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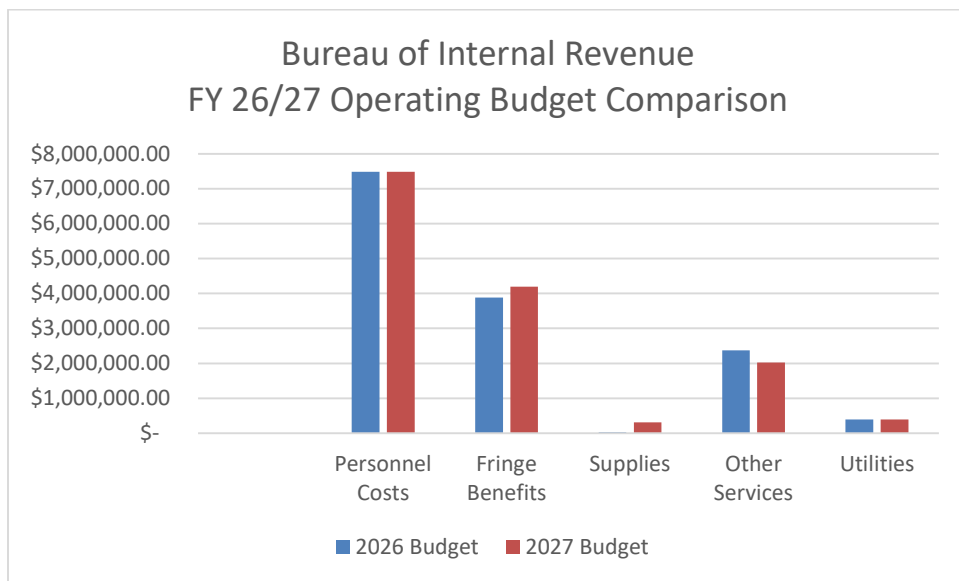
**TESTIMONY OF JOEL A. LEE, CPA, DIRECTOR  
VIRGIN ISLANDS BUREAU OF INTERNAL REVENUE  
BEFORE THE COMMITTEE ON BUDGET,  
APPROPRIATION AND FINANCE  
36<sup>th</sup> LEGISLATURE OF THE VIRGIN ISLANDS**

**June 16, 2026**

Greetings Honorable Novelle E. Francis, Jr., Chairman of the Committee on Budget, Appropriation and Finance and other honorable committee members. Greetings to the honorable members of the 36<sup>th</sup> Legislature present, as well as the listening and viewing audience. My name is Joel A. Lee, and I am the Director of the Virgin Islands Bureau of Internal Revenue. Here with me today are the following members of my management team: Ms. Le'Tishma Smith, CPA, Deputy Director of Operations; Ms. Cherima Hughes, Chief Financial Officer; Attorney Tamarah Smalls, Chief Counsel; Ms. Ophelia Hector, Director of Human Resources; and Mr. Tavis DeWindt, Chief of Information Technology.

The Bureau’s proposed Fiscal Year (FY) 2027 budget is \$14,410,950.00; which is fully funded from the General Fund. The FY 2027 budget shows no significant change from the FY 2026 of \$14,410,535.00.

The FY 2027 budget request is comprised almost entirely of personnel costs totaling \$11,682,529.00. These personnel costs consist of \$7,484,955.00 for personnel and \$4,197,574.00 for related fringe benefits; which is 81% of the Bureau’s total budget. Allocated supplies are budgeted at \$309,000.00; other services and charges at \$2,025,819.00; and utilities at \$393,601.00.



### **PERSONNEL SERVICES**

Our FY 2027 budget funds a total of 133 positions. 89 of those positions are on St. Thomas, 43 on St. Croix and 1 on St. John. Included in the total funded positions were 26 vacancies.

### **SUPPLIES**

The supplies amount of \$309,000.00 covers day-to-day office and operating supplies, repair and maintenance supplies, small tools and minor equipment, and data processing software.

### **OTHER SERVICES AND CHARGES**

Operational costs for Fiscal Year 2027 are budgeted at \$2,025,819.00. The major expenses in this category include:

#### **REPAIRS AND MAINTENANCE**

Repairs and Maintenance of \$140,467.00 will fund IT maintenance.

#### **RENTAL OF LAND/BUILDINGS**

Also included within the Other Services are the rental obligations for four rentals on the island of St. Thomas and two rentals on the island of St. Croix. The FY 2027 office rental budget line item is \$982,388.00.

This amount covers rental costs for the main office in St. Thomas which is located at East End Plaza in Red Hook. This office space of 21,800 square feet will

cost the Bureau \$759,053.70. Our annual Nisky Center rent is \$53,762.43 which covers 2,300 square feet of space; \$152,720.04 covers the cost of the Prime storage location which is 9,200 square feet of off-site storage; and \$4,852.00 is allocated for 250 square feet of off-site storage at Sun Self Storage on St. Croix. \$12,000.00 covers the cost of the excise tax office located at the Crown Bay Sandfill, which covers 418 square feet of space. We are relocating to the satellite excise office at the St. Croix Container Port location once the renovations are complete. The cost for the rent of this space is \$12,000.00 annually.

While we have been enjoying living at 4008 Estate Diamond rent free, we now must leave the premises in order for it to be refurbished with FEMA funds. In our efforts to find affordable housing for the St. Croix staff, we have found a potential location that meets the specific needs of our employees and our customers. The location is 14,466 square feet or more of space, ADA compliant, along with a large parking lot to accommodate both taxpayers and employees. We look forward to your assistance in ensuring that our move can be as seamless as possible for the taxpaying public. We anticipate the need for build out costs and annual rent for the St. Croix office in the future.

### **MACHINE RENTALS**

Machine rentals of \$197,600.00 cover the costs for the leases of the Bureau's copiers and printers, and the rental of the postage machines. As a paper intensive agency, these items are critical to the daily operations of the Bureau.

### **PROFESSIONAL SERVICES**

Professional Services of \$207,065.00 includes janitorial and extermination services, and annual upgrades and maintenance to the Bureau's income and excise tax systems, which is the heart of our operations. It also includes the costs to cover the necessary upgrades for our newest additions of online tax filing platforms for gross receipts and income taxes.

### **SECURITY SERVICES**

The security services expenditure of \$150,000.00 covers armored transportation services and on-site security for the Bureau's properties. As we add the additional locations for excise tax, we will have a need for an increase in the security services for these two locations.

### **COMMUNICATION**

Our communication expense of \$220,000.00 includes postage for mailing tax bills and other correspondence to taxpayers, as well as payments for our dedicated computer and telephone lines, to include our internet services.

### **TRAINING, ADVERTISING, PRINTING & TRAVEL**

The expenses for training of the staff, travel and cash advances, advertising, and printing of envelopes are as follows: travel and cash advances are budgeted at \$37,000.00 and advertising is budgeted at \$15,300.00. To date, we have not been successful in obtaining training for our staff, due to IRS personnel constraints.

### **OTHER SERVICES NOT OTHERWISE CATEGORIZED**

Other services of \$15,000.00, Not Otherwise Categorized, will cover various contingency costs associated with the new excise location on St. Thomas and to retrofit the Nisky Center office.

### **UTILITIES**

And now, onto utilities. The allocation to the Bureau for utilities is \$393,601.00. This amount reflects last year's expenditure under the Single Payor Utility Fund.

### **FY 2026 HIGHLIGHTS**

Collections for Fiscal Year 2025 total \$836 Million, which represents \$767 Million for the General Fund and \$69 Million for Special Funds. The comparison of the FY 2025 and 2026 collections for the periods of October to May is as follows.

TAX CATEGORIES	FY 2025 ACTUAL	FY 2025 OCT - MAY	FY 2026 OCT - MAY
INDIVIDUAL INCOME	\$ 431,476,540.38	\$ 326,130,363.92	\$ 315,509,808.82
CORPORATE INCOME	\$ 71,295,367.27	\$ 47,484,461.91	\$ 50,334,713.28
GROSS RECEIPTS	\$ 222,007,298.35	\$ 149,928,791.69	\$ 161,744,540.55
EXCISE	\$ 37,004,147.45	\$ 24,933,684.20	\$ 25,484,819.07
MISCELLANEOUS	\$ 5,187,186.04	\$ 3,285,518.48	\$ 3,168,240.53
SPECIAL FUNDS	\$ 69,534,603.47	\$ 44,136,646.64	\$ 54,097,714.53
TOTAL	\$ 836,505,142.96	\$ 595,899,466.84	\$ 610,339,836.78

The comparison shows an overall increase in revenues from FY 2025. We expect to see this increase continue for the remainder of FY 2026.

As we continue the path forward to reaching our goal of being current with income tax refunds, we paid \$32.3 Million Dollars in refunds so far for this fiscal year. Currently, the Bureau has \$84.2 Million Dollars in refunds processed and ready to be paid.

Our current online filing platform which includes both income and gross receipts tax returns has proven successful as taxpayers utilize this option to file and pay at their own convenience in the comfort of their homes.

As a mirror code territory, we remind this body of the herculean task of copying a tax system and agency as vast as the IRS. We continue to do the best that we can, as we update our tax systems to confirm with the new tax law changes. We successfully updated the system this year to capture the 2026 tax changes, including

the highly publicized ones from the Working Families Tax Cuts, to include no tax on overtime, no tax on tips, and an additional deduction for seniors. These tax changes will result in larger refunds owed to taxpayers for tax year 2025.

The Trump Account, which gives \$1,000 for each child born in the US and territories, applies to children born in the Virgin Islands. We wish to remind the parents and guardians of those children to take advantage of this benefit, by completing Form 4547, which is available online at IRS website ([www.irs.gov](http://www.irs.gov)) and sending it to the IRS for processing. They will be funding the account for the children residing in the Virgin Islands.

In the collection section of the Bureau, we have initiated a collection effort that will target all of the Super PMOs contracts and subcontractors for full compliance with the Virgin Islands tax laws. We do recognize that there will be an influx of new taxpayers to the territory and we will ensure that they become familiar with the tax laws, rules and requirements in the Virgin Islands. Designated personnel will be canvassing construction sites on all three (3) islands regularly to ensure that returns are filed and that all of the workers are educated about the tax filing laws of the Virgin Islands.

## CHALLENGES

1. Internal Revenue Service training – due to obstacles outside of the Bureau’s control, we have not been able to secure any training for the Revenue Agents and Revenue Officers for the last eight (8) years. We will continue our efforts to seek any other non-traditional training to assist them in their professional development.
2. Recruitment of Staff – we continue to recertify our vacancies with the Division of Personnel and keep them on a continuous listing due to the difficulty in filling these positions. As you know, while some of the positions at the Bureau require accounting credits, our salaries are not competitive with that of the private section for the same skill set. And if we are successful in recruitment, the delay in (and lack of) training results in resignations from those who are seeking upward mobility in their careers.
3. Digital upgrades – the IRS is fast tracking the use of digital technology in all aspects of its workforce. They are poised to terminate paper refunds and pay only by direct deposits for refunds. They are increasing the online customer service options, and developing strategic metrics to

measure the efficiency of the use of AI tools in examining and processing returns. The Bureau must be able to participate in these upgrades in technology for more efficient tax processing and examination.

4. Strengthen the IT platform – in this age of cyberthreats, identity theft, and increase scams and phishing schemes, the Bureau must ensure that its IT safeguards are strong and secure. We are charged with safeguarding taxpayer information, as well as safeguarding the federal information that we received. This mandate is the foundation of the Bureau’s ability to receive federal tax information as well as federal reimbursement of tax credits paid to bona fide residents of the Virgin Islands. There is a physical security mandate as well, which results in certain requirements and specifications that must be implemented and maintained at the physical facilities that the Bureau’s offices are housed in.

## CONCLUSION

As I close, I would like to offer special appreciation to our St. Croix Employee of the Year – Kristal Carr, and St. Thomas/St. John Employee of the Year – Andy Breton for the recognition they received this year. These 2 employees have been recognized by their colleagues as team players, hard workers and very pleasant persons.

After eight (8) years of service to the Bureau of Internal Revenue, it gives me great pleasure to personally thank the employees of the Bureau for their dedication and professionalism in their daily duties, as well as the support that they provided to me during my tenure. I have been fortunate to have met some of the most dedicated employees in the government at this agency.

Chairman Francis, this concludes my testimony. My staff and I are available to respond to any questions that you and other members of this body may have.