

ReveNews



Fall 2006

Maryland Tax Information

William Donald Schaefer
Comptroller of Maryland

www.marylandtaxes.com

FREE ELECTRONIC FILING SEMINARS

In preparation for the 2007 tax season, the Internal Revenue Service is sponsoring free electronic filing seminars in the Maryland/District of Columbia metropolitan area.

The series is co-sponsored by the Comptroller of Maryland, the District of Columbia Office of Tax Revenue and the Delaware Division of Revenue. There is no fee to attend.

All seminars will begin at 9:00 am. and end at 4:00 pm, with sign in at 8:30. Pre-registration is required and will be available until one week prior to each seminar. On-site registration may be available providing that the seating capacity has not been met.

Registration can be submitted by e-mail or fax to Rhonda.Brown@irs.gov and 410-962-2374.

Provide the following information on your email or fax: 1) the date of the seminar you wish to attend; 2) your name, business, address, city, state and zip code; 3) your email, daytime phone number and indication if you are currently enrolled in e-File.

(see SEMINARS back page)

Comptroller's Comments

To the residents of Maryland:



I want to thank those who worked so hard for me in this campaign and throughout the 50 years I've been fortunate to serve the people of Maryland.

I especially want to highlight and compliment the excellent staff of the Comptroller's office who are the smartest and most dedicated workers in Maryland government. I am deeply honored to have served along side them these eight years.

Although I will not continue as

Comptroller next year, I hope a tradition of serving people will continue. I would consider that my best legacy.

No matter what the coming years hold for me, I will fondly remember my years in public life. There is nothing like public service.

I have been asked many times what my proudest accomplishment has been. My answer is: everything was important. Everywhere I go around the state, I see something that I can be proud of, whether a revitalized neighborhood or a tourist attraction.

I've also been asked, how do I want to be remembered? Two words. "He cared."


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Alcohol Audit Project Nets \$9.6 Million in FY 06

Comptroller William Donald Schaefer's Alcohol Audit Project, used to uncover discrepancies between retail liquor sales and wholesale deliveries, has turned up \$9.65 million in under-reported taxes this past fiscal year, ending June 30. A total of \$36.8 million has been uncovered since fiscal year 2002, the first year Comptroller Schaefer implemented the initiative.

"This year, with the cooperation of the alcoholic beverage industry, we expanded our audits into Montgomery County," said Comptroller Schaefer. "We uncovered fraud in 57 percent of our audits and more than \$9 ½ million in under-reported taxes."

Since fiscal year 2002, the Comptroller's field audit section has used sales records obtained from the state's licensed alcohol beverage wholesalers and compared those with sales returns filed by the merchants they supply. Wholesaler records disclose the amount of product delivered to each retailer, and from that, auditors can estimate the sales tax that should be collected. Falling short of those estimates can trigger an audit.

"Most alcohol retailers in Maryland run a good business, follow the law and turn in the sales taxes they collect," said Comptroller Schaefer. "Some don't, and are cheating their customers and the state. We make it our business to find the money they're hiding and bringing them into compliance. Marylanders pay enough taxes without having to pull the weight of crooked businesses."

Trecia Lynn Jones, of the 6100 block of Tapir Place, Waldorf, Maryland, was sentenced by the Honorable Nancy Davis-Loomis to a one year-suspended sentence on a felony theft conviction in the Circuit Court for Anne Arundel County, according to Maryland Attorney General J. Joseph Curran, Jr.

Jones, 39, pled guilty in June to stealing from the United States Treasury and the Comptroller of Maryland by submitting fraudulent

tax returns for the 2002 tax year. On both her federal and state returns for that year, Jones gave false information relating to her income, itemized deductions, and withholdings. Jones supported her returns with a fraudulent W-2 from an employer for whom she did not work. Based on the false claims of taxes withheld and false deductions, Jones requested and received fraudulent refunds on both the federal and state returns totaling \$7,167.

Beware of Telephone

Comptroller Schaefer today warns Maryland taxpayers about a telephone scam that targets users of direct deposit. A Maryland taxpayer receiving a tax refund this year reported to the Comptroller's Office that a caller using the name Sara Merkle identified herself as a "national verification official" with the state of Maryland, at 866-751-9634. No such position or office exists.

"I want to make it clear that no one has compromised our system," said Comptroller Schaefer. "At the same time, taxpayers need to be aware that crooks are out there trying to get people to give up personal and private information."

The fraudulent caller asked to verify the bank account number of the Maryland taxpayer who received the call. No information was given, and when the Maryland taxpayer later attempted to check the source of the call, they received an automated response that the call could not be completed as dialed.

In addition to the suspended sentence, Judge Davis-Loomis ordered one year of supervised probation and restitution in the amount of \$7,167.

The case was referred to the Office of the Attorney General by the Maryland Comptroller's Office. It was investigated by the Maryland State Police and is being prosecuted by the Office of the Attorney General, Criminal Investigations Division.

Comptroller of Maryland News Briefs

Direct Debit Hits \$1 Billion

For the first time, more than \$1 billion of withholding taxes were paid with direct debit on 260,919 returns using b-file, the Comptroller's electronic filing system at www.marylandtaxes.com

The purpose of tax withholding is to collect income tax at the source as wages are earned, as part of the state's "pay-as-you-go" plan of tax collection. Last fiscal year, 172,258 b-File returns amounted to \$757 million.

Employers must record sums that are withheld from employee wages in a ledger account, which must be submitted to the state on specific due dates.

TOP HONOR FOR FINANCIAL REPORTING

For the seventh straight year, the Maryland Comptroller's Comprehensive Annual Financial Report (CAFR) has received a Certificate of Achievement for Excellence in financial reporting from the Government Finance Officer Association.

"This certificate is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management," said Stephen J. Gauthier, director of

the GFOA Technical Services Center, in his congratulatory letter to Comptroller William Donald Schaefer.

The GFOA is an internationally recognized nonprofit association serving more than 16,500 government finance professionals. The CAFR was judged by an impartial panel, with more than 3,500 others, and met the organization's highest standards by clearly communicating the state's financial story in the "spirit of full disclosure," according to the professional organization.

Fairgoers Find lost Money

More than 500 individuals found unclaimed property at the Maryland State Fair in Timonium. Every year, the comptroller's office highlights the unclaimed property program at a booth at the fair.

This year, 521 people found \$205,723 worth of property. The largest claim was for \$31,052.

In the new effort to increase found property using the eBay auction site, 130 items amounting to \$21,956 have been sold since July 12. Items typically up for auction include: baseball cards, coins, jewelry, sterling silver items and other household treasures. The largest sale to date was a platinum diamond filigree ring that went for \$1,200.

To see if you have any unclaimed property or to bid on items up for

auction, visit www.marylandtaxes.com.

State Closes Books with \$173 Surplus

Comptroller William Donald Schaefer reported that the state closed fiscal year 2006 with a surplus of \$172.3 million. The Board of Revenue Estimates forecast revenues to within 0.4 percent of its prediction. For the year, general fund revenues totaled \$12.4 billion, an increase of 7.3 percent over last year, down from a growth of 13 percent in the previous year.

"Growth has clearly slowed," said Schaefer. "And you're going to get the same message from me that you've had all along. We need to plan responsibly for the future because we have a lot of demands on our budget."

Income tax revenue grew by 10.5 percent, compared to 14.2 percent last year. The source of 82 percent of the state's general fund, sales and use taxes maintained steady growth.

"The Board of Revenue Estimates, well respected in the financial community, is most reliable and credible," said Treasurer Nancy K. Kopp. In good and bad times, its projections are invaluable."

Other sources of revenue increased 4.5 percent, which includes interest on investments, state lottery receipts, death tax revenue and tobacco taxes.

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(SEMINARS continued from front page)

Seminar topics include:

- Electronic IRS
- E-File, EFTPS & E-Services Updates
- Issue Management Resolution System
- Offer-in-Compromises
- Maryland, District of Columbia and Delaware Electronic Filing Updates
- Social Security Administration Electronic Filing Updates
- Taxpayer Advocate Office Updates

For more information, visit

www.irs.gov

FREE ELECTRONIC FILING SEMINARS LOCATIONS, DATES

Salisbury, Md.

Wednesday, October 4, 2006
Salisbury University
Worster Room, Commons Building
1101 Camden Avenue
Salisbury, MD 21801

Largo, Md.

Wednesday, October 25, 2006
Prince George's Community College
Rennie Forum Auditorium
Largo Student Center
301 Largo Road
Largo, MD 20774

Hagerstown, Md.

Friday, October 27, 2006
Hagerstown Community College
Advanced Technology Center
Room 121/139
11400 Robinwood Drive
Hagerstown, MD 21742

Baltimore, Md.

Wednesday, November 15, 2006
Harbor Hospital Life Resource Center
2990 S. Hanover Street
Baltimore, MD 21225

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