

Terms of Reference (ToR) for a Short-Term assignment

Technical assistance requested:	1 (one) Senior Non-Key Expert in the area of Negotiating Ch. 33, Financial and budgetary provision; VAT
Project Title:	Policy and Legal Advice Centre (PLAC III), Serbia
Ref:	EuropeAid/139295/DH/SER/RS
Service Contract No.:	(CRIS) 2018/404-529
Main beneficiary:	The Ministry of European Integration of the Republic of Serbia and the Negotiating Team
Target Beneficiaries:	The Ministry of Finance, Serbian Tax Administration (STA)
Budget Line /Expert Category:	One Senior Non-Key Expert
Duration of the assignment:	20 working days (WD), January 2020 – December 2020

1. Relevant background information

Background information in relation to PLAC III project:

The scope of PLAC III project is to provide support to relevant national institutions in charge of alignment of national legal acts with the Union *acquis* and to contribute to further building of capacities of relevant national structures for successful carrying out of accession negotiations.

The PLAC III project should achieve two results:

RESULT 1- Enhanced compatibility of national legislation with EU legislation and its effective implementation

RESULT 2 - Enhanced capacities of the relevant national structures for successful carrying out of accession negotiations

In general, the project aims at fostering the process of accession negotiations of the Republic of Serbia by supporting the effective alignment of national legislation with the Union *acquis* and its implementation and by further building the capacities of involved carriers of the EU integration process in the Republic of Serbia. After completion of screening process in 2015, Serbian public administration has entered into much more demanding and obliging exercise of accession negotiations, whereby each step and every decision should result in approaching actual membership in the EU. For this scenario to happen in accordance with planned dynamics, preparedness, adequate institutional capacity of public administration with highly competent staff is of crucial importance. In the core period of the negotiations, PLAC III project shall support domestic line institutions and the negotiating structures both in performance of quality operational work in relation to harmonisation process and in the effective coordination during various stages and phases in the process for different negotiation chapters.

2. Background information in relation to Chapter 33 – Financial and budgetary provisions

Serbian Tax administration (STA) is a body within the Ministry of Finance in charge of the assessment, audit and collection of public revenues. Serbian Ministry of Finance has prepared a comprehensive Public Financial Management Reform Program 2016-2020, which was adopted by the Government in November 2015. This strategic document and its proper implementation are extremely important in the context of the EU accession negotiations of Serbia. One of the main elements of tax reforms in Serbia, is to introduce a modern, advanced tax systems in line with systems in EU Member States and other OECD countries. The establishment of the efficient Tax administration in line with the EU standards requires further modernization and strengthening of institutional capacities, both in the Tax administration itself and in other organizations and bodies involved in the management of the tax system.

At the eighth Intergovernmental Conference held on June 5, 2018, in Luxembourg, Serbia opened chapter within EU accession negotiations – Chapter 33 – Financial and Budgetary Provisions. Chapter 33 – Financial and Budgetary Provisions includes three principal sections: traditional own resources, resources based on value added tax and resources based on gross national income. Competences for the implementation of the EU acquis in the field of value added tax resources are divided between the Ministry of Finance – Fiscal System Department and Tax Administration, as integral part within this Ministry. The Fiscal System Department performs normative activities related to drafting laws and other regulations governing the tax system and tax policy, while the Tax Administration is competent for the implementation of the regulations. Law on Tax Procedure and Tax Administration stipulates the jurisdiction of the Tax Administration for calculation, collection and control of public revenues, including value added tax.

There are 700 employees within the Tax Administration working on control of calculation and payments of value added tax (300 tax inspectors performing control in the offices and 400 tax inspectors performing control in the field), who fulfil the conditions related to adequacy required by the Union acquis. Activities related to collection are performed by 1712 employees. Along with the activities related to value added tax, these employees also perform other activities relating to calculation, collection and control of other types of public revenues within the competence of the Tax Administration. All the conditions for implementation of relevant regulations of the EU in regards to institutional structure and capacities have been met, but there is a need for strengthening of administrative capacities, as well as the process where the application of current regulations will be upgraded by the IT application.

Serbia 2019 Report issued by the European Commission states that Serbia has some level of preparation concerning the specific administrative conditions for own resources, as laid down in the own resources' regulations. Some progress was made in the underlying policy areas affecting the correct functioning of the own resources system. In the coming period, Serbia should, in particular:

- take further steps to boost the administrative capacity of the coordination group and the various institutions involved in the own resources system
- develop the organizational and procedural links between these institutions
- step up preparations to meet the specific administrative conditions for own resources, as laid down in the own resources' regulations.

On January 2019 Serbia has answered the Questionnaire concerning the ability to fulfil the administrative conditions in the area of the European Union's own resources in which the Tax Administration was responsible for the part related to the resources based on value added tax (VAT). This Questionnaire was sent to the DG Budget.

The assistance of the PLAC project to the Ministry of Finance-Tax Administration is needed in order to strengthen the capacities and to ensure correct calculation, accounting, forecasting, collection, payment, control and reporting on implementation of the EU's own resources policy and rules.

At present, there is no on-going and/or planned assistance projects for the activities covered by this ToR.

3. Description of the assignment:

3.1 Specific objectives

The specific objective of this assignment is to provide assistance to the Ministry of Finance – Tax Administration in strengthening capacities in order to ensure correct collection, calculation, accounting, forecasting, payment, control and reporting on implementation of the EU's own resources policy and rules.

In the scope of this, the following activities are foreseen:

1. Review and assess the adequacy of the information collected by the Serbian Tax Administration (STA) through the listed returns by assisting the STA to form a baseline for collecting information/reports relating to the procedures directing to taxpayers' registration and defining and collecting VAT and modalities and results of their VAT control system. In particular the expert support is needed for determining VAT base in a taxable transaction as stated in Article 2 of Directive 2006/112/EC on the common system of value added tax (Article 2 of Regulation (EEC, Euratom) no. 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from value added tax), how taxable transactions are defined in Article 2 of Directive 2006/112/EC;
2. Develop a guide on a methodology for how to collect and process data from VAT tax returns
3. Transfer of knowledge and give support STA by providing series of trainings at the two-three days retreat (the longevity to be decided in the inception period) with the following themes¹:
 - a. Presenting Council Directive 2006/112/EC on the common system of value added tax, especially Article 2 of the Directive and the impact it has on the way data are collected and processed, as well as reporting for the purposes of proper assessment of initial values as well as estimated values
 - b. On the application of a method of calculations of weighted average rate, (calculation of weighted average rate, calculations of negative and positive corrections of income, calculations of negative and positive compensations of tax base), with examples of reporting in EU countries, the impact of methodology of reporting on payment obligations, as well as on the audits done in the accession countries and examples of those reports, more specifically - data set prepared

¹ Not limited to the listed examples themes

for the Statistical Office of the Republic of Serbia (SORS) in addition to the collection and processing methodology

- c. Examples of additional information requested by Commission and on what an acceding country shall be prepared to deliver to the Commission as regards additional information requested with the goal to enable to the Commission to draft a report stipulated by Article 12 of Council Regulation (EEC, Euratom) No 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from value added tax and what kind of additional information according to Article 12 EC can be requested.
- d. Finalise the draft guide on step by step method how to collect and process data from VAT tax returns

3.2. Requested services

The Senior NKE in the area of value added tax (VAT) is requested to provide the following services:

1. Review and assess the adequacy of the information collected by the Serbian Tax Administration (STA) and provide assistance to the STA in properly gathering the necessary data by establishing a baseline for collecting information to produce value added tax (VAT) reports
2. Prepare and conduct a series of trainings through a two-three days retreat (longevity to be decided during the inception)
3. Develop a guide on a method how to collect and process data from VAT tax returns and implementation - step by step method

3.3. Outputs

The Senior NKE is expected to deliver the following outputs:

1. A report on a review of the VAT system in Serbia related to the adequacy of the information collected and a way of gathering the necessary data by establishing a baseline for collecting information to produce value added tax drafted
2. A retreat held and trainings delivered
3. A guide on step by step method how to collect and process data from VAT tax returns drafted

3.4. Reporting

The SNKE shall provide the following reports by using the templates of the Project:

- Final Mission Report, no later than 1 week after completion of tasks under this assignment. This report will include description of all activities and outputs provided by the SNKE in the context of this assignment.
- A brief interim report - only upon a request of the PLAC III team: TL and/or KE 2.

Submission of reports:

- Draft mission report shall be submitted to the Team Leader of the Project for a review and comments at the end of the mission.
- The final version of the mission report prepared in the agreed quality shall be submitted to the Team Leader of the Project for a review, comments and the final approval.

- The reports shall be signed by the SNKE and the Team Leader, responsible for endorsing the reports.
- The reports and all prepared documents shall be submitted in a hard copy and electronic version to the Team Leader of the project.

3.5. Specifics

The SNKE shall work under the guidance and follow the instructions of the Team Leader. The SNKE shall collaborate with the project team, other experts involved and representatives of the relevant beneficiary institutions.

Each of the short-term missions, the timing and duration shall be agreed with the Beneficiary and the PLAC team prior to each planned mission.

3.6. Expert input

3.6.1. Total working days

20 working days (WDs) in total have been planned for the Senior Non-Key Expert for this assignment.

3.6.2. Period of the assignment and Starting day

The SNKE shall conduct the assignment through several missions in the period from January 2020 – December 2020. The exact starting date will be agreed at a later stage.

3.6.3. Location/Place of assignment

The SNKE have to deliver 100% of the input in Serbia.

3.6.4. Working language

English

4. Expert's Profile - Senior NKE (20 WD)

4.2. Qualifications and skills (25 points)

- A level of education, which corresponds to completed university studies of at least 3 years attested by a diploma in law, economy, management or similar relevant to the assignment
- Proficiency in English language
- Computer literacy
- Be proficient in report drafting
- Excellent communication and analytical skills
- Be independent and free from conflicts of interest in the responsibilities they take on

4.3. General professional experience (25 points)

- At least 8 (eight) years of general postgraduate professional experience, related to the harmonisation of legislation in relation to Union acquis preferably under Ch. 33, gained in an EU member state, candidate or potential candidate country

4.4. Specific professional experience (50 points)

- At least 2 years of postgraduate professional experience in EU's sources of income (VAT based resources) and member states' reporting obligations
- Postgraduate professional experience in organising and delivering trainings would be an asset
- Knowledge of Serbian legal system will be an advantage

5. Applications

Applications (EU format CV and application letter, both in English) need to be submitted by e-mail to mbayard@dmiasociates.com and ehoward@dmiasociates.com no later than January 6, 17:00 hrs, titled: "Application for the position – Senior Expert in the area of Ch. 33 Financial and Budgetary Provisions., in the area of value added tax (VAT)"

References must be available on request. Only short-listed candidates will be contacted.

The Project is an equal opportunity employer. All applications will be considered strictly confidential.

Advertised posts are not available to civil servants or other officials of the public administration in the beneficiary country, Serbia.

Please note that all pre-selected experts are requested to sign a **Statement of Availability (SoA)** in which they acknowledge and confirm the availability to accomplish this assignment within the indicated period, at the indicated starting date (if any) and within the number of working days requested

For more information, please contact Project Manager at DMI Associates
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