



**GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES**
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VIRGIN ISLANDS BUREAU OF INTERNAL REVENUE



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**TESTIMONY OF
DIRECTOR DESIGNEE OF THE VIRGIN ISLANDS
BUREAU OF INTERNAL REVENUE
THURSDAY, MARCH 5 2015
BEFORE THE COMMITTEE ONECONOMIC DEVELOPMENT,
AGRICULTURE AND PLANNING**

GOOD AFTERNOON HONORABLE SENATOR JANETTE MILLIN
YOUNG, CHAIRPERSON OF THE COMMITTEE ON ECONOMIC
DEVELOPMENT, AGRICULTURE AND PLANNING, MEMBERS OF THE
COMMITTEE, ALL OTHER SENATORS PRESENT, AND THE LISTENING
AND VIEWING AUDIENCE. I AM MARVIN L. PICKERING, DIRECTOR
DESIGNEE OF THE VIRGIN ISLANDS BUREAU OF INTERNAL REVENUE.
THANK YOU FOR ALLOWING THE BUREAU TO PRESENT TESTIMONY
ON THE REVISED BILL NO. 31-0009. THE BUREAU REITERATES ITS
TESTIMONY PROVIDED TO THIS COMMITTEE LAST MONTH, AND
OFFERS COMMENTS ON THE SUBSTITUTED BILL. TO ENSURE
CONSISTENCY FROM A TECHNICAL STANDPOINT, THE OFFICIAL

NAME OF THE BUREAU IS THE BUREAU OF INTERNAL REVENUE, AS
OPPOSED TO THE INTERNAL REVENUE BUREAU.

SECTION 752(c) DELINEATES THE FUNDING SOURCES FOR THIS
BILL, SPECIFICALLY PROVIDING FOR THE PAYMENT OF CASH
REBATES THROUGH THE TOURISM ADVERTISING REVOLVING FUND.
IT IS THE BUREAU'S UNDERSTANDING THAT ALL CASH REBATES
UNDER THIS PROGRAM WILL BE PAID FROM THIS FUND, THROUGH
THE DEPARTMENT OF TOURISM.

SECTION 753a(1) LAST SENTENCE REFERS TO THE AGGREGATE
CREDIT BEING EQUAL TO THE "SUM" OF 10 TO 17% OF THE ACTUAL
COMPENSATION PAID. THE BUREAU RECOMMENDS DELETING THE
WORD SUM AND USING ANOTHER WORD, SUCH AS RANGE, SINCE
THE CREDITS ARE NOT EXPECTED TO BE ADDED TOGETHER TO
INCREASE THE BENEFIT. SECTION (2) REFERS TO THE COMPENSATION
CREDITS, AND IT IS THE BUREAU'S UNDERSTANDING THAT THOSE
CREDITS CAN BE TAKEN ON THE INCOME TAX RETURN OR ANY
OTHER TAX OBLIGATION. FOR THE RECORD, THE BUREAU ONCE
AGAIN REMINDS THIS BODY THAT THE CREDITS CAN NOT BE USED

AGAINST AN EMPLOYEE'S WITHHOLDING TAX. THIS TAX IS ACTUAL DOLLARS TAKEN FROM EMPLOYEES TO BE TRANSMITTED TO THE BUREAU. IT IS CONSIDERED TRUST FUND DOLLARS, AND NOT A TAX OBLIGATION THAT THE EMPLOYER CAN AVOID. THE BUREAU ONCE AGAIN RECOMMENDS DELETION OF THE QUARTERLY MONTHLY WITHHOLDING TAX PAYMENTS LANGUAGE IN SECTION 753b(1)(D). FOR THE SAKE OF CLARIFICATION, WE FURTHER REQUEST THAT ANY REFERENCE TO ANY OTHER TAX BE QUALIFIED TO EXCLUDE EMPLOYEE WITHHOLDING TAXES.

SECTION 753b(1)(C) AND (F) BOTH REFER TO SAME THING, TAX CREDIT CLAIMED FOR THE TAXABLE YEAR AND TAX CREDIT UTILIZED FOR THE TAXABLE YEAR. THE BUREAU RECOMMENDS REMOVAL OF ONESUBSECTION, OR CLARIFICATION IF THIS IS AN ATTEMPT TO STATE TWO DIFFERENT THINGS.

AS IT RELATES TO THE HOTEL ROOM TAX RATE REDUCTION, A CERTIFICATE BEARING THE AMOUNT OF THE REDUCTION IN ACCORDANCE WITH THE RESPECTIVE ROOM NIGHT STAYS WILL BE PRESENTED TO THE HOTELIERS, OR ANY OTHER OWNER OF A

RENTAL TO OBTAIN THE REDUCED RATE. THE BUREAU WILL SET UP A PROCESS TO VERIFY THE REDUCED RATE AT THE TIME OF THE FILING OF THE HOTEL ROOM TAX RETURN.

IT IS MY HOPE THAT THE CONCERNS RAISED TODAY CAN BE ADDRESSED. AS I STATED IN MY PREVIOUS TESTIMONY, TAXPAYER EDUCATION IS IMPORTANT. IN ADDITION, THE AGENCIES INVOLVED MUST BE GIVEN SUFFICIENT IMPLEMENTATION TIME TO SET UP INTERNAL PROCESSES AND PROCEDURES TO ENSURE A SUCCESSFUL PROGRAM THAT BENEFITS US ALL. I AM AVAILABLE TO ANSWER ANY QUESTIONS AT THIS TIME.