

# Strategic Lean Project Report



## Sales/Use Tax Updates from the Department of Revenue

**Agency:** Department of Licensing

### Project Impact

The Department of Licensing improved how they update sales and use tax rates, resulting in a more accurate collection of taxes from customers related to sales tax rate changes.

Most Washingtonians pay sales and/or use tax and this project and the improvements identified would prevent undercharging customers which the Department would then need to send shortage letters to collect more taxes and customers to pay twice. This ensures customers pay the correct amount for taxes the first time.

### Project Summary

DOL is responsible for the accurate collection and distribution of Use Tax (RCW 82.12). DOL relies on the Department of Revenue (DOR) to provide tax rate changes prior to the effective date so that they may charge, collect, distribute and report accurately.

DOL receives quarterly updates from DOR at least one month prior to the effective quarter. Since Licensing's new system DRIVES went live in December 2016, they've received a total of five quarterly updates spanning the four quarters of 2017 and first quarter of 2018.

Overall, DOL collects and distributes approximately 260 million dollars of use tax annually.

Previously the error rate for sales tax updates was 25% compared to our target of 0%, which we wanted to reach by 5/24/2018.

The Department of Licensing improved the process to update sales and use tax rates by:

- Clearly defining the time-table for publishing tax updates.
- Reducing requirements for test documentation, and standardizing the plan to test system changes.
- Granting authority to allow developer to approve/migrate changes in lower environments without sacrificing peer review for quality.

### Project Results



Decreased Percentage of errors **from 25% to 0%**.



*Errors and rework were eliminated. Customers will always pay the correct taxes.*



**Time**

Decreased Touch time **from 934 minutes to 141 minutes**.



*Saved 13 hours in developer, and BA time.*

### Project Details

**Date improvement project was initiated: 5/1/2018**

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