

### Request for Expression of Interest

Name of Project:- **Advance Agreement for Preparation of Proposed Revenue Mobilization –DLI .**

World Bank Loan/Credit:- **Preparation Advance No. Q813.PK**

The Federal Board of Revenue (FBR) Government of Pakistan has received financing from the World Bank towards the cost of the Project preparation Facility (PPF) for Revenue Mobilization Project and intends to apply part of the proceeds to following consulting services:

Name of assignment	Brief background	Qualification of consultants
Elaboration of Procedural and Auditing Sectoral Manuals	<p>For the purpose of improved capacity building of the workforce of FBR's field formations a consultant is to be hired for preparing sectoral manuals for audit of income tax, sales tax and FED.</p> <ul style="list-style-type: none"> <li>• The consultant will select at least fifteen (15) most relevant sectors for the Project.</li> <li>• The consultant to examine and analyze the prevalent methods for auditing the cases of the selected sectors and point out their weaknesses and suggest improvement.</li> <li>• The consultant will collect the necessary data for analysis and using it for the Project.</li> </ul>	<p>The successful Consultancy Firm who will be contracted to serve the needs of the pre-feasibility study shall have the following minimum qualifications and should obtain the minimum qualifying score of 70:</p> <p>Shall have i. relevant experience of 5-7 years in conducting at least three studies of similar nature offered to other national, multinational, and international organizations.</p> <p>ii. Shall have in its current office all the necessary equipment and facilities as well as experienced and professionally trained staff to handle requirements of the PMUs.</p> <p>iii. Shall maintain a good track record in serving national and international organizations, and multinational corporations; list of corporate clients should be provided.</p> <p>iv. Shall have preferably experience of 10 years providing the required services; certificate of registration should be provided.</p> <p>v. Shall have competence of existing and proposed personnel – this Shall require submission of comprehensive Curriculum Vitae (CVs) of the personnel who will be assigned to conduct the assignment. The firm should have at least following professionals on-board:</p> <p>a. Legal Expert: University degree in law and a command on regulatory aspects related to Diaspora bond by having at least five years relevant experience.</p> <p>b. Research expert: University degree in management or social sciences and having at least an experience of five years in conducting similar surveys/studies.</p> <p>Financial Expert: University degree in finance and having an experience of studying/developing similar financial instruments.</p>

The FBR now invites eligible consulting firms ("Consultants") to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required

qualifications and relevant experience to perform the Services. The short-listing criteria are: [Shall possess required qualifications and experience as elaborated in qualification of consultant column].

The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank's Guidelines: Selection and Employment of Consultants [under IBRD Loans and IDA Credits & Grants] by World Bank Borrowers January (2011) ("Consultant Guidelines"), setting forth the World Bank's policy on conflict of interest.

A Consultant will be selected in accordance with the Selection Based on Consultants Qualifications set out in the Consultant Guidelines (January 2011)

Interested Consultants may obtain further information regarding Terms of Reference (TORs)/ Scope of assignment posted on FBR's Website at [www.fbr.gov.pk/tenders/default.aspx](http://www.fbr.gov.pk/tenders/default.aspx) or from the address given below between 0900 hours to 1600 hours on any working day.

Expression of Interest must be delivered to the address below not later than 1500 hrs on 25<sup>th</sup> February, 2013.

Shahid Soomro  
Secretary (Procurement-II)  
Revenue Mobilization Programme  
Room No. 449, FBR House, G-5, Constitution Avenue, Islamabad  
Tel: 051-9205316 Email: [shahidsoomro175@gmail.com](mailto:shahidsoomro175@gmail.com)  
[Shahid\\_soomro@fbr.gov.pk](mailto:Shahid_soomro@fbr.gov.pk)

## **Terms of Reference for Technical Assistance - Sectoral Manuals (AUDIT Wing)**

### **Background**

Pakistan's tax system since 1979 was based on Self Assessment Scheme, giving immunity to taxpayers upon fulfillment of certain conditions, and subjected to audit based on selection process through random computer ballot. By introduction of income tax Ordinance 2001, Universal Self Assessment Scheme was introduced. No audit was conducted till tax year 2008; thereafter cases have been selected for audit by FBR as well as by field formations through a mixed method ranging from random ballot to parametric (risk-based) and local knowledge selection. Taxpayers have, however, developed a resistance to being audited and introduced appeals in the courts of law due to which a huge number of selected cases are pending in various RTO's/LTUs. To a certain extent, the cases selected have not been finalized due to limited professional skills and lack of audit manuals.

For the purpose of improved capacity building of the workforce of FBR's field formations a consultant firm is to be hired for preparing sectoral manuals for audit of income tax, sales tax and FED.

- Borrower in this case will be Federal Board of Revenue.
- The project location will be at Islamabad, Pakistan.
- The project is necessary to provide knowledge of modern auditing techniques and international best practices to the FBR workforce.
- The project is being undertaken for the first time.
- Consultant firm is to be hired for carrying out necessary activities for preparation of audit manuals.
- The consultant firm is to analyze the prevalent audit mechanism, compare them with systems of other relevant countries, hold meetings with the taxpayers, tax collectors and sector experts before preparing the audit manuals.

- The source of financing for the assignment will be the PPF from the World Bank.
- TPA Wing/HRM Wing of FBR will supervise the activity.

### **Objective**

Audit is never a tool for revenue generation. It is, rather, used to promote voluntary compliance culture by creating deterrence against tax evasion. An effective and transparent audit can deter casual non-compliance and minimize gap between tax payable and tax paid. Audit is an effective tool which helps in equitable distribution of resources in the society.

- The consultant firm will select, in consultation with FBR, at least fifteen (15) most relevant sectors for the project.
- The consultant firm will examine and analyze the prevalent methods for auditing the cases of the selected sectors and point out their weaknesses and suggest improvement.
- The consultant firm will collect the necessary data for analysis and using it for the project.

### **Scope of Services**

It is desired to identify the most relevant sectors of economy, analyze their current growth vis-à-vis the potential for future growth. The sectoral manuals are to be prepared keeping in view the Pakistan's prevalent tax culture, international best practices and capacity of the audit workforce.

- The assignment is relevant to the functions of TPA Wing because it is aimed at improving efficiency of the Tax Administration, enhance the compliance level and maximize revenue generation.
- Preparation of sectoral manuals in selected sectors will have academic value for the purpose of guidance and will have no legal binding.
- The manuals should be detailed and practicable. These should contain the suggested methods of auditing based on international best practices.
- The span of projections is to be minimum five years.

- TPA Wing at FBR Headquarter supervises the audit functions carried out at national level. The audit officers and staff are however not under the administrative control of Member TPA. The reporting, placement and training needs are controlled by different wings of the FBR which compromises the authority of TPA Wing.

### **Methodology & Activities**

A consultation mechanism and interviews should be conducted to estimate the size and analyze capacity and skills of the manpower engaged in the activity at the headquarters as well as field formations. Consultation with tax officials, tax consultants, taxpayers and sector experts should be carried out initiating the study. Best international practices and ground realities must be looked into FBR's relevant perspective.

### **Period of Service**

FBR desires the aforementioned activities to be completed as early as possible but not beyond six months of its commencement. The planning and designing of sectoral manuals and methodology for conducting audit on the basis of the subject notes will yield positive results with regard to developing voluntary compliance culture.

### **Required Capacity of the Consultant Firm**

The successful consultant firm who will be contracted to serve the needs of the prefeasibility study shall have the following minimum qualifications and should obtain the minimum qualifying score of 70:

- i. Shall have relevant experience of 5-7 years in conducting at least three studies of similar nature offered to other national, multinational, and international organizations (25)
- ii. Shall have in its current office all the necessary equipment and facilities as well as experienced English speaking professionally trained staff to handle requirements of the PMUs.

- iii. Shall maintain a good track record in serving national and international organizations, and multinational corporation; list of corporate clients should be provided.
- iv. May have preferably experience of 10 years providing the required services; certificate of registration should be provided.
- v. Shall have competence of existing and proposed personnel- this shall require submission of comprehensive Curriculum Vitae (CVs) of the personnel who will be assigned to conduct the assignment. The firm should have at least following professionals on board:
  - a. **Legal Expert:** University degree in law and a command on regulatory aspects related to by having at least five years relevant experience.
  - b. **Research Expert:** University degree in management or social sciences and having at least an experience of five years in conducting similar surveys/studies.
  - c. **Financial Experts:** University degree in finance and having an experience of studying/developing similar topics.

**Deliverables:**

The selected firm will be required to furnish the inception report as per the following schedule:

- Interim report, containing information, sectors purposed to be covered (for FBR's endorsement), outline of the manuals and initial findings to be furnished within two months of the commencement of the project for initial discussion at the FBR Headquarters.
- The draft final report will be submitted within next three months to be shared and discussed with the head office as well as the field formations.
- The final report will be submitted within next one month to be formally launched and utilized by the tax auditors at national level.

**Selection Method:**

A consultant will be selected in accordance with the Selection Based on Consultants Qualification method set out in the World Bank's Guidelines: Selection and Employment of Consultant by the World Bank Borrowers.