**BELIZE**

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

**TERMS OF REFERENCE**

**MODEL/TOOL FOR THE SIMULATION AND ASSESSMENT OF TAX AND TRADE POLICY REFORMS 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 for both tax administrators and tax payers. These adverse outcomes stem from five main problems: (i) too many different taxes (for instance, three different types of import duty); (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. Additionally, these taxation issues are closely linked to trade policy, where there are significant tax and non-tax impediments to trade despite the small economy’s dependence on exports.

This project will provide support to develop proposals in indirect taxation, direct taxation, and fiscal incentives policy reforms. Those reforms should contribute to a more efficient, simplified and equitable tax system, that increases revenue and fosters growth without distortions in the economy, mainly through reforms in income, consumption and trade taxes, and also through a strategy of reform of the tax administration. The project will also reinforce the technical expertise and know-how of the Ministry of Finance public servants regarding the tax and trade reforms proposed to ensure their sustainability, by the creation of a model/tool that assesses present and future tax and trade reforms under different scenarios.

In this sense, the project BL-T1059 “Support for trade and tax policy reform”, will provide support through the funding for the development of a model/tool above mentioned. This model will help with inputs and clarity for making public policy decisions.

OBJECTIVE

The objective of this consultancy is to develop a model/tool for the simulation and assessment of tax policy reforms scenarios in Belize.

ACTIVITIES

1. Design of a model/tool for tax and trade reforms assessment that will permit the tax policy analysis, impact assessment and decision making regarding different tax and trade reforms scenarios.
2. The model should be based on the tax and trade proposals developed for indirect and direct taxation and fiscal incentives policy, under the framework of the technical cooperation BL-T1059.
3. Development of seminars for the training of MOF technical staff on how to use this model/tool.

CHARACTERISTICS

Type of consultancy: international, individual.

Qualifications: The consultant must be an expert with at least a master degree in a relevant discipline, with no less than 10 years of experience in the area of economics, and in the development/programming of economic tools using simulation software.

Start date and duration: 30 days during a period of 4 months from the signing of the contract.

Work place: Place of residence of the consultants and Belize. 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)