



# Arizona Department of Revenue

ITAC Review

RV15001 Data Capture

September 24, 2014



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# *RV15001 - Requirements for Data Capture*

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Legislated requirements to analyze tax credits and impact of long-term capital gains:

- Laws 2012, chapter 343 requires the Department of Revenue to report income tax credits and to determine the impact of the reduction in **long-term capital gains** subject to income tax
- Arizona Revised Statutes 42-1005 Powers and duties of director states, “on or before November 15 of each year issue a written report to the governor and legislature detailing the approximate costs in lost revenue for all state **tax expenditures** in effect at the time of the report. Tax expenditures are considered in whole or in part, any persons, income goods, services or property from the impact of established taxes including deductions, subtractions, exclusions, exemptions, allowances and **credits.**”



# *RV15001 – Data Capture Scope and Objectives*

## **Scope**

Capture data from page two of the individual income tax returns and data on Form 301 (Non-refundable Individual Tax Credits and Recapture) into the Tax Administration System (TAS).

- Update user interfaces for new data capture
- Add new data to database
- Modify current reporting for additional data capture

## **Objectives**

- Increased data capture capabilities
- Increased audit leads
- Expanded reporting on Individual Income tax data
- Increase efficiency in analyzing credits and impact of long-term capital gains

## **Benefits to the State**

- Increase in revenue from improved leads
- Decreased costs printing, microfilm, and storage
- Redirect ADOR resources to ADOR agency-specific services



# *RV15001 – Data Capture Risks & Mitigations*

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## **Risks and Mitigations**

- Project coordination with the annual year-end forms project. Mitigation is to manage the data capture project and the year-end forms project as a program.
- Reporting is not fully defined in the legislation. Mitigation is to work with the business to clearly define the reporting requirements.



# *RV15001 – Data Capture Project Milestones*

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<b>Major Milestones</b>	<b>Timing</b>
Architecture, Technology Strategy, Cost & Service Models	Oct. 2014
ADOR/ADOA ASET service strategy	Oct. 2014
PIJ Approval	Oct. 2014
Software Development and Testing	Oct. 2014 – Nov. 2014
Training of Staff	Dec. 2014
Development of User Reports (OERA and Audit)	Jan. 2015 – June 2015
Project Closeout	June 2015



## RV15001 Data Capture - Project Costs

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>Total</b>
Development Costs	\$ 1,700,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,700,000
Operating Costs	\$ 0	\$ 8,472	\$ 8,472	\$ 8,472	\$ 8,472	\$ 33,888
Total Project Cost	\$ 1,700,000	\$ 8,472	\$ 8,472	\$ 8,472	\$ 8,472	\$ 1,733,888