

From: Peterson, Mary [Mary.Peterson@vermont.gov]
Sent: Wednesday, June 29, 2016 9:58 AM
To: Johnson, Justin; Springer, Darren; Allen, Susan; Coriell, Scott; London, Sarah
CC: Mousley, Gregg; Seman, Amelia
Subject: Fw: Intuit Next Steps

This is a long doc, but we are moving quickly - wanted you in the loop if you want to be! Amelia will shortly be sending you the Interim Script that Tax and Intuit will be working from until we have an inked agreement.

Only thing we have added:

Other Vendors

Kirby is drafting a soft demand (we are calling it the "Carrot Letter") encouraging other vendors to also make a payment for the pain they have caused VT and their customers.

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From: Peterson, Mary
Sent: Wednesday, June 29, 2016 8:05 AM
To: MacDougall, Whitney; Seman, Amelia; Kemp, Lynette; Sameroff, Rebecca; Mousley, Gregg; Keeton, Kirby; Farnham, Douglas
Cc: Carlini, Diane; McMahon, Ashley
Subject: Re: Framing from today's discussion

This is an awesome start! Thanks so much for being the scribe and drafter Team Intuit - I think you captured it very well. I was impressed it was sent at midnight...then remembered Pacific time. Still means 9 pm. I am calling this the **Press Release**.

We still need Intuit okay on an **Interim Script**, to be released today, paraphrased:
"we anticipate an announcement next week, if you have submitted an amendment already, await further info, if you have not please don't - Happy Summer!"

I apologize if there is another thread on Interim Script going - Microsoft Office really does not like my old MacBook Air, so remote email is a challenge.

The good news is we realized Tax customer service phones are down today, Weds - a practice we instituted a couple years ago, Weds. as work day. So to recap, for my benefit:

Treatment of Amendments

-as of today, Tax is not even opening mail to the special 155 Amdt PO. If amdt and/or checks are sent to us through any other channels than this PO they unfortunately will get processed, check will go in bank - taxpayer will be in the refund bucket

Interim Customer Service

-we want to deliver the Interim Script as customer service phone script (fyi, Tax is exploring setting up a special phone queue with temps for this - next week is a busy property tax phone week - of course!)

-Intuit may give their Call Center a similar Interim Script

-Interim Script on the website, practitioner comm channels (ideally today). We are getting a lot of calls with June 30 arriving, and don't want taxpayers going through angst of amendment since most likely needless

Agreement

-Kirby will receive draft agreement from Intuit today. He is engaging VT AG's IT contract expert. Hope is for agreement tomorrow, but as late as Tues. may be more realistic

Press Release

-VT will send Intuit a draft Press Release to go out upon signing - based on your outline at this point

Accounting

-Intuit will wire money, going into General Fund into some misc account that Finance has told us to use (Alexa needs to know).

-We need to engage Finance and Economists on what FY, 16 or 17, that this gets accounted to

-We still need to engage Finance and the Economists on if/how they want to report on this in the FY16 revenue results statement that will go out next week

FAQs

-Whitney, you asked great statement about legislators that got me thinking. I think one big question that Tax will get from legislators and others is what VT is doing to make sure that this doesn't happen again. -Should taxpayers stop using TurboTax? Could/should VT test Intuit products before next season.

-I think that we have to say *"VT is confident that Intuit has instituted quality control measures (can you send us some written background on that) and that it is impossible/inappropriate for Tax to test products. Tax is working with other state revenue agencies to hold vendors accountable, and our work with Intuit on this problem is an example of this new better relationship."*

-on other hand, should think through whether as a one off, Intuit flies folks here in the fall and we engage in a testing exercise. Frankly, I do not know if/when Tax would have bodies to do this - maybe the SI team Doug?

Latest Practitioner Glitch

-along the same lines as above, we do need some info from Intuit on what happened with the Stray Fixes (not meant to be pejorative, just need to name this issue)

- Stray Fix: apparently at least some practitioners somehow had returns in a holding tank that they considered final except for client signature - they had the 155 Problem when put in tank and sent to customer.
- When practitioner received signature, they pressed send. At some point between tank and send, the return was run through corrected code, and there was Stray Fix of 155 Problem
- however, at least some Practitioners did not realize that there had been Stray Fix. We don't know if they could have/should have.
- A correct return was filed, but not matching what had been signed, and the client payment did not match the return.
- Tax billed them (or refunded them?)
- In some/all cases, Practitioner subsequently submitted 155 Amendment - that was not needed?
- obviously, if Pro Series is coded such that a different return is submitted to MeF than what is signed, there is a HUGE issue
- Could Intuit send us a written explanation on the Stray Fix?

Messaging to Other Commissioners

- unfortunately, with SETOA, or whatever that regional meeting is, there is some buzz among Commish about VT. I need to call Gale and Julie Magee today.
- We should think about FTA communication, again Interim and Final.
- Interim, as in today, I think I would like to say *"This was a really extraordinary situation for VT given that we are in midst of PIT conversion. The good news is that Intuit was responsive, and indeed recognized VT's extraordinary straits. The lawyers are huddling, but we are confident that we will have a very positive announcement for the state and our taxpayers next week"*
- Might want to think about having Gale/Veranda send out a formal statement to their Commish listserve next week when it is final

That's all I can think of for now - but that is probably enough! Thanks everyone!! I am sure there will be lots of communication today...considering it is 5 am, hope Team Intuit is getting some good sleep!!

Best,
Mary

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From: MacDougall, Whitney <Whitney_MacDougall@intuit.com>
Sent: Tuesday, June 28, 2016 11:54 PM

To: Seman, Amelia; Kemp, Lynette; Sameroff, Rebecca; Mousley, Gregg; Keeton, Kirby; Farnham, Douglas; Peterson, Mary
Cc: Carlini, Diane; McMahon, Ashley
Subject: Framing from today's discussion

Hello VT team,

As discussed, below please find the notes we took from our wide-ranging conversation today, along with a rough draft of our quote which we can update as you evolve the Department release. We look forward to talking again tomorrow. Thanks. Whitney, Diane, and Ashley

This year several software vendors had errors coding the 2015 tax law changes, which resulted in ...

On average, impacted taxpayers owe the state an additional \$1XX dollars and the Department estimates approximately XX,000 Vermont taxpayers are impacted overall. (Do you want to say number impacted ... could show how low this is vs. overall population?)

The state has been working with the software vendors to ensure impacted taxpayers were notified of the error, so they can file an amended returns and pay any additional taxes due; to date approximately X,XXX taxpayers have amended their returns.

Normally, the Department is able to work with software vendors, tax professionals, and taxpayers if an error arises in the calculation or processing of a return. However, the Department of Tax is in the midst of a multi-year strategic transition from its old, legacy software systems to a new system which will provide the state with robust processing capabilities.

Personal Income Tax processing for tax year 2015 is still on the legacy system, which severely limits the Department's ability to efficiently process amended returns and bill taxpayers for their additional balance due; it is being transitioned through the Fall to VTax, which will go live for 2016 processing in XXXX.

Possible DoT quote: "This couldn't have happened at a more extraordinary time for the Department of Tax, said CMP. Given the confluence of the legacy system's limitations, the fact that most impacted taxpayer owe less than \$150 (??) and ???, the Department is waiving the requirement for taxpayers to amend if impacted by this situation. Taxpayers who were not impacted by these software errors to begin with, and those that have not yet amended, do not need to take any further action regarding their 2015 return. Taxpayers that have amended their 2015 return due to this error will have any additional taxes paid refunded to them from the Department by XX/XX/XX."

(See other notes @ end – add any here?)

In recognition of these unique circumstances, the Department is working with the software vendors to help mitigate the impact of this situation on the State. For example, Intuit has stepped forward with a good faith contribution to the State.

Possible Intuit quote: "Our customers rely on Intuit to deliver a complete and accurate return and nothing is more important to us than meeting that expectation, making it easy for taxpayers to

fulfill their compliance responsibility. We take full responsibility for the errors that occurred in our products and regret the burden this placed on taxpayers and on the Vermont Department of Tax, which is also in the midst of their strategic system modernization project.” said XXX. "We stand behind our accuracy and satisfaction guarantees and remain true to our culture and promise to do right by our customers. Since this happened at a time when the state was transitioning to a new tax system, we recognize that the impacts were particularly painful, so Intuit has made/is making a good faith contribution”

For additional information, ...XXX

Also noted following comments: impractical to go backwards, amendments coming in slowly, bills in old system