

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 credit 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 the following consulting services.

Name of assignment	Brief background	Qualification of consultants
Study of Business Rules for Monitoring of Withholding Tax Functions	FBR requires the services of a local Tax Consultant Firm to work with the Enforcement & Withholding Wing of FBR for study of business rules for monitoring of Withholding Tax Functions. The preliminary assessment has indicated that there is a wide gap between the potential and the actual withholding tax by leading sectors of the economy. Therefore, the proposed study is expected to go into deeper analysis of these sectors and highlight scope for raising withholding tax collection by bridging the gap.	<p>The successful Consultancy Firm which 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/concerned wing.</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. May 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>c. 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.

The Consultants 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 /as](http://www.fbr.gov.pk/tenders/default/as) 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 4th September, 2013.

Shahid Soomro

Secretary (Procurement-II)

Revenue Mobilization Programme

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TERMS OF REFERENCE

Improving Monitoring of Withholding Taxes by FBR

1. BACKGROUND

Federal Board of Revenue is implementing an integrated Tax Reforms Project funded by the World Bank. As a part of this ongoing reforms process the Enforcement & Withholding Taxes Wing requires the services of a Local Tax Consultant for a period of (NTED) to work with the E&WHT Wing of the FBR for study of the business rules for monitoring Withholding Functions as preliminary research assessment has indicated that there is a wide gap between the potential and the actual tax paid by leading sectors of the economy. This anecdotal assessment needs qualification. Therefore, the proposed study is expected to go into deeper analysis of these sectors and highlight scope for raising withholding tax collection by bridging the gap.

2. OBJECTIVES

The objectives of the study is to estimate the withholding incompliance gap and make proposal on how it can be reduced, highlighting the economic sectors with highest tax potential vis-a-vis collection, (including import and export of goods and their contribution in the withholding taxes).

3. SCOPE OF CONSULTING SERVICES

Using diversified data and making reference to international good practices, the study will prepare assess major leaks, prepare incompliance measurement methodology and prepare possible business rules, while suggesting amendments in law for monitoring Withholding Tax functions, as per following sections of the Income Tax Ordinance, 2001 and Sales Tax Rules and as per other relevant law/rules etc. as per **Annex-I**

- A comparative analysis of actual and potential withholding tax will be prepared, according to international good practices. The methodology will be submitted ex-ante and agreed with FBR.
 - In the process, the study will identify the reasons of leaks for less than potential tax collection
 - Suggest measures to tap these under taxed areas
 - Prepare Final Report.
1. Possible Sectors to be studied are at **Annex-II**. Other to be added upon the gap study will be completed.

4. QUALIFICATION/EXPERIENCE

The ideal firm should have demonstrated experience of successfully undertaking at least 3 similar studies in public sector in past 5 years

The term leader of the firm should have LLM with at least 15 years of experience in handling/ dealing of tax administration/ tax audit matters. He should be supported by a domain specialist ideally a retired officer of BS-21 and above of Income Tax or Customs Group having the relevant experience. Two coordinators with Master's Degree and at least 5 years of experience in collection and collation of data will also be required.

5. REPORTS & DELIVERIES

i. Inception report

Inception report will be provided. This will include information on methodology, work plan and data collection methods

ii. Interim report

Interim report will be provided. This will include information on initial findings

iii. Draft Final report

Draft final report of the study will be provided.

iv. Final report

Final report will be provided at least two weeks prior to the end of the project. Report will be reviewed and approved by the FBR research team and relevant wings of the Board to ensure that the assignment is complete in every respect and best standards are met.

v. The Consultant would be required to submit monthly progress on all the activities mentioned at para-2 of the Terms of Reference to Member (E&WHT) on 4th of the following month.

6. RESPONSIBILITIES.

The Consultant will be responsible for the execution of the assignment through interaction with all concerned wings of the FBR.

7. DATA SERVICES, PERSONNEL & FACILITIES TO BE PROVIDED BY THE BORROWER.

The Consultant will arrange his own staff along with computer, fax & telephone, room etc.

8. LOCAL ARRANGEMENTS.

The Consultant will be based at Islamabad, Pakistan.

