



COMMONWEALTH of VIRGINIA

Department of Taxation

September 1, 2025

TO: The Honorable L. Louise Lucas
Chairwoman, Senate Finance and Appropriations Committee

The Honorable Luke E. Torian
Chairman, House Appropriations Committee

FROM: James J. Alex
Tax Commissioner

A handwritten signature in black ink, appearing to read "James J. Alex", written over the printed name and title.

During the 2025 Session, the General Assembly enacted Item 260E of the 2025 Appropriation Act (Chapter 725, 2025 *Acts of Assembly*), which appropriated funds for costs associated with the replacement of the Virginia Department of Taxation's (Virginia Tax's) Integrated Revenue Management System (IRMS) and required that Virginia Tax report by September 1 of each year to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on the current status of the IRMS replacement, the funding expended in the prior fiscal year, project milestones achieved in the prior fiscal year, and any potential concerns that may impact the project's timeline and success.

The report is enclosed. If you have any questions or comments regarding the IRMS replacement project or the enclosed report, please do not hesitate to contact me.

C: The Honorable Stephen E. Cummings, Secretary of Finance
The Honorable Lyn McDermid, Secretary of Administration
Ms. Anne Oman, Staff Director, House Appropriations Committee
Ms. April Kees, Staff Director, Senate Finance and Appropriations Committee
Mr. Michael Maul, Director, Virginia Department of Planning and Budget

Executive Summary

During the 2025 Session, the General Assembly enacted Item 260E of the 2025 Appropriation Act (Chapter 725, *2025 Acts of Assembly*), which appropriated funds for costs associated with the replacement of the Virginia Department of Taxation's (Virginia Tax's) Integrated Revenue Management System (IRMS) and required that Virginia Tax report by September 1 of each year to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on the status of the IRMS replacement, the funding expended in the prior fiscal year, project milestones achieved in the prior fiscal year, and any potential concerns that may impact the project's timeline and success.

In Fiscal Year (FY) 2025, the agency conducted the Request for Proposal (RFP) process for the replacement of IRMS with a Commercial Off The Shelf (COTS) integrated tax technology solution. The RFP was issued on July 19, 2024. Following the conclusion of the evaluation of the proposals received, Virginia Tax posted a Notice of Intent to Award on June 26, 2025 (Appendix A), which notified the public that FAST Enterprises, LLC was the selected vendor. The Notice of Award was posted on July 7, 2025, and a contract for the replacement of IRMS was signed on July 10, 2025. The selected vendor, FAST Enterprises, will be partnering with Virginia Tax to implement GenTax, the FAST Enterprises COTS solution that is currently in use in 34 other states. The implementation began August 11, 2025, with the first stage rollout anticipated in September 2026.

Current Status

The contract for the replacement of IRMS with GenTax was signed on July 10, 2025. FAST Enterprises staff began onboarding at Virginia Tax in August 2025 and will remain onsite throughout the implementation, which is anticipated to be complete by the end of calendar year 2029. The project is progressing on track and will consist of four rollouts of specific tax types (Appendix B). The first rollout is scheduled for September 2026 and will consist of the following taxes and fees: Sales and Use Tax, Employer Withholding, the Digital Media Fee, Prepaid Wireless E-911 Tax, Plastic Bag Tax, Vending Machine Sales Tax, and the Tire Recycling Fee.

Funding Expended

No funds were expended in FY 2025. The first milestone payment to FAST Enterprises will be made in Quarter 2 of FY 2026 upon completion of the installation of the GenTax integrated tax solution, with additional milestone payments anticipated in Quarter 3 and Quarter 4 of FY 2026. Additional funds anticipated to be expended in FY 2026 will be used for other vendor payments, internal staff labor, hardware, facilities, Independent Verification and Validation (IV&V), and Program Assurance.

Potential Concerns

The project is on track. The contract with FAST Enterprises was signed on July 10, 2025, and detailed project planning is in progress. There are no potential concerns at this time.

Conclusion

The implementation of GenTax to replace IRMS began in FY 2026. Next year's report will include detailed information about project status, all funds expended in FY 2026, and potential concerns.

Appendices

Appendix A: Notice of Intent to Award

Appendix B: Proposed Implementation Roll Out

Appendix A



COMMONWEALTH of VIRGINIA

Department of Taxation

NOTICE OF INTENT TO AWARD

DATE: June 26, 2025

COMMODITY: 20447 – Software Solution

IN RESPONSE TO: RFP 2024-KB-002 – IRMS Replacement Project

ISSUED: July 19, 2024

VENDOR FAST Enterprises, LLC.

Kristina Brekke, Procurement Director
Purchase/Contract Officer Signature and Title

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Appendix B

Anticipated Implementation Releases

| Release 1 | Release 2 | Release 3 | Release 4 |
|---|--|---|--|
| <ul style="list-style-type: none"> ▪ Sales/Use (Instate, Out-of-state, Consumer Use) ▪ Employer Withholding ▪ Digital Media ▪ E-911 prepaid ▪ Plastic Bag ▪ Vending Machine ▪ Tire Fee | <ul style="list-style-type: none"> ▪ Corporate Income ▪ Bank Franchise ▪ Insurance Premium License (includes a retaliatory tax) ▪ Communications ▪ E-911 post paid ▪ Litter ▪ Motor Vehicle Rental ▪ Peer-to-Peer Vehicle Rental | <ul style="list-style-type: none"> ▪ Individual Income ▪ Estate ▪ Fiduciary ▪ Pass-through Entity ▪ Aircraft Sales and Use ▪ Aircraft Consumer Use ▪ Watercraft Sales and Use ▪ Watercraft Consumer Use | <ul style="list-style-type: none"> ▪ Apple ▪ Cattle ▪ Cigarette Tax & Penalties ▪ Other Tobacco Products ▪ Corn ▪ Cotton ▪ Egg ▪ Forest Products ▪ Peanut ▪ Soybean ▪ Sheep ▪ Soft Drink ▪ Railroad Rolling Stock ▪ Property Tax |