



Tax Administration Modernization Project (P127734)

EUROPE AND CENTRAL ASIA | Moldova | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2016 | Seq No: 1 | ARCHIVED on 14-Oct-2016 | ISR25465 |

Implementing Agencies: Main State Tax Inspectorate

Key Dates

Key Project Dates

Bank Approval Date:06-Jun-2016

Effectiveness Date:--

Planned Mid Term Review Date:30-Sep-2019

Actual Mid-Term Review Date:--

Original Closing Date:31-Dec-2021

Revised Closing Date:31-Dec-2021

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

To improve revenue collection, tax compliance and taxpayer services in the Republic of Moldova

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

No

Components

Name

Tax policy reform:(Cost \$1.50 M)

Institutional development:(Cost \$1.20 M)

Operational development:(Cost \$1.30 M)

IT Infrastructure and system modernization:(Cost \$15.00 M)

Project management and change management:(Cost \$1.00 M)

Overall Ratings

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



Implementation Status and Key Decisions

The Project was approved in May 2016 and the Financing and Loan Agreements signed in June 2016. The project will support the implementation of an automated risk-based approach to maximize revenue collection; promote open interaction with taxpayers; and develop a fair, taxpayer-friendly approach to addressing taxpayer grievances. This will allow the State Tax Service (STS) to focus on non-compliant taxpayers, including businesses that avoid paying taxes while reducing compliance costs for taxpayers. The project will also finance the acquisition of a modern revenue management IT system. While the project is expected to become effective by the end of December 2016 following approval of the legal instrument unifying organization of the STS as a single legal entity, the State Tax Service and Ministry of Finance are preparing the project documents and putting implementation arrangements in place to ensure a timely launch of the project.

Risks

Systematic Operations Risk-rating Tool

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

Results

Project Development Objective Indicators

► Time required to comply with taxes (Hours, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	186.00	--	--	165.00
Date	31-Dec-2015	--	--	31-Dec-2021



► Overall efficiency of VAT collection (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	52.30	--	--	54.70
Date	31-Dec-2015	--	--	31-Dec-2021

▲ Efficiency of VAT collection by STS (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	11.06	--	--	12.54

► Share of active taxpayers filing income declarations in total registered taxpayer (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	19.35	--	--	24.00
Date	31-Dec-2015	--	--	31-Dec-2021

► Increase in additional tax assessed per audit (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	--	34.00
Date	31-Dec-2015	--	--	31-Dec-2021

Overall Comments

It is too early to update any of these indicators, since the project has not been declared effective yet.

Intermediate Results Indicators



► Share of large taxpayer audits which includes related parties, when related parties exist (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	--	35.00
Date	31-Dec-2015	--	--	31-Dec-2021

► Decrease in tax arrears (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	8.50	--	--	7.00
Date	31-Dec-2015	--	--	31-Dec-2021

► Taxpayer satisfaction (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Satisfaction not measured	--	--	Satisfaction in crease - 20% (compared to baseline) Final survey conducted with data disaggregated by gender, results and suggests actions of the STS to address weaknesses are published on the STS website.
Date	31-Dec-2015	--	--	30-Oct-2021



► The Training Center capacity in permanent training program (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	The list of training programs is not identified	--	--	100% of appropriate STI staff have been trained in use of business functions and new tools, data disaggregated by gender
Date	31-Dec-2015	--	--	31-Dec-2021

► Share of income tax returns filed electronically (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	39.60	--	--	60.00
Date	31-Dec-2015	--	--	31-Dec-2021

► Number of hits to the STS web-site (Number (Thousand), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3570.00	--	--	5700.00
Date	31-Dec-2015	--	--	31-Dec-2021

Overall Comments

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P127734	IBRD-86250	Not Effective	USD	12.58	12.58	0.00	0.00	12.58	0%



P127734	IDA-58290	Not Effective	USD	7.42	7.42	0.00	0.00	7.40	0%
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Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P127734	IBRD-86250	Not Effective	06-Jun-2016	28-Jun-2016	--	31-Dec-2021	31-Dec-2021
P127734	IDA-58290	Not Effective	06-Jun-2016	28-Jun-2016	--	31-Dec-2021	31-Dec-2021

Cumulative Disbursements

[Empty table area for Cumulative Disbursements]									
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Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.