

A background image of an office setting. In the foreground, a silver laptop is open on a wooden desk. A person's hand is visible, holding a grey folder or document. In the background, another person is partially visible, wearing a light-colored shirt. The image is overlaid with a semi-transparent grey diagonal shape.

STRATEGIC PLAN OF THE PUBLIC REVENUE OFFICE 2020-2022



Republic of North Macedonia
Ministry of Finance
PUBLIC REVENUE OFFICE

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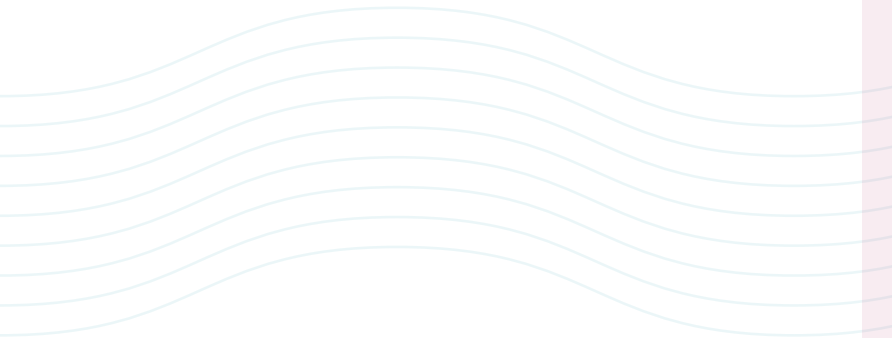
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idea → plan → action

INTRODUCTION

The strategic priorities of the Public Revenue Office (PRO) include the core development components whose implementation is planned for the period 2020-2022. The document provides the general guidelines as priority objectives, the measures that should be taken for their implementation and the activities that, with consistent implementation by the staff and secured

by adequate funding, will ensure not only implementation of the mission and vision of the institution, but will also be the foundation for building a modern tax authority with high reputation and integrity among taxpayers, the domestic and international public - confidence in the professionalism, efficiency, transparency and the service orientation.

SITUATION ANALYSIS



PRO STRENGTHS

- The PRO's management structure has objective knowledge of the PRO situation and also has a consensus on the need for comprehensive modernization;
- The PRO actively monitors the development processes of the sister administrations in the EU countries;
- In the recent years, the PRO increased the level of tax discipline and voluntary declaring of taxes;
- The PRO has increased the transparency and publicity in its operations and has achieved a high level of transparency and publishing of the tax administration activities, tax results and plans;
- Efficient use of the electronic payment systems;
- The PRO has advanced the processes of providing informative and educational services to the taxpayers;
- The PRO is achieving high level of collection of the tax and non-tax public duties which, even if they fail to meet in full the annual plan, still show increasing trend in relation to the previous years;
- Tax withholding and advance payment regimes are used;
- Partial electronic submissions and serving of acts;
- Information system for monitoring of incoming and outgoing payments from the games of chance, organized by the respective entities;
- System for electronic issuing of invoices for the taxpayers (donor projects);
- GPRS system for connection with the fiscal cash registers;
- System of electronic auctions in which everyone can have insight and participates in the biddings for seized goods;
- System for data exchange with specific state institutions;
- Intranet which facilitates the internal communication.



PRO WEAKNESSES

- The PRO is still burdened with collection of non-tax revenues which reduces the capacity and the focus for collection of taxes and contributions;
- The PRO is vested with new responsibilities it must implement in short period of time, without being provided with the necessary human and financial resources;
- The existing IT system organization requires implementation of operational activities on HQ level as well, with takes away the capacity for strategic activities;
- There is no connection between the different tax records and they are incomplete;
- The IT system is obsolete, not fully integrated and does not support all business processes and reporting needs – some analyses have to be prepared manually;
- The IT system has limited capacity and difficulties when it comes to harmonization in a case of law changes;
- The PRO lacks IT staff and is facing dropout of such staff;
- The PRO has disproportionate allocation of the staff along the organizational unit as well as unfavorable age structure;
- Not all managerial positions are manned, hence there is a risk of a lack of management and leadership;
- Weak assessment, evaluation, ranking and mitigation of compliance risks;
- Lack of process for gradual resolution of disputes;
- Inappropriate external audit coverage;
- Inappropriate management with the tax refund.



Our Mission

MISSION – PURPOSE OF THE PUBLIC REVENUE

The mission of the Public Revenue Office is to provide fair and efficient collection of taxes and other public duties, with a high degree of voluntary compliance of the taxpayers, through simplified tax procedures and digitalized taxpayer assistance and support services in order to help them for proper and timely compliance.



VISION

The vision of the Public Revenue Office is to become a model of professional organization that is recognizable in accordance with the best EU practices and quality standards, with high integrity and trust in the community as a guarantee for encouraging and maintaining of a high degree of voluntary compliance by the taxpayers.

For the purpose of realization of our vision, we continue to build our administrative capacity in order to achieve increased performance standards by improving the business practices and bringing about changes in accordance with the overall digital transformation. We started to introduce a new organizational culture in the work of the tax administration, which ensures professionalism, quality and transparency as well as accountability for the results. The Public Revenue Office creates a unique policy for providing simple tax procedures and digitized services in order to assist and support the taxpayers in terms of timely and accurate compliance. In managing the tax compliance, we base ourselves on prioritizing the risks that affect the voluntary compliance of the taxpayers by implementing the right activities at the right time to the right taxpayers, taking into account the principles of effectiveness and efficiency. The Public Revenue Office applies management strategies that ensure that the taxpayers are treated consistently and fairly, as a guarantee for maintaining confidence in the integrity of the organization.

In carrying out its business activities, the PRO is committed to fostering an open and responsible approach to the taxpayers, the employees, the state institutions, the international organizations and the entire society.



TASK AND OBLIGATIONS OF THE PUBLIC REVENUE OFFICE

The Public Revenue Office operates solely on the territory of the Republic of North Macedonia. Pursuant to the Law on Public Revenue Office, it implements the administrative and other professional activities related to the scope of its operations, as well as matters arising from the special tax laws. The Public Revenue Office implements the tax policy, maintains a single tax register and the tax records of the taxpayers, receives tax returns, assesses, collects and refunds taxes, social security contributions and other public duties, does inspection supervision, assists the taxpayers in meeting their tax obligations, monitors and analyzes the work of the tax system and makes proposals for its improvement, cooperates with tax authorities from other countries and provides international legal assistance in tax matters.

The distinctiveness of the Public Revenue Office can be seen in its role of providing funds to the Budget of the Republic of North Macedonia, thus ensuring the implementation of the functions of the state. Depending on the mandate, in the recent years they are between 66% to 72% of the projected revenues to the Core Budgets and the Funds. With the expansion of the jurisdiction over the collection of misdemeanor fines and penalties, this contribution is increasing.



SPECIFICITY OF THE PUBLIC REVENUE OFFICE –LEGAL FRAMEWORK

The legal framework setting the operation of the PRO, the general tax law and the tax administrative procedure are defined in two acts – Law on Public Revenue Office and the Law on Tax Procedure.

The Law on Public Revenue Office, adopted in March 2014, is a legal framework that defines the scope, the manner of financing, the organization and the management, as well as the duties, powers, responsibilities, and rights of employees in collecting, recording, processing and protecting the data related to PRO matters. In terms of jobs, a classification of all jobs was introduced which identified the different levels of job positions and titles of the tax officers, including the required qualifications and competencies required. This Law introduces “internal competition” as a way of achieving promotions and regulates how the employees are evaluated, awarded and acknowledged, as well as the disciplinary responsibility and monitoring of their career progress.

The Law on Changes and Amendments of the Law on Public Revenue Office (Official Gazette of the Republic of Macedonia No. 7 from 14.01.2019) stipulates that the payment operations carriers should submit data, on a monthly basis, provide information on all remittances arriving on the accounts of individuals, instead of having this data should be submitted to the PRO only upon its request and for specified persons for whom a tax procedure is being implemented. These amendments shall apply from 01.01.2019.

The Law on Tax Procedure, which was adopted in January 2006 and the changes and amendments in the following years, up to and including 2018, regulate the following: the general tax law, the tax assessment procedure, the audit procedure, the procedure for collection of the public revenues, the rights and obligations of the taxpayers, the appeal proceedings, implementation of the misdemeanor procedure and the misdemeanor provisions.

This legal framework provides a possibility for building of the administrative capacity for implementation of the legislation and for fight against the tax evasion.



ORGANIZATIONAL STRUCTURE FOR PUBLIC REVENUES

Current structure: The Public Revenue Office is a state administration body within the Ministry of Finance, with a status of legal entity.

As of 30.09.2019, from a total of 1,130 PRO employees, the activities are implemented with 1,118 employees, 2 officials and 10 employees that have their employment status on hold.

With the amendments of the acts for internal organization and for systematization of the PRO job positions, as of 1 January 2017, the scope of work of the Public Revenue Office is implemented through the following structure: General Directorate (Headquarters) Skopje; Large Taxpayers Office; Regional Offices (6) located in Skopje, Bitola, Prilep, Stip, Strumica and Tetovo; Local offices (17), located in Ohrid, Struga, Resen, Kavadarci, Veles, Negotino, Kumanovo, Kriva Palanka, Kocani, Vinica, Sveti Nikole, Berovo, Gevgelija, Radovis, Gostivar, Kicevo and Debar; Tax counters (7), located in Demir Hisar, Makedonski Brod, Krusevo, Kratovo, Delcevo, Probistip and Valandovo; Mobile tax counters that serve other municipalities where there is no financial justification for their permanent location.

Changes planned: Continue to build the capacity of the tax administration to administer tax revenues and contributions and to provide quality customer service, improvement of the skills and knowledge of the tax officers, change management for the purpose of support to the tax reforms and the modernization - electronic tax administration.

Continue developing and restructuring of the business processes for the new tax integrated IT system - introduction of hardware requirements for the new integrated PRO IT system; introduction of software requirements for the new integrated PRO IT system; introduction of quality assurance methodology for the new integrated IT system, including support for the risk management process (functional and non-functional risk, hardware and software implementation risk as well as risk related to their compliance); development and introduction of a risk assessment system. Ensuring smooth operation and long-term stability of the system in case of crisis.

PROGRAMS 2020-2022

These are the priorities of the PRO for 2020-2022 in the frames of its competencies:

PROGRAM 1: ADMINISTRATIVE CAPACITY BUILDING

- Quality management system
- Human resources management and capacity building of the staff through education

PROGRAM 2: FIGHT FOR PREVENTION OF, AND PROTECTION FROM, TAX FRAUDS AND GREY ECONOMY

- Improvement of the activities for prevention of, and protection from, tax evasion and formalizing of the informal economy

PROGRAM 3: PUBLIC FINANCE MANAGEMENT - REVENUE MOBILIZATION

- Improved stability, efficiency and quality of the revenue collection system (tax system and policy)
- Improved administration and debt management
- Compliance risk management
- Introduction of Disaster Recovery Center

PLAN FOR PROGRAM IMPLEMENTATION

A: Justification and design of the Program

Explanation: The Program stems out of the following:

1. Program of the Government of the Republic of Macedonia for 2017-2020
2. Decision on Determination of the Strategic Priorities of the Government of the Republic of North Macedonia in 2020 (Official Gazette of RN Macedonia No. 90/2019)
3. Program for Reform in the Public Finance Management 2018-2021 (12 March 2019)
4. Annual Action program of the Republic of Macedonia for 2019 for EU support in the public finance management (PFM)
5. Annual Report of the Center for Development of Finances (CEF) for 2019
6. Progress Report for RN Macedonia of the European Commission for 2019 (29.05.2019)
7. National Program for Adoption of the European Union Acquis (NPAA), Revision 2019-2021 (No.16-1344/2 from 20.02.2019) as well as detailed FAP Analysis of the EC Report
8. Strategy for Public Administration Reform 2018-2022 (Ministry of Information Society and Administration, February 2018)
9. Report "Evaluation of the Public Expenditures and the Financial Accountability in the Republic of Macedonia (PEFA), Ministry of Finance and DFC International Consultants
10. Invigorating the revenue administration reform, towards improving the tax compliance – IMF, Fiscal Affairs Department (May 2019)
11. TADAT Assessment Report of the IMF (July 2016)
12. Strategy for Tax Reform (draft)
13. Strategy for Formalization of the Informal Economy in the Republic of Macedonia 2018-2022 (March 2018)
14. Program for Economic Reforms (PER), European Commission (April 2018)
15. PRO Strategic Plan 2019-2021
16. PRO IT Strategy 2019-2022 (16/01/2019)
17. Budget of the Republic of North Macedonia for 2020 (draft)
18. Annual Public Procurements Plan of the PRO for 2020 (draft)



**PROGRAM 1:
ADMINISTRATIVE CAPACITY BUILDING**

- **Quality management system**
- **Human resources management and capacity building of the staff through education**

Program objective: Capacity building of the tax administration for administering tax revenues and contributions and providing quality customer service, upgrading the skills and knowledge of the tax officers, change management in order to support the tax reforms and the modernization - electronic tax administration.

Program success indicators: Providing an environment for continuous learning and promotion of the tax officers' competences, increasing of the level of satisfaction of the tax service users and the PRO staff, improvement of the voluntary collection of tax revenues and contributions.

This Program is: (please tick the type of the Program) horizontal vertical

Subprograms (components) of the program:	
<p>SUB-PROGRAM 1: QUALITY MANAGEMENT SYSTEM</p>	<p>Success indicator:</p> <ul style="list-style-type: none"> • Number of harmonized documents/ acts with the ISO System for quality management • % of satisfaction of the PRO service beneficiaries • % of satisfaction of the PRO staff
<p>SUB-PROGRAM 2: HUMAN RESOURCES MANAGEMENT AND CAPACITY BUILDING OF THE STAFF THROUGH EDUCATION</p>	<p>Success indicator:</p> <ul style="list-style-type: none"> • % of delivery of the educational programs foreseen by the Annual Training Plan of the Tax Academy • % of utilization of the funds awarded for FISCALIS 2020 • (IOTA) Number of approved participations on events from the PRO/ Number of events foreseen in the Annual Program of IOTA at which the PRO can participate • (CEF) Number of applications filed by the PRO/ Number of applications accepted by CEF in accordance with the Annual Program of CEF • (TAIEX) Number of applications filed by the PRO/ Number of applications approved by TAIEX/ Number of implemented TAIEX applications

B: Plan for implementation of the program

PROGRAM 1: ADMINISTRATIVE CAPACITY BUILDING SUB-PROGRAM 1: QUALITY MANAGEMENT SYSTEM

Activity	Responsible	Consulted	Timeframe		Required resources per years					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2020	2021	2022	2020	2021	2022
1.1.1 Certification of the PRO (ISO 9001:2015)										
Procurement of consultancy services for introduction of certification in accordance with the international standard ISO 9001:2015 (Quality management system)	SGCA		2020	2022				Budget 1,000,000		
Trainings for ISO 9001:2015 system for quality management, trainings for internal trainers	SGCA, Sectors							Budget 600,000		
Harmonization of procedures/ documents/ acts with quality management system	Sectors									
1.1.2 Implementation of the Action Plan for the Measures for Improvement of the Situation in the PRO via the Common Assessment Framework (CAF)	Sectors		2020	2022						
1.1.3 Satisfaction survey among the taxpayers implemented by independent company	STST		2020	2020				Budget 900,000		
1.1.4 Resuming of the project for User Oriented Environment	SGCA, RO HQ		2020	2022				Budget 30,000,000	Budget 30,000,000	
1.1.5 Consolidation of workstations and other network hardware – procurement of IT equipment	SIT, SGCA		2020	2021				Budget 26,000,000	Budget 26,000,000	
1.1.6 Increase of the liability of the PRO systems -Hardware, software and services	SIT, SGCA		2020	2021				Budget 62,000,000		
- Security certificates for the PRO systems	SIT, SGCA							Budget 600,000		

- Antivirus protection	SIT, SGCA							Budget 1,500,000	
1.1.7 IT equipment maintenance Hardware and system software	SIT, SGCA		2019	2021				Budget 8,500,000	Budget 8,500,000
1.1.8 Licenses for system software and databases	SIT, SGCA		2020	2021				Budget 17,000,000	Budget 17,000,000
1.1.9 Increase of the bandwidth capacity for the communication equipment	SIT		2018	2021				Budget 13,000,000	Budget 13,000,000
1.1.10 Consolidation of the existing IT system/ sub-system databases into a single database and introduction of data repository Note: Depending on the market analysis within the EU project and on the manner of financing of the new IT system.	SIT, SART, SDMC, GTI		2018	2021				Budget 62,000,000	
1.1.11 Service for introduction of timestamp and electronic signature for the purpose of serving of tax acts	SIT, SART, SDMC, GTI		2020	2021				Budget 1,500,000	Budget 1,500,000
1.1.12 Service for use of bulk email sending	SIT, SART, SDMC, GTI		2020	2022				Budget 500,000	Budget 500,000
1.1.13 Software for task and project management	SIT, Sectors SGCA		2020	2022				Budget 600,000	
1.1.14 New website of the PRO www.ujp.gov.mk	SIT, SSDPR STST, SGCA		2019	2020					Budget 1,500,000
Total activities in year I: 11							Budget	225,100,000	
Total activities in year II: 9									105,600,000
Total activities in year III:1									
TOTAL for the sub-program 1: 21									

PROGRAM 1: ADMINISTRATIVE CAPACITY BUILDING
SUB-PROGRAM 2: HUMAN RESOURCES MANAGEMENT AND CAPACITY BUILDING OF THE STAFF THROUGH EDUCATION

Activity	Responsible	Consulted	Timeframe		Required resources per years					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2020	2021	2022	2020	2021	2022
1.2. Monitoring the changes and processes in the HR management										
1.2.1 More staff in the PRO (new 100 recruitments; 100 reallocations)	Staff meeting HR	MF/ MIOA	2020	2022				Budget 33,000,000 MKD	Budget 33,000,000 MKD	Budget 33,000,000 MKD
1.2.2 Changes in the organization and systematization acts in accordance with the functional analysis for internal organization of the PRO	Staff meeting + HR		2020	2021						
1.2.3 Development of Plan for Functional Allocation of Additional Human Resources			2019	2020						
1.2.4 Purchase of software for HR management for the HR and Tax Academy	SIT+ HR + SGCA+ SFA + TA		2020	2021				Budget 800,000 MKD		
1.2.5 Improvement of the plans for education of the Tax Academy, improvement of the staff competencies by organizing internal trainings for the staff; training events delivered by outsourced stakeholders and other organizations	TA + Staff meeting + SFA + internal trainer		2020	2022				Budget 4,000,000	Budget 4,000,000	
1.2.6 Specialized trainings for the IT staff	TA+SIT		2020	2022				Budget 3,500,000	Budget 3,500,000	
1.2.7 Participation in the EU programs and technical assistance from international organizations (IOTA; FISCALIS 2020; CEF; TAIEX; International Monetary Fund).	SIC + SFA+ SGCA +HR (for IOTA, FISCALIS 2020 CEF TAIEX) Staff meeting + SIC (for IMF)		2020	2022				Membership fee IOTA: 542,000 Other costs IOTA 750,000 FISCALIS 3.800.000 IPA 2 National Fund 1,400,000 +Budget PRO for entry ticket 2,400,000 TAIEX 200.000	Membership fee IOTA: 542,000 Other costs IOTA 750,000 TAIEX 200.000	
Total activities in year I: 7								45,192,000		
Total activities in year II: 6								1,400,000	41,992,000	
Total activities in year III: 4										33,000,000
TOTAL for the sub-program 2: 17								46,592,000	41,992,000	33,000,000

Program 2:

FIGHT FOR PREVENTION OF, AND PROTECTION FROM, TAX FRAUDS AND GREY ECONOMY

Program objective: Establishing an effective institutional structure, processes and mechanisms for detecting and combating tax frauds, for identifying and formalizing of the informal economy.

Program success indicators: Defined model of cooperation of the Public Revenue Office with the Directorate for Financial Police and other investigative bodies in cases of tax fraud, completed activities related to the action plan for detection and treatment of the informal economy, improved skills and knowledge of the staff of the inspectorates. implementation of audits related to e-commerce, continuous implementation of the PRO mandate in accordance with the Law on Prevention of Money Laundering and Financing of Terrorism, established model for cooperation with the Inspection Council.

This Program is: (please tick the type of the Program) horizontal vertical

Subprograms (components) of the program:	
SUB-PROGRAM 1: IMPROVEMENT OF THE ACTIVITIES FOR PREVENTION OF, AND PROTECTION FROM, TAX EVASION AND FORMALIZING OF THE INFORMAL ECONOMY	Success indicator: <ul style="list-style-type: none">• Number of notifications submitted to the investigative authorities that include leads for criminal acts related to taxes, Number of audits carried out following reports and requests from the investigative authorities,• Number of requests exchanged with the Directorate for Financial Intelligence and number of audits carried out per STRs provided, number of audits carried out for implementation of measures related to fight against money laundering,• Number of requests/ notifications exchanged with the Inspection Council• Final implementation of the objectives and activities from the adopted National Action Plan for Formalizing of the Informal Economy in accordance with the defined framework and indicators for implementation,• Delivered trainings and established tools and methods for identification of risky taxpayers and implemented audits for e-commerce. Introduced organizational and administrative prerequisites for audits for transfer prices, simultaneous audits and joint audits with other tax administrations• Improved cooperation and exchange of information with other tax administration for the purpose of protection from tax evasion.

B: Plan for implementation of the program

PROGRAM 2: FIGHT FOR PREVENTION OF, AND PROTECTION FROM, TAX FRAUDS AND GREY ECONOMY SUB-PROGRAM 1: IMPROVEMENT OF THE ACTIVITIES FOR PREVENTION OF, AND PROTECTION FROM, TAX EVASION AND FORMALIZING OF THE INFORMAL ECONOMY

Activity	Responsible	Consulted	Timeframe		Required resources per years						
			Start (m/y)	End (m/y)	Human			Financial (denars)			
					2020			2020	2021	2022	
2.1.1 Improvement of the cooperation between the PRO, the Directorate for Financial Police and the Ministry of Interior (and with other investigative authorities) in the fight against tax evasion, by introducing a model of cooperation in accordance with the OECD recommendations for effective interinstitutional cooperation for fight against tax frauds	GTI		2020	2022							
2.1.2 Activities for implementation of the competencies deriving from the Law on Prevention of Money Laundering and Financing of Terrorism	GTI		2020	2022							
2.1.3 Improvement of the cooperation with the Inspection Council in accordance with the Law on Prohibition and Prevention of Doing Unregistered Business Activity	GTI		2020	2022							
2.1.4 Implementation of final activities from the Action Plan for Formalization of the Informal Economy 2018-2020 (Strategy for Formalization of the Informal Economy)	STST, SART GTI, CRMU		2020	2020							
2.1.5 Electronic trade Specialization of staff in the Tax Inspectorate and the Sector for IT. Identification of tools and methods on the manner of collection of data related to e-commerce, use of the data, processing, risk assessment and identification of risky taxpayers	GTI, SIT		2020	2022							

2.1.6 Improvement of the Risk Evaluation System – RES in the risk rules and maintenance of the system	GTI, SIT		2020	2022						
2.1.7 Activities of the PRO for practical implementation of the standards foreseen by the BEPS Action Plan (5, 6, 13 and 14) of the BEPS Inclusive Framework	MF / PRO GTI, LTO SART, SIC		2020	2022						
2.1.8 Implementation of the for minimum standards (5, 6, 13 and 14) of the BEPS Inclusive Framework	MF / PRO (GTI, LTO SART, SIC)		2020	2022						
2.1.9 Establishment of new organizational unit in the GTI in relation to the competencies related to international taxation and transfer prices, specialization of auditors to perform transfer pricing audits, legal changes and administrative and organizational preparations for implementation of simultaneous audits and joint audits with other tax administrations	GTI		2020	2022						
Total activities in year I: 9										
Total activities in year II: 8										
Total activities in year III: 8										
TOTAL for the sub-program 1: 25										

**Program 3:
PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION**

Program objective: Improve the collection of the tax revenue collection and ensure long-term stability of the IT systems in case of crisis.

Program success indicators:

Improved tax services and procedures, and ensured stability of the PRO systems in case of crisis.

This Program is: (please tick the type of the Program) horizontal vertical

Expected outcomes (components) from the Program:

Simplification of the tax procedures, including reporting and payment, by reducing the number of the administrative procedures and costs, improving tax services in order to support self-assessment and provide quality information for all stakeholders, as well as ensuring long-term financial stability of the PRO system in case of crisis.

New software
New hardware

Sub-programs (components) of the Program:	
<p>SUB-PROGRAM 1: IMPROVED STABILITY, EFFICIENCY AND QUALITY OF THE REVENUE COLLECTION SYSTEM (TAX SYSTEM AND POLICY)</p>	<p>Success indicator:</p> <ul style="list-style-type: none"> • % of digitalized tax services (2018–40%; 2019-40%; 2022-80%; 2024-100%) • Restructured business processes for the new integrated tax IT system • HARDWARE for the new integrated tax IT system • SOFTWARE for the new integrated tax IT system • Ensured quality control – technical assistance for implementation of the new integrated IT system • Maintenance of a risk assessment system - System for risk assessment for tax audit • Implemented tax accounting application which is upgraded
<p>SUB-PROGRAM 2: IMPROVED ADMINISTRATION AND DEBT MANAGEMENT</p>	<p>Success indicator:</p> <ul style="list-style-type: none"> • Total tax debt/ Total annual collection of revenues • Debt over 12 months old/ Total tax debt • Changes and amendments to the Law on Tax Procedure adopted • Provided new functional facilities for storing of seized movable items • Purchased equipment for ongoing implementation of the operations in the Center for Seized Items in Negotino
<p>SUB-PROGRAM 3: COMPLIANCE RISK MANAGEMENT</p>	<p>Success indicator:</p> <ul style="list-style-type: none"> • % increase of the self-taxation in the current year, in relation to the previous year • % increase of the salaries in specific activities • % increase of the personal tax and contribution in the current year, in relation to the previous year • % increase in the number of cash register receipts issued, including reduced cases of cancellation of the receipts • % increase in the number of business entities registered for e-commerce, • Reduction of the number of non-registered entities
<p>SUB-PROGRAM 4: INTRODUCTION OF DISASTER RECOVERY CENTER</p>	<p>Success indicator:</p> <ul style="list-style-type: none"> • Continuity of the business processes and stability of the electronic systems of the PRO regarding the data and business processes in case of crisis (2022 - 80% continuity of the business processes; 2024 - 100% continuity of the business processes)

B: PLAN FOR IMPLEMENTATION OF THE PROGRAM

PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION SUB-PROGRAM 1: IMPROVED STABILITY, EFFICIENCY AND QUALITY OF THE REVENUE COLLECTION SYSTEM (TAX SYSTEM AND POLICY)

Activity	Responsible	Consulted	Timeframe		Required resources per years					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2020	2021	2022	2020	2021	2022
3.1.1 Development and restructuring of the business processes for the new integrated tax IT system (modelled business processes – BPM2) showing the global scheme of the business processes that need to be reengineered and integrated in the new IT system (To-Be system): BMP software and licenses, technical specification for the hardware and software for the new integrated IT system and for quality control – technical support for implementation)	PRO SIT, Project Team, Sectors for common and general affairs	MF / MIOA	2017	2020				Budget 2,000,000		
3.1.2 Introduction of new IT system room (Design and project supervision of IT system room – construction and certification)	SGCA, SIT, Management		2020	2022				Budget 6,000,000		
3.1.3 Upgrade and maintenance of the IT sub-systems of the PRO	SIT, SGCA and tax functions		2020	2022						
- Upgrade of the software for master file records and tax accounting								Budget 5,300,000		
- Documenting the accounting policies, procedures and reports										
- Upgrade and maintenance of the e-personal tax								Budget 10,000,000		
- Upgrade and maintenance of e-tax								Budget 5,700,000		
- Application for validation and calculation of tax returns								Budget 14,000,000		
- Application for implementation of tax procedure (records and documents that are product of a tax procedure)								Budget 14,000,000		

- Specifying, preparation, testing and implementation of software for debt management, including procedures for debt management								Budget 5,000,000		
- Upgrade and maintenance of the system for games of chance - NIS								Budget 6,000,000		
- Upgrade of the GPRS								Budget 7,000,000		
3.14 New tax integrated IT system SOFTWARE Note: Depending on the business analysis of the expert	SIT, SGCA	EU Delegation/ MF/ PRO	2020	2022				Budget 166,600,000 IPA II 228.290.000		
3.15 New tax integrated IT system HARDWARE Note: Depending on the business analysis of the expert	SIT, SGCA		2020	2022				Budget 11,000,000 MKD IPA II 61.700.000 MKD		
3.16 Improved collection of revenues and tax and customs policy (Twinning project) including technical support for quality assurance for modernization of the tax IT system 3.500.000,00 EUR (total amount for PRO, MF and Customs)	PRO+Project Team	MF/ Customs	2019	2022						
Total activities in year I: 6							B.	252,600,000		
Total activities in year II: 5							IPA	289,990,000		
Total activities in year III: 4							Total	542,590,000		
TOTAL for the sub-program 1: 15										

**PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION
SUB-PROGRAM 2: IMPROVED ADMINISTRATION AND DEBT MANAGEMENT**

Activity	Responsible	Consulted	Timeframe		Required resources per years						
			Start (m/y)	End (m/y)	Human			Financial (denars)			
					2020	2021	2022	2020	2021	2022	
3.2.1 Improving the efficiency and effectiveness of the debt collection procedures											
- Early identification and rapid intervention towards new debt, by managing the communication with the debtors (proactivity) and applying a positive indirect impact approach in order to improve the compliance in the payment of debts	SDMC		2020	2020							
- Practicing minimal and follow-up activities for securing the payment and collection of the debt, appropriate to the age of the debt, including relevant implementation of all debt collection tools for every debtor, relevant to the level of risk for payment	SDMC		2020	2020							
- Specifying the criteria and procedure for write-off of debt that is obsolete and impossible to collect, due diligent implementation of the write-off.	SDMC		2020	2020							
3.2.2 Foundations for better tax debt management	SDMC		2020	2020							
- Identification of the realistic value of the collectable tax debt and harmonization of the registered debt with the factual situation	SDMC		2020	2020							
- Data based debt management – profiling of the debtors, evaluation of the level of risk of the debtors and similar, in order to implement the right activities towards the right group of debtors, in real time	SDMC		2020	2020							
- Improvement of the framework (laws, procedures, organizational structure, standards, etc.) in order to ensure greater efficiency and effectiveness in the debt collection procedures	SDMC and other sectors		2020	2021							
3.2.3 Improved efficiency of the cashing of the debt											

- Provision of new functional premises for storing of the seized movable items (procurement of business premises, reconstruction, procurement of office and other supplies and equipment, etc.)	SGCA, SDMC		2020	2021						
- Provision of equipment for the ongoing operation of the Center for Seized Items in Negotino (office supplies and equipment, vehicle for transportation of seized items, fork lifter, etc.)	SGCA, SDMC							Budget 700,000		
Total activities in year I: 3								700,000		
Total activities in year II: 1										
Total activities in year III: 1										
TOTAL for the sub-program 2: 5										

PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION
SUB-PROGRAM 3: COMPLIANCE RISK MANAGEMENT

Activity	Responsible	Consulted	Timeframe		Required resources per years						
			Start (m/y)	End (m/y)	Human			Financial (denars)			
					2020	2021	2022	2020	2021	2022	
3.3.1 Introduction of permanent capacity for risk management in the frames of the Risk Management Unit	CRMU		2019	2020							
3.3.2 Development of analytical capabilities in the Unit as a prerequisite for risk management through relevant trainings	CRMU		2019	2022							
3.3.3 Development of Program for Managing the Compliance Risk 2020-202	CRMU		2020	2022							
- Compliance Plan for Payroll Taxes	CRMU		2019	2020							
- Compliance Plan for VAT	CRMU										
- Compliance Plan for Rental and Sub-rental Income	CRMU		Dec 2019	Dec 2020							
- Compliance Plan for Fiscalization	CRMU		Oct 2019	Dec 2020							
- Compliance Plan for e-commerce	CRMU		Sep 2019	Dec 2020							
Total activities in year I: 3											
Total activities in year II: 2											
Total activities in year III: 2											
TOTAL for the sub-program 3: 7											

PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION
SUB-PROGRAM 4: INTRODUCTION OF DISASTER RECOVERY CENTER

Activity	Responsible	Consulted	Timeframe		Required resources per years						
			Start (m/y)	End (m/y)	Human			Financial (denars)			
					2020	2021	2022	2020	2021	2022	
3.4.1 Establishment of Disaster Recovery Center that will provide full backup of the data and business processes of the PRO		MF, MoI, Customs, EU	2020	2022							
3.4.2 Procurement of hardware and software Note: Depending on the business analysis of the expert			2020	2022				Budget 11,000,000 IPA II 61.700.000			
Total activities in year I: 2								11,000,000			
Total activities in year II: 2								61.700.000			
Total activities in year III: 2								72,700,000			
TOTAL for the sub-program 4: 6											

RISKS ON STRATEGIC PLAN LEVEL

RISKS ON STRATEGIC PLAN LEVEL	LIKELIHOOD OF RISK OCCURRENCE (large, medium, small)	IMPACT OF THE RISK ON THE IMPLEMENTATION OF THE OBJECTIVES (large, medium, small)	MEASURES FOR DEALING WITH THE RISK
Incomplete implementation of the core function – collection of the public duties and the requirements of the Government reform and other institutions due to non-implemented modernization processes, with significant investments in the functionality and integration of the IT system	Medium	Large	<ul style="list-style-type: none"> • Development and restructuring of the business processes in a manner that will enable cost efficient and effective work • Delegation of managerial responsibility in accordance with the Law on Public Internal Financial Control for implementation of reform initiatives that aim to further modernize the PRO • Strengthening of the internal controls system for implementation of the activities related to collection of the revenues and timely preparation of reports for collection of the public revenues (taxes and contributions)
Late adoption of the legal changes that impact the operations of the PRO	Large	Large	<ul style="list-style-type: none"> • Initiating changes in the laws • Involvement in the adoption of such legal changes • Preparation of procedures and operational guidelines
Lack of harmonization between the Strategic Plan and the Plan for Public Procurements and the Financial Plan	Small	Large	Monitoring of the planning, budgeting and delivery through financial reporting
Lack of experienced and dedicated persons for implementation of the changes	Large	Large	Capacity building of the staff through trainings and exchange of experiences
Inability to attract and retain talented and dedicated staff, especially lack of IT staff	Large	Large	Capacity building of the PRO staff, especially of the IT staff, through new employments and relevant reallocations/ promotions
Absence or failure to meet the plans for training and human resources development	Large	Large	Harmonization of the training needs with the Plan of the Tax Academy
Failure to meet the plans for training and human resources development	Large	Large	Development of procedures for every process in the PRO
Failure to meet the principle of business continuity	Medium	Medium	HR needs to implement activities for reallocation of human resources – new employees in order to ensure continuity of the operations
Failure to meet the principle of continuous operations	Medium	Medium	SIT need to control the continuous and non-interrupted operations
Failure to introduce compliance risk management	Large	Large	Manning of the Compliance Risk Management Unit with relevant staff as well as introduction of standards and methods for change management

RISKS ON PROGRAM LEVEL

RISKS ON PROGRAM 1 LEVEL	LIKELIHOOD OF RISK OCCURRENCE (large, medium, small)	IMPACT OF THE RISK ON THE IMPLEMENTATION OF THE OBJECTIVES (large, medium, small)	MEASURES FOR DEALING WITH THE RISK
Failure to attract and retain talented and dedicated staff	Large	Large	<ul style="list-style-type: none"> • Selection of staff with loyalty and integrity • Correct selection of employees for awarding • Preparation of internal act and signing of contract with employee who is trained and who will be required to remain in the PRO for specific time period following the training and to show results
Failure to harmonize with the ISO 9001:2015 system for quality management	Large	Large	<p>Securing services of accredited certification body for certification of the quality management system in accordance with the international standard ISO 9001:2015 in the PRO.</p> <ul style="list-style-type: none"> • Training of internal trainers • Preparation of procedures in accordance with the ISO 9001:2015 system for quality management
Reduced trust of the taxpayers in the PRO	Large	Large	<ul style="list-style-type: none"> • Satisfaction survey among the taxpayers implemented by independent company • Timely delivery of services • Provision of accurate information • Appropriate treatment of the taxpayers
Lack of relevant and complete information per employee on trainings he/ she attended and the outcomes of those trainings in relation to their work tasks	Large	Large	<ul style="list-style-type: none"> • Procurement of software for human resources management for the needs of the HR and the Tax Academy
Lack of defined competencies per job position in each function of the PRO	Medium	Medium	<ul style="list-style-type: none"> • Development of standards for competencies in the PRO • Implementation of the required competencies in the Acts for Organization and Systematization of the PRO
Failure to meet the requirement for providing Note on attended trainings and Evaluation Questionnaire about the educational event, including lack of software for automatic processing of the evaluation data	Medium	Medium	<ul style="list-style-type: none"> • Introduction of sanctions in the internal acts of the PRO if the training event participants fail to meet their obligations, • Implementation of software solution for automatic processing of the Evaluation Questionnaires
Unequal treatment of trainings implemented per PRO functions	Medium	Medium	<ul style="list-style-type: none"> • Harmonization of the need and the selection of the staff for training between the sectors and the Tax Academy • Adoption of internal procedure through which criteria and circumstances will be established for election of the persons that will attend the trainings (CEF requirement) • Involvement of all functions in the delivery of trainings
Lack of engagement and interest of the sector/ requestor of the training in terms of meeting the Annual Training Plan	Large	Large	<ul style="list-style-type: none"> • Introduction of mechanisms, through internal act, through which the obligation for delivery of the training stipulated in the Questionnaire on Training Need will be made obligatory • Introduction of sanction by measuring the performances, for the sectors that will not show the required interest for implementation of the training stipulated in the Annual Plan for Education
Selection of inappropriate persons for specific training	Medium	Medium	<ul style="list-style-type: none"> • Evaluation of the contribution provided by the participants in various trainings • Delivery of specialized trainings

Failure to deliver internal training by a training participant/ employee of the PRO who acquired knowledge and skills at a training event not organized by the Tax Academy	Medium	Medium	<ul style="list-style-type: none"> Adoption or harmonization of internal procedure/ Rulebook that will prescribe mandatory requirement for delivery of internal training
Failure to secure funds for tools	Medium	Small	<ul style="list-style-type: none"> Use of open source tools
Lack of sustainability of the PRO IT system	Large	Large	<ul style="list-style-type: none"> Securing budget for purchase of new IT system Securing budget for increase of the reliability and sustainability of the IT system
Large changes in the legal provisions	Medium	Medium	<ul style="list-style-type: none"> Harmonization with the existing legal framework

RISKS ON PROGRAM 2 LEVEL	LIKELIHOOD OF RISK OCCURRENCE (large, medium, small)	IMPACT OF THE RISK ON THE IMPLEMENTATION OF THE OBJECTIVES (large, medium, small)	MEASURES FOR DEALING WITH THE RISK
Lack of mechanism for identification and fight against tax fraud	Medium	Medium	<ul style="list-style-type: none"> Cooperation between the PRO and the Directorate for Financial Police, with other investigative authorities
Lack of mechanisms for identification of the revenues generated via e-commerce	Medium	Medium	<ul style="list-style-type: none"> Collecting third party information Use of relevant tools to determine the revenues generated via e-commerce
Lack of information and lack of training of the tax auditors on how to handle the e-commerce cases	Medium	Medium	<ul style="list-style-type: none"> Delivery of trainings on the new approaches in the trade

RISKS ON PROGRAM 2 LEVEL	LIKELIHOOD OF RISK OCCURRENCE (large, medium, small)	IMPACT OF THE RISK ON THE IMPLEMENTATION OF THE OBJECTIVES (large, medium, small)	MEASURES FOR DEALING WITH THE RISK
Lack of finances	Large	Medium	<ul style="list-style-type: none"> • Coordination with the MF, the Macedonian Government and the EU Delegation
Bad coordination with other institution involved in the project for introduction of disaster recovery facility	Large	Small	<ul style="list-style-type: none"> • Coordination with the MF, the Macedonian Government and the EU Delegation
Lack of dedication by the senior management of the PRO for introduction of integrated tax information system (IDIS)	Medium	Small	<ul style="list-style-type: none"> • The staff meeting follows the progress of the projects on regular basis
Lack of human and institutional capacities in the PRO, especially in the SIT	Large	Large	<ul style="list-style-type: none"> • HR management policy
Lack of dedication and resistance to change of the PRO staff	Medium	Medium	<ul style="list-style-type: none"> • Ensured transparency and involvement of as many PRO staff as possible in the projects
Late preparation of the deliveries	Medium	Medium	<ul style="list-style-type: none"> • Defining of the reporting rules
Late procurement of the hardware	Medium	Small	<ul style="list-style-type: none"> • Temporary use of the existing equipment
Lack of relevant premises for the system room	Small	Medium	<ul style="list-style-type: none"> • Use the existing system room
Inefficient electronic communication with the taxpayers	Medium	Medium	<ul style="list-style-type: none"> • Ensuring smooth flow of information
Lack of availability of mobile tax counters in all populated areas	Medium	Medium	<ul style="list-style-type: none"> • Maximum use of the mobile tax counters (vehicles)
Lack of human resources in the sectors for collection, enforced collection, administration of bankruptcy procedures and debt analysis and management	Medium	Large	<ul style="list-style-type: none"> • Securing human resources required for uninterrupted operations
Lack of resources and other obstacles for quick implementation of the activities that mean implementation of modern methods for early identification and rapid intervention towards newly occurred debt	Small	Large	<ul style="list-style-type: none"> • Securing human resources required for uninterrupted operations • Implementing measures and activities for resolving the identified situations (inaccurate data, etc.)
Defocusing from the priorities to act towards the debtors in accordance with their level of risk for payment of the debts	Medium	Large	<ul style="list-style-type: none"> • Continuous monitoring of the operations for debt collection and implementation of measures and activities when such situations are identified

Inappropriate implementation, or lack of implementation, of all measures for collection of debt from all assets of the tax debtor and from other tax debtors (solidarity debtor and tax guarantor)	Small	Large	<ul style="list-style-type: none"> Continuous monitoring of the operations for debt collection and implementation of measures and activities when such situations are identified
Late implementation of all phases in the process of adoption of legal changes	Medium	Large	<ul style="list-style-type: none"> Continuous monitoring of the process and provision of support
Inappropriate registration of changes in the Registry of Taxpayers and in the tax records that impact the accuracy of the registered tax debt	Small	Large	<ul style="list-style-type: none"> Continuous monitoring of the operations for debt collection and implementation of measures and activities when such situations are identified
Failure to procure new functional premises with equipment for storing of seized movable items and equipment for running operation of the Center for Seized Items in Negotino	Medium	Large	<ul style="list-style-type: none"> Continuous monitoring of the process and provision of support Continuous monitoring of how update is the cashing of the movable items seized in enforced collection procedure and acting upon movable items from other procedures (external audit, bankruptcy) currently located in the existing Center in Negotino
Late implementation of all phases of the process of initiation and implementation of public procurement, specifying of the requests, development, testing and putting into use of new software for the collection procedures	Small	Large	<ul style="list-style-type: none"> Continuous monitoring of the process in order to prevent eventual delays
Failure to introduce compliance risk management	Large	Large	<ul style="list-style-type: none"> Manning of the Compliance Unit
Loss of data due to failure to provide backup system	Large	Large	<ul style="list-style-type: none"> Introduction of Disaster Recovery Center

3. Impacts on the human resources			
Program	Summary of the need for new recruitments	Summary of the need for staff reallocation	Summary of the training needs
Program 1: Building the administrative capacities	Provision of environment conducive to institutional development 100 new recruitments	From lower value towards higher value - 100 reallocations (promotions)	Will be implemented within the planned projects

Principles of equitable representation		
Expected impact in year I	Expected impact in year II	Expected impact in year III
When recruiting new staff, the Constitutional principle for appropriate and equitable representation of the minorities in Macedonia will be adhered to	When recruiting new staff, the Constitutional principle for appropriate and equitable representation of the minorities in Macedonia will be adhered to	When recruiting new staff, the Constitutional principle for appropriate and equitable representation of the minorities in Macedonia will be adhered to

Principles of equal opportunities of men and women		
Expected impact in year I	Expected impact in year II	Expected impact in year III

Development of the joint functions			
Development of policies			
Strategic planning/ Budget preparation Sector for Strategic Planning, Analysis and Statistics/ Sector for Financial Affairs/ in cooperation with all other sectors			
Execution of the Budget and funds management – Sector for Financial Affairs			
Human Resources Management – Sector for Human Resources			
IT technology management – Sector for IT			
Internal audit – Sector for Internal Audit			
Currently ongoing is quality assessment of the implementation of the internal audit in accordance with the Program for Quality Assurance and improvement of the operation of the Sector for Internal Audit, and the success criteria that have been adopted. Ongoing and periodical evaluation of the operation is being implemented.			

One hundred persons per year, in the following three years, are planned to be recruited for development and implementation of the new programs in accordance with the Strategy for 2020-2022. The newly recruited persons will be assigned according to the needs.

Funds will be required in order to meet the vision of the PRO for the 2020-2022 period, excluding the IPA projects: 534,592,000 denars in 2020, 147,592,000 denars in 2021 and 33,000,000 denars in 2022.



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