



Maldives: Enhancing Tax Administration Capacity

Project Name	Enhancing Tax Administration Capacity				
Project Number	47150-001				
Country	Maldives				
Project Status	Active				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">TA 8525-MLD: Enhancing Tax Administration Capacity</td> </tr> <tr> <td>Japan Fund for Poverty Reduction</td> <td>US\$ 850,000.00</td> </tr> </table>	TA 8525-MLD: Enhancing Tax Administration Capacity		Japan Fund for Poverty Reduction	US\$ 850,000.00
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Strategic Agendas	Inclusive economic growth				
Drivers of Change	Governance and capacity development Partnerships				
Sector / Subsector	Public sector management - Public administration				
Gender Equity and Mainstreaming					
Description	The proposed TA aims at strengthening the revenue collection capacity of MIRA. More specifically, MIRA is expected to increase revenue collection through: (i) the introduction of ICT initiatives to increase voluntary tax compliance; (ii) strengthening its tax audit system to enforce tax compliance; and (iii) the effective implementation of current tax legislation and policy as well as the pursue and implementation of further tax policy reforms.				
Project Rationale and Linkage to Country/Regional Strategy	The Maldives' fiscal situation is under severe stress and an effective fiscal consolidation program remains paramount to the government's goal of enhancing service delivery_including outreach_while strengthening macroeconomic and financial stability. The fiscal deficit as a percentage of gross domestic product (GDP) was 12.6% in 2012, one of the highest among the developing member countries of the ADB. The widening fiscal deficit is caused by two principal factors: (i) increased government expenditures including added pressure to deliver public services, especially in view of the challenges posed by the country's archipelagic nature and its exposure to climate change risks; and (ii) the limited revenue collection capacity of the country's nascent tax administration. On the expenditure side, a proposed World Bank TA will address the rationalization of government expenditure. On the revenue side, this TA will build on ADB's earlier support toward establishing the MIRA. As recently as 2008, with ADB's Economic Recovery Program (ERP), the government introduced comprehensive tax reforms leading to the roll-out of a modern taxation system. Despite important achievements, the full roll-out is not complete and further work is required to diversify tax policy and further strengthen tax administration capacity. In line with the proposed assistance, the International Monetary Fund has acknowledged that addressing the fiscal deficit is the most pressing macroeconomic priority, and emphasized the need to implement tax policy reforms and strengthen tax administration capacity.				
Impact	Improved fiscal position				

Project Outcome

Description of Outcome	Enhanced capacity of MIRA in tax administration
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	<ol style="list-style-type: none"> 1. Taxpayer services capacity of MIRA enhanced 2. Audit capacity of the MIRA strengthened 3. Readiness of the MIRA to effectively implement tax policy reforms strengthened

Status of Implementation Progress (Outputs, Activities, and Issues)	All individual consultants have completed assigned tasks and activities. They have advised MIRA on tax policy implementation, audit and ICT developments. The SAP CRMS consulting firm who is helping in the standardization and improvement of processes at MIRA through enhancement of information flow, taxpayer management, and controls is scheduled to complete all activities by end February 2016. Said firm has also provided training to MIRA staff who will maintain and undertake future enhancements to the system.
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Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	The proposed technical assistance (TA) is highly relevant to further expand tax revenue administration capacity against the backdrop of a weak fiscal situation in the Maldives. A consultation mission to assess the feasibility of supporting the Maldives Inland Revenue Authority (MIRA) was fielded in December 2012. A fact-finding mission was fielded on 18_21 February 2013. On 28 February 2013 the Government of the Maldives formally requested the Asian Development Bank (ADB) to provide a TA. The Office of the Vice-President cleared the TA on 9 May 2013 as it was not part of the country operations business plan. The government concurred with the impact, outcome, outputs, implementation arrangements, cost financing arrangements, and terms of reference.
During Project Implementation	Supported by the consultant team, the MIRA will organize conferences with stakeholders, including officials from the Japanese National Tax Agency, to share and disseminate findings. The outputs of the TA will be widely disseminated online as well as through publications.

Business Opportunities

Consulting Services	A consulting firm (international, 20 person-months) will be recruited to develop the CRMS. Procurement method will be QCBS (quality:cost ratio of 90:10 since the services required are highly specialized) and selection will be evaluated on the basis of simplified technical proposals. In addition, one tax administration (tax audit) specialist (5 person-months) and a tax policy specialist (2 person-months) will be recruited as individuals. The two individual consultants have a very specialized type of skill set (preferably former tax authority officials with hands-on experience) and cannot be recruitment through the consulting firm. Two IT specialists will also support the functional requirement study and the existing SAP-based computer system. An IT consultant will also be recruited to provide remote advisory support to MIRA to help resolve critical issues and offer guidance on system upgrades. All consultants will be recruited according to the Asian Development Bank (ADB) Guidelines on the Use of Consultants (April 2010, as amended from time to time). The cost estimate for consultants is \$578,200.
Procurement	The necessary hardware and licenses (software) will be provided by the implementing agency, Maldives Inland Revenue Authority

Responsible Staff

Responsible ADB Officer	Hidalgo, Ma. Kristina
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	<i>Ministry of Finance and Treasury Ameenee Magu Republic of the Maldives</i>

Timetable

Concept Clearance	08 May 2013
Fact Finding	18 Feb 2013 to 21 Feb 2013
MRM	-
Approval	04 Dec 2013
Last Review Mission	-
Last PDS Update	09 Mar 2017

TA 8525-MLD

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
04 Dec 2013	03 Mar 2014	03 Mar 2014	31 Dec 2015	31 Jul 2017	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	850,000.00	150,000.00	0.00	0.00	0.00	1,000,000.00	04 Dec 2013	681,377.29

Project Page <https://www.adb.org/projects/47150-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=47150-001>

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