

## **Terms of Reference**

### **Serbia**

#### **Tax Administration Modernization Project (TAMP)**

#### **CONSULTING SERVICES FOR BUSINESS PROCESS RE-ENGINEERING OF TAX OPERATIONS, INCLUDING TRAINING OF TRAINERS TO INTRODUCE THE NEW FUNCTIONS TO THE STA OPERATIONAL UNITS**

### **1. BACKGROUND**

- 1.1. The Serbian Tax Administration (STA), as a body within the Ministry of Finance of the Republic of Serbia (MOF) performs activities of determining, controlling, collecting of public revenue, detect tax crimes, conduct measures and activities within the competences regulated by the Tax procedure Law and Tax Administration. In order to achieve more efficient fund income into the budget of the Republic of Serbia, the STA should focus, the biggest part of its resources, on maintaining the achieved level of public revenue collection and further strengthening and preserving the basic functions by allocating limited resources.
- 1.2. The framework for the beginning of the STA reform is defined by the STA Transformation Program for the period 2015-2020, which was adopted in 2015 by the Government of the Republic of Serbia. In the further implementation, in December 2017, the Government of the Republic of Serbia created the Action Plan of the Transformation Program for the period 2018-2023 year, in which the mission, vision and reform activities of the STA were defined. In the middle of 2019, the STA carried out the organizational separation of basic and secondary activities. In the secondary activities – separated activities in the STA present administration of small number of the tax forms whose fiscal yield is significantly lower. The newly formed Sector for separate activities performs, among other things, determination, control and tax collection on the transfer of the absolute rights, as well as the inheritance and gift taxes, determination and tax collection on the use, holding and carrying of goods, determination of the market value of the real estate, determination infringements of intellectual property and especially right to computer programs (software) and databases.
- 1.3. Strengthening reform efforts, the focus on significant structural changes and strengthening administrative capacities is done in order to provide the predictable public revenues of the central budget of the Republic of Serbia, local government budgets, as well as the compulsory social security funds. In that sense, as a support to the intensification of the reform efforts of the STA, the Loan Agreement between the Republic of Serbia and the International Bank for Reconstruction and Development was realized, as a budgetary instrument of the reform of the STA.
- 1.4. The stated Loan represents the five-year project (TAMP) which started in 2019, with the main goal to contribute achieving the future vision of the basic activities of the STA: to become an organization which characterizes modern digital business, to be an

administration oriented towards providing service to the taxpayers, to provide services in accordance with the best international standards, to be equipped with a precise system for execution based on IT risk analysis and which enables the STA to efficiently use its available resources to optimize revenue collection for the Republic of Serbia.

- 1.5. TAMP is conceived as an institutional reform project focusing on basic tax administration functions and comprises of four components: (1) Legal Environment; (2) The STA Organization and Operations; (3) ICT Systems and Records Management Modernization; and (4) Project Management and Change Management. TAMP will finance technical assistance, training and capacity building, investments in IT systems and data management through the credit.

### **Component 1: Legal Environment**

- 1.6. The component will ease the range of constraints in the overall legal and tax administration policy environment in which the STA operates, helping to: eliminate law loopholes; align Serbian legislation with the EU standards; support a comprehensive approach to risk-based assessment; and improve tax compliance. The component will finance advisory support to remove impediments in the legal environment in order to ensure effective functioning of the STA and will be focused on tax laws and regulations and taxation information management and their exchange. The component contains an analysis of the national legal framework on recognition of digital documents for judicial purposes and of the legal framework on information governance (document retention and management); a review of the legal framework on information exchange between the STA and other agencies and government institutions; and development of procedural framework for automatic exchange of information with the EU Member States. In addition, it will finance a comprehensive review of the legal framework, including revisions to align the existing Serbian laws with the EU standards; options to strengthen legislation and administrative practice in order to mitigate risks of base erosion for the Serbian tax base and profit shifting from Serbia into countries with preferable tax system; and consulting services which will result with recommendations for eliminating loopholes in tax laws and regulations, and improving regulation for implementation of tax system.

### **Component 2: The STA Organization and Operations**

- 1.7. This component will improve the various functional areas identified in the Performance Assessment Report using the diagnostic assessment tool TADAT identified as performance outcomes for the measured 9 areas of work of the Tax Administration (POA 1-POA9) with certain weaknesses and deficiencies in relation to international application of good practice: taxpayer registration; risk management; voluntary compliance; tax dispute resolution; and the overall operational effectiveness.
- 1.8. **Human Resource Environment and Capacity Building:** This sub-component will undertake business process reengineering of the Human Resource function resulting in optimization of the inefficient human resource support system, and development of the

specifications for the enhancement of the existing HR Management Information System (HR-MIS) to evolve into a full functioning HRMIS system.

- 1.9. **Tax Operations:** This sub-component will provide support for institutional, legal, procedural and other changes in the STA to achieve significant efficiency improvements through business process re-engineering. The STA standing point for the execution of business process re-engineering is based on the decision by the Minister of finance on 31.10.2019 for procurement of “commercial-of-the-shelf” (COTS) system for the core system, having in mind the existing IT infrastructure, with STA remark that if there is no suitable COTS system or if it requires significant customization, STA will consider the option of custom development. This sub-component includes assistance for helping implementation of an effective tax compliance management system, delivering high-quality taxpayer services, bringing down the compliance burden for taxpayers and estimation of the VAT tax gap.
- 1.10. **Taxpayer Services:** This sub-component will support modernization of taxpayer services with a view to increasing understanding of revenue laws, procedures, as well as the rights and obligations of taxpayers and thus reduce the compliance burden for taxpayers in addition to providing comprehensive e-services for taxpayers.

### **Component 3: ICT System and Records Management Modernization**

- 1.11. The component will improve and expand the services provided by the ICT system and address the STA’s serious records management issues including dealing with the significant paper records backlog.
- 1.12. **Records Management and Archiving:** This sub-component will include developing solutions to build records management capacity, dealing with paper records backlogs, and providing systematic solutions for future records management through an information governance model. The sub-component will be led by a working group consisting of key stakeholders in the MOF, STA, and the National Archives.
- 1.13. **Information Systems:** This sub-component will procure COTS tax administration software solution that will be used to redesign field operations and required legal framework in order to consolidate the differences made by procurement COTS. Furthermore, this sub-component will support further development of the STA data warehouse by strengthening capacities of the STA staff to effectively search data for risk assessment and other needs, including evaluation of needs for upgrade of the STA ICT infrastructure and development of a taxpayer register with integration to other systems, e-registration for VAT and e-payments.

### **Component 4: Project Management and Change Management**

- 1.14. Modernization of the STA requires a mix of business process and performance improvements of ICT solutions. Apart from Project Implementation Unit (PIU), there is a need for clear, flexible and targeted interventions to ensure that coordination, implementation and learning challenges are addressed in a timely manner. This

component will provide cross-cutting support to activities in components 1-3 in three forms: establishment of a functional PIU, internal and external stakeholder communication and change management support to implementation teams. External stakeholders include citizens and government agencies, as well as an Advisory Committee. Internal targets include STA's PIU and its implementation teams. The component will finance national and international Consultants to support procurement, financial management and technical implementation; international advisors for ICT project management, training and change management; and operating costs associated with the project implementation including the functioning of the Steering and Advisory committees.

- 1.15. In the previous period, the STA has carried out several activities in the realization of the Transformation Program and Action Plan. Activities in the development of the STA are not caused by obsolescence of the existing technical and technological ICT system, yet they were the result of the needs to improve the business functions of the STA, as well as the introduction of new business functions that did not exist or were not enough developed.
- 1.16. The STA has succeeded in improving the existing business model by: 1) improving the ongoing collection of public revenues, 2) transfer of all tax returns into electronic form, 3) establishing a client-oriented relationship with taxpayers by creating an organizational unit, 4) implementing organizational changes in order to reduce the number of organizational units from 78 to 37 units, with the goal to reduce the costs and ensure further adequate presence on the field. A special effort was conducted on development of taxpayer awareness and education about the importance of tax regulations compliance. All this was carried out without radical changes of the business process within the STA and with the respect for the unchanged environment in the tax system of the Republic of Serbia.
- 1.17. The changes in the environment, modernization trends and global automatization, as well as business community requirements affect the need for changing the business process within the STA in order to develop digital business with the business community and, having in mind the best international practice, using modern business models. Significantly bigger efficiency in collection and financial controlling require changes of existing business processes.
- 1.18. There is a need for standardized and structured risk analysis, as well as the need for effective debt management. The STA business system must be designed in a way that it has the capacity to process and act effectively in a significant reduction of the gray economy and in activities to reduce the tax gap. Nevertheless, entire system of filing tax returns is transferred into digital services, there is a need for its modernization and optimization.

## **2. OBJECTIVE AND SCOPE OF WORKS**

- 2.1. The main objective, which the Consultant has to conduct, is to develop new STA business model, which means optimization of existing and implementation new business processes in accordance with the best international practice. The new business model will represent the basis for establishing the future organizational structure of the STA. Modified and new business processes will be supported in (integrated into) a comprehensive and scalable new software platform, with ability for upgrade and customization without compromising system integrity. In that sense, the designed software architecture should ensure stable functioning, as well as digitalization and automation of STA business functions in accordance with the best international practice, legal regulations, information security safety standards and other standards.
- 2.2. Before the analysis of existing business processes and analysis legal and institutional environment in the Republic of Serbia, the Consultant should present at least 3 (three) concrete examples of good international practice of the general business models and characteristic individual business processes within tax administrations' organizational units.
- 2.3. The Consultant will perform the analysis of existing business processes, as well as the analysis of the legal and institutional environment with the goal to define the gap between STA existing business model and international best practice.
- 2.4. The main task of the Consultant is to provide a STA future general business model, having in mind the integration between business processes. The Consultant has to design each individual business process, both as a part of group of business processes as well as individual business process within STA general business model.
- 2.5. The Consultant should document basic business processes by using diagrams (visualization), and by presenting the information workflow with special emphasizes on input and output in each business process.
- 2.6. Besides graphical representation of the basic business processes, the Consultant should provide clear and detailed description of all activities with a clear identification of participants, whether they are the STA participants, taxpayers or third party. If the particular business process is causally connected with other business process, the Consultant is required to describe the precise relationship between business process in order to minimize the risk of non-compliance between them; if needed to emphasize the validation process, eventual use of appropriate algorithm or any other action that ensures the legality of the business process, as well as the integrity of information used or created in the business process.
- 2.7. The description of the business process must contain measurable indicators for the participants in the process, as well as the appropriate tools for managing and reporting on business process by the STA hierarchy organizational levels.

- 2.8. The Consultant is obligated to make a roadmap that will define the schedule and deadlines of implementation of redesigned and new business processes.
- 2.9. The Consultant is required to make a description of the existing STA information systems in order to present basic directions of development of the ICT infrastructure that should be supported by the future selected software platform.
- 2.10. During the realization of the basic goals and tasks, the Consultant is required to transfer the knowledge to the STA participants, for design and redesign of the business processes, as well as for its later implementation.
- 2.11. During realization of the assignment, the Consultant is required to:
  - a) Organize and execute workshops together with STA, to identify the schedule of “subprojects” intended for implementation of the redesigned business process model and organize them in accordance with the priorities;
  - b) Develop risk models (technical, organizational and legislative risks), including mitigation risk strategies;
  - c) Prepare a detailed action plan, connected to the time and resources, for implementation of redesigned business processes, including, but not limited to, project management, monitoring and quality assurance mechanisms;
  - d) Transfer of knowledge for activity planning and risk managing through practical and theoretical training;
  - e) Prepare, present and audit (upon request) detailed implementation plan.

### **Methodology and Work Plan**

- 2.12. The Consultant must provide detailed Methodology for implementation of the service as well as detailed team structure that will prove capabilities and expertise to deliver required scope in defined timeline. It is expected that relevant CVs of key experts and non-key experts will be presented with detailed breakdown of relevant roles and responsibilities within the team structure.
- 2.13. The Consultant must provide detailed Work Plan for implementation of the service along with a staffing plan indicating effort within and outside Serbia.
- 2.14. During realization of the assignment, the Consultant is required to interview high and middle management representatives, organize workshops and meetings, exchange of documents, with respect to of data protection principles.
- 2.15. The Consultant, in agreement with the Project Management Committee, chooses the tool for the realization of the information exchange, as well as the design of business functions, while is expected usage of proven effective tools.
- 2.16. The basic approach in design of the business processes and STA general business model should be the legislative compliance by taxpayer without any physical contact between

the STA and the taxpayer, except in the domain of control and enforced collection of taxpayer property.

- 2.17. The STA collects data of taxpayers, as well as from the third-party systems, monitors information on the taxpayer, and performs automatic data control in its database or cross-checks taxpayer's data in the third-party databases. These processes are being performed in most cases in the real-time, which leads to the creation of the Taxpayer Profile ("view of the taxpayer of 360°"), creation of customized taxpayer services and compliance with tax regulations.

### **Functionalities**

- 2.18. Furthermore, the required functionalities by groups of jobs are given below and the Consultant can, exceptionally, in accordance with the performed analysis and design, to perform a different schedule of functionalities by the groups, but all listed functionalities must be supported and included in the new business of the STA.
- 2.19. The stated functionalities by groups of jobs, which need to be developed, the most important are, from the point of the STA, besides the existing functionalities that should be further maintained and upgraded. The consultant will document more closely the state of existing functionalities, with analysis of existing business process, legal and institutional environment that will be developed in order to define the deviation of the existing business model from the preferred model determined based on the best international practice.
- 2.20. Without restricting the scope of the BPR to be undertaken by the consultant, the STA envisions the following attributes of the business process areas.
- 2.21. Reengineering of the existing business process and defining new business process considers changes and creation of new business processes in the following areas:
1. Taxpayers registration
  2. Tax calendar
  3. Receipt and processing of tax returns
  4. Receipt and processing of payment
  5. Tax Accounting
  6. Collection Management
  7. Audit Control
  8. Case Management
  9. Analysis and prognosis
  10. International exchange of information
  11. Taxpayers Services

### **Taxpayer registration**

- 2.22. The taxpayer registration system should enable electronic registration and updating taxpayers registration data, connected subjects identification, integration of register with other basic business functions, automatic downloading of the data from the Register of the STA in all procedures initiated by the taxpayer or the STA, automatically downloading of the data arising in all procedures initiated by the taxpayer or the STA in the STA Register, as well as other functionalities from the field of taxpayer registration that are considered the best international practice.

### **Tax Calendar**

- 2.23. The Tax Calendar represents the system capability to recognize and automatically inform through other systems, the authorities in the STA and the taxpayer about the obligations related to the submission of tax forms, primarily tax returns, as well as payment obligations that fall due or have already fallen due.
- 2.24. The Tax Calendar should enable the scope of functionalities that refer to recognizing the due date of obligations for the taxpayers by tax forms, automatic generating of the tax returns and payment orders for every type of tax, automation of communication with the taxpayer through the establishment of personal tax e-order, tax calendar system integration with all other basic business functions and other functionalities that are considered the best international practice.

### **Receiving and processing of tax returns**

- 2.25. The receipt and processing of tax returns and claims include the group of functionalities for all types of taxes and procedures, with enabling the online support to filling returns (through “chat service”), automatic establishing of liability if the tax return is not filed in accordance with the law on the basis of data from related databases, and other functionalities of receiving and processing tax returns that are considered the best international practice.

### **Receiving and processing of payment**

- 2.26. The receiving–and processing of payment include the group of functionalities that should enable automatic connection with all external payment methods, enabling instant payment, whereby the personal e-account should contain and possibility that the taxpayer directly pays the tax obligation using pre-prepared electronic payment orders generated by the system, and other functionalities of receipt and process of payment which are considered the best international practice.

### **Tax Accounting**

- 2.27. Tax accounting implies functionalities of automatic reconciliation of balances with data from tax accounting on analytical cards, automation of reconciliation of subscriptions and debts per tax returns for the same tax type, calculation of the interest which takes into the account the balance of debts and subscriptions on all accounts of the taxpayer automatic transfer, opening and closing of tax balances by territories in the case of changing the place/residence/permanent residence and upon arrival of the change notification,

automatic creation of the final account and other functionalities of the tax accounting, which are considered the best international practice.

### **Collection**

- 2.28. The business function of collection will rely on the functionality of the tax calendar, automation of e-communication with the taxpayer, data from the profile of the taxpayer, with the application of the results of risk analysis in the collection. The part of the functionality that the system should meet: automatic identification of the tax debtors at an early stage of debt, efficient recording system and monitoring the postponed paying of the debt, harmonization of debts and payments in real time, e-delivery of files which are made in the process of collection from taxpayers and authorities, receiving and processing of data/cases transferred by the system, supported by the tax calendar of due and outstanding payment obligation, requests for deferral of tax debt, provision of electronic exchange of information with third parties and bodies for the purpose of analysis and enabling of collection and other functionalities in the field of collection which are considered the best international practice.

### **Audit Management**

- 2.29. This set of functionalities is connected to the system that supports strategic risk analysis that influences choice of the taxpayer for the audit, it also depends on the functionalities that enable defining the profile of the taxpayer. The function considers inclusion of all control methods in the associated set of supported functionalities of the STA, e-delivery to the taxpayer of files and documents that comes in the procedure of determining and auditing the tax, enabling the tools for support to the activities of audit, data analysis from the accounting of the taxpayer, connection to the information source outside the STA, taxpayer profile display, enabling the implementation of remote audit functions, updating data for risk analysis based on audit results, making reports on the number, duration and results of audit and other functionalities in the field of audit management that are considered the best international practice.

### **Case Management**

- 2.30. The Case Management system basically represents set of linked application that enable the receipt, creation, order for creation, monitoring the procedure/workflow, archiving and final reporting on all cases and their status received or made in the STA. The system should support the business process in the STA, those that are directly or indirectly related to the taxpayer, as well as internal operations, and other functionalities in case management that are considered the best international practice.

### **Analysis and Prognosis**

- 2.31. Analysis and prognosis include the group of functionalities that should enable the STA to apply the analytics (predicative and prescriptive analysis), risk analysis in the field of compliance through recognizing and ranging of the risk, analysis of the taxpayer behavior, suggestion and planning of implementing measures, monitoring the effects of

implementing the measures, the revenue assessment, analysis of unstructured data, preparation of various reports, support for analysis for the selection of risk criteria, support for the analysis of the tax gap by individual tax forms and support for the forecasting of tax revenues and other functionalities in analyses and prognosis that are considered best international practice.

### **International exchange of information**

*International administrative exchange of information in the tax matters, and practice and application of international standards for exchange of information*

- 2.32. The operation for this function should support the implementation of International agreements which the Republic of Serbia concluded in this field (Convention about mutual administration help in the tax matters, double taxation agreements). Multilateral convention for applying measures, with the goal of preventing the erosion of the tax base and transfer of profits that refer to tax contracts) and in accordance with the international standards and technical requests for this area. The Consultant should suggest functionalities, whereby the business model that is needed for the efficient implementing the stated activities.

### **Taxpayer Services**

- 2.33. The taxpayer services enable the taxpayer and the STA functionality of all group business process. It is necessary to provide all the tools which enable taxpayers to approach on a safe way to their own data in the STA, which are transparent for the taxpayer from the core of the system. Moreover, it is necessary to secure the delivery of appropriate tax forms and data in digital form, in order to exercise all their rights from the tax procedure. The taxpayers should be informed about the basic tax rights in a timely manner and about the process of the tax procedure they are participating. The mentioned activity implies and other functionalities in the part of providing the services that are considered the best international practice.

## **3. DELIVERABLES**

- 3.1. The deliverables of the Consultant are:

<b>#</b>	<b>Deliverable</b>	<b>Timeline</b>	<b>Number of Copies (on each language)</b>	<b>Language</b>
1	Draft of the Inception Report	Week 2	5	English/Serbian
2	Inception Report	Week 3	5	English/Serbian
3	Change Management Plan	Week 3	5	English/Serbian

#	Deliverable	Timeline	Number of Copies (on each language)	Language
4	Draft of the Gap analysis between STA existing business model and international best practice	Week 11	5	English/Serbian
5	Gap analysis between STA existing business model and international best practice with presentation	Week 13	5	English/Serbian
6	Draft of the Design of the General Business Model Document	Week 20	5	English/Serbian
7	Design of the General Business Model Document with presentation	Week 22	5	English/Serbian
8	Draft of the Document on design of the business processes with annexes and presentations	Week 50	5	English/Serbian
9	Document on design of the business processes with annexes and presentation	Week 52	5	English/Serbian
10	Draft of the Implementation Plan for suggested new STA general business model	Week 56	5	English/Serbian
11	Implementation Plan for suggested new STA general business model with presentation	Week 58	5	English/Serbian
12	Draft of the General Action Plan for implementing the general business model	Week 56	5	English/Serbian

#	Deliverable	Timeline	Number of Copies (on each language)	Language
13	General Action Plan for implementing the general business model and its presentation	Week 58	5	English/Serbian
14	Draft of the Final Report	Week 62	5	English/Serbian
15	Final Report and its presentation	Week 64	5	English/Serbian

3.2. Final deliverables (listed as 5, 7, 9, 11, 13 and 15) after being adopted by the Transformation Committee and the Project Management Committee.

#### 4. PROJECT REPORTING

4.1. The Consultant shall work and report under the direct jurisdiction of the Project Manager. The Project Manager will facilitate the Consultant's access to data and information, as well as, access to key actors in the assignment.

4.2. During the project, the Consultant shall prepare:

- a) Monthly reports (timesheets);
- b) Periodic reports (regular and interim);
- c) Final Report.

##### Monthly and Periodic Reports

4.3. The Consultant must prepare monthly and periodic reports during the assignment:

- a) Regular monthly report. Status report where all activities during the reporting period are presented, as well as results and progress in their achievement are shown. Also, the activities planned for the next reporting period, as well as the total time spent on defined tasks (timesheets), individually per every team member and summary review. This report also contains a list of risks identified by the Consultant and the way of eliminating them (through a previously standardized template that will be received from the TAMP Project Manager). The report must be submitted no later than the fifth day of current month for the previous month and must be approved by the Project Manager.
- b) Interim report – upon request by STA, World Bank, Ministry of Finance, or upon completion of a milestone. Status report where all activities during the

required period are shown, as well as achieved results. This report also contains a list of risks identified by the Consultant and how to eliminate them. The report is being reviewed by the TAMP Project Manager and is approved by the STA Transformation Committee.

#### Final Report

- 4.4. Upon completing the assignment, the Consultant prepares the Final Report. The Draft of Final Report is submitted in English and Serbian language, after the completion of all activities and successfully approved all the key documents and contains concise overview of all activities which were completed during the implementation of the assignment, analysis of results and impact on the organization (primarily on the STA), risk analysis and ways in which they were managed during the performance of the assignment.
- 4.5. Upon approval of the Draft, Consultant will submit the Final Report with all key documents attached that were the subject of approval by the TAMP Project Manager. The Final Report is submitted in English and Serbian language.

### **5. ACCEPTANCE OF DELIVERABLES**

- 5.1. The basic approach for the acceptance of deliverables should be, as follows:
  - a) The Consultant prepares each deliverable and submits it in English and Serbian language to the members of the STA working team and Project Manager for consolidation;
  - b) The STA working team members review the deliverable with Project Manager and distribute deliverable within its business sector. Those who review it on the behalf of the STA submit their comments or accept the content of the deliverable within no more than 15 (fifteen) calendar days. Changes and remarks are entered using the functions of MS Word "Comment" and "Track changes", as needed. Consolidated comments and remarks, the Project Manager submits to the Consultant in writing, electronically;
  - c) The Project Manager can extend this deadline for additional 7 (seven) working days;
  - d) In the case of STA not submitting the remarks within 30 calendar days, the deliverable shall be considered approved in its original form;
  - e) The Consultant changes/revises the deliverable and submits it to the STA working team members and Project Manager in writing, electronically within 7 (seven) calendar days;
  - f) The procedure is repeated until the STA approves the deliverable, in a maximum of 3 (three) cycles;

- g) The Consultant submits the consolidated deliverable to the STA, in English and Serbian language electronically and in printed form;
- h) The consolidated deliverable is submitted to the STA Transformation Committee for approval;
- i) Upon adopting the deliverable by the STA Transformation Committee, the Project Coordinator organizes the Project Management Committee for formal approval, while the Project Manager notifies the Consultant;
- j) Whenever in approval process some questions and problems remain unsolved, the Project Manager prepares a proposal for resolving and send it to the Project Management Committee. The Project Management Committee then decides what is the best way to address the questions and problems;
- k) For shorter deliverables, where is expected to be disagreement of those who review and accept them, a working team revision of the deliverable can be applied. In that case, the deliverables are sent and reviewed, but instead of the consolidation in writing, a meeting is convened where the content of deliverable is read, and the participants give their comments on the spot. Until the end of the meeting, all disagreements must be resolved.

## **6. DURATION**

- 6.1. The duration of this assignment is defined at 15 months from the signing of the contract. During that period, the Consultant will perform assignments defined by this ToR. The STA expects that the engagement will be approximately 220 man months.

## **7. LANGUAGE**

- 7.1. The Consultant will work in English and Serbian languages. All communication will be in Serbian language – if required, the consultant should include interpreters and translators as part of their team. All documents are submitted in English and Serbian languages. The Consultant is responsible for translation from English into Serbian language.

## **8. PLACE OF SERVICE**

- 8.1. The Consultant will provide the requested services in the place of the Client, in Belgrade, the Republic of Serbia.

## **9. RESTRICTIONS**

- 9.1. In addition to the standard conflict of interest restrictions specified in the Contract, all materials created under this Contract will remain the sole property of the STA. Re-use of the materials will require the formal, written approval of the STA. On the commencement of the assignment, the Consultant will jointly prepare with the STA a statement of

confidentiality that will bind the Consultant to non-disclosure of any information that the Consultant may become knowledgeable of during the assignment.

- 9.2. The terms of this agreement shall be made consistent with the relevant privacy laws of the Republic of Serbia.

## **10. QUALIFICATIONS**

### 10.1. Qualification criteria

#### **Consultant (Company) qualifications**

- 10.1.1. The right to participate has the Consultant who performed consulting services related to the business process analysis projects and creation of models of the tax business functions in the minimum of 2 projects each with minimum contract price of 1.000.000 EUR, during the last 5 years (2015-2019).

- a) The Consultant must be legal entity;
- b) The Consultant must have minimum 50 employees with relevant experience in the field and in conducting similar assignments in the last five years (2015-2019). Proof: submit the contract/certificates of employees on the engagement on subject projects;
- c) the Company must have proven experience in the Tax Administration of at least one European country that administers the revenue of central budget, and has to prove its business capacities with the list of projects in the last 5 years (2015-2019) related to:
  - i. experience in projects related to the basic tax processes in the public finances – minimum 3 projects;
  - ii. experience in projects of analysis of tax business process and creation of model of tax business functions – minimum 2 projects;
  - iii. experience in projects defining Action Plans for the implementation of tax business functions and tax business processes – minimum 2 projects;
- d) experience in creation and implementing training;
- e) Regional presence and understanding of the tax system in the countries of the region is preferred.

- 10.1.2. As proof, the Consultant must prepare the table with this data: project title or the relevant assignment, description of conducted works, year in which the project was implemented, country/region, contact person by the client's side (name, email, telephone number), contract value, as well as signed certificates of the ordering sides which prove the reliability of the data shown in the table.

**Key Team Members must include the following:**

### **Team leader**

10.1.3. The Consultant must have delegated team leader/project manager who is totally responsible for the development and realization of all activities provided for in this Term of Reference, in the manner of time and quality of delivered services, in accordance with a good business practice and the highest standards in the public sector. Team leader will be a primary contact, which will coordinate the team and provide the quality work.

10.1.4. The team leader must have:

- a) University degree in Economics, Law or Business Administration;
- b) Minimum 20 years of working experience;
- c) Minimum 10 years of experience in the field of consulting, team management and leadership positions;
- d) Proven experience in the implementation of similar projects and projects with similar assignments presented in this Terms of Reference – minimum 2 projects in the last 5 years;
- e) Proven experience in implementation of projects in the public sector – minimum 3 projects;
- f) Proven experience in implementation of donor projects (World Bank, the EU, USAID, or similar) – minimum 3 projects;
- g) Knowledge of English, as well as presentation skills.

10.1.5. It would be preferable for Team Leader to have:

- a) University degree of Master or Doctor of Science;
- b) Certificate for Project Management (ISO21500, Prince, PMP or other relevant certificate).

### **Senior Expert for Tax system**

10.1.6. The Consultant must have delegated senior expert with significant experience for the tax system, who is fully responsible for the realization of business solution model, implementation plan, in accordance with good business practice and the highest standards in the Tax Administrations.

10.1.7. Senior expert for tax system must have:

- a) University degree in Economics, Law or Business Administration;
- b) Minimum 20 years of working experience;
- c) Minimum 10 years of experience in the field of consulting in leading positions in the public finances and/or tax regulations;

- d) Proven experience in the implementation of similar projects and projects with similar assignments presented in this Terms of Reference – minimum 2 projects in the last 5 years;
- e) Proven experience in implementation of projects in the public sector – minimum 3 projects;
- f) Proven experience in implementation of donor projects (World Bank, the EU, USAID, or similar) – minimum 3 projects;
- g) Knowledge of English language, as well as presentation skills.

10.1.8. Preference will be given to the candidate who has:

- a) University degree Master or Doctor of Science;
- b) Proven experience in analysis and reengineering of business processes in the field of public finances.

### **Expert for Business Process Design**

10.1.9. The Consultant must have delegated expert for business process design, who is fully responsible for the realization of creation business process, in accordance with the good business practice and the highest standards in the tax administrations.

10.1.10. Expert for business process design should have:

- a) University degree in Economics, Law or Business Administration;
- b) Minimum 10 years of working experience;
- c) Minimum 7 years of experience in the field of consulting in positions or in the role of an expert for business process design;
- d) Proven experience in the implementation of similar projects and projects with similar assignments presented in this Terms of Reference – minimum 2 projects in the last 5 years;
- e) Proven experience in implementation of projects in the public sector – minimum 3 projects;
- f) Proven experience in implementation of donor projects (World Bank, EU, USAID, or similar) – minimum 1 project;
- g) Knowledge of English language.

10.1.11. It would be preferable that the Expert for Business Process Design also has:

- a) Proven experience in business process analysis and reengineering in the field of public finances.

## 11. SELECTION OF THE CONSULTANT FIRM

11.1. The Consultant firm will be selected in accordance with QCBS (Quality-and Cost-Based Selection) method set out in the World Bank's Procurement Regulations for IPF Borrowers (July 2016, revised November 2017 and August 2018).

11.2. Evaluation of the Proposals will be done in accordance with following criteria:

#	Criteria	Weight
1	<b>Experience of the Consultant firm relevant to the assignment</b>	<b>5</b>
2	<b>Adequacy and quality of the proposed Methodology and Work Plan in responding to the Terms of Reference</b>	<b>50</b>
3	<b>Key Experts' qualifications and competence for the assignment</b> Key Expert: Team Leader [points 15] Key Expert: Senior Expert for Tax system [points 10] Key Expert: Expert for Business Process Design [points 10]	<b>35</b>
The Key Experts' qualifications shall be evaluated according to the following sub-criteria and their belonging weights:		
a)	General qualifications (general education and experience)	20
b)	Adequacy for the Assignment (relevant experience in the industry and in similar assignments with focus to public sector, previous experience with international donors)	60
c)	Relevant experience (working level fluency in local language / knowledge of local culture, etc.)	20
4	<b>Participation by nationals among proposed Key Experts</b>	<b>10</b>

11.3. The minimum passing score is 75 points.

11.4. The STA will publish Request for Expression of Interest and upon evaluation of received EoI, five to eight best evaluated firms will receive Request for Proposal. Those firms will be called to submit technical-and financial proposals.

11.5. Firm will be selected in accordance with the Quality and Cost-Based Selection (QCBS) method. QCBS is a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services.

## 12. TERMS OF PAYMENT

12.1. The Contract will be the Standard World Bank Lump Sum Contract. The payments for services will be based on the deliverables / reports approved by the Project Manager and

Project Director. The Contract costs will include remuneration and reimbursable costs referring to the assignment.