



Tax Administration (P127807)

EUROPE AND CENTRAL ASIA | Tajikistan | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2013 | Seq No: 11 | ARCHIVED on 30-Nov-2017 | ISR30437 |

Implementing Agencies: Tax Committee, Ministry of Finance, Ministry of Finance

Key Dates

Key Project Dates

Bank Approval Date:31-Oct-2012

Effectiveness Date:08-Feb-2013

Planned Mid Term Review Date:30-Jun-2015

Actual Mid-Term Review Date:04-Nov-2014

Original Closing Date:31-Dec-2017

Revised Closing Date:31-Dec-2019

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to reform the tax administration to become more efficient and effective in collecting revenue, enhance the level of voluntary compliance, and improve the quality of taxpayer services. Specifically, the project aims to: (i) reduce the administrative cost of collecting revenue to make the Tax Committee a more efficient institution; (ii) strengthen the effectiveness of the Tax Committee to fight tax evasion and reduce the size of the shadow economy; (iii) reduce contact between tax officials and taxpayers to reduce avenues for corruption and create conditions for increased level of voluntary compliance; and (iv) provide good quality taxpayer services that would help reduce the compliance burden for taxpayers, thus improving the business environment and competitiveness.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Institutional development:(Cost \$2.20 M)

Operational development:(Cost \$1.80 M)

IT Infrastructure and system development:(Cost \$12.40 M)

Project Management:(Cost \$1.60 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory



Overall Risk Rating

● Substantial

● Substantial

Implementation Status and Key Decisions

Component 1. Institutional Development

The TC has terminated the contract with the consulting company assisting with implementing institutional development (QCBS-01).

Institutional development includes reforms in four major areas: (i) organization, management and integrity; (ii) human resource management; (iii) training management capacity building; and (iv) implementation of the human resource management information system. The consultant submitted nine required reports, two of which were not accepted: those on integrity and organizational structure and monitoring and assessing the effectiveness of tax offices. To complete those two important reports, the TC has hired an individual consultant who has already submitted reports. It is expected that a new action plan on implementing recommendations provided in the report will be developed soon.

Human Resources Management Information System (HRMIS). The work on the HRMIS system has been completed and the HRMIS system was launched on September 1st. Five days of training were given to key staff members and these trainers are training additional HR staff who will be working with the new system. The personnel offices within the TC are in the process of transferring the staff's information from the old paper based system into the HRMIS – the objective is to complete this task by Jan 1, 2018 with the expectation that all personnel activities will be processed through the new system at that time.

A contract for a year of extended support by one on-site resource has been signed with the vendor. Beyond warranty work, this will provide the TC supporters with additional training and will ensure that they can undertake all maintenance and development on the new system.

Component 2. Operational Development

Part of the reports required under this component have been delivered by consultants. Reports include analysis and recommendations for changes in the areas of tax policy analysis and revenue forecasting, internal audit and appeal, and taxpayer services. However, the majority of reports submitted by consultant (Ernst&Young) on taxpayers' registration, tax audit, and enforced collection have not been approved by TC due to their poor quality. It is expected that TC will terminate the services of the current consulting firm and hire an individual consultant to complete the analysis and provide recommendations on changes on those important areas of tax administration.

The criteria for inclusion of taxpayers in the Large Taxpayer Inspectorate (LTI) could be reviewed with a view to increasing that number. At the moment, there are about 300 taxpayers in the LTI. This is also reflected in the collection figures from the LTI which remain at about 46 percent of total collections whereas the target is 60 percent. The team was informed that collections from companies outside the LTI have grown over the years which is a good indication that a review of the criteria is in order such that other taxpayers which may have become large enough to be in the LTI are included. LTI may be able to manage about 500 taxpayers effectively.

Call Center. Under Component-2, funding is provided to set-up a modern call centre with up to ten seats in the old training building. The contract for the supply and installation of the equipment for the call centre was signed in April 2017; fit-up of the ten seats in the new central contact center is being completed this month. The central call center is linked to two other satellite contact centers which are in the regions. The three centers back-up each other and will handle each other's workload if an overflow situation occurs. TC reports that 12,263 hotline queries were answered in 2016, which is significantly higher than the 7,338 queries in 2015.

Over one thousand Q&A questions have been constructed for use by the contact center staff. Staff training in the use of the new contact center software and in the operations of the contact centre will take place in the next two months. The new central contact centre is targeted to be operational on January 1, 2018.

Component 3. IT Infrastructure Modernization

The TC continues to expand its electronic service offerings providing an increasing electronic suite of services as an interim solution until the new IT System (Integrated Tax Management Software – ITMS) is introduced as part of this project. Recently they have added introduced an e-request facility for taxpayers to request their letter for certification of no arrears and the confirmation that they are registered with the TC. Due to the legal requirement that the letters be stamped and signed, taxpayers must still go to a TC office to obtain them – once this legal requirement is addressed it will be possible to issue the letters to taxpayers electronically.

E-filing rates are now at 87.4% with 97.2% of all legal entities and 77.8% of the individual entrepreneurs filing their returns electronically. In addition, all patent applications are now processed by the central system now that all local offices have been linked into the network and scanners (for copies of their personal identification documents) have been installed. During a field visit to the Vahdat office, we confirmed that the office staff are reporting that the ICT system (and infrastructure like network access) continues to be stable. In addition we visited the e-filing help center within the office – the TC has standardized the operations of these centers in all their offices and they are providing significant service assistance which is contributing to the high e-filing rate that has been attained.



The reports of difficulties processing submissions during peak periods have been addressed, with the result that only a sporadic number of taxpayers indicate they encountered an issue with e-filing during peak periods. The TC is introducing a “post” terminal in areas without local offices that will allow taxpayer to pay their taxes using their debit cards and get information about their obligations.

The retendered ITMS procurement is underway. The new bids were received on Oct 10th and seven (7) bids were received. The TC evaluation team is currently reviewing the technical specifications and participating in the bidder demonstrations of their proposed systems. The results of this 1st phase of the procurement are targeted to be completed by November 15th with the 2nd phase invitations to be issued on November 25th. The TC is currently targeting for notification of contract award by January 24, 2018; and the signing of the contract and receipt of guarantees by February 5, 2018.

Procurement

Procurement under the project is conducted in compliance with the applicable Procurement and Consultants Guidelines and provisions of the Financing Agreement. Procurement under the project is considered **moderately satisfactory**. Since the number of process available for post review is small, the mission decided to postpone conducting post review exercise until the next fiscal year.

Financial Management

The financial management arrangements at TC, including planning and budgeting, accounting, financial reporting, funds flow, internal controls and external audits, are considered to be overall adequate and acceptable to the Bank. A limited control review of sample transactions under the Project conducted during the mission indicated several mostly minor issues. The current project FM rating is **Moderately Satisfactory**.

The FM Risk Rating for the Project has been updated in Portfolio and Risk Management System (Prima2). Based on the results of the current FM mission, the project’s FM risk remains as Moderate. The Overall Fiduciary Risk rating for the project has been discussed with the Bank procurement specialist assigned to the project, and as a result, the Overall Fiduciary Risk rating for the project remains Substantial.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Substantial	● Substantial
Macroeconomic	--	● High	● High
Sector Strategies and Policies	--	● Substantial	● Substantial
Technical Design of Project or Program	--	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	--	● Substantial	● Substantial
Fiduciary	--	● Substantial	● Substantial
Environment and Social	--	● Low	● Low
Stakeholders	--	● Substantial	● Substantial
Other	--	● Substantial	● Substantial
Overall	--	● Substantial	● Substantial

Results

Project Development Objective Indicators

► Increase in Voluntary Compliance: the total number of active taxpayers (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	161,000.00	262,239.00	267,192.00	201,500.00
Date	30-Jun-2012	01-May-2017	17-Nov-2017	31-Dec-2019

► Improved taxpayer service: average time to comply (Hours, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	226.00	209.00	209.00	180.00
Date	31-Dec-2011	01-May-2017	17-Nov-2017	31-Dec-2019

► Increased Efficiency: average tax revenue collected per tax official (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	TJS 2.1 million	TJS 4.7 million	TJS 3.9 million	TJS 2.9 million
Date	31-Dec-2011	01-May-2017	17-Nov-2017	31-Dec-2019

▲ % of taxpayers legal entities filing electronically (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	90.40	97.20	70.00

▷ Amount of tax arrears as a percentage of total annual tax collection (excluding Barqi Tojik) (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	13.80	8.10	9.60	10.00

▷ Share of revenue collected by Large Taxpayer Inspectorate (LTI) (Percentage, Custom Supplement)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	43.60	44.10	46.10	60.00

► Enhanced Effectiveness: tax gap as measured by VAT productivity (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.37	0.38	0.40	0.42
Date	31-Dec-2011	30-Sep-2016	17-Nov-2016	31-Dec-2019

▲ Enhanced Effectiveness: tax gap as measured by CIT productivity (Number, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.03	0.04	0.14	0.06

► Adjustment as a result of audit per auditor (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	184.00	754.90	597.40	280.00
Date	31-Dec-2011	01-May-2017	01-May-2017	31-Dec-2019

Overall Comments

Intermediate Results Indicators

► Component 1: Implementation of Human Resource Management Information System (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No HRMIS available	The contract for the new HRMIS system was signed in August 2016 and the staff of the successful bidder have completed approximately 70 percent of the customization. TC staff have been significantly involved in the customization and indicate that they will be able to maintain the application once the vendor has completed their work and that they will be able to apply updates to the base application (1C) as they are released by the vendor. It is expected that the new HRMIS system will be deployed in late July 2017 and be rolled out across the TC in August.	Human Resources Management Information System (HRMIS). The work on the HRMIS system has been completed and the HRMIS system was launched on September 1st. Five days of training were given to key staff members and these trainers are training additional HR staff who will be working with the new system. The personnel offices within the TC are in the process of transferring the staff's information from the old paper based system into the HRMIS – the objective is to complete this task by Jan 1, 2018 with the expectation that all personnel activities will be processed through the new system at that time. A contract for a year of extended support by one on-site resource has been signed with the vendor. Beyond warranty work, this will provide the TC supporters with additional training and will ensure that they can undertake all maintenance and development on the new system.	System fully operational
Date	05-Sep-2012	01-May-2017	17-Nov-2017	01-Aug-2017

► Component 1: Building training facilities (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Training center not present	Training Center in the Sughd Region has been equipped. The new building of Training Center in the Kulob Region is operational. Training Center in Khorog will be operational in end 2017.	Training Center in the Sughd Region has been equipped. The new building of Training Center in the Kulob Region is operational. Training Center in Khorog will be operational in end 2017.	Training center fully equipped
Date	05-Sep-2012	01-May-2017	17-Nov-2017	31-Dec-2019

► Component 1: Training strategy approved and implemented (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Training provided in ad hoc manner	The consulting company has helped TC with developing the Training Strategy. It is expected that the Strategy will be adopted in mid 2017 and later implemented.	The consulting company has helped TC with developing the Training Strategy. It is expected that the Strategy will be adopted by the end 2017 and later implemented.	Training strategy and curriculum design developed
Date	05-Sep-2012	01-May-2017	17-Nov-2017	29-Dec-2017

► Component 1: Organizational review, work force review, organizational restructuring, staff redeployment (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Organizational plan for HQ submitted to government	The new organizational structure was approved by the Government on July 2012 and currently is being implemented.	The new organizational structure was approved by the Government on July 2012 and currently is being implemented.	Organizational review, workforce review, organizational restructuring and staff redeployment completed
Date	05-Sep-2012	01-May-2017	17-Nov-2017	31-Dec-2019



► Component 2: Amount of tax arrears as a percentage of total annual tax collection (excluding Barqi Tojik) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	13.80	8.10	9.60	10.00
Date	31-Dec-2011	01-May-2017	17-Nov-2017	31-Dec-2019

► Component 2: Share of revenue collected by Large Taxpayer Inspectorate (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	48.00	44.10	46.10	60.00
Date	31-Dec-2011	01-May-2017	17-Nov-2017	31-Dec-2019

► Component 2: Percent of taxpayers legal entities filing electronically (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.05	90.40	97.20	70.00
Date	31-Dec-2011	01-May-2017	17-Nov-2017	31-Dec-2019

► Component 2: Development of Call Center (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Manual system available	Funding is provided to set-up a modern call center with up to ten seats in the old training building. The contract for the supply and installation of the equipment for the call center was signed in April 2017 and it is expected that the new call center will be operational later this year. TC reports that 12,263 hotline queries were answered in	Under Component-2, funding is provided to set-up a modern call center with up to ten seats in the old training building. The contract for the supply and installation of the equipment for the call center was signed in April 2017; fit-up of the ten seats in the new central contact center is being completed this month. The central call center is linked to two	Call center operational



		2016, which is significantly higher than the 7,338 queries in 2015. It is expected that 1,000 questions/responses will be introduced into the system, which will be functioning on 7/24 basis.	other satellite contact centers which are in the regions. The three centers back-up each other and will handle each other's workload if an overflow situation occurs. TC reports that 12,263 hotline queries were answered in 2016, which is significantly higher than the 7,338 queries in 2015.	
Date	05-Sep-2012	01-May-2017	01-May-2017	31-Dec-2019

► Component 3: Data Center established (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Supports current legacy system	The new Data Centers (DC) became operational in 2016 and all production services are now hosted in the primary data center in Dushanbe. The TC maintains a small monitoring staff in an office area attached to the DC; all other development and maintenance activities occur from the IT teams' offices in the Headquarters building. The Disaster Recovery (DR) center in Khujand, visited during the field visit, is operational and contains the disaster recovery data storage devices along with its own operations staff responsible for its monitoring. The center will be equipped with servers as part of the ITMS process and at that time will be fully functional as a disaster recovery center.	The new Data Centers (DC) became operational in 2016 and all production services are now hosted in the primary data center in Dushanbe. The TC maintains a small monitoring staff in an office area attached to the DC; all other development and maintenance activities occur from the IT teams' offices in the Headquarters building. The Disaster Recovery (DR) center in Khujand, visited during the field visit, is operational and contains the disaster recovery data storage devices along with its own operations staff responsible for its monitoring. The center will be equipped with servers as part of the ITMS process and at that time will be fully functional as a disaster recovery center.	Data center fully operational
Date	05-Sep-2012	01-May-2017	17-Nov-2017	31-Dec-2019

► Component 3: Implementation of Integrated Tax Management Information System (ITMIS) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Existing tax system has limited capacity	<p>The ITMIS procurement is being retendered. The original procurement only attracted four bidders and all were assessed as not meeting tender requirements. The tender document has been revised and submitted to the Bank for No Objection in late May. The revised tender document relaxes the requirement to provide a COTS solution and will now allow bidders to propose a custom built system that meets the TC's requirements. It is expected that the RFP will be published by the end of June. This exact mechanism for the international tender is being discussed with the TC; the TC had requested a two phase tendering process but due to time constraints the Bank has asked them to consider using a one phase process with a financial and technical evaluation. In a best case scenario, the TC plans to complete the tender evaluations by December 2017. The new system is targeted to be operational starting in March 2019 with the full system available by November 2019.</p>	<p>The new bids were received on Oct 10th and seven (7) bids were received. The TC evaluation team is currently reviewing the technical specifications and participating in the bidder demonstrations of their proposed systems. The results of this 1st phase of the procurement are targeted to be completed by November 15th with the 2nd phase invitations to be issued on November 25th. The TC is currently targeting for notification of contract award by January 24, 2018; and the signing of the contract and receipt of guarantees by February 5, 2018.</p>	ITMS deployed and fully operational
Date	05-Sep-2012	01-May-2017	17-Nov-2017	02-Sep-2019

Overall Comments

Data on Financial Performance

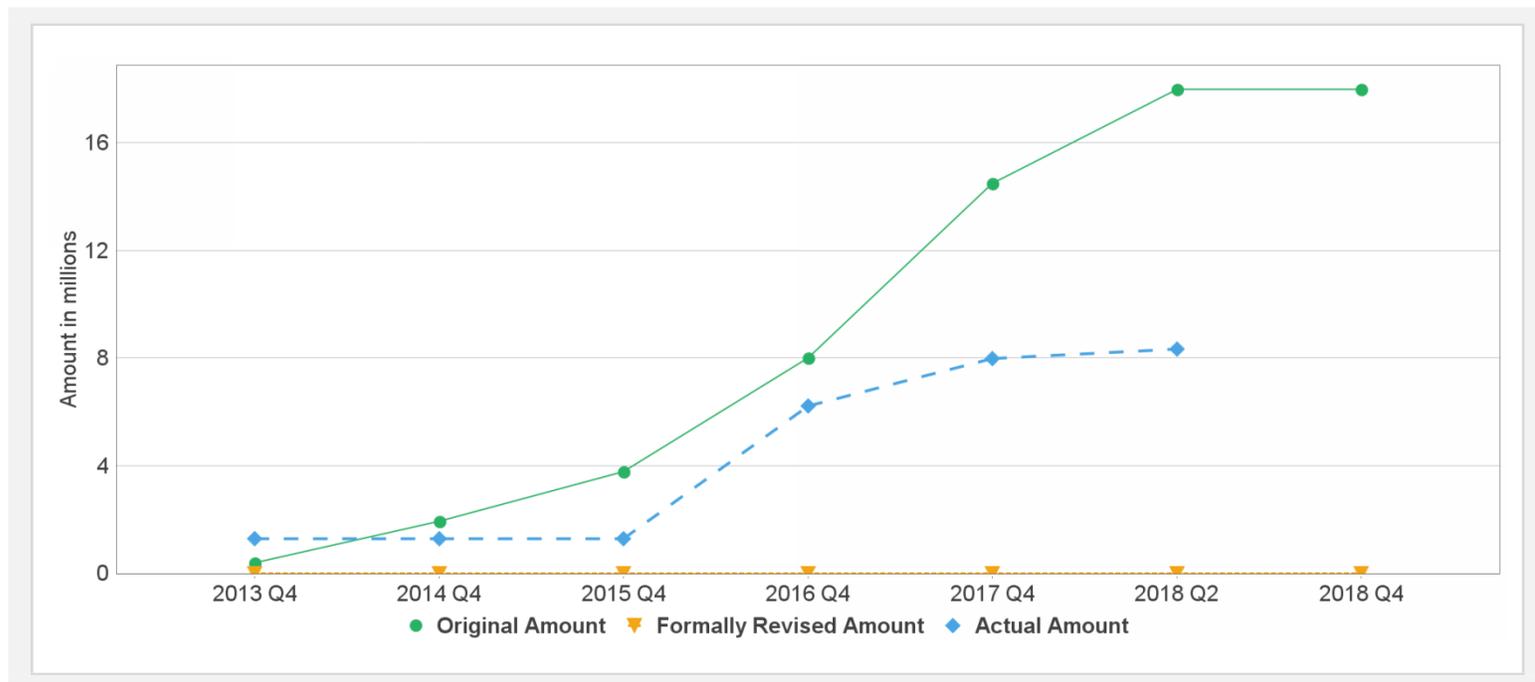
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P127807	IDA-H8100	Effective	USD	18.00	18.00	0.00	8.33	8.37	46%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P127807	IDA-H8100	Effective	31-Oct-2012	14-Nov-2012	08-Feb-2013	31-Dec-2017	31-Dec-2019

Cumulative Disbursements



Restructuring History

Level 2 Approved on 27-Feb-2017

Related Project(s)

There are no related projects.
