

REQUEST FOR EXPRESSIONS OF INTEREST

Country: Pakistan
Name of Project: Pakistan Raises Revenue
Assignment Title: Hiring of Consulting Services Firm for providing Technical Assistance
Loan No./Credit No.: 6435-PK
Reference No.: 1(22)/P&CM/PO/2021 (PK-FBR-251855-CS-LCS)

1. The Federal Board of Revenue has received financing from the World Bank towards the cost of the Pakistan Raises Revenue Program (PRRP) and intends to apply part of the proceeds for hiring/ procuring consulting services. The objective of the Project is to contribute to a sustainable increase in domestic revenue by broadening the tax base and facilitating compliance.
2. Reforms to achieve high performance and innovation in the Federal Board of Revenue (FBR) are essential for sustained growth in revenue collection to meet the country’s budgetary demands and to finance development programs for public welfare. The main emphasis of tax reforms is promoting voluntary tax compliance through robust compliance control mechanism, enhanced facilitation for taxpayers, improvement of Information and Communications Technology (ICT) based Data Systems for Broadening of Tax Base (BTB), automation and improving accountability and transparency.
3. The Federal Board of Revenue now invites eligible consulting firms (“Consultants”), to indicate their interest in providing the said Services. Interested firms should provide the information demonstrating that they have/ meet required qualification and experience to perform this assignment. In this regard, there are prescribed standards which have been mentioned in the Terms of Reference, which may be downloaded from the website <https://fbr.gov.pk/tenders>. Prospective firms are encouraged to provide materials/ information that would be specific to the proposed services. The parameters for evaluating EOI responses are given below:
 - a. At least 05 years of post-registration advisory experience with clients in the public sector and multilateral financial agencies working in Pakistan to ensure knowledge of best practices and expertise in the relevant areas.
 - b. Experience of working with a wide range of clients from global organizations to public sector entities.
 - c. Experience addressing client specific needs and opportunities and offering jointly developed top-notch solutions.
 - d. Capability to swiftly mobilize appropriately skilled, qualified, and experienced staff for multidisciplinary tasks broadly provided under scope of these ToRs.
 - e. Existing operations in different locations across the county, including Islamabad, Karachi, Lahore, and Peshawar.
 - f. A pool of technical experts (in areas covered by ToRs) broadly categorized as follows:

| Description | Relevant Experience |
|------------------------------|--|
| 1. Category A Experts | 15-20 years National and International relevant experience |
| 2. Category B Experts | 10-15 years relevant experience |
| 3. Category C Experts | 05-10 years relevant experience |

4. The attention of interested Consulting Firms is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank's "Procurement Regulations for IPF Borrowers" July 2016 [revised November 2017 and August 2018] ("Procurement Regulations"), setting forth the World Bank's policy on conflict of interest.
5. The Consulting Firm will be selected in accordance with the Least Cost Selection (LCS) method as set out in the World Bank's "Procurement Regulations for IPF Borrowers" July 2016, revised November 2017 and August 2018.
6. Firms may associate with other firms to enhance their qualifications in the form of a joint venture (JV)/ Association. All the partners in the JV shall be jointly and severally liable for the entire Contract, if selected. Payments will only be made into designated account of JV.
7. A **virtual Information Session** shall be held on **December 09, 2021 at 1500 Hours** to familiarize the potential applicants **on Terms of Reference** (available at <https://fbr.gov.pk/tenders>) **and ensuing procurement process**. Interested Consulting Firms may obtain the respective meeting link/ invite via writing an email addressed to the undersigned (procsp.prrp@fbr.gov.pk) between December 06, 2021 and December 09, 2021 (latest by 1200 Hours).
8. The Expression of Interest must be delivered to the address below (in person or by surface mail) not later than 1500 hours (Pakistan Standard Time) on **December 21, 2021**. For expressions sent electronically, Program Office will acknowledge receipt of the same via return email. In absence of such confirmation/ receipt, please contact on the address given below.
9. The address(es) referred to above is (are):

Procurement Specialist (Program Office)

Room No. 713, Seventh Floor
Federal Board of Revenue (FBR)
FBR House, Constitution Avenue
Sector G-5, Islamabad, Pakistan
051-9209659
procsp.prrp@fbr.gov.pk

Terms of Reference (TOR)

Hiring of Consulting Services Firm for providing Technical Assistance

Introduction

The Government of Pakistan is implementing a reforms program to generate domestic revenues to finance its development vision. Financed by the World Bank, the objective of the Pakistan Raises Revenue project is “contribute to a sustainable increase in domestic revenue by broadening the tax base and facilitating compliance”. The duration of the project is five-years (2019-2024).

The project has two components: (a) Results- based component and (b) Technical Assistance (TA) component. The Results based component comprises a set of ten Disbursement Linked Indicators to strengthen the results orientation of the project, while the TA component mainly focuses on Information Technology and organizational capacity building. The project is currently under implementation by the Federal Board of Revenue.

Reforms to achieve high performance and innovation in the Federal Board of Revenue (FBR) are essential for sustained growth in revenue collection to meet the country’s budgetary demands and to finance development programs for public welfare. The main emphasis of tax reforms is promoting voluntary tax compliance through robust compliance control mechanism, enhanced facilitation for taxpayers, improvement of Information and Communications Technology (ICT) based Data Systems for Broadening of Tax Base (BTB), automation and improving accountability and transparency.

The FBR now wishes to obtain the services of a reputable consulting firm to provide on demand technical support to the FBR through a cross-functional team of highly qualified experts for each task. To this end a Framework Contract¹ for Two (02) years will be established.

Scope

The consulting firm is expected to provide expertise in the areas including, but not limited to, the following (brief responsibilities/ requirements in the said context are given at Annex-A):

- Post Customs/ Clearance Audit
- Audit Plan and Manual Preparation and Review
- Transfer Pricing – International Taxes
- Digital Financial Services
- Ecommerce Transaction Taxation
- Common Reporting Standard Compliance
- Monitoring and Evaluation
- Compliance Risk Management
- Revenue Forecasting and Tax Expenditure
- Human Resource Management Reforms
- Communication and outreach
- Gender Mainstreaming

¹ Framework agreements may be awarded to multiple consultancy firms or individual consultants through a secondary competition, within framework consultants. By contrast, a framework contract is awarded to a single consultancy firm. There is a fixed budget for each of individual and no secondary competition, normally with remuneration and reimbursable provided in financial proposal.

Qualifications

- (a) At least 05 years of post-registration advisory experience with clients in the public sector and multilateral financial agencies working in Pakistan to ensure knowledge of best practices and expertise in the relevant areas.
- (b) Experience of working with a wide range of clients from global organizations to public sector entities.
- (c) Experience addressing client specific needs and opportunities and offering jointly developed top-notch solutions.
- (d) Capability to swiftly mobilize appropriately skilled, qualified, and experienced staff for multidisciplinary tasks broadly provided under scope of these ToRs.
- (e) Existing operations in different locations across the county, including Islamabad, Karachi, Lahore, and Peshawar.
- (f) A pool of technical experts that would be broadly categorized as follows:

| Description | Relevant Experience |
|-----------------------|--|
| 4. Category A Experts | 15-20 years National & International relevant experience |
| 5. Category B Experts | 10-15 years relevant experience |
| 6. Category C Experts | 05-10 years relevant experience |

Workshops/ Training(s)/ Seminars

The firm shall arrange necessary purpose-driven and engaging workshops/ training(s)/ seminars across all the major cities of the country as and when needed with prior intimation/ approval of PMO/ Project Director in line with the objectives of FBR and the said assignment(s) facilitating to achieve the required/ desired output and outcome of the PMO and projects undertaken by it – the cost thereof shall be inclusive in the overall Contract amount/ fee. Details of the same shall be finalized with the shortlisted/ successful firm during due course of time.

Reporting

The firm will report to the Project Director who will be responsible for coordinating assignments of experts to relevant FBR units on demand.

Method of Selection

A consulting firm will be selected in accordance with the Least Cost Selection (LCS) method set out in the World Bank Procurement Regulations. The contract will be concluded as a framework as briefly outlined at the footnotes of the above/ previous page.

1. Post Customs/ Clearance Audit

Design and implement Post Clearance Audit Risk Management System, Audit Case Management and Training Module collaborating stakeholders in planning, designing, establishing a robust, transparent and target oriented risk management system for PCA in line with best international practices identifying system-based risk assessment by applying accredited risk management tools and techniques specific to transaction, entity and sector audit.

2. Audit Plan and Manual Preparation and Review

Making National Audit Manual (Income Tax/ Sales Tax/ FED)/ Audit Procedure Code to ensure compliance with Taxpayers Audit Wing's strategic goal analyzing the compliance trends and international best practices in setting the objectives and vision of National Audit Manual – identify and recommend improvements in transformation of traditional audit process. Follow the guidelines and regulations of E-Audit process in making the National Audit Manual to improve quality of audit for ensuring least human interference working closely with PRAL and TPA supporting the Compliance Unit.

Establish Post Clearance Audit Risk Management System design with workflow based audit case management and training module for auditors, based on best international practices in order to ensure transparency in its operation and processes. Develop the operational framework for 5 Year National Audit Plan for all key activities analyzing the respective trends and international best practices in setting the objectives and vision of National Audit Plan. Develop Compliance Risk Management Program and prepare necessary reviews, recommendations and relevant rules as prescribed under relevant laws/ statutes/ Audit Policy.

3. Transfer Pricing – International Taxes

Tax knowledge, investigation skills, and adept at reading account books, and a deep and comprehensive understanding of OECD's TP works, and their application facilitating objective review of an organization's business processes in view of prevalent situation of the economy and from global perspective.

Evaluate the efficacy of risk identification and management procedures that are currently in place with regard to international tax affairs – in particular, TP ensuring that the organization is complying with relevant domestic and international laws and global best practices.

Oversee/ develop financial models to evaluate audit risks and opportunities for transfer pricing planning projects - particularly with regard to the information received under CbCR. Develop financial models to determine intercompany prices, royalty rates and other cross-border charges with the help of comparable.

4. Digital Financial Services

Identify and implement government collection of taxes from consumption and use of digital services by businesses and consumers of such services in Pakistan vis-à-vis creating a mechanism for tracking and collecting associated taxes on digital payments through digital service providers in Pakistan by various payment channels and collaborating with participants in online payment chain.

Develop solid, and rigorously-deliberated solutions for various wings of FBR, building and institutionalizing key relationships with other government departments/ Authorities and funders and corporations to ensure their support and collaboration in regulations and rollout of digital tax collection products and services keeping track of proceedings, minutes, and preparation of working papers, and holding of meetings.

5. Ecommerce Transaction Taxation

Formalizing Digital Economy and E-Commerce in Pakistan through documentation and taxation regulation auditing and certifying the e-transactions as per FBR regulations adopting BI. Setup SOPs for formalizing all sorts of online transactions settled by local and international customers covering retail sales, advertising and marketing, hotel booking, professional services etc.

Help Federal and Provincial government departments with necessary automation, human resource, training etc. to facilitate the project. Lay structure for overlap organogram to work alongside FBR and provincial revenue boards.

6. Common Reporting Standard Compliance

The Common Reporting Standards “CRS” is an information standard for Automatic Exchange of Information (AEOI) regarding financial accounts on a global level between tax authorities – an Organization of Economic Co-Operation and Development “OECD” initiative that encourages the exchange of information on a global scale between revenue authorities in order to ensure completeness of income reported by taxpayers who have investments outside their country of tax residence.

Under CRS – Multilateral Competent Authority Agreement, FBR is obliged to implement Standard for Automatic Exchange of Financial Account Information in Tax Matters vide. Accordingly, the firm/ PMO shall engage Reporting Financial Institutions (RFI) to ensure better CRS compliance conducting outreach program to create awareness regarding CRS and addressing issues and problems faced by RFIs. Conduct training and orientation sessions for RFIs, assist in AEOI peer review and any other CRS related tasks from time to time.

7. Monitoring and Evaluation

Ongoing quality assurance of audit and compliance activities for making Annual Audit Report and provide technical assistance in achieving Taxpayers Audit Wing's KPIs ensuring that audit and compliance activities are in conformance with the Annual Audit Plan – examine and analyze the result of audit cases, evaluate the outcome of audit and identify the issues in performance of quality audit and give recommendations.

Collaborate to obtain data and monitoring of all audit related activities for the implementation of policies/ regulations under the said Project identifying deviations from the annual targets as specified in Annual Work Plan; preparing data for processing by organizing information, checking for any inaccuracies, adjusting and weighing the raw data and managing selected audit cases encompassing details of monthly and annual breakup.

8. Compliance Risk Management

Identifying, assessing, and monitoring the risks with respect to compliance with regulations and industry standards, putting internal controls in place to ensure that respective office(s)/ processes/ procedures are compliant, and monitoring those controls to be sure that they're effective on an ongoing basis noting the material losses and exposures to FBR that non-compliance could cause, including legal penalties, fines, business loss, and reputational loss.

GRC (Governance, risk management and compliance) approach is required – the integrated collection of capabilities that enable an organization to reliably achieve objectives, address uncertainty and act with integrity keeping the company on track – activities conducted in departments such as internal audit, compliance, risk, legal, finance, IT, HR as well as the lines of business, executive suite and the board itself.

9. Revenue Forecasting and Tax Expenditure

Prepare detailed tax expenditure report of FBR for federal taxes as per international best practices and evidence-based revenue forecasting including setting up of detailed benchmarks, i.e. Study and document estimates of tax expenditures of income tax, sales tax, customs, and federal excise. Study

of tax exemptions and concessions in Income Tax, Sales Tax, Customs, and Federal Excise, and measure costs and identifying beneficiary of each exemption and concession. Using appropriate econometric and/ or statistical models for conducting evidence-based revenue forecast for FBR for FY 2022-2024. Liaison with Customs wing to prepare estimates and beneficiaries of Customs.

10. HR Reforms

Recruiting and Retaining Qualified Staff, Mobility and Knowledge Sharing, Becoming an attractive Employer for future Employees, Learning and Development in Challenging Times, a Competence Profile for Staff supporting in achieving organizational goals, Why and How to improve Competence Descriptions and Evaluations, Beyond Vocational Training – Competence Management and the Improvement of HR Management by using Lean methods and main Results of Staff Migration Motivation Research.

E-learning System in practice and setting up In-house Training – Achievements and Challenges, Theory and Practice in the Comprehensive Training Program, moving from Introduction towards Integration of new Employees – Objectives and Methods, Management Development – from Competences to Awareness and Leadership and Management Charter and the Senior Executive Program.

Current and future challenges in HRM and necessary Trainings, Strategic Personnel Planning and Strategy based HR Management in practice vis-à-vis Excellence through Capability Development and Planning.

11. Communication and Coordination

Internal and external communication and coordination processes, including learning and outreach products, for the agreed portfolio. Support to develop excellent communication and organizational skills, the ability to manage communications with a wide variety of organizations and individuals, and the ability to react quickly to tasks and work under exceptionally tight timelines.

12. Gender Mainstreaming

Advocate for the inclusion of gender equality and women's empowerment issues within FBR and in Government policy in the country. Provide strategic advice and technical support helping ensure delivery of goals related to gender equality integrating gender into national policies and programs, within the applicable framework. Develop networks and partnerships with appropriate Government Ministries and officials, civil society and other stakeholders for gender equality and women's empowerment in relation to strategic priorities in the region.

Support Monitoring and Evaluation of the Impact of the relevant program(s) from a gender perspective – identify and support opportunities to apply gender analysis to strengthen gender responsive programming.