Virginia Excise Tax System (VAETS)

Digital Government: Government to Business

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Completion Date: December 2018

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Executive Summary

Fuel taxes in Virginia provide nearly $1 billion in annual revenue to support the Commonwealth Transportation Fund. This fund invests in critical transportation and infrastructure projects that help support the economic vibrancy of local communities and improve quality of life for residents of Virginia.

Given the vital importance of fuel tax revenue to serve residents of the Commonwealth, the Virginia Department of Motor Vehicles (Virginia DMV) recognized the need to replace their cumbersome 20-year-old legacy system with a modern, integrated and streamlined tax collection and administration system. Business goals included enhanced ability for DMV to reliably collect data on fuel entering the Commonwealth, and improved accuracy and timely payment of associated taxes.

In response, the DMV implemented the new Virginia Excise Tax System (VAETS). The new tool provides businesses required to pay fuel taxes with a modern dashboard-driven, role-based system. It allows them to be more efficient and timely in meeting tax compliance requirements.

When filing taxes, taxpayers now have multiple options. The tax filings are error-checked in real time, so the taxpayer knows immediately if there is a problem, whereas the previous system processed filings overnight, creating delays.

Concurrently, DMV staff now reap benefits from the VAETS project. Jobs which contribute to tax collection and administration now access a single robust system through which to perform their job functions. Previously, staff had to navigate between multiple systems.

By streamlining the licensure, filing, and payment processes into a single system, VAETS significantly decreases the compliance burden on taxpayers, while simultaneously making tracking and collection easier for DMV staff. While the benefits to taxpayers and officials are substantial in terms of ease-of-use and new functionality, the system also produces significant improvement for every citizen of Virginia, by ensuring the reliable, accurate collection of tax revenue that is used to fund critical priorities.

During the first week of its implementation, the new system processed more than 400 new returns and over $80M in tax revenues. Since the completion of phase 1 of the VAETS implementation, 3,875 accounts have been created in the new system, with 490 web filers per month and 420 EDI filers per month.

Project Narrative

Concept

The Virginia DMV sought to replace several outdated systems with a single, integrated, modern, secure system that would enhance the DMV's ability to reliably and securely collect funds and data for all fuel-related transactions throughout the Commonwealth. Current systems were end of life and no longer supported.

The DMV used a competitive procurement process to develop and deliver the Virginia Excise Tax System (VAETS) in less than 12 months, when the legacy systems would no longer be supported. VAETS was envisioned as a single system that would provide comprehensive functionality - streamlining tax compliance for end users, while also ensuring transparency and reliability for state officials.

Significance

Primary stakeholders for the VAETS system are businesses required to pay fuel taxes. The project provides a modern, dashboard-driven, and role-based system that also allows users to be more efficient and timely in meeting tax compliance requirements.

When filing taxes, taxpayers now have multiple options, from web-based returns to EDI file uploads. The tax filings are error-checked in real time, so the taxpayer knows immediately if there is a problem; the previous system processed filings overnight, which created delays for taxpayers.

With VAETS, taxpayers now can also make payments directly in the same system, rather than logging into a separate payment portal, and view their full history of payment information. Fuel tax licensees can use a single user ID to manage multiple licenses, as well as designate users to do work on their behalf, and can configure this right in the system. VAETS complies with Virginia's strict security requirements and is available 24x7x365.

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Impact

Throughout the project planning and implementation stage, the Virginia DMV worked closely with SICPA, the private sector company contracted to partner on the development of the Virginia Excise Tax Solution (VAETS), to engage with taxpayers and solicit feedback about the

challenges associated with the current 20-year-old legacy system, as well as key elements/functionality of the new system. DMV and SICPA team members also worked closely together to provide training and technical assistance on the VAETS system, so taxpayers would have a relative level of comfort by the time the system was fully implemented. The Virginia DMV and SICPA relied heavily upon the feedback from the taxpayers who volunteered to participate in pilots and subject matter experts in the fuel tax community for guidance along the way.

1,050 existing user accounts and five years of historical data were successfully migrated to the new system to serve as a single source in support of audit and compliance needs.

Phase 1 of the project – fully implemented in December 2018 – allows users to:

- Create an account
- Apply for a license
- Add a surety
- Upload an Electronic Data Interchange (EDI) file to create a return in real time
- Create web-based returns
- View in-process and submitted returns
- Submit returns
- Make Payments

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Filer Dashboards Optimize Taxpayer Experience

Submit Returns (Web or EDI) with Real-time Error Detection

Real-time Payment Processing

New Dashboards Streamline Processes for DMV/Taxpayers