

Terms of Reference

Tax Reform Specialist

Project:	Funding Facility for Economic Reform – Federal
Post Level:	International Individual Consultant
Duty Station:	Baghdad/Iraq
Duration:	6 months (15 July 2021 – 15 Jan 2022)
Estimated Starting Date:	15 July, 2021
(Date when the selected candidate is expected to start)	15 July, 2021

1. Background

The Government of Iraq (GoI) has recently published a two-volume White Paper for economic reform outlining its vision for drastic changes to the Iraqi economy, with a focus on the financial sector, public service sector and reforms targeted at decreasing expenditures and driving up non-oil revenues.

As such, the GoI is working on tax administration reform to increase tax revenue to ease the ongoing financial crisis in the country. The Iraqi Ministry of Finance is planning to reform the way tax liability is determined, administered, and collected.

To support the GoI with this reform, UNDP FFER-Federal is seeking a Tax Reform Specialist with a desired scope of work and qualifications as outlined below.

2. Scope of Work

The overall objective of this assignment is to support the Ministry of Finance in assessing the existing tax system, regulatory framework, business processes, and standard operating procedures. Next, the Specialist will identify and set priorities for reform and creating an action plan with concrete timelines. Finally, the specialist will work on implementing 3-4 key reform priorities and delivering at least 4 relevant training courses.

For the duration of this post, the Specialist will be working in the Ministry of Finance and will work under the overall guidance and supervision of the Minister of Finance special advisor, as well as in coordination with the UNDP FFER-Federal Project Manager.

Key duties and responsibilities will include, but are not limited to:

- A. Prepare an initial diagnostic analysis of the current state of the tax system** – Conduct desk review of Laws, regulations, SOPs and all other relevant documents related to the federal tax system including but not limited to all relevant tax laws and regulations currently in effect. Prepare an initial baseline report through a desk review of relevant documents. This report will then serve as a foundation for more in-depth consultation with stakeholders. This report must include, but is not limited to:
1. A thorough **inventory and outline** of federal tax laws, regulations and Standard Operating Procedures (SOPs), including a summary document that details the structure of these instruments and the levels of discretion granted to the tax administration.
 2. A **general assessment** of the current state of the tax administration.
 3. A **matrix** that shows best practice examples from global experiences and contrasts that with current practices in Iraq through comparative assessment of the Iraqi tax administration.
 4. List of all necessary stakeholders required for in-depth follow up.
- B. Prepare a detailed assessment report on the current state of the tax system** – Conduct in-depth consultation meetings with the General Commission for Taxes, Ministry of Finance, Ministry of Planning and other relevant government and non-government entities – with the support of the baseline report. Informed by these in-depth meetings, the specialist shall prepare a detailed assessment report of the current state of the federal tax system by doing the following:
1. Assess the overall regulatory framework for tax administration, identify existing regulatory gaps.
 2. Assess and map existing business processes (as is).
 3. Assess the taxpayer registration mechanisms and procedures and identify related issues.
 4. Assess the tax audit process for all the different taxes the GoI levies.
 5. Assess SOPs and Procedures in terms of their consistency, their ability to be easily understood and followed, and their transparency.
 6. Assess information collection and sharing between government agencies on the taxpayers.
 7. Assess interagency coordination and arrangement.
 8. Assess the existing Tax Management Information System.
 9. Assess current status of tax-compliance and contrast this with global good practice norms.
 10. Advise how Iraq ranks in terms of the International Survey on Revenue Administration (ISORA).
 11. Provide governance best practices as a means of combatting corruption and enhancing government services.
 12. Study and make recommendations on the viability of implementing wealth tax in Iraq.

13. Study and make recommendations on Iraq's existing tariff schedule in order support government priority of boosting local industry.
14. Study tax administration and provide recommendations that would benefit micro, small, and medium-sized enterprises.
15. Analyse reports by international organizations that have indicated that Iraq is receiving only a fraction of taxes it is meant to collect, identify the key challenges and outline measures to be taken to solve them.

C. Technical Support to Ministry of Finance to develop a Tax Administrative Reform Roadmap – with the aid of the detailed assessments to be conducted, the specialist will support Ministry of Finance to set priorities for the reforms to be undertaken. The specialist will:

1. **Develop Draft Tax Administrative Reform Roadmap** – Support Ministry of Finance to draft a tax administrative reform roadmap that addresses regulation, procedural, business process, tax enforcement, interagency coordination and information sharing, and Management Information System. This roadmap shall provide detailed recommendations on what actions and reforms should be taken to reform those areas covered in the detailed assessment report (see B. above).
2. **Conduct Consensus Workshop** – Lead a workshop with key stakeholders related to tax issues in Iraq to review the draft reform roadmap, discuss questions, comments, and objections, and catalogue these points for amendment of the draft.
3. **Submit Final Tax Administrative Reform Roadmap** – Amend the draft document based on the outcomes/discussions of the workshop and any other consultation meetings conducted. A final tax administrative reform roadmap shall be submitted based on these final discussions and amendments.
4. **Develop necessary Terms of Reference (ToRs) to support Tax Administrative Reform Roadmap** – the Specialist shall support the development of ToRs for the necessary consultancy work to implement the Tax Administrative Reform Roadmap.

D- Working on implementing key reform priorities identified in the developed **Tax Administrative Reform Roadmap** that can contribute to 3-4 of the following reforms:

1. Provide drafting instructions for a temporary law on the taxation of new businesses, which establishes a fair and indisputable fixed (lump sum) annual tax for SMEs until a new modern law on taxation can be approved.
2. Conducting an overall review of the legal and regulatory system on taxes and customs and development of the new fiscal system that establishes simple, equal and fair rates for the direct taxes (multisource personal and corporate income taxes) and introduces

social and health insurance contributions (for both public and private sectors), property tax and indirect taxes (excise and sales or Value Added Tax (VAT)).

3. Developing the Tax and Customs Management Information System (TCMIS) that provides a unique Taxpayer Identification Number (TIN) and online tax assessment (billing), collection and risk analysis.
4. Assess development of a free-of-charge business mass-registration and formalization programme that establishes procedures and institutional responsibilities for registration of existing businesses by type of activities, size, location and ownership.

E- Capacity Building: Delivering at least 4 training sessions on subjects related to Tax Reforms to the MoF's staff based on the conducted assessment and the developed roadmap.

3. Expected deliverables and payments:

Deliverables	Timeline of receiving deliverables	Payment %
Baseline (Desk Review) Report developed	Mid of August, 2021	10%
Detailed Assessment Report and initial set of recommendations submitted	Mid of September, 2021	15%
Tax Administrative Reform Roadmap submitted	Mid of October, 2021	30%
3-4 key "quick win" identified in the reform roadmap, implemented	Mid of December, 2021	30%
At least 4 training sessions delivered	Mid of January, 2022	15%

4. Travel and accommodation:

Travel to and within Iraq, visa cost, daily living cost in Baghdad and Erbil including accommodation in UN cleared hotels should be detailed and be inclusive of the lump sum fee proposed by the Specialist.

5. Reporting:

Overall management: The Specialist shall report directly to the Project Management to whom all deliverables should be provided within agreed timelines.

6. Contract Duration:

The assignment will be for over a period between mid – July 2021 and mid Jan 2022 Baghdad and Home-based starting from the date that work is assigned to the Specialist by the Project Manager. The Specialist is expected to start mid of July 2021.

5. Qualifications and Requirements:

The Specialist will require the following qualifications, experience, competencies and language skills. Only applicants who meet these criteria will be short-listed and will be contacted.

A. Education and Professional Qualifications Required:

- A Master's Degree or equivalent in Economic, Finance, public administration, or related field.

B. Experience Required:

- At least 10 years of relevant working experience in Tax Administration-reform work, with past actual experience of working in tax administration;
- Expertise in conducting situation analyses and needs assessments related to tax administration reform in developing countries;
- Experience in facilitating dialogue among key stakeholders at a high political level to formulate, validate and adopt reform priorities;
- Demonstrated ability to facilitate consultative meetings and to make presentations of technical findings to a wide audience;
- Specific experience of work in resource rich economies or conflict challenged states would be an advantage.

• Price Proposal and Schedule of Payments

The Specialist shall submit a price proposal as below:

- **Lump Sum Fee** – The Specialist shall propose a lump sum fee, which should be inclusive of his/her professional fee and all other costs including visa, travel to and within Iraq, accommodation in UN cleared hotels, living cost in Iraq including local communication cost and insurance (inclusive of medical health insurance and evacuation).