municipal banking partners
- All businesses who file municipal taxes in Ohio



Constraints based on H.B. 95 Testimony

- State/Ohio Department of Taxation (ODT) does not centrally collect the tax.
- State/ODT does not administer the tax.
- State/ODT does not audit the tax.
- State/ODT does not charge any fees to cities.
- State/ODT does not hold the funds.



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Benefits for Municipalities

- Online electronic filing is provided
- Improved consistency and quality of tax data
- Opportunity to reduce the “collection float”
- Potential to integrate with tax administration software systems to reduce data entry efforts



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Implementation Path

- Conceptual Design Analysis
- OBGSC Endorsement of Recommended Conceptual Designs
- Detailed Requirements Analysis
- Development
- Implementation



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Municipal Tax Application Design Overview



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Notable Aspects of Municipal Tax Application

- All project constraints are met
- Municipalities retain full ownership of and responsibility for their bank accounts and tax payments (bank relationship is critical)
- OBG is neither a system of record nor a replacement for tax administration systems at the municipalities (think of a delivery service with “mailbox”)
- Design is compatible with wide range of municipal tax administration processes



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On-Line Filing Process Overview

- Municipalities provide profile data to OBG
- Businesses register and establish profile online
- Businesses log on to OBG and file and “pay”
- OBG processes filings and distributes tax data and ACH debit payment instructions to municipalities
- Municipality banking partner processes payment instructions to transfer funds to muni account



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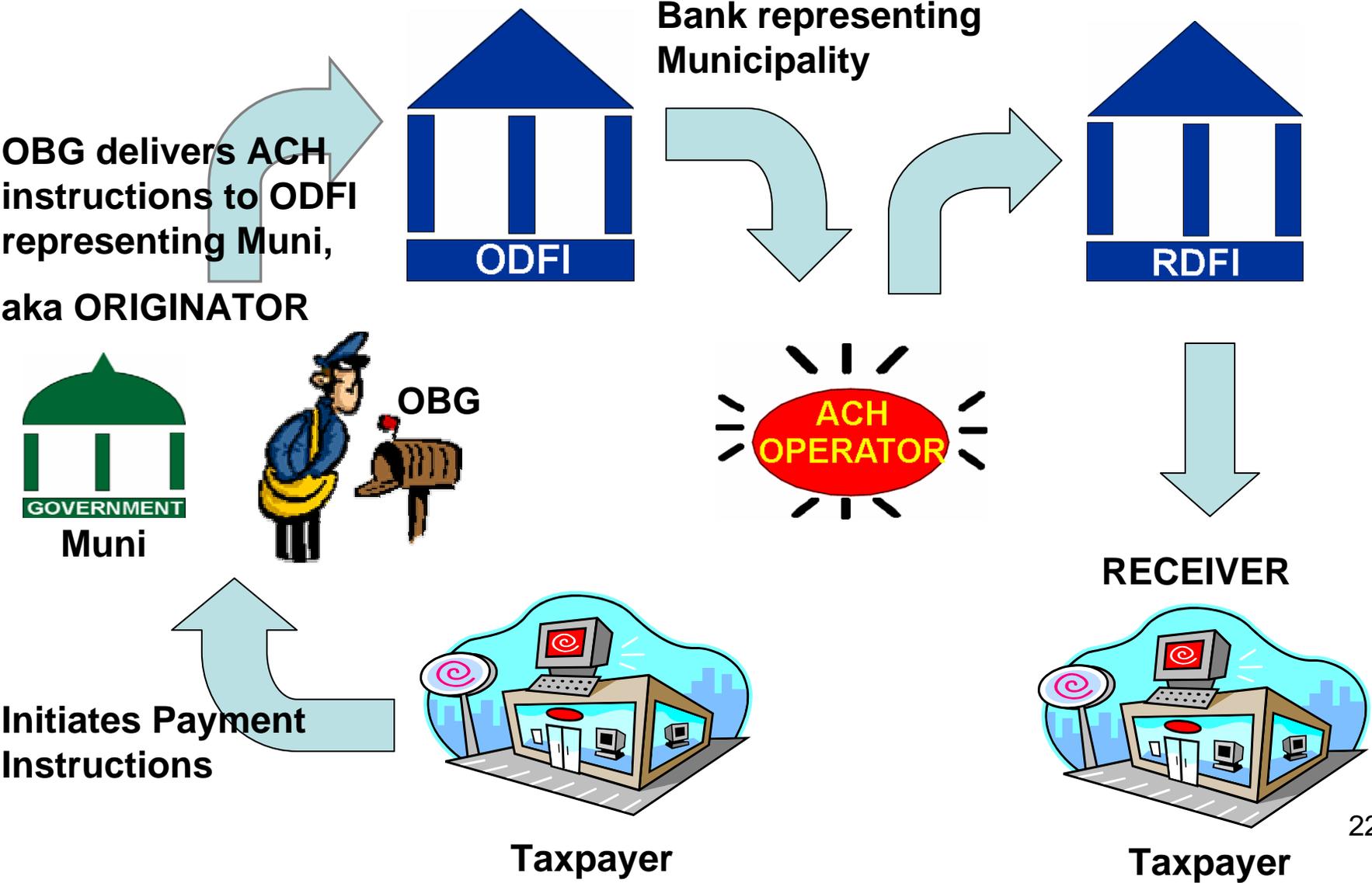
Application Demo



Funds Transfer Process Overview

- Municipalities work with banking partners to insure ACH debit payments can be processed as part of banking relationship
- OBG provides ACH debit payment instructions in NACHA file that is ready for delivery to banking partner
- OBG creates NACHA files according to formats specified by banks

Funds Transfer Solution





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How does NACHA file get to bank?

- Municipality does not have to alter/edit the NACHA file provided by OBG
- Bank will advise municipality on the specific process to follow, muni decides who will do it
- Processes will vary among banks because of differences in products and services
- OBG may be able to offer direct transmission of NACHA file in some cases



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How are payments reported?

- OBG provides information about tax data and payment instruction in activity report
- Bank reports directly to municipality regarding success/failure of payments
- Bank account reporting is part of bank relationship



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Retrieving Data from OBG

- Requires only a basic web browser and internet connection
- Files are available on next business day
- Municipalities log on to a secure electronic mailbox (i.e. a secure web page)
- Files are easily downloaded to local PC for further tax administration processing
- Files include NACHA files as well as human- and/or machine-readable versions of tax data in an “Activity Report”



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Secure Electronic Mailbox Demo



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Documentation & Resources

- Application User Guide & Demo
- Guide to Downloading Activity Reports
- Sample Activity Report
- FAQs
- Terms of Service



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Help and Support



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Support & Help Overall Objectives

- Provide assistance to taxpayers on the use of the OBG Application.
- Promote and facilitate interactions between the taxpayers and municipalities.
- Enable experts with knowledge to address the end-user's needs.
- Unify support delivery through a comprehensive strategy



Support & Help Implementation Strategy

- OBG provides help with use of online app
- Tax Administrators provide help with taxes
- Online application includes embedded help and guidance
- Online access to documentation and other resources (e.g. FAQs) at OBG web site



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Steps Toward Full Implementation



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Start-up “Handshake”

- OBG sends information package
- Munis return data certification
- PC/equipment needs are identified and addressed (as applicable)
- OBG sends confirmation and mailbox password
- Municipality is activated on OBG to enable taxpayer filing



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More on Implementation

- Enabling municipalities is not automatic
- Municipalities must be enabled to comply with the law
- Communication between municipality and their banking partner is critical



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Q/A

Comments



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