

SUPPORT FUNDING FOR TAX SYSTEM REPLACEMENT

Item 260 of Introduced Budget

WHY IS THIS FUNDING NEEDED?

- ❖ The 25-year-old legacy core tax processing and accounting system (IRMS) is in need of replacement with a modern, integrated tax system.
- ❖ The obsolete technology of the legacy system creates security vulnerabilities, putting taxpayer data at risk.
- ❖ IRMS is responsible for administering and processing tax returns responsible for 95% of the Commonwealth's General Fund Revenue.
- ❖ Business case for IRMS replacement:
 - Ability to implement legislative policy changes more quickly and efficiently at a lower cost.
 - Improved data analytics capabilities to aid in decision-making.
- ❖ Stakeholder benefits:
 - Improved taxpayer portals and self-service for taxpayers, tax professionals and businesses.
 - Better security and safeguards to protect taxpayer data and meet IRS and VITA information security standards.
 - Efficient implementation of legislative changes and system enhancements.

VSCPA POSITION: SUPPORT

- ❖ Virginia businesses and individual taxpayers deserve a tax system that prioritizes and provides service, security, and accountability. Modernizing Virginia's tax software system will satisfy these goals while promoting good stewardship of public resources. VSCPA strongly encourages you to support the \$131,000,000 necessary for the system replacement and contained in Item 260 of the introduced budget.

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