



Tax Administration (P127807)

EUROPE AND CENTRAL ASIA | Tajikistan | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2013 | Seq No: 12 | ARCHIVED on 23-May-2018 | ISR31818 |

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) 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: one on integrity and organizational structure and the other on 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 a methodology to assess the effectiveness of performance of tax offices. It is expected that a new methodology will be adopted by the end 2018.

Human Resources Management Information System (HRMIS). After the successful launch of the new HRMIS system in September 2017 the staff have been occupied with loading historical information into it before it can be made operational. Due to the volume of information, this task has taken longer than anticipated with only 70% of the historical information in the system as of March 1, 2018. The TC is anticipating that they will complete this effort by mid-June and it's expected that all personnel activities will be processed through the new system at that time.

A vendor staff member is available on-site through the extended support contract that was signed last year and is being used to do further customization and refinement of the system, as was expected. Beyond these enhancements to the system being done with the TC supporters, this individual is also providing additional training for the TC staff and TC supporters.

Component 2. Operational Development

A number 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. TC has terminated the services of the current consulting firm and is in the process of hiring an individual consultant to complete the analysis and provide recommendations on changes on those important areas of tax administration.

Contact Center. Funding was provided to set-up a modern contact 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; eight seats in the new central contact center were set up and completed last year and the center became operational, as planned, in January 2018. The number of calls handled by the Contact Center was 10,000 whereas the old call center only handled a third of that. The central Contract Center will be linked to two other satellite contact centers in the regions once these regional centers become operational. The three centers will back-up each other and will handle each other's workload if an overflow situation occurs.

Over one thousand sample questions and answers (FAQs) 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 center has taken place and the staff are identifying further FAQ's that are required based upon the frequency of questions they are receiving.

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. The TC is now offering 17 electronic services (up from 7 in 2013); e-filing rates for legal entities has reached 98.9% with individual entrepreneurs now at 77.8% (e-filing was introduced in 2014); all patent applications are 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; Point-of Sale terminals (POST) for payment of taxes are being introduced to make it easier for taxpayers to pay their tax – these have been delayed due to a licensing issue within Tajikistan that is being resolved; electronic invoicing has been introduced for VAT and a new e-warehousing application is being used to monitor goods moving into and out of bonded warehouses. A full list of all the electronic services is contained in the Annex 2.

Most of these new services would not have been possible to implement without the investment in the Data Center, network, servers, and additional pc/laptops that have been acquired with funding supplied by the project. The TC continues to expand its e-services hosted in the Data Centre and is in negotiations with the National Bank and the commercial banks to automate the bank account creating mechanism which today is paper intensive and time consuming for both the taxpayer, the banks and the TC.

The retendered ITMS procurement is underway. On October 10, 2017, the Stage 1 bids for the retendered ITMS were received. Stage 1 evaluation of the seven (7) bids resulted in the TC recommending that four (4) bidders proceed to the 2nd Stage bidding. Those invitations were issued on April 14, 2018. The TC took the opportunity to meet with the Bank's senior procurement specialist to clarify their plans for the Stage 2 evaluations. The TC is currently targeting to complete the evaluations by June 15, 2018 and complete the contract negotiations by July 15, 2018.

With the anticipated contract signing date, this leaves only 16 months to complete the installation, customization and user acceptance before the project ends. Normally, the time to complete an installation and customization of this type of procurement is 18 – 24 months. The TC will need to be extremely vigilant in monitoring of progress and responding to vendor requests for information during the customization phase.

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	267,192.00	304,371.00	201,500.00
Date	30-Jun-2012	17-Nov-2017	21-May-2018	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	17-Nov-2017	21-May-2018	31-Dec-2019
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► Increased Efficiency: average tax revenue collected per tax official (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	TJS 2.1 million	TJS 3.9 million	TJS 5.3 mln	TJS 2.9 million
Date	31-Dec-2011	17-Nov-2017	21-May-2018	31-Dec-2019

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	97.20	98.90	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	9.60	6.90	10.00

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



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	43.60	46.10	47.60	60.00

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.37	0.40	0.40	0.42
Date	31-Dec-2011	17-Nov-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	0.14	0.14	0.06

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	184.00	597.40	597.40	280.00
Date	31-Dec-2011	01-May-2017	21-May-2018	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	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.	After the successful launch of the new HRMIS system in September 2017 the staff have been occupied with loading historical information into it before it can be made operational. Due to the volume of information, this task has taken longer than anticipated with only 70% of the historical information in the system as of March 1, 2018. The TC is anticipating that they will complete this effort by mid-June and it's expected that all personnel activities will be processed through the new system at that time.	System fully operational
Date	05-Sep-2012	17-Nov-2017	21-May-2018	31-Dec-2019

► 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 became operational in early 2018.	Training center fully equipped
Date	05-Sep-2012	17-Nov-2017	21-May-2018	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 by the end 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 mid 2018 and later implemented.	Training strategy and curriculum design developed
Date	05-Sep-2012	17-Nov-2017	21-May-2018	31-Dec-2019

► 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	17-Nov-2017	21-May-2018	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	9.60	6.90	10.00
Date	31-Dec-2011	17-Nov-2017	21-May-2018	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	46.10	47.60	60.00
Date	31-Dec-2011	17-Nov-2017	21-May-2018	31-Dec-2019

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.05	97.20	98.90	70.00
Date	31-Dec-2011	17-Nov-2017	21-May-2018	31-Dec-2019

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Manual system available	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	Funding was provided to set-up a modern contact 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; eight seats in the new central contact center were set up and completed last year and the center became operational, as planned, in January 2018. The	Call center operational



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.

number of calls handled by the Contact Center was 10,000 whereas the old call center only handled a third of that. The central Contract Center will be linked to two other satellite contact centers in the regions once these regional centers become operational. The three centers will back-up each other and will handle each other's workload if an overflow situation occurs. Over one thousand sample questions and answers (FAQs) 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 center has taken place and the staff are identifying further FAQ's that are required based upon the frequency of questions they are receiving.

Date	05-Sep-2012	01-May-2017	21-May-2018	31-Dec-2019
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► 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	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	Data center fully operational

		(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.	(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.	
Date	05-Sep-2012	17-Nov-2017	21-May-2018	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	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.	On October 10, 2017, the Stage 1 bids for the retendered ITMS were received. Stage 1 evaluation of the seven (7) bids resulted in the TC recommending that four (4) bidders proceed to the 2nd Stage bidding. Those invitations were issued on April 14, 2018. The TC took the opportunity to meet with the Bank's senior procurement specialist to clarify their plans for the Stage 2 evaluations. The TC is currently targeting to complete the evaluations by June 15, 2018 and complete the contract negotiations by July 15, 2018.	ITMS deployed and fully operational
Date	05-Sep-2012	17-Nov-2017	21-May-2018	02-Sep-2019

Overall Comments

Data on Financial Performance

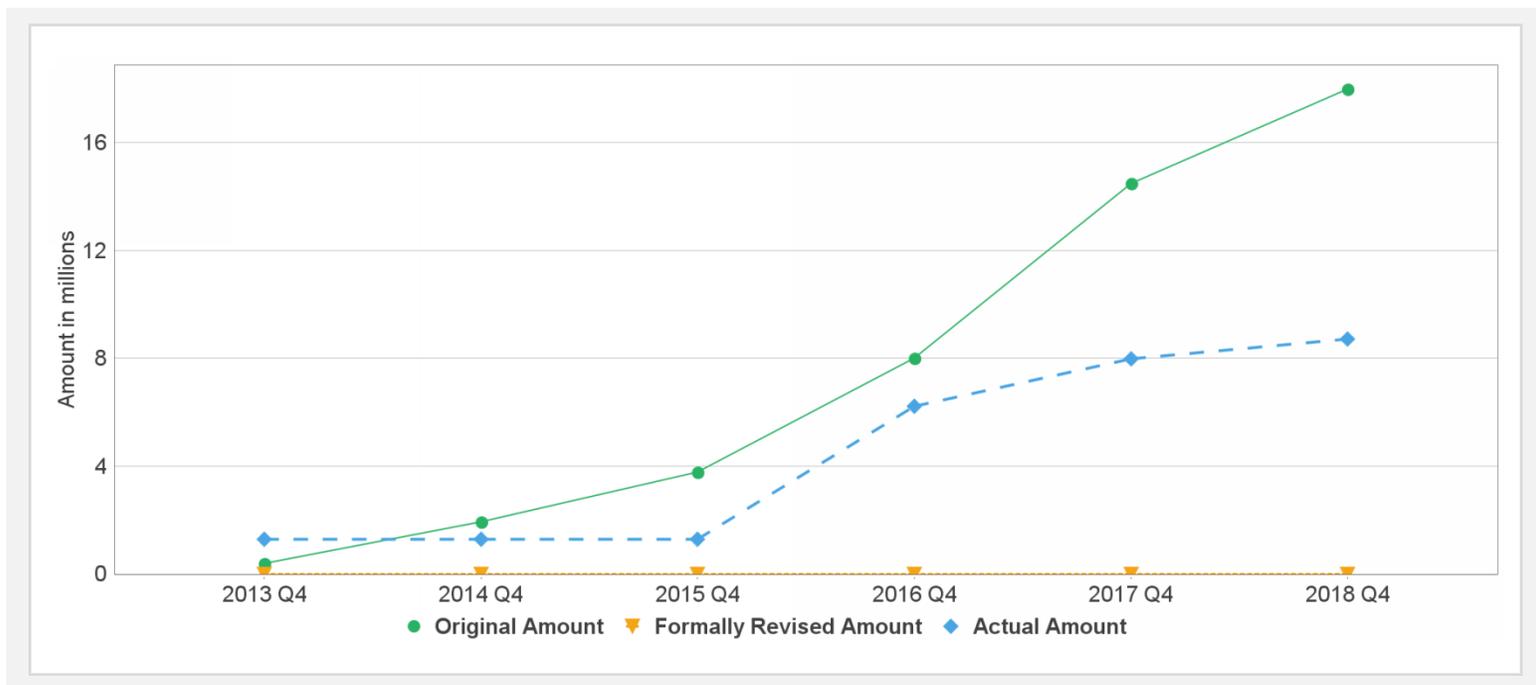
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P127807	IDA-H8100	Effective	USD	18.00	18.00	0.00	8.72	8.24	51%

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.
