

# **Federal Board of Revenue Pakistan Raises Revenue Project**

## **TERMS OF REFERENCE FOR INDIVIDUAL CONSULTANTS**

### **1. Mis-Invoicing Impact Assessment Economist for Revenue Analysis**

#### **Background and Objectives**

Federal Board of Revenue is implementing the Pakistan Raises Revenue Project with the assistance of the World Bank. The objective of the project is to contribute to a sustainable increase in domestic revenue by broadening the tax base and facilitating compliance. This project comprises of two components: Component-1 (US\$ 320 Million): Result-based components and Component-2 (US\$ 80 Million): Investment Project Financing.

Many organizations and individuals have emphasized the importance of the role of Customs in combatting illicit financial flows (IFFs) which exploit the international trade system (G20, 2016-2017; Asia/ Pacific Group on Money Laundering, 2012; GFI, 2015-2017). Customs administrations have a well-established pedigree with respect to combating cash smuggling, a subset of IFFs, and under-invoicing of imports, a subset of trade mis-invoicing. The traditional Customs' roles of examination of 'goods' and collecting 'revenues' from trade continue to occupy most of their time and expertise, consequently, it is unsurprising that the realm of IFFs via trade mis-invoicing seems unfamiliar and remains unexplored territory for the vast majority of Customs administrations. As a consequence of their limited mandate, Customs may be unaware of the importance of trade mis-invoicing as a main channel of IFFs. According to a WCO survey (Han and Ireland, 2016), 62% of Customs administrations identified a 'narrow or non-existing mandate' as the biggest impediment in fighting against money laundering. The OECD Official Development Assistance to support countering IFFs via trade mis-invoicing gives an indication of the low level of interest from development partners in the role of Customs in combating IFFs.

This Study Report advocates for a re-evaluation of the role of Customs and their mandate to ensure that an appropriate response to IFFs is adopted, particularly in the context of heightened awareness among stakeholders, laypersons, practitioners and experts alike. The two major conclusions of this Report, compiled by the WCO with input from a range of experts and policy specialists, suggest that Customs should be adequately equipped in order to be able to examine whether 'financial transactions' between traders correspond to the actual 'value of traded goods. Furthermore, Customs should be equipped with a mandate to investigate all types of trade mis-invoicing; not only to secure Customs revenue but also to prevent traders from exploiting trade mis-invoicing for IFFs.

Federal Board Revenue (FBR) is Pakistan's premier, and at the national level the only, tax authority. FBR intends to get policy and operations research conducted on mis-invoicing to give direction to the country's revenue generation strategies and enable the allied public and private sector organization to synchronize their policies and frameworks accordingly.

During last few years FBR has introduced various policy and administrative reforms like reduction in corporate tax rates, phasing out unnecessary exemptions, tariff rationalization, free trade agreements, efforts to promote tax compliance culture, extended use of IT Tax Policy etc. The positive impact of such measures is evident from the recent surge in revenue collection and higher incidence of tax compliance.

The FBR (Revenue Analysis) now wishes to procure the services of the subject Consultant(s) as per below given key requirements/ deliverables to assist in the achievement of the following areas.

- a. To undertake analysis of existing systems, mechanisms, instruments or regulations and propose an operations framework to counter misinvoicing, in light of such analysis.
- b. Evaluate potential risks arising from future policy changes and suggest necessary adjustments in Pakistan's taxation system to guard against their adverse impact.

#### **Scope of Services**

The selected candidate shall be reporting to/ working under the direct supervision of the Director General Revenue Analysis.

The Consultant will review existing policies and information available within relevant institutions and stakeholders. Stakeholders' consultation will be the key area of focus. The Consultant will be required to identify the relevant stakeholders in consultation with FBR and devise mechanism for acquiring and compiling the required feedback. The Consultant will be required to develop a plan of methods and documents required for the operations framework.

The consultancy is expected to take 60 working days spread over a period of three months as follows, starting from the date of Contract signing.

<b>Description</b>	<b>Timeline(s)</b>	<b>Payment (Percentage)</b>
An <b>inception report</b> highlighting the methodology, tools, lists of proposed respondents (persons/ institutions) and detailed action plan with clearly marked deadline for the tasks	Within <b>One Week</b> from the date of <b>commencement of services</b>	10%
A <b>draft proposal</b> for identifying and checking mis-invoicing, which will be subject to debate	Within <b>Two Weeks</b> from the date of <b>inception report</b>	15%
<b>First draft</b> of the Report on mis-invoicing including feedback from the stakeholders to be submitted within four weeks after the draft proposal.	Within <b>Four Weeks</b> from the date of <b>draft proposal</b>	25%
<b>Final Draft</b> of the Report on mis-invoicing	Within the expiry of the consultancy period ( <b>overall three months</b> from the date of Contract signing)	50%

The payments are/ will be subject to timely and satisfactory completion of the respective assignments including their acceptance by the concerned office.

The final report of the Consultant will be in English and will include, inter alia:

- An Executive Summary A brief description of the scope and context
- A description of methods and materials used
- Discussion on main findings per objective/task
- An operational strategy for identifying and checking mis-invoicing, with allied proposal for required legal, administrative and policy changes and logistics required.

Following details may be included by way of Annexures:

- a. The Terms of Reference
- b. List of people/ institutions interviewed/ References.
- c. Key documents consulted or reviewed
- d. Stakeholders workshop proceedings
- e. Any other relevant annex that provides more details in support of the report

### **Qualifications and Experience**

- PhD in Economics or a Masters in Economics from HEC recognized university or, related fields such as international trade and commerce, international taxation.
- In depth knowledge of taxation, including tax policy and tax laws, is a mandatory requirement.
- Excellent knowledge of Pakistan's economy and the relevant challenges.
- Good knowledge of the international tax system, particularly of the countries bearing similarity of economic context with Pakistan.
- Prior Experience of operations research on customs and tax administration.
- A minimum of two (2) years research experience in case of PhD degree or 4 years' research experience in case of Master's Degree. The experience must include substantial research work on tax policy/ administration.
- Excellent logical, interpersonal, communication (both oral and written) and analytical skills.

- Hands-on experience of Microsoft Office (Word, PowerPoint, Outlook and Excel [and preferably MS Project]) with proficiency in making plans, policies and procedures with an ability to use ICT as a tool and resource.

## **Selection Process**

An individual consultant will be selected in accordance with the process stipulated in “World Bank: Procurement Regulations for Investment Project Financing Goods, Works, Non-Consulting and Consulting Services” (July 2016) revised November 2017 & August 2018.

---

## **2. Revenue Impact Analysis Economist for Revenue Analysis**

### **Background and Objectives**

Federal Board of Revenue is implementing the Pakistan Raises Revenue Project with the assistance of the World Bank. The objective of the project is to contribute to a sustainable increase in domestic revenue by broadening the tax base and facilitating compliance. This project comprises of two components: Component-1 (US\$ 320 Million): Result-based components and Component-2 (US\$ 80 Million): Investment Project Financing.

The FBR (Revenue Analysis) now wishes to procure the services of the subject Consultant(s) as per below given key requirements/ deliverables to assist in the achievement of Disbursement Linked Indicator number 2 (DLI-2), titled “Transparent Tax System” of the above-referred Program/ Project.

### **Scope of Services**

The selected candidate shall be reporting to/ working under the direct supervision of the Director General Revenue Analysis undertaking the following tasks:

- Capacity building and support to the officers of Directorate General Revenue Analysis in use of quantitative analysis tools and techniques.
- Prepare impact of FBR tax revenues resultant to tax policy changes introduced through annual budgets and other instruments from time to time.
- Tax-wise revenue impact i.e., Income Tax, Sales Tax, Customs, and Federal Excise duty.
- Preparation of Monthly tax-wise revenue impact statement and analysis of tax collection changes/ trends with respect to policy & operational measures and overall state of economy.
- Support Directorate General Revenue Analysis in its budget related tasks, revenue forecasting, analysis of revenue collection and other related tasks.
- Liaison with PRAL and other government agencies for obtaining the required data.
- Critical Analysis of reports prepared by Directorate General Revenue Analysis.
- Sectoral Analysis with reference to revenue implications of various policy and operational measures.

The Consultant shall be submitting following reports of monthly basis and/ or as mutually agreed as part of his/ her assignment(s).

- a. Monthly Revenue Analysis Reports
- b. Completing Tax-wise Revenue Impact of Finance Acts and Supplementary Acts
- c. Revenue Impact Statement
- d. Other Tasks/ Reports

### **Qualifications and Experience**

- PhD in Economics or a Masters in Economics from HEC recognized university or, related fields such as public policy, fiscal policy design/analysis;
- Minimum of 10 years of experience in tax policy and tax laws, is a mandatory requirement.
- Excellent logical, interpersonal, communication (both oral and written) and analytical skills.
- Hands-on experience of Microsoft Office (Word, PowerPoint, Outlook and Excel [and preferably MS Project]) with proficiency in making plans, policies and procedures with an ability to use ICT as a tool and resource.

## Selection Process

An individual consultant will be selected in accordance with the process stipulated in “World Bank: Procurement Regulations for Investment Project Financing Goods, Works, Non-Consulting and Consulting Services” (July 2016) revised November 2017 & August 2018.

---

### 3. **Tax Expenditure Reporting & Evidence Based Revenue Forecasting Specialist (Revenue Analysis)**

#### Background and Objectives

Federal Board of Revenue is implementing the Pakistan Raises Revenue Project with the assistance of the World Bank. The objective of the project is to contribute to a sustainable increase in domestic revenue by broadening the tax base and facilitating compliance. This project comprises of two components: Component-1 (US\$ 320 Million): Result-based components and Component-2 (US\$ 80 Million): Investment Project Financing.

The FBR (Revenue Analysis) under the Program is looking to procure the services of an experienced Consultant for Tax Expenditure Reporting and Evidence Based Revenue Forecasting for preparing breakdown of detailed tax expenditures along with cost & beneficiaries of each exemption & concession, and evidence-based revenue forecasts in the Annual Budget Statement 2021-22 and onwards of Federal Government. This task has been covered under the Disbursement Linked Indicator number 2 (DLI-2), titled “Transparent Tax System” of the above-referred program of the World Bank/ FBR.

#### Scope of Services

- Study and document estimates of tax expenditures of income tax, sales tax, customs, and federal excise for FY 2021-22 and onwards on revenue foregone approach.

##### INCOME TAX

- Study, Identify and gather necessary third party data for measuring estimates of tax expenditures through correspondence, in liaison with Project Director DLI # 2, IR policy Wing and PRAL.
- Analyze income tax returns and audited accounts data of beneficiaries of income tax exemptions and concessions, to calculate cost of exemptions and concessions.

##### SALES TAX

- In addition to Revenue Foregone Approach, implement VAT-Gap Model (Consumption Side) using “Supply-Use Tables” based on National Accounts for FY 2021-22 and onwards.
- Liaison with Customs wing to prepare estimates and beneficiaries of Customs Duty Exemptions
- Use appropriate econometric and/or statistical models for conducting evidence-based revenue forecast for FBR for FY 2021-22 and onwards.

- Conduct Tax Gap Analysis for FY 2021-22 and onwards.

The Consultant is expected to complete the subject assignment(s) as follows:

Sr.	Deliverable	Timelines
1.	Gathering of required data from PRAL & third-parties	Within One Month from the date of commencement of services
2.	Completing “Tax Expenditure Report 2023”	Within Two Months from the date of commencement of services
3.	Completing “Evidence-Based Revenue Forecast Report”	Within Three Months from the date of commencement of services
4.	Completing “Tax Gap Analysis Report”	Within Four Months from the date of commencement of services

### Qualifications and Experience

- PhD in Economics or a Masters in Economics or related fields such as fiscal policy design/analysis from HEC recognized university or a reputable foreign university.
- Chartered Accountants and those holding equivalent accounting and financial designations (CFA) are equally eligible for the position.
- Knowledge of accountancy and tax laws will be highly valued.
- A minimum of three (3) years on job research experience in case of PhD degree or 10 years’ experience in case of Master’s Degree, or those with accounting or financial certifications. The experience must include substantial research work on tax policy.
- The experience should be highly relevant to the areas identified above for running a tax administration.
- Published research in the areas related to the current assignments will be given due weightage.
- Excellent logical, interpersonal, communication (both oral and written) and analytical skills.
- Hands-on experience of Microsoft Office (Word, PowerPoint, Outlook and Excel) with proficiency in making plans, policies and procedures.

### Selection Process

An individual consultant will be selected in accordance with process stipulated in accordance with “World Bank: Procurement Regulations for Investment Project Financing Goods, Works, Non-Consulting and Consulting Services” (July 2016) revised November 2017 & August 2018.

---



## EXPRESSION OF INTEREST FORM (INDIVIDUAL CONSULTANTS)

1. Position Applied for: \_\_\_\_\_
2. Name: \_\_\_\_\_
3. Current Residential Address: \_\_\_\_\_
- Telephone/ Mobile No.: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_
4. Date of Birth: \_\_\_\_\_ Citizenship: \_\_\_\_\_
5. Education [Bachelor and above only in reverse chronological order] [Indicate college/ university and other specialized education giving names of institutions, degrees obtained, and dates of completion/ obtainment] [most recent first]:

Degree	Major Subjects	Name of University	Division/G rade	Passing Year

6. Membership in Professional Associations: \_\_\_\_\_

7. Other Trainings/ Certifications [Indicate significant and relevant trainings/ certifications only since completion of requisite qualification(s)/ degree(s) as mentioned under "Education"]:

Title	Institute	Year	Please indicate whether it is a Workshop/ Diploma/ Certification/ Training Course or else	Local/ Foreign (If foreign, please write country name)
			Example; Workshop	

8. Countries of Work Experience: [List countries where applicant has worked in the last ten years]:
9. Employment/ Consultancy Record [Starting with the present/ last position, list in reverse chronological order every employment held by applicant since graduation]:

Dates of Employment		Employer/ Consulting Organization	Position Held	Supervisor Name & Designation	Employer Contact (Email/ Mobile/ Phone)
From	To				

**10. Specific Experience** [For each of key assignment that best demonstrates your suitability for this position, fill the below columns]:

	<p><b>A) Assignment(s) Undertaken that Best Illustrates Applicant's Capability to Handle the Responsibilities/ Scope of Services as Required in/ by the TOR</b></p> <p><i>[Among the assignments in which the applicant has been involved, indicate the following information for those assignments that best illustrate the applicant's capability to handle the tasks respecting the TOR vis-à-vis Employment/ Consultancy Record as listed under No. 9 above]</i></p>	<p><b>B) Detailed Tasks</b></p> <p><b>Assigned</b></p> <p><i>[List all tasks performed by applicant under this assignment; please also indicate the level of involvement and responsibility]</i></p>
	<p>Name of assignment or project: _____</p> <p>Client/ employer: _____</p> <p><i>(Government/ Semi Government/Provincial Government organisation, Private Organization, International Organization, Local or International Donor Agency etc)</i></p> <p>Main project features: _____</p> <p>Position(s) held: _____</p> <p>From (Month/ Year): _____ to (Month/ Year): _____</p> <p>Activities performed: _____</p> <p><i>(Including nature and level of services performed/ delivered)</i></p>	<p><b>Total Volume/ Value and Duration of the Project (where applicable):</b></p>

**NOTE: Please be specific.**

**11. Certification:**

I, the undersigned, certify to the best of my knowledge and belief that this form correctly describes my qualifications and my experience

Yes      No  
☐      ☐

I understand that any willful misstatement described herein may lead to my disqualification or dismissal, if engaged.

**(Please just write your full name with CNIC No)** \_\_\_\_\_ Date: \_\_\_\_\_  
Signature of Applicant (Day/ Month/ Year)