

Illinois' Path to Integrated Tax Administration

How to get there including
Scanning, Imaging, Fax
Integration and Viewing Systems

Overview

- The current tax systems fail to meet the increasing operational demands for expandability, flexibility, and excellence in service delivery due to the outdated architecture and application design.
- A new consolidated registration processing, accounting, reporting and case management system will allow the department to meet the following objectives:

Objectives

- Increase state revenues without raising taxes
- Reduce costs and increase overall efficiency
- Significantly enhance taxpayer service
- Reduce taxpayer burden while increasing voluntary compliance
- Enable more complete, accurate and timely financial reporting

Integration in Illinois

- Several years in the making
- Tax System Modernization Proposal set out to purchase a Commercial Off the Shelf Product (COTS)
- Will replace over 200 mainframe and PC Applications
- Will improve efficiencies through cost savings no longer needed to upgrade outdated, inflexible and costly manpower / licensing concerns

Integration Plan in Illinois

- Phase One – Corporate Income Tax, Sales Tax and Withholding Tax – 12/10/07
- Phase Two – Individual Income Tax – 12/8/2008
- Phase Three – Remaining Sales Tax & IFTA – 7/01/09
- Phase Four – Miscellaneous Taxes – 7/1/2010

Current Environment

- Illinois is still a very paper intensive environment although 50% of all Individual Income Tax returns are now filed electronically
- Imaging has been introduced, but not fully implemented
- Planned imaging of IL-1040 paper returns is slated to begin in January 2009

Planned Environment

- Illinois plans to data lift return information to save on labor intensive data capture
- Illinois will add attachments to the COTS product by scanning correspondence received, audit referral details and various other items of importance for those who look at the account at a later date
- Fax information can be scanned into the COTS product in much the same way

Lessons Learned Along The Way

- Plan what you can accomplish successfully
- Thoroughly test conversion data and the sample environment prior to implementation
- Get all staff at all levels and in all areas involved and engaged early in the process even though production will suffer
- Document all decisions

Inform your Clients

- Share information with taxpayers and tax practitioners prior to roll-out so they are aware of and can anticipate change
- Communicate in the form of bulletins, mailings, meetings, advisory groups, etc.

Benefits Realized to Date

- Comprehensive view and analysis of a Taxpayer
- Offsetting of tax due against refunds is more visible allowing the State to retain money rightfully due
- Fraud tracking is enhanced
- Underpayment collection tools are more sophisticated

COTS System Challenges

- Large learning curve for staff
- Productivity will suffer
- Converted data may be incomplete based on the rules established
- Training must be specific to the individual job
- Must coordinate like functionality, standards and common practices among business groups

What's Next?

- The next roll-out of Individual Income Tax is very important with 5.8 million returns being processed each year
- The remaining taxes on the horizon will provide additional challenges
- Success is the only option

Questions???

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