

Office of the Department of Revenue

Video Tutorials for Small & New Businesses
Mayor's Internship Program 2012

Presented to the Mayor's Management Team
August 8, 2012

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EXECUTIVE SUMMARY

Technological advances have made eCommerce a popular business strategy for business owners. The City of Philadelphia has implemented an alternative solution for filing taxes to coincide with the increasing popularity and benefits of eCommerce. Electronic returns contain substantial benefits compared to paper filings. However, only a small percentage of business owners actually take advantage of the benefits associated with filing online. Filing taxes online is more efficient. It reduces errors, facilitates faster deposits and can increase interest earning for the city. Unfortunately, the process of filing online can be confusing at first. Thus we have created the tax tutorial videos to help aid in this process.

The purpose of this project is to create a series of video tutorials that will help guide small and new business owners in the City of Philadelphia through process of registering their business and filing taxes online. The goal is to increase the percentage of business owners filing online by making the process easier to understand through the videos. By increasing the number of online filers, the City will be able to allocate its resources to other activates because it will directly reduce the number of individuals assisting with filing paper returns. We have created nine videos to guide business owners when registering for a tax account, electronically filing returns, and in understand the different types of taxes they may be held liable.

We wanted to make videos that addressed the common questions associated with obtaining a tax account id and filing taxes online. We also wanted to make sure we provided a simple step by step process to eliminate confusion when filing. The videos are intended to be posted on the Department of Revenue Website, YouTube Channel 64, and to be used as a resource for new and small business owners.

At the end we have provided a list of recommendations to help ease the processes of registering for a tax account ID and filing online.

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TEAM MEMBERS

Tiara Corsey, Philadelphia, PA - Indiana University of Pennsylvania, 2012 - Commerce Dept., Division of Aviation - Tiara is majoring in Communications Media.

Chris DiNardo, Paoli, PA - Tisch School of the Arts, New York University, 2014 - Managing Director's Office, Philly311 - Chris is double-majoring in Film/TV and Politics with a minor in Philosophy. He is currently pursuing a pre-law route.

Elle Hagedorn, Ambler, PA - Harvard University, 2013 - Office of Business Services, Department of Commerce, and the Department of Health - Elle is concentrating in Government with a secondary in Public Health Policy.

Elizabeth Layton, Abington, PA – Martin J. Whitman School of Management, Syracuse University, 2013. Elizabeth is double majoring in Professional Accounting & Finance. She plans to become a licensed CPA.

Joe Martin, Warsaw, NY - Department of Finance and School District of Philadelphia - MPA in Local Government in Finance, Rockefeller School of Public Policy and Affairs at the University of Albany 2013.

Laura Mitchell, NE Philadelphia – Philadelphia Police Department, Innovation Technology - Graduated with honors from Community College of Philadelphia in 2012 with her AAS and is continuing her education in the fall at Chestnut Hill College. Her major is Computer Forensics and is a member of the HTCIA (High Technology Crime Investigation Association). Laura intends to work in the cyber crime division of law enforcement with an interest in network security.

Rachel Negrin, Philadelphia, PA - Temple University, 2013 - Managing Director's Office, Philly Rising - Rachel is majoring in Early Childhood Education.

Michael Palisano, Upper Darby, PA - Yale University, 2014 - Office of Housing and Community Development, Mortgage Foreclosure Diversion Program - Yale University, 2014 - Michael is an Upper Darby High School graduate. He is a Global Affairs major concentrating in International Development and is interested in pursuing a career in social enterprise.

Ghalia Shamayleh, Amman, Jordan - University of Pennsylvania, 2013 - "The Mayor's Fund for Philadelphia" - Ghalia is majoring in marketing with minors in both psychology and creative writing.

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I. INTRODUCTION

Taxes play an extremely important role in everyone's lives. But as important and fundamental as they are, taxes are also just as tedious, and confusing. And it is because of their laborious nature that many find themselves shying away from filing their own taxes, and instead hiring a paid tax preparer.

Mayor Michael Nutter and the City of Philadelphia have made an effort to make tax filing easier by allowing this process to be done online. Unfortunately, the current system has been unable to make tax filing any more appealing. In some cases, people might even find it to be more complicated than traditional paper filing. It is because of that reason that less than 1% of all businesses in the City of Philadelphia choose to register, and file business taxes online. That is where this project comes in.

The purpose of this project is to create tutorial videos for business owners to use as they navigate their way through the process of filing business taxes online. The goal is that, with the creation of these videos, the number of Philadelphia businesses using the online tools will increase from that mere 1% to, if possible, 100% or as close to it as possible. If more businesses would file their taxes online, the city government, as well as the businesses themselves would experience increased benefits. City government would be more efficient, and there would be reduced costs for the businesses filing their taxes online, as well as a faster process. In order to achieve our purpose, nine separate tutorial videos were created. They are as follows:

- Mayor's Introduction
- Introduction to registering and filing your business taxes online
- How to register for a tax account number with an EIN
- How to register for a tax account number with an SSN
- Business Income and Receipts EZ Form
- Business Income and Receipts Long Form
- Net Profits Tax
- School Income Tax
- Wage Tax

Each video goes into specific details on just how to accomplish each step in the process. We could have made fewer videos, and just combined certain topics, but we felt that it was important to break each step down as much as possible to avoid any confusion. Plus, more videos allowed for us to make shorter, more interesting, yet also well-explained videos. We feel that these videos will make online tax filing and registration more appealing to Philadelphia businesses, as they will no longer need to shelve out additional money to hire professionals to file for them. Now, they can just do it themselves

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II. METHODOLOGY

A. Research

1. Data Collection

In order to make the best possible videos that we could, it was first important to fully understand the filing process. To achieve that, we set out on registering fake businesses. Each of us created a fake business, and went through the steps in order to obtain a Tax Account Number. Some of us registered with EIN's while the others registered with SSN's. We also each registered as different business structures. One person was a partnership, while another person registered as an individual and so forth. This was so that we could fully explain the process to anyone who may come across these videos. After going through the steps to obtain a Tax Account Number, we sat down as a group to discuss the process and troubleshoot any issues other team members may have faced. From there, we decided to follow the same procedure in order to go through the different tax processes.

2. Interviews

Once each team member had basic knowledge of the process, it was time to develop scripts. Before we did that though, we wanted to make sure we knew exactly what to focus on and what to highlight in each video. That is where interviews came into play. Members of the group got to sit down with Paul Danella, the Director of Taxpayer Services, and Dave Dorman, the Director of Tax Compliance. Both men were helpful in giving expert opinions on what is important and maybe not so important in the online tax filing process. It was due to these interviews that we either added, or cut out, certain details in the scripts we wrote up. Our initial interviews with both men were very early on in the process, but we continued to touch base with them every so often to make sure we were on the right track with our scripts, and that there was no new information that we should include.

B. Types of Business Taxes:

We chose to focus on these five types of businesses because they are the most popular taxes filed today.

1. *Net Profit Tax*- The Net Profits Tax is levied on the net profits from the operation of a trade, business, profession, enterprise or other activity conducted by individuals, partnerships, associations or estates and trusts. (The rental of property, in most cases, is considered the operation of a business.)

2. *Wage Tax*- The City Wage Tax, also called the Earnings Tax, is a tax on salaries, wages, commissions and other compensation paid to an employee who is employed by or renders services to an employer. Generally, individuals who work for a company in

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Pennsylvania will find that the company deducts the Wage Tax from their pay since this is required by law.

3. *School Income Tax*- The School District of Philadelphia imposes a tax on various classes of unearned income, which are not subject to Philadelphia Business Privilege Tax, or Wage Tax. Some examples of unearned taxable income include dividends and certain rents and royalties.

4. *BPT EZ*- Every individual, partnership, association and corporation engaged in a business, profession or other activity for profit within the City of Philadelphia must file a Business Income and Receipts Tax Return, whether or not they earned a profit during the preceding year. Rental activities are usually considered to be business activities.

5. *BPT Long Form*- Every estate or trust, (whether the fiduciary is an individual or a corporation) must file a Business Income and Receipts Tax Return if the estate or trust is engaged in any business or activity for profit within the City of Philadelphia. The Business Income and Receipts Tax is based on both gross receipts and net income. Both parts must be filed.

C. Scripts and Storyboards:

For scripts and storyboards, we relied on our research and data collection in order to create clear and accurate instructions for the tax filer. There are two main factors that contribute to our success in creating scripts: accuracy of information and coherence and simplicity of language.

We persisted while trying to obtain the most precise information about the website by exploring all its corners and nooks, and by interviewing several relevant employees who work with the website on a daily basis. This allowed us to ensure the presence of correct information, namely instructions, to guide the viewer of the tax tutorial to the right tax application.

Secondly, we focused on the type of diction that we'd use in the scripts. We identified that viewers will either be first language or second language English speakers and thus we planned to write a simple, coherent script that targets an audience of a basic English speaking level. Additionally, we made sure to edit the scripts after they were all created in order to ensure consistency between videos; seeing as they were created by different team members.

We created all 9 storyboards for all the videos after we wrote out their respective scripts. We decided to have Mayor Nutter in our intro video because of the strong ethical image and the sense of authority and good government he adds to our video. The storyboards consisted of both videos of the narrator as well as live screenshots and voiceover about the relevant tax being explored. Furthermore, in order to ensure that the viewer's attention is completely captured, our filming team added images and videos of The City

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of Philadelphia so that the tax filer is given a break from the mundane details and instructions being narrated.

D. Video Production:

After deciding that the most feasible and user-friendly way of going about it would be to separate the information into nine individual videos (including one just for the mayor's introduction), the next step in our process was to develop the scripts and storyboards based on our research. Groups were determined to tackle the intro videos, the EIN/SSN videos, and then the ones for primary tax types. Upon their completion, we could move forward with video production.

A crossroads occurred with a lack of accessibility to high-quality equipment – cameras and microphones in particular. Luckily, Channel 64, Philadelphia's public access channel, had an open studio for us to work with. We were able to take advantage of their recording space for stand up intros (with green screen technology) and equipment that records a computer screen live while someone narrates.

While the equipment in my high school television studio was a bit more advanced than what was in the city's public access studio, it was substantial enough for what we needed. And the help provided by all of the producers, especially Mark McLaughlin and Willie Williams.

The videos will be uploaded to YouTube via the Department of Commerce's channel and hopefully embedded on the new Department of Revenue website and Business Services website.

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CHALLENGES

We faced several challenges as group while working on this project. The four most prominent challenges we overcame were:

1. *Revenue website is going through a redesign* – While we were researching the process for online filing the revenue websites was going through redesign. This was a challenge for us because we had limited access to the information we needed. During the redesign we found many broken links. When we found a broken link it halted our process because we would have to wait for the linked to be fixed so we could continue. The redesign was also a challenge because we did not know exactly how the new design would be. We feared that steps of the process may change and we wanted to make sure if they were going to that we were going to have them correctly documented in our tutorials.
2. *Tech equipment was limited and internet connection was erratic in the studio*- When we first brainstormed filming the actually tutorials we did not know where the equipment was going to come from. We did not have access to sufficient cameras, microphones, filming gear, and software. However, in the end we were able to use Channel 64 to shoot the tutorials. Unfortunately we did face some problems in the studio with internet connection but in the end it all worked out.
3. *Unfamiliarity with the on-line payment and filing systems*- As college students we have never filled small or new business taxes. This whole process was completely new to us. We had to learn the system ourselves.
4. *Balancing the project with our day-to-day responsibilities* – In addition to working on this project we all had responsibilities and work to do in our respective departments. We had to find the time to balance the group work and our individual departmental work.

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RECOMMENDATIONS

1. *Add additional payment methods that are lower cost or free-* Currently there is a 2.49% “Convenience Fee” for those paying with credit cards. The convenience fee is discouraging and definitely not convenient. Eliminating the fee will make filing online more appealing. The addition of free electronic checks or debit options will not make paying online seem like a penalty.
2. *Expansion of browser capabilities-* Currently the only browser compatible with the system is Internet Explore. However many internet users do not utilize this browser. We suggest making it capable with other popular browsers like Mozilla Firefox, Google Chrome, and Safari
3. *Translate supporting materials-* It is very possible that all business owners may not use English as their first language. To ease the process for business owners whom see English as a second language it is important to make all supporting documents and references (including possible subtitles to the tutorial videos) available in other popular languages spoken in the City of Philadelphia
4. *Advertise using other existing resources-* In order to promote on-line filing we think it would be a good idea to advertise this alternative way of filing on existing paper filing form or on the website.
5. *Implement incentive for on-line filing-* As mention already there is a convenience fee for filing online that to some extent can seem like a penalty for filing online. We think to promote inline filing there should be some type of incentive put into place.

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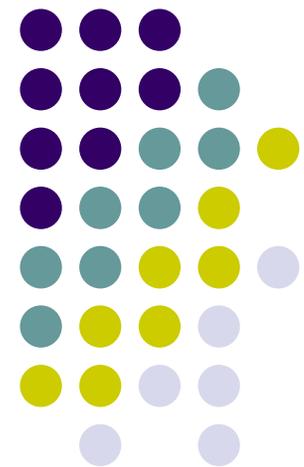
CONCLUSION

While filing one's taxes will never be an "easy" task, we saw our project as an opportunity to aid the business owners of Philadelphia in this complicated process. Therefore, our goal was to create a series of short tax tutorial videos to help people navigate through the currently underutilized efile system. Focused on giving clear and simple directions, we created nine separate videos specifically aimed at giving individuals an overview of filing taxes online, explaining to them how to obtain a tax account number, and showing them how to file the various business taxes. It is our hope that these videos, made readily available on the city's website, will increase the number of people who choose to file their business taxes electronically.

Business Tax Tutorial Videos

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August 8, 2012

Tiara Corsey, Chris DiNardo, Elle Hagedorn,
Elizabeth Layton, Joe Martin, Laura Mitchell,
Rachel Negrin, Mike Palisano, Ghalia Shamayleh





Objective

- Create tutorial videos to help businesses file their business taxes on-line.
- Make the videos simple and easy to follow.
- Target new and small businesses.
- Create videos that can be shared by the Dept of Revenue, Dept of Commerce, and other City Partners.

Why is filing online important?



- Reduces costs and increases efficiency for the City of Philadelphia.
- Faster process for business owners.



List of Videos

- Introduction from Mayor Nutter
- Registering and Filing your Business Taxes On-line
- How to register for a tax account number with an EIN
- How to register for a tax account number with an SSN
- Business Income and Receipts EZ Form
- Business Income and Receipts Long Form
- Net Profits Tax
- School Income Tax
- Wage Tax



Action Plan

- Interview Dept of Revenue staff
- Run through each tax form on-line
- Decide on breakdown of videos
- Write/edit scripts for each tax video
- Create Storyboards
- Film in Channel 64 Studios
- Edit and format videos



Challenges

- Revenue website is going through a redesign.
- Tech equipment was limited and internet connection was erratic in the studio.
- Unfamiliarity with the on-line payment and filing system.
- Balancing the project with our day-to-day responsibilities.



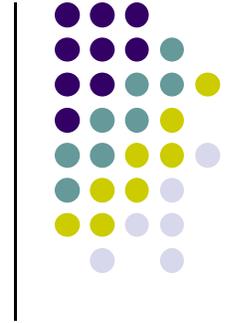
Recommendations

- Add additional payment methods that are low cost or free.
- Expansion of browser capabilities.
- Translate supporting materials.

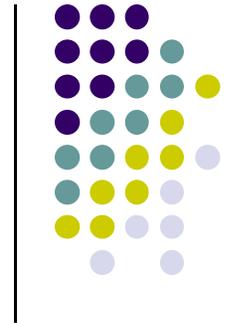


Lessons Learned

- The tax regulations for businesses.
- The on-line filing system of the City of Philadelphia.
- How to utilize city resources.



Video Clips



Questions?