



DEPARTMENT OF TAXATION

News Release

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GOVERNOR

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**DEPARTMENT OF TAXATION COLLECTS OVER \$100 MILLION IN
NON-FILER TAX PROJECT**

HONOLULU – The State Department of Taxation (DOTAX) announced today that a delinquent tax collection project it initiated in January 2008 has resulted in the collection of over \$100 million in delinquent taxes owed to the State. These taxes represent debts from persons who had not previously filed tax returns, in some cases over several years.

In a contractual partnership with CGI Technologies and Solutions, Inc. (CGI), DOTAX applied computerized tracking technology against a database of businesses and individual tax filing records to successfully identify companies and individuals doing business in Hawai'i that failed to file some or all of their required tax returns.

By the end of the contract period which runs through June 30, 2011, it is estimated that a total of over \$120 million of previously unfiled taxes will be collected. Discovery of these previously unfiled and unreported tax payments will continue to result in future tax payments from these identified sources.

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“This project is part of the Lingle-Aiona Administration’s ongoing, focused effort to collect delinquent tax payments to ensure all Hawai’i taxpayers pay their fair share and comply with State tax laws,” said Stanley Shiraki, director, Department of Taxation. The project was undertaken with no upfront outlay of funds by the State. Under terms of the contract, CGI provided staffing, equipment upgrades and computer programming for all improvements against one-third of all collected returns to a maximum of \$25 million dollars. The company has since realized the maximum allowable return and continues to assist the Tax Department in its delinquent tax collection effort, program improvements, training and equipment upgrades.

Besides bringing in “new monies,” the public-private venture has yielded additional improvements to the State’s ongoing delinquent tax collection initiatives. Through a collaborative effort since January 2008, the Department’s staff and CGI are in the process of completing all of the following:

- Audit Data Warehouse – A redesigned and enhanced audit modeling and selection system that allows DOTAX to more effectively and efficiently identify potential audits. This upgrade permits identification of potential non-filers and under-reporters across multiple tax types.
- Tax Integration – Allows the consolidation of miscellaneous tax types into DOTAX’s Integrated Tax Information Management System (ITIMS).
- Server Migration & Software Upgrades – Technical upgrades that have improved critical third-party software components.
- System Archiving/Performance Tuning – Improve production performance and data storage and report coding.

(more)

- Penalty & Interest Enhancements – The redesign and enhancement to collection system processing that allows automatic calculations of tax penalties and interest.
- Information Technology Infrastructure Upgrades – The upgrade of application servers and switches to replace aging equipment to ensure continuity of services.
- Technical Documentation & Knowledge Transfer – Staff training and system technical documentation to support ongoing maintenance and future expansion of ITIMS.

The Tax Department will continue its effort to assure greater efficiency and effectiveness in the identification and collection of taxes owed to the State.

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