**GOVERNMENT OF THE PEOPLE’S REPUBLIC OF BANGLADESH**



**Ministry of Finance**

**National Board of Revenue**

**(NBR)**

**Term of References**

**FOR**

**SELECTION OF LOCAL CONSULTING FIRM**

**FOR**

**TAXPAYER SATISFACTION SURVEY UNDER “VALUE ADDED TAX AND SUPPLEMENTARY DUTY ACT, 2012 IMPLEMENTATION (VAT ONLINE) PROJECT”**

**BACKGROUND**

The level of tax collection in Bangladesh was 10.52 percent of GDP in 2013, an improvement over the period 2004-2009, when it averaged 8.3 percent of GDP.Nonetheless, Bangladesh is performing below many other countries in South Asia. Furthermore, Bangladesh has not been able to sustain improvements in tax collection, particularly in VAT, in the first half of 2013. This places Bangladesh at a distinct disadvantage over the medium term in being able to fund critical infrastructure investments; improve service delivery, and address governance concerns. At this level, tax revenue provides an insufficient base of domestic revenue for Bangladesh to finance the investment in human and physical infrastructure required to alleviate poverty levels and propel Bangladesh into a middle income category by 2021, as is envisioned in the country's development strategy—the Sixth Five Year Plan 2011-16.

In response to these challenges and as a centrepiece of the government’s tax policy reform program, a new VAT Law was passed by the National Parliament in November 2012. The new VAT Law addresses many shortcomings of the 1991 VAT and represents the most significant change to Bangladesh’s tax system in many years. If properly implemented and effectively administered, the new VAT system has the potential to increase the VAT tax yield, broaden the tax base and contribute towards establishment of a modern and service oriented VAT administration.

The authorities have approved an action plan for implementing the new VAT system. This plan calls for modernizing VAT administration by restructuring the VAT Wing along functional lines, revamping and modernizing the core VAT administration processes, and developing and deploying a configurable, web-based Commercial off the Shelf (COTS) VAT administration system.The plan also includes a detailed timetable that sets out all key implementation tasks, their timeframes, and milestones. These activities and others are being financed by the Government of Bangladesh with support from the World Bank under its Revenue Mobilization Program for Results: VAT Improvement Program (VAT Online Project).

Implementation of the new VAT regime would lead to lower administrative and compliance costs. It would also contribute towards establishment of a client-oriented VAT administration by providing a wide range of and high quality services to taxpayers. This in turn would lead to increased taxpayer satisfaction with services provided by the VAT Wing of NBR.

**OBJECTIVES OF THIS ASSIGNMENT**

In order the monitor and assess the impact of the program in taxpayer satisfaction, it is necessary to establish a baseline under the current VAT system, against which progress between current and new VAT system could be measured. The Value Added Tax Wing of the NBR is therefore contracting a local survey company to help design and carry out a baseline survey on “Taxpayer satisfaction with services provided by the VAT Wing”.

**SCOPE OF WORK**

The local survey company is expected to work in close collaboration with the VAT Wing Project Implementation Unit and the World Bank Group team. Based on materials provide by PIU and under both PIU and WBG guidance and assistance, the local survey company would be expected to:

* Develop the outline of the *sampling methodology* for the taxpayer satisfaction survey with services provided by the VAT Wing of NBR.
* Provide explanation about impact of sampling procedure to the representativeness and possibility of generalization, and engage in detailed discussion of the underlining assumptions with the PIU team. In cooperation with PIU and WBG team, if necessary revise the sampling plan in order to achieve highest possible level of VAT taxpayer population. A *complete sample company details* will be provided to the PIU Team.
* Field-test the survey with at least 40 formal enterprises in order to determine the questions that need to be adapted to make them appropriate to the context.
* Comment on, revise and finalize the survey questionnaire provided by PIU, as indicated by pre-testing analysis with approval of PIU and WBG team.

In order to successfully complete the survey of the formal taxpayer population (tax registered firms) serviced by the VAT wing, the local survey company will:

* Develop the instrument and manuals necessary for successful collection of required information.
* Develop a statistically sound sample frame of formal businesses using data provided by the Tax Department, and use this sample frame to select a sample large enough to collect 1000 complete responses from firms meeting the distributional criteria as follows (sample design should be discussed and approved by the PIU Team):

Tax payment method: Approximately 70% of the sample should represent firms under the VAT regime, paying taxes based on their financial accounts, while 30% of the sample should represent firms under the “turnover tax” regime.

Sector: Some stratification might be necessary to ensure coverage of all important sectors and representativeness of the sample.

Firm Size: Some stratification might be necessary to ensure the representativeness of the sample

Location: Some stratification might be necessary to ensure proper geographical coverage of the country. However, geographical stratification will take into consideration the cost effectiveness.

* Write a “Sampling plan” document explaining the final sample as well as reasons and impacts of all used sampling procedures;
* Supervise, control the quality of and make all required arrangements for the implementation of the survey in multiple locations;
* Complete, by targeted selection and replacement, 1000 surveys of private firms with the characteristics discussed above.
* Quality Control *-* In order to ensure the best quality data collection possible, experienced supervisors managing the fieldwork will carry out quality control of the survey results. Staff should be experienced in a range of survey methodologies, quality control and procedural aspects of such research projects and will work closely with the company management, to monitor the performance of interviewers. The specific roles of the supervisors are to:
* Promptly control first few interviews by each interviewer, and, if necessary, provide additional training, and if necessary replace interviewers.
* Collect the incoming completed survey forms and conduct 100% check for incomplete, omitted or otherwise erroneous data recording practices on their source (company). If necessary replace unsatisfying interviews with properly conducted ones, or ensure that requested answers are gathered from the target company;
* Conduct 20% random back check of each interviewer completed interviews. Also use statistical methods for checking the consistency, accuracy and quality of work for each interviewer;
* In accordance to the data design plan to be provided by PIU and WBG, design and implement a system for data entry and tabulation of data.
* Enter the data with suitable quality controls, which includes at least 10% of double data entry. 10% double entry is a method of data entry quality control. It suggests 10% of all questionnaires to be entered two times, and then match two entries. That way level of error can be estimated. If the level of error/match is satisfactory, data entry is also considered satisfactory.
* the survey firm will develop a detailed data analysis plan to fulfill the objective of the study. The plan will be approved by the PIU and WBG
* Provide the data and results of the survey, according to the agreed data analysis plan. PIU and WBG team should clear and approve the database and data tabulation before the local survey company would start writing the survey report (e.g. distribution and means); and
* Prepare a technical report on the survey findings, under the guidance of the PIU team.

**ASSUMPTIONS**

This TOR assumes the following:

* The net duration for the questionnaire is 30 minutes on average presuming fully trained interviewers.
* If the contractor experiences extremely low response rate, or faces extreme difficulties in reaching the target group, separate negotiations may be arranged to define compensation for the additional effort needed to successfully complete the fieldwork.
* The survey will be conducted in all Commissionarates and VAT taxpayers will be selected randomly.
* The suburban areas will not be far from main cities (Teams can get back to main centers within the same day).

**QUALIFICATIONS OF THE LOCAL SURVEY COMPANY**

The local survey company must have demonstrated experience and strong track record in sample design and in conducting enterprise or comparable surveys, a substantive understanding of the tax context and policy issues underlying the survey, and the capacity to undertake basic survey implementation and data entry and analysis. The local survey company must be able to mobilize qualified surveyors, data entry personnel, and analytic staff as agreed in the contract and must have the logistical capacity to carry out the survey within the time frame of the study.

**DRAFT TIMETABLE OF OUTPUTS**

The local survey company is expected to deliver the following outputs under this ToR.

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| **Indicative Milestone** | **Indicative Timeline** |
| **Output 1**: Outline of sampling methodology | Mid-February,2016 |
| **Output 2:** Revise and finalize survey questionnaire | 15th March , 2016 |
| **Output 3:** Complete survey fieldwork | 15th May, 2016 |
| **Output 4:** Final Report on Survey findings | Mid-July , 2016 |

The survey fieldwork should be completed by the May, 2016. The local survey firm will provide PIU and WBG team with data analysis outputs as agreed in the “Data analysis plan” in EXCEL readable file format, SPSS (or STATA) format, and Acrobat reader (pdf) format latest by June, 2015.

PIUand WBG team will comment on this output and final output should be ready by mid-July, 2016. The final report on survey findings should be ready by Mid July, 2016.

PIU will also be provided with complete original database, all syntax used in the data analysis, in the manner that PIU team can reproduce the tables provided by local survey firm.PIU will be provided with original questionnaires as well, if requested.

**CONFIDENTIALITY**

The local survey firm will at all stages protect the confidentiality of firms and individuals participating in the survey. None of the intermediate or final outputs of the survey will bear the names of either participating firms or individuals. All completed questionnaires will either be delivered to PIU Team, or destroyed based on the written decision of the PIU Project Director. The survey data and all related analysis are the property of the National Board of Revenues, and should be used for other purposes only with the written consent of the PIU Project Director. However the local survey firm will deliver the complete list of all interviewed and contacted companies.