



COMMONWEALTH of VIRGINIA

Department of Taxation

November 1, 2025

The Honorable Glenn Youngkin
Governor of Virginia

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

The Honorable Luke E. Torian
Chairman, House Appropriations Committee

Dear Governor Youngkin, Chair Lucas, and Chair Torian,

During the 2024 Session, the General Assembly enacted Item 257D of the 2024 Appropriation Act (Chapter 2, 2024 Acts of Assembly, Special Session I), which directed a workgroup to review the plan for implementation of an Integrated Revenue Management System (IRMS) modernization project. Following the submission of the workgroup's findings and recommendations on November 1, 2024, the workgroup is asked to provide an annual executive summary of the interim activity of the project implementation until the implementation of the new system is complete.

The Executive Summary is enclosed. If you have any questions or comments regarding the implementation or the enclosed report, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "James J. Alex", written over a horizontal line.

James J. Alex
State Tax Commissioner

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
Mr. Bob Osmond, Commonwealth Chief Information Officer
Deputy Commissioner Kristin Collins, Virginia Department of Taxation
Deputy Commissioner Kevin Hopkins, Virginia Department of Taxation

Executive Summary

The Integrated Revenue Management System (IRMS) is Virginia Tax's legacy core tax processing and accounting system that administers 36 tax types, processing approximately 12 million tax returns a year. Virginia Tax generates revenues of close to \$30 billion annually, contributing 95% of the Commonwealth's General Fund revenue. IRMS was developed and implemented from 1999 – 2005. Multiple studies affirmed the need to replace IRMS, and a 2022 assessment recommended the procurement of a modern single vendor Commercial Off The Shelf (COTS) integrated tax solution. Item 257D of the 2024 Appropriation Act provided Virginia Tax with funds to be used for the initial costs associated with the replacement of IRMS, which the agency used to develop a Request for Proposal (RFP) for the replacement of IRMS.

The agency issued the RFP for a COTS integrated tax solution to replace IRMS on July 19, 2024. Following the appropriation of funding by the General Assembly and a thorough evaluation of the proposals received, Virginia Tax posted a Notice of Intent to Award on June 26, 2025, notifying the public that FAST Enterprises, LLC (FAST) 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. FAST is the leading integrated tax solution vendor in the market, with its GenTax solution currently in use in 34 other state revenue agencies.

Status Update

The implementation of GenTax began August 11, 2025, and is on track to complete its first rollout in September 2026. The project is utilizing the vendor's FastCore Implementation Methodology, which is highly iterative and was designed specifically for the implementation of GenTax. The FASTCore Implementation Methodology (Appendix A) consists of nine overlapping steps that will be repeated for each of the project's four planned rollouts (Appendix B). The first rollout will consist of the following tax types:

- 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.

The project is staffed with full-time vendor and agency team members co-located in the agency's downtown Richmond office. As of November 1, the project team consists of 42 vendor staff onsite (with 4 additional team members joining by the end of the year) as well as 27 agency staff fully dedicated to the project. It is anticipated that the project will continue at similar staffing levels throughout the 4 rollouts of the implementation.

Project Budget

Of the \$131 million appropriated for the full implementation, \$30.5 million has been budgeted for the first fiscal year of the project. The project is currently under budget, with expenditures tracked in Cardinal and actual project spend vs. budgeted monthly spend tracked monthly in VITA's CTP Planview system. The project budget includes contingency funds for each fiscal year of implementation to align with VITA requirements and mitigate budget risks.

Governance

This project has strong leadership in place and is subject to multiple Commonwealth controls. The Executive Sponsor of the project is the agency's Chief Information Officer, and the Deputy Commissioner of Operations is the Business Owner. In addition to the Virginia Tax project management team, which consists of a Project Director/Business Lead, a Product Director/Technical Lead, and a Project Manager, FAST has provided a Project Director and Project Manager who each have extensive experience implementing GenTax in other state revenue agencies. The project is governed by an Internal Agency Oversight Committee (IAOC), chaired by the Tax Commissioner, which meets monthly, and a Secretariat Oversight Committee, chaired by the Secretary of Finance, that meets as needed to review significant change control requests and issues escalated by the IAOC. The agency has contracted with Gartner, Inc. to provide Independent Verification and Validation. VITA provides additional oversight with monthly status reports and weekly meetings with the agency project manager. The project team includes a dedicated Risk Manager who monitors project risks and conducts monthly risk meetings with VITA and project leadership.

Conclusion and Next Steps

The IRMS Replacement Project, which was named "Project Lighthouse" to reflect vision, guidance, and a strong sense of direction in alignment with the mission of this modernization effort, is progressing on schedule and under budget. Though implementation began less than four months ago, it is progressing quickly. The project team is in the process of defining Virginia's system requirements and configuration of GenTax to support Virginia's business processes has already begun. User testing for Rollout 1, which will be conducted by agency testers, is expected to begin in March 2026, with End User training anticipated to begin by early July. Production Go-Live is scheduled for September 2026, at which point processing and accounting functions for Sales and Use Tax, Employer Withholding, and other Rollout 1 tax types will be conducted in GenTax.

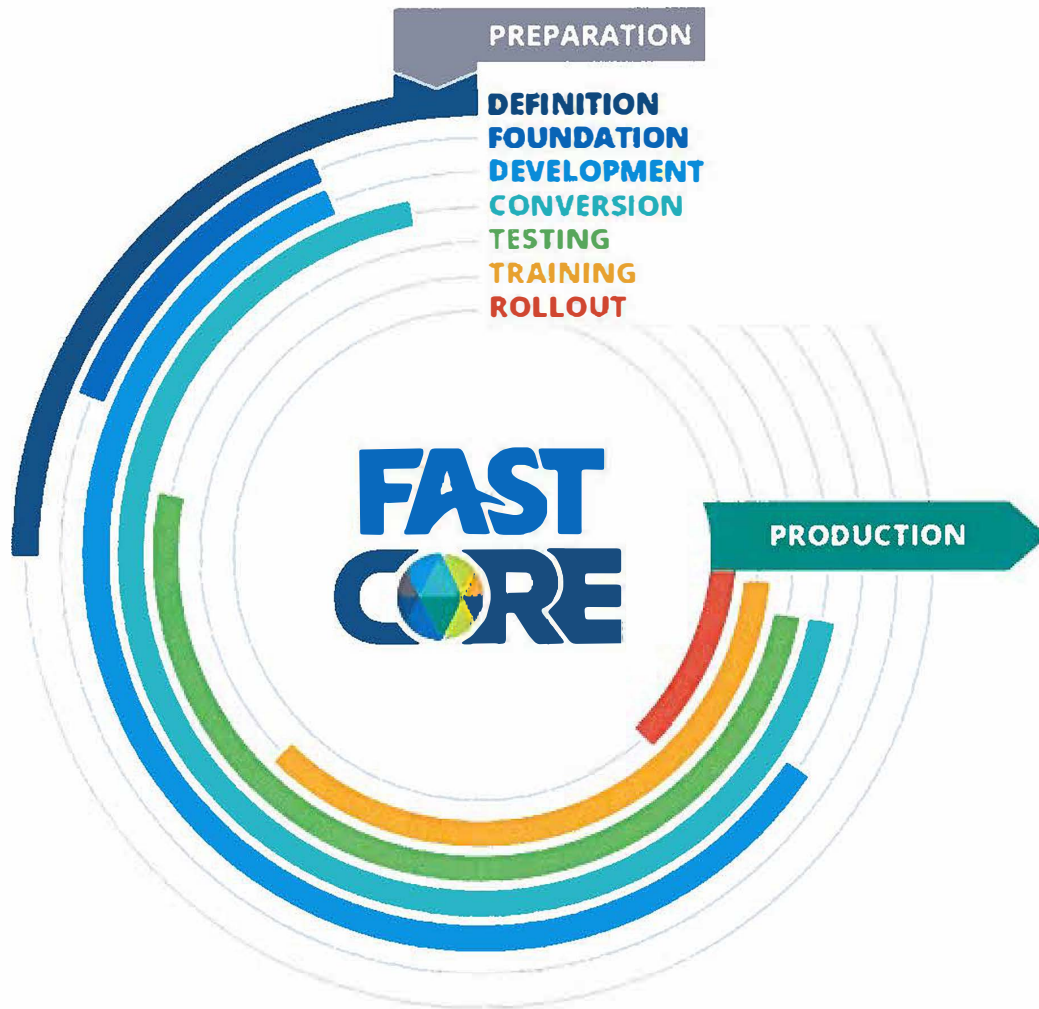
Appendices

Appendix A: FastCore Implementation Methodology

Appendix B: Implementation Timeline by Tax Type

Appendix A

Nine Phases of the FastCore Implementation Methodology



Appendix B

Anticipated Implementation Timeline by Tax Type

