

REQUEST FOR EXPRESSION OF INTEREST (EOI) (CONSULTING SERVICES – FIRMS SELECTION)

[PAKISTAN]

[PAKISTAN RAISES REVENUE PROJECT]

Credit No.: 6435-PK

Assignment Title: Selection of Consulting Firm (To draft Inland Revenue Code to Harmonize the Inland Revenue Tax Laws Administered by the Inland Revenue Services, Federal Board of Revenue, Pakistan).

Reference No. (as per Procurement Plan): PK-FBR-219107-CS-CQS

The Federal Board of Revenue (“FBR”) has *received* financing from the World Bank towards the cost of the Pakistan Raises Revenue Project, and intends to apply part of the proceeds for the following 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.

Inland Revenue Service working under the Federal Board of Revenue is responsible for administering tax laws pertaining to levy, assessment and collection of all Federal Inland Taxes. Over the years, a harmonization process for the three main Inland Revenue laws, i.e. Sales Tax Act, 1990, Income Tax Ordinance, 2001, the Islamabad Capital Territory (Sales Tax on Services) Ordinance 2001, the Capital Value Tax levied under Section 7 of the Finance Act 1989 and the Federal Excise Act, 2005 has continued in order to align the provisions of the four enactments with each other and to provide uniformity and ease of implementation/compliance for the tax collectors and the taxpayers. The next milestone in the on-going reforms and continuance of the process of streamlining of Inland Taxes is the transition to a harmonized Inland Revenue Code by integrating the existing four laws. Consulting services are required for drafting of the harmonized Inland Revenue Code including legislative drafting along with stakeholder consultation.

The Federal Board of Revenue now invites eligible consulting firms (“Consultants”), to indicate their interest in providing the Services. Interested firms should provide the information demonstrating that they have required qualification and experience to perform this assignment. In this regard, there are prescribed standards which have been mentioned in the TORs, which may be downloaded from the website www.fbr.gov.pk. 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:

- i. A firm, having fifteen (15) years overall experience, including at least ten (10) years’ experience to demonstrate that the firm holds the requisite knowledge, skills and competencies required to perform its responsibilities as mentioned in the TORs with due professional care. Firm must have comprehensive understanding of domestic Tax Laws, local judicial trends in interpretation of Tax Laws and international best practices.
- ii. The Firm should have experience of practice of these Laws in Pakistan
- iii. Documented experience of preparing quality reports, drafting of legislation and legal reviews which are free from legal and contextual drafting errors, concise and succinct to allow policy and technical decisions.
- iv. The firm should have technically qualified staff in areas covered by ToRs.

The shortlisting criteria are:

Should have fifteen (15) years overall experience along with at least ten (10) years’ experience to demonstrate that the firm holds the requisite knowledge, skills and competencies required to perform its responsibilities as mentioned in the TORs with due professional care. Firm must have comprehensive understanding of domestic Tax Laws, local judicial trends in interpretation of Tax Laws and international best practices.	25 Marks
---	----------

The Firm should have experience of practice of these Laws in Pakistan	20 Marks
Documented experience of preparing quality reports which are free from legal and contextual drafting errors, concise and succinct to allow policy and technical decisions. Demonstrated knowledge and experience on taxation context, regulations and procedures of Pakistan.	20 Marks
Should have technically qualified staff in areas covered by ToRs	20 Marks
Should have the logistical capacity in terms of established offices	15 Marks
<u>Total Weightage for Evaluation Criteria</u>	<u>100 Marks.</u>

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 ("Procurement Regulations"), setting forth the World Bank's policy on conflict of interest.

A Consulting firms will be selected in accordance with the Consultant's Qualification-based Selection (CQS) method set out in the Procurement Regulations of the World Bank for IPF Borrower July 2016 Revised November 2017 and August 2018.

Further information can be obtained at the address below during office hours *i.e. 1000 to 1600 hours*.

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 account of JV.

Expressions of interest must be delivered in a written form to the address below (in person, or by mail, or by e-mail) by **March 5th, 2020**, on or before 1300 hours. For EOIs sent through emails, PMU would acknowledge receipt through email. In absence of such receipt, firms may like to follow-up

Attention: Procurement Specialist (Program Office)
Pakistan Raises Revenue Project
Room No. 574, 5th Floor,
FBR House, Constitution Avenue,
Islamabad.
Tel: 051-9219649
E-mail: procsp.prrp@fbr.gov.pk

Terms of Reference (TORs)

For

Consulting services (Firm)

To draft Inland Revenue Code to Harmonize the Inland Revenue Tax Laws Administered by the Inland Revenue Services, Federal Board of Revenue, Pakistan

1. Background

The Government of Pakistan is implementing a reforms program to mobilize domestic revenues to finance its development vision. This program is being financially supported by the World Bank through a Pakistan Raises Revenue Project (PRRP). The overall objective of the Project is to “contribute to a sustainable increase in domestic revenue by broadening the tax base and facilitating compliance”. The duration of the implementation of project is five-years (2020-2024).

The Federal Board of Revenue, Pakistan (the “Board”), with support from the World Bank, is currently undertaking a project for harmonization of the existing tax laws administered by the Inland Revenue Service of the Board, including but not limited to the Sales Tax Act, 1990, Income Tax Ordinance, 2001, the Islamabad Capital Territory (Sales Tax on Services) Ordinance 2001, the Capital Value Tax levied under Section 7 of the Finance Act 1989 and the Federal Excise Act, 2005 with the objective to harmonize the existing laws to the extent possible in order to provide ease of compliance and implementation and to bring certainty into their application.

Inland Revenue Service working under the Federal Board of Revenue is responsible for administering tax laws pertaining to levy, assessment and collection of all Federal Inland Taxes. Over the years, a harmonization process for the three main Inland Revenue laws, i.e. Sales Tax Act, 1990, Income Tax Ordinance, 2001, the Islamabad Capital Territory (Sales Tax on Services) Ordinance 2001, the Capital Value Tax levied under Section 7 of the Finance Act 1989 and the Federal Excise Act, 2005 has continued in order to align the provisions of the four enactments with each other and to provide uniformity and ease of implementation/compliance for the tax collectors and the taxpayers. The next milestone in the on-going reforms and continuance of the process of streamlining of Inland Taxes is the transition to a harmonized Inland Revenue Code by integrating the existing four laws. Consulting services are required for drafting of the harmonized Inland Revenue Code including legislative drafting along with stakeholder consultation.

The administrative and machinery provisions will be common for all the three tax laws. This component of the proposed Code would include provisions relating to record keeping, registration and returns, audits and investigations, tax arrears, penalties (both civil and- criminal) for a taxpayer's failure to comply with his obligations, recovery of monies owed to the government, internal investigations, the legal rights of taxpayers (including appeals), redress processes and dispute settlement. On the other hand, the charging and substantive provisions will be unique for each tax in conformity with their distinguishable character and essence. In addition to reorganization of the existing legal provisions, the exercise will provide an opportunity to simplify and consolidate the tax laws where the laws have become cumbersome and complex. This initiative will reflect aspirations of taxpayers to have a simple tax law, provide ease of doing business, meet the demands of both bilateral and multilateral development partners, as well as vividly crystallize the government’s vision of a fresh-look tax system.

2. Objective(s) of the Assignment

The foregoing factors demand initiating the process of writing of a harmonized Inland Revenue Code as early as possible so that it can be publicized for general feedback and comments before becoming the part of the next Finance Bill

FBR seeks the services of a consulting firm (hereinafter termed the “Consultant”) which shall lead all aspects of the assignment of drafting the new legislation, (hereinafter called the “Assignment”).

The Assignment has the following components:

- (a) To review existing analytical work and recommendations from government’s and development partners’ initiatives from recent past;
- (b) to engage in a structured consultative process with the management of the Board, to comprehend overall vision and objectives for this assignment, and to design a roadmap for achieving the desired objectives;
- (c) to structure the drafts in a manner that it has common administrative/machinery provisions for all tax types and separate charging/substantive provisions for each tax type;
- (d) to discuss and analyze the implications of the recommended unified tax code for the organizational structure of the FBR and IRS;
- (e) to prepare and submit the draft legislation to the Board for its review and approval;
- (f) to conduct stakeholders’ consultations, including FBR field offices, the taxpayers’ association or similar organizations, and incorporate their views, before submitting the drafts for legislative processing.
- (g) to assist the FBR in the legislative process by attending the meetings of the Parliamentary Committees, if so, required by the FBR; and
- (h) to work with FBR to design and conduct communication and awareness campaigns (internal and external), after the promulgation of the legislation.

3. Scope of Services, Tasks (Components) and Expected Deliverables

In carrying out the Assignment, the Consultant, will be required to perform the following tasks: -

- a) review the existing tax laws;
- b) bifurcate the tax laws into administrative/machinery provisions such as those pertaining to record keeping, registration and returns, audits and investigations, tax arrears, penalties (both civil and criminal), recovery of monies owed to the government, internal investigations, the legal rights of taxpayers (including appeals), redress processes, and dispute settlement etc.; and charging/substantive provisions distinctive to each tax type;
- c) maintain a continuous liaison with the FBR’s PRRP team /assigned focal persons (for technical inputs and internal coordination) for this assignment;
- d) set up a camp office in the Headquarters of the Board (the office space will be provided by the FBR);
- e) draft the proposed legislation with procedural and administrative provisions common to all taxes and separate substantive provisions such as charging provisions, tax rates etc for each tax type;
- f) incorporate the changes desired by the Board and other stakeholders with the approval of the FBR;
- g) assist the Board in the legislative process by attending the meetings of the Parliamentary Committees and in any other manner as desired by the Board; and
- h) conduct internal (for the field officers of the Board) and external workshops after the promulgation of the legislation.
- i) design and implement communication and awareness campaigns for the public (tax payers)

Qualification of the Firm

The firm MUST meet the following qualifications to be considered;

- i. A firm, having fifteen (15) years overall experience, including at least ten (10) years' experience to demonstrate that the firm holds the requisite knowledge, skills and competencies required to perform its responsibilities as mentioned in the TORs with due professional care. Firm must have comprehensive understanding of domestic Tax Laws, local judicial trends in interpretation of Tax Laws and international best practices.
- ii. The Firm should have experience of practice of these Laws in Pakistan.
- iii. Documented experience of preparing quality reports, drafting of legislation and legal reviews which are free from legal and contextual drafting errors, concise and succinct to allow policy and technical decisions.
- iv. The firm should have technically qualified staff in areas covered by ToRs.

4. Team Composition & Qualification Requirements for the Key Experts

Team Composition and Qualification Requirements for the Key Experts

Sr.	Designation	Positions	Input (by Weeks)
	KEY EXPERTS		
1	Taxation Experts -Team Lead – 01) <ul style="list-style-type: none">• At least fifteen years of relevant experience in tax practice and/ or tax administration, taxation and tax policy at national and international levels.• Solid understanding of domestic Tax Laws, local judicial trends in interpretation of Tax Laws and international best practices, as evidenced in the relevant experience.• Very good understanding of government functioning and processes as evidenced in the past experience.• In case of government employee, the individual must have retired from service for more than six months from the date of advertisement.	1	25
2	Taxation Experts - (Team Member – 01) <ul style="list-style-type: none">• At least fifteen years of relevant experience in tax practice and/ or tax administration, taxation and tax policy at national and international levels.• Solid understanding of domestic Tax Laws, local judicial trends in interpretation of Tax Laws and international best practices, as evidenced in the relevant experience.	1	25

	<ul style="list-style-type: none"> • Very good understanding of government functioning and processes as evidenced in the past experience. <p>In case of government employee, the individual must have retired from service for more than six months from the date of advertisement.</p>		
3	<p>Legislative Drafting Expert</p> <ul style="list-style-type: none"> • At least ten years of relevant experience of legal drafting. • Good understanding of federal tax laws or having experience of legislative drafting for such laws, as evidenced in the relevant experience. • Good understanding of government functioning and processes as evidenced in the past experience. • In case of government employee, the individual must have retired from service for more than six months from the date of advertisement. 	1	25
	TOTAL	3	

5. Reporting Requirements and Time Schedule for Deliverables

(a) The following will be the deliverables and timelines of the assignment:

A) Component 1 (Primary Legislation):

S. No	Deliverable	Timeline
i.	Inception report laying out review of the structure of existing legislation, any related analytical work, and structure of the draft legislation and detailed timelines	Two weeks from the start of contract
ii.	Draft of the administrative/ machinery provisions	Eight weeks from the start of contract
iii.	Draft of the charging/ substantive provisions of Income Tax	
iv.	Draft of the charging/ substantive provisions of Sales Tax	
v.	Draft of the charging/ substantive provisions of Federal Excise Duty	
vi.	Draft of the charging/ substantive provisions of the Islamabad Capital Territory (Sales Tax on Services) Ordinance 2001	
vii.	Draft of the charging/ substantive provisions of the Capital Value Tax levied under Section 7 of the Finance Act 1989	
viii.	Final Drafts after feedback	Two weeks from final feedback as decided by the Board

B) Component 2 (Supporting Legislation):

ix.	Draft of the revised rules for administrative/ machinery provisions	Twelve weeks from the completion of Component 1
x.	Draft of the revised rules for charging/ substantive provisions of Income Tax	
xi.	Draft of the revised rules for charging/ substantive provisions of Sales Tax	
xii.	Draft of the revised rules for charging/ substantive provisions of Federal Excise Duty	
xiii.	Draft of the revised rules for charging/ substantive provisions of the Islamabad Capital Territory (Sales Tax on Services) Ordinance 2001	
xiv.	Draft of the revised rules for charging/ substantive provisions of the Capital Value Tax levied under Section 7 of the Finance Act 1989	
xv.	Final Drafts after feedback	Two weeks from final feedback by the Board

C) Allied Activities:

- (i) Stakeholder consultation and awareness sessions as required by FBR.
- (ii) Assist the Board in the legislative process by attending the meetings of the Parliamentary Committees and in any other manner as desired by the Board; and
- (iii) Conduct workshops for the field officers and stakeholders of the Board after the promulgation of the legislation.

The compensation of time and effort of the Consultant in the above allied activities is included in the activities in the deliverables (A) and (B) above. Additional expenses, if any, associated with the allied activities shall be added in the contract price as Reimbursable expenditures and shall be paid as per actual.

- (b) *There will be weekly updates to the coordinator/ committee designated by the Board for the purpose.*
- (c) *The assignment will be conducted in continuous consultation with designated team from FBR*
- (d) *Final reports shall be delivered in CD ROM in addition to the specified number of hard copies;*

6. Client's Input and Counterpart Personnel

- (a) *Services, facilities and property to be made available to the Consultant by the Client: Office space with necessary amenities. Key experts of the Firm to be available during the assignment in the Camp Office established at FBR HQ as required by FBR as well as for various training and consultation sessions.*
- (b) *The Consultant will report to the designated Coordinator/ Committee from FBR.*

Selection Method:

The Firm will be selected in accordance with the Consultant's Qualification-based Selection (CQS) method set out in the World Bank's Procurement Regulations for IPF Borrower July 2016 Revised November 2017 and August 2018.