

Terms of Reference

PACIFIC TECHNICAL ASSISTANCE MECHANISM 2 (PACTAM2)

Adviser Title	Tax Reform Implementation Adviser
PACTAM2 Partner Organisation	Ministry of Finance, Palau Bureau of Revenue and Taxation
Duration	24 Months (12 + 12)
Location	Koror, Republic of Palau
Adviser Type (LTA or STA)	LTA
Adviser Remuneration Framework (ARF) level	C3
Aid Investment Plan or Partner Government's national/sectoral priority	Australia- Republic of Palau Aid Partnership Arrangement 2018 – 2022 - Promote sustainable and inclusive economic growth and prosperity Partnerships for Recovery
Primary capacity development role (check appropriate box, with reference to below)	<input type="checkbox"/> In line <input checked="" type="checkbox"/> Supplement capacity <input type="checkbox"/> Facilitate capacity
<p>Capacity Development Emphasis: Minor / Indirect - the Adviser will be substituting for an existing or proposed in-line position, with minimal expectation of direct capacity building activities.</p> <p>Moderate – the Adviser will be directly supporting in-line staff member/s or team as well as helping the individual/s to increase their own job skills, knowledge and awareness - there is an expectation of supplementing capacity</p> <p>Major – the Adviser's primary purpose is to work with staff/teams in a training, mentoring, and/or facilitating way – there is significant expectation of implementing capacity building activities.</p>	

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Purpose

PACTAM2 is an Australian Government initiative funded through its official aid agency, the Department of Foreign Affairs and Trade (DFAT) and managed by Scope Global. It places highly skilled Technical Advisers in Partner Government organisations across 9 Pacific Island countries.

Background

The introduction of a Goods and Services Tax (GST) within the Republic of Palau has been on the national agenda since 2007. The Tax Review Task Force (2007) formally recommended a transition from the Gross Revenue Tax (GRT) to GST for reasons that are still valid today. It was recognised that GRT favours large established and vertically integrated businesses, while disadvantaging small start-up and family businesses. As GRT is assessed at each transaction level, it penalises businesses who work with wholesalers rather than maintaining their own supply chains. This makes it difficult for small businesses to compete with big established businesses. The 2007 Task Force also found that GRT discourages international investment and did not match well with the tax systems in neighbouring countries or common source countries for investment in Palau.

Tax Reform, including the introduction of the Palau Goods and Services Tax (PGST) is a critical part of the Palau Government's objective of reigniting the economy and recovering from the COVID-19 pandemic. PGST will support the Government's intention to support small business and encourage foreign investment. PGST should deliver a stronger, more reliable tax base and is a better fit of the Palau economy of the future. Reforming the tax code and modernizing tax administration processes and systems will, together with other Government initiatives, improve the business climate and help to overcome the difficult economic situation as a result of the pandemic.

The tax reforms also include the introduction of a net profit tax referred to as a "Business Profit Tax" or BPT and amendments to the administration and procedural rules in the Tax Code. The Tax Reform Bill (2013/2014) provided for the introduction of a Net Profits Tax (NPT) as specified in the Regulations. In early 2014, draft legislation to implement a simplified NPT and accompanying technical notes were prepared.

Placement objectives	Core functions
1. Ensure tax administration and taxpayer readiness for the implementation of PGST and provide assistance with implementation of NPT and new administration and procedural rules in the Tax Code.	<ul style="list-style-type: none">• Assist the Bureau of Revenue and Taxation (BRT) in preparing the manuals, guides and pamphlets, regulations and forms supporting the implementation of the reform – with emphasis on PGST and NPT• Assist with the implementation of new administration and procedural rules in the Tax Code• Advise on developing and implementing exchange of information with customs.• Assist in preparing and implementing the BGST registration program
2. Oversee the expansion of Taxpayer Services and Tax Compliance capability	<ul style="list-style-type: none">• Help develop a program of information brochures, booklets and seminars to inform taxpayers of their entitlement and responsibilities• Coordinate activities with other Technical Assistance providers

	<ul style="list-style-type: none"> • Evaluate the BGST and NPT after its introduction with special attention to the registration, payment, audit, and refund systems • Assist in developing and delivering the PGST and NPT training program.
3. Upgrade tax processes and procedures designed and implemented for tax filing, payment and assessment of domestic taxes	<ul style="list-style-type: none"> • Help develop a program of information brochures, booklets and seminars to inform taxpayers of their entitlement and responsibilities. • Review the registration, filing, payment, enforced collection, refund and audit procedures and implement the changes needed to support PGST and NPT implementation. • Assist the BRT to define the IT system functionality required to support efficient PGST and NPT operations as well as broader support for integrated tax administration.
4. Implementation of a dedicated program of capacity building initiatives for all Bureau of Revenue and Taxation staff	<ul style="list-style-type: none"> • Implementation of tax technical and procedural training with an emphasis on developing and delivering the PGST and NPT training program. • Conduct formal training sessions on tax law interpretation and application
5. Implementation of cross cutting themes such as Gender Equality, Child Protection, Environmental Protection and disability Inclusion	<ul style="list-style-type: none"> • Integrate cross-cutting issues in policy and strategic frameworks as well as mainstreaming objectives in work plans. • Develop clear implementation guidelines with follow-up tools and practices on cross-cutting issues, with specific focus on gender equality, child protection and disability inclusion
6. Reporting requirements and stakeholder engagement	<ul style="list-style-type: none"> • An inception report is required within a month of arriving in Palau; • Monthly meetings with the Tax Reform Implementation Committee; • Periodic interactions with reform partners such as the Asian Development Bank and the Pacific Financial Technical Assistance Centre • Participation in meetings or briefings with Policy Makers as required • Monthly written report updates on progress to the Minister of Finance through the BRT Director • Periodic Memorandums of Recommended Actions or Significant Issues are requested as needs may arise

Accountability and working relationships

The Tax Reform Implementation Adviser will be accountable to and managed by Director of the Bureau of Revenue and Taxation with weekly interactions with the Minister of Finance, who supervises the Bureau and Financial/Economic Reforms.

Key selection criteria

All PACTAM2 Advisers are expected to

- Demonstrate effective interpersonal skills and the ability to work and communicate effectively and respectfully across cultures
- Foster empowerment and sustainability
- Adhere to Scope Global and DFAT policies

Essential Skills

Qualifications

- Bachelor level degree or post-graduate tertiary qualifications in taxation, accounting, finance, business management or related discipline.

Skills, experience, knowledge

- A minimum of 10 years' experience in domestic tax administration;
- Demonstrated experience in a developing Inland Revenue department; relevant work experience in a Pacific Island country will be highly regarded;
- A strong capacity to implement reform programs that will impact significantly on the performance of a national tax agency;
- High level skills in analysis of complex tax technical issues and interpretation and application of domestic tax laws including Value Added Tax (VAT), Goods and Services Tax (GST) and Net Profits Tax (NPT);
- A strong technical and practical knowledge of the systems, processes and policies used to administer tax laws including:
 - Taxpayer service;
 - Revenue collection and recovery processes;
 - Compliance and risk monitoring and enforcement;
 - Strategies to mitigate tax compliance risks.
- Ability to interpret revenue related legislation and provide constructive input into Palau's revenue reform agenda;
- Proven project management skills and ability to assist with change management;
- Ability to oversee the computerisation of the tax agency;
- Knowledge of risk management principles and compliance improvement strategies;
- Experience in capacity development and implementation of formal and on-the-job training including the development of relevant procedures and manuals;
- Strong written and oral communication skills, with the ability to effectively communicate with a broad range of stakeholders.

Special conditions

Scope Global recruitment practices operate under equal employment opportunity principles and laws. We encourage all appropriately qualified and experienced people to apply regardless of their sex, age, race, ethnicity, physical ability or beliefs.

We require all Advisers to:

- (a) comply with the terms and conditions of the PACTAM2 Adviser Service Agreement including completing a police check, undergoing a medical examination, and attending a pre-departure briefing.
- (b) comply with DFAT safeguard policies and any other policies specific to their placement.

Date Terms of Reference Finalised	March 2021
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