**BELIZE**

**SUPPORT FOR TRADE AND TAX POLICY REFORM (BL-T1059)**

**TERMS OF REFERENCE**

**STUDY WITH THE PLAN FOR THE ORGANIZATIONAL REFORM OF REVENUE COLLECTION AGENCIES IN BELIZE**

BACKGROUND AND JUSTIFICATION

Belize has had one of the most revenue-effective systems in the Central America and Caribbean Region in the last decade. Tax revenue in Belize is high compared to the average of the Latin American and Caribbean region as a whole (23.8% vs. 23.8%). However, tax revenues have remained relatively flat in the last years, in a context where public debt amounted to 75% of GDP in 2012. Although Belize’s tax system is relatively effective in generating revenue, it does so in a manner that damages incentives, is inequitable and is complex. These adverse outcomes stem from five main problems: (i) too many different taxes; (ii) continued over-reliance on sub-optimal forms of taxation – notably trade taxation – rather than more benign taxes, like the value added tax; (iii) numerous exemptions; (iv) special tax regimes, for instance for the tourism sector; and (v) fragmentation of the tax administration.

Regarding tax administration, it is organized by type of tax instead of functions. In Belize, four agencies are in charge of tax collection (not counting Social Security): Department of the General Sales Tax, the Income Tax Department, the Customs and Excise Department, and the Belize Tourism Board, the latter responsible for the collection of the Hotel and Tourism Accommodation Tax (HTAC). Each department has their own taxpayers’ database and there is not an information sharing protocol between entities. Lack of coordination and duplication of functions characterize the tax administration, undermining its capacity to control evasion, raising the costs of collection, and eroding potential tax revenue.

To address the deficiencies above mentioned, the project BL-T1059 “Support for trade and tax policy reform”, will provide support through the funding of applied studies aimed at developing proposals to mitigate the inefficiencies of the current tax administration. The objective of these applied studies is to decisively influence with inputs and clarity for making public policy decisions.

OBJECTIVE

The objective of this consultancy is to propose a viable plan to bring together some or all of the revenue collection agencies in Belize, building on previous works on the subject, such as the one carried out by the International Monetary Fund´s Caribbean Regional Technical Assistance Centre (CARTAC).

ACTIVITIES

1. Critical review and update of the tax administrations' work carried out by CARTAC in Belize. In particular regarding the drawbacks of the present system.
2. If one of the recommendations is to merge two or more of those revenue agencies, then draw up an operative plan to effectively merge them. The plan shall contain a clear definition of the steps or phases, a detailed design of the final model, including IT systems, the analysis of risks and their mitigation, a preliminary assessment of savings, a plan for managing the change within the organizations, and a timetable.
3. Set forth practical recommendations in order to achieve more efficiency in tax collection.
4. The analysis will include two assumptions regarding HTAC/Belize Tourism Board: the consequences of the repeal of the HTAC and of maintaining it.

CHARACTERISTICS

Type of consultancy: international, individual.

Qualifications: Two consultants are needed.

a) The first consultant and team leader must be an expert with no less than 15 years of experience in tax administrations in different countries around the world. He/she must be fluent in English.

b) The second consultant must be an IT expert with no less than 15 years of experience in IT systems for tax administrations or similar organizations in different countries around the world. He/she must be fluent in English.

Start date and duration:

a) Team leader: A total of 40 working days during a period of 4 months from the signing of the contract.

b) IT expert: A total of 20 working days during a period of 4 months from the signing of the contract.

Work place: Place of residence of the consultants and Belize. The consultants must stay in Belize for at least 50% of the total working days. At least 5 days during the total of their visits must be coincident. A maximum of two different visits for the first consultant is foreseeable during the work. Travel and accommodation will be included in the total cost of the consultancy..

PRODUCTS AND PAYMENT

* 20% upon signing of the contract.
* The balance upon delivery and approval by the IDB of the final report containing the findings, analysis, and conclusions of the tasks mentioned in the “Activities” section of this document.

COORDINATION

This consultancy will be in charge of the Municipal and Fiscal Management Division (IFD/FMM), under the coordination of Mr. Fernando Velayos (E-mail: fvelayos@iadb.org, Phone: +1 (202) 623-3870)