

Government of Uttarakhand, Finance Department
Uttarakhand Public Financial Management Strengthening Project
Center for Training and Research in Financial Administration, (CTRFA)
UTTARAKHAND, INDIA
REQUEST FOR EXPRESSIONS OF INTEREST
(CONSULTING SERVICES – FIRMS SELECTION)

India

Uttarakhand Public Financial Management Strengthening Project

Loan No.: IBRD 8928

Assignment Title: Consultancy service for professional services to assist Uttarakhand State Tax Department for GST Revenue Augmentation

Reference No. IN-CTRFA-191601-CS-QCBS

Request for Expression of Interest for Consultancy service for professional services to assist Uttarakhand State Tax Department for GST Revenue Augmentation

(CONSULTING SERVICES – FIRM SELECTION)

Application Deadline:	19 th September 2020
Type of Contract:	Consulting Service-Firm Selection
Method of Procurement:	Quality Cost Based Selection (QCBS)

Reference No : IN-CTRFA-191601-CS-QCBS
2020

Date: 5th September

The GoUK has received a loan from IBRD for the Uttarakhand Public Financial Management Strengthening Project (UkPFMS) and intends to apply a part of the loan proceeds for this assignment toward the Consultancy service for professional services to assist Uttarakhand State Tax Department for GST Revenue Augmentation.

The overall objective of the assignments is to augment the State GST revenues, a strategy change is required. We propose to undertake a GST revenue augmentation project for UK which would be focused on:

- Provide Legal Support
- Prepare Services Support- Profiles
- Provide Training and Capacity Building
- Carry out Revenue Analysis

The Finance Department through the Center for Training and Research in Financial Administration (CTRFA) now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have

the required qualifications and relevant experience to perform the Services. The minimum required qualifications/criteria are available in Annexure 1 and terms of reference of the assignment can be accessed on the website <http://www.uttarakhandaudit.uk.gov.in> or can be obtained from CTRFA.

The attention of interested Consultants is drawn to paragraph 3.14 and 3.17 of the World Bank Procurement Regulations, July 2016 revised in November 2017 and August 2018 ("Procurement Regulations"), setting forth the World Bank's policy on conflict of interest.

Consultant may associate with other firms to enhance their qualifications, but should indicate clearly whether association in the form of Joint Venture and/or sub-consultancy. In case of a Joint Venture, all the partners in a joint venture shall be jointly and severally liable for the entire contract, if selected

A Consultant will be selected in accordance with the **Quality Cost Based Selection (QCBS)** method set out in the Procurement Regulations.

Further information can be obtained at the address below during office hours *1000 to 1700 hours IST*.

Expression of Interest in the prescribed format along with relevant annexures must be delivered in a document form (hard copy or electronic pdf) at the address or mail id given below (in person, by post or by email) latest by **19th September by 17:00 Hrs IST**

Project Director
Uttarakhand Public Financial Management Strengthening Project

4th Floor, DPM Tower
Ajabpur Khurd, Kargi Chowk
Dehradun, 248001
Uttarakhand, India,
Mob: +91-9358119541,
E-mail: ukpfmswb@gmail.com

Annexure 1: Minimum Required Qualifications Criteria

S. No.	Basic Requirement	Specific Requirements	Supporting Documents Required
1)	Entity	Must be a legally constituted entity	Copy of the Certificate of Incorporation and constitutional documents
2)	Turnover	Should have an Average Annual Turnover of at least Rs. two Crores and positive net worth during the last three financial years (2106-17, 2017-18, and 2018-19,).	Certified copy of the audited financial statements OR certificate from the statutory auditor.
3)	Overall experience	Should have at least 05 years' experience of working for Indirect Tax / SERVICE TAX / STATE TAX/ GST department	Self-certification of details of the experience
4)	Technical Capability	Should have proven track record of having successfully carried out minimum two (2) assignments in of the areas as specified in the TOR in State Tax/Gst/ Indirect Tax /VAT	<p>Copy of work orders for completed assignments (OR)</p> <p>Work completion certificates from client (OR)</p> <p>In case of ongoing consultancy, the completion should be substantial (at least 75% of the technical deliverables has been submitted to client satisfaction). Letter from client stating the status of delivery along with work order to be submitted.</p>
5)	Staff	Should have at least 10 staff\consultants with relevant qualifications and at least 5 years' experience in any of the above areas.	Self-certification of list of such staff with qualification and experience as per format provided.

EOI FORMAT

Instructions

1. Please provide the details as required in the format. Non-completion of the format may lead to rejection during evaluation.
2. The consultant can add other materials about the Organization and other relevant details as annexure.
3. Please provide all documents requested as annexure.

Name of the Consultant	
Registered Address	
Phone No:	
Email id:	
Name of the Contact Person for this EoI	
Phone no. of the Contact Person for this EoI	
Email id of the Contact person for this EoI	
Do you have a HO in the State	Yes/No. If yes, please provide the address
Do you have a branch office in the State	Yes/No. If yes, please provide the address
Date of establishment	
Registration number if any with ROC, registrar of societies etc	
Number of full-time qualified staff	
PAN	
GST	
In case of CA firm provide registration number with ICAI.	

Financial Particulars of the Consultant

Financial year	Turnover	Net worth
2018-19		
2017-18		
2016-17		

Key Staff Brief Profile ***

Name of Staff	Age	Years of experience	Qualification	Number of years associated with the Consultant	Name of clients handled with nature of work done

*** Please provide detail CVs separately as per format given below

Relevant assignments – Last Five years***

Project Name	Funding agency Name	Client Name	Nature of work	Year of Work	Status (Completed/Ongoing)	Key reference person in client organization with designation and email id
	Central/State/Multilateral/Bilateral funding agency					

*** Please provide detail citation of work separately in the format given below. Relevant assignments are in the revenue side

Detailed Format for Citations

Assignment name:	Approx. value of the contract (in INR crores):
Country: Location within country:	Duration of assignment (months):
Name of Client:	Total N ^o of staff-months of the assignment:
Address:	Approx. value of the services provided by your Consultant under the contract (in current US\$ or Euro):
Start date (month/year): Completion date (month/year):	N ^o of professional staff-months provided by associated Consultants:
Name of associated Consultants, if any:	Name of senior professional staff of your Consultant involved and functions performed (indicate most significant profiles such as Project Director/Coordinator, Team Leader):
Narrative description of Project:	
Description of actual services provided by your staff within the assignment:	

Terms of Reference

Consultancy service for professional services to assist Uttarakhand State Tax Department for GST Revenue Augmentation

Rationale for consultancy support

1. GST's implementation in Uttarakhand (UK) requires to be strengthened to address challenges that may emerge when GST compensation period ends. To address revenue challenges, already visible during the economic slowdown and COVID period challenges, State had decided that its GST administration capacity must be strengthened to improve compliance and expand GST's coverage. In this regard, an important area is the strengthening of capacity for services taxation. There is a need for a focused project which will train a group of officers in broad principles of taxation of services and also look at important services from a compliance angle. There is also need for policy and legal support to examine the place of supply rule in sectors like Tourism where destination principal of point of embarkation has been specified which deprives the State its legitimate share of revenue. It is also essential to create a strong data analysis system which can help in continuously analyzing the data in services which can help in decision making.
2. Keeping this background in view, the key activities expected to be carried out as part of the Revenue Augmentation support under the consultancy are as follows:
 - Legal Support
 - Services Support- Profiles
 - Training and Capacity Building especially for Services
 - Revenue Analysis

Objective of the assignment

The GST revenues are protected for the States/UTs until 30th June 2022 with 14% annual growth. However, once the compensation period ends, the GST revenues for the States might get impacted.

Strategy Change is required to make the State Revenue Surplus. The state wishes to build institutional capacity of the State tax administration so that high growth rate of revenues can be maintained in the post compensation period as well.

1.2 Scope of Work for Consultant Agency for GST Revenue Augmentation in Uttarakhand

The GST revenue augmentation project for UK which would be focused on:

- Legal Support
- Services Support- Profiles
- Training and Capacity Building
- Revenue Analysis

Activity 1 : Legal Support

The consultant will provide legal support to the department. The key areas of legal support would include:

- Representations to GST Council and Law Committee on deprived tax base
- Ongoing support for GST Council Meetings especially relating to issue in services
- Representations, suggestions and comments from different associations for channelizing through department to GST Council and its various committees

The consultant will perform following activities:

- Discussions with Stakeholders to get an understanding of issues both at headquarter as well as field level
- Preparation of representations backed with data and analysis
- Representations to the relevant Central Government body – GST Council/ Law Committee etc.
- The Consultant shall help in creating general awareness (such as amendment in act and rules, time extension for return filing, late fee waiver, change in rate of tax etc.) for the stake holders through advertisement and social media. Further, key points for minimum 30 different sectors as identified by the Department will also be prepared for better compliance from respective sectors.
- To enhance compliance, Standard Operating Procedure will be developed for Government entities such as railways, national highway authority, hydro-electric projects, public works department, cooperative societies, PSUs and other large private entities such as builders, health care, leasing and renting etc. to guide the complete Taxation process from registration to filing of return and tax compliance.

The Consultant will provide advice on:

- Various provision of GST act and rules such as registration, return, audit, investigation, enforcement and refund
- Notification and circulars to be issued with the State's perspective
- Study of all Notification /circulars / guidelines /technical guidelines issued by GST Council or Central Government from time to time and inform the Department about their impact on Uttarakhand State
- Preparation of circulars / guidelines /clarification to be issued to tax payers and officers. In this regard, assessment study on amendments in the Act or rules / Process change Management and its impact on the State will also be undertaken.

Activity 2: Services Support

The consultant will prepare the profiles of various services in Uttarakhand. An exhaustive list of services which will be considered for the profile preparation are as follows:

- Advertisement
- Airlines/ Helli services
- Architectural/Interior decorator
- Banking/Non-banking
- Banquet/Wedding Point/Event management/pre-wedding services
- BPO/Call center
- Builders/civil construction services
- Cable/DTH
- Catering/Tent
- Coaching Center/Hostel
- Healthcare Services
- Hospitality services such as Hotels, guest house etc.
- Restaurant/ canteen
- Insurance
- IT Services &Software(Internet Service Providers (ISP) etc.)
- OIDAR Services
- Manpower Supply/security services
- Multiplex /Cinema Hall
- Parking
- Railways

- Renting/lease
- Laundry services.
- E-Commerce,
- Spa & parlour .
- Adventure/Amusement services.
- Telecommunications.
- Tourism,
- Tour and transportation services including travel agent.
- Job work services.
- Export of services etc.

Besides these services other group of services, can also be referred by the Commissioner, State Tax, Uttarakhand.

The profiles will be prepared keeping the following framework in mind:

- Business processes of each and every service.
- Introduction of the levy
- legislative provisions
- risk areas identified under previous/present tax regime during investigation & sample cases booked by investigative agencies and their Modus operandi
- Information from third party regulatory organizations
- Policy measures for curbing non-compliance

The consultant will also provide the methodology and checklist for compliance verification for each of the various services for UK with focus on revenue and topographical factors of State.

Activity 3 : Training and Capacity Building

3.1 Training Need Assessment and capacity building: the consultant is required to prepare a report based on existing set of knowledge and skills in the department. This should be done keeping in view the updated GST Act, rules, notifications, circulars, guidelines and need for using IT tools. The training report would be prepared on a functional basis covering areas such as enforcement, investigation, assessment, audit, appeal, internal review etc.

Secondly report should recommend training program for officers at both vertical and horizontal level using Top down approach. This should enable efficient and effective training design, development and implementation.

Thus, the training development plan would be cognizant of the target audience, based on their:

- Level within the organization e.g. management, operational;
- Responsibilities and work tasks based on existing, changed or new functions; and
- Experience level and skill base of identified personnel.

Training for extracting various reports through data analytics to select group of officers would also have to be provided.

3.2 Technical Training Program

A **Training development plan** specifying the methodology for providing training to the officials and content needs to be developed by identifying relevant courses and sessions. This will include classroom sessions for imparting formal, theoretical and technical knowledge, practical hands-on training in methods and techniques and training workshops. Also, existing courses and institutions providing similar and useful training will be identified to provide additional training options for the capacity building of the government officials. Information will be gathered regarding the needs of each group of potential trainees.

3.3 Preparation of Training Courseware

The Consultant will prepare the training courseware by modules for the identified areas. The modules will be based on various topics such as appeal, audit, adjudication, enforcement, internal review, refund, data analytics etc. and would target improvement in behavioral skills, managerial skills, technical and legal skills of the trainees.

3.4 Training Delivery and Review

Training sessions, workshops, conferences, case studies and best practices etc. will be organized to impart desired skills, knowledge and technical know-how to nominated officials. The training will be delivered to the master trainers who can then undertake the training for other personnel. The total days of training would be not less than 60 days for each Kumaon and Garhwal Region separately. The mode of Training delivery will be bilingual i.e. English/ Hindi, as per the requirement.

A mix of theoretical and practical/application-based techniques will be used for designing each session and workshop to ensure an interactive and interesting way of learning, which will conclude with a test on grading system for the participants of training, with a certificate issued to Successful trainees. Training process will be reviewed on the basis of trainees' feedback and training performance measures. Course results will be analyzed and need for changes and improvements will be identified.

3.5 Refresher Course:

A refresher Course will be developed and delivered to the officials for their continuous professional development

- 3.6 **Strengthening of the Departmental Training:** The consultant will assist the department in improving the working of Uttarakhand Officers Training Institute, Uttarakhand. It will suggest ways to improve the infrastructure and capabilities of the Training Institute such as e-library, virtual classes and how the officers posted in the Training Institute can acquire better knowledge and training delivery capabilities. Further, it will also suggest collaborative arrangement for the Training Institute of the Department with training institutes of different States and Centre.

3.7 Training of HelpDesk:

Basic training is to be imparted to the Help Desk Team on handling GST related queries. The Consultant will study the nature of queries raised by the tax payers with the Help Desk and will prepare standard replies covering both the GST Act, rules/notifications/circulars based etc. The Help Desk personnel would be trained on responding to the tax payer from time to time.

- 3.8 The consultant will provide IT training with regard to access and retrieve the data from server, hard disk, PC, laptop, billing electronic system etc.

3.9 Preparation of case studies for field officers

The case studies for field officers will cover compliance verification covering scrutiny, audit and enforcement on important sectors which account for bulk of the value addition in UK. The studies will lay out procedures for selection of units and how to document compliance verification.

The consultant shall help the department in undertaking sample audits cases in important sectors. The sample audits would consist of the following steps namely:

- Selection of the unit
- Desk review
- Gathering and documenting systems information
- Evaluation of internal control of the business
- Preparation of audit plan
- Conduct of audit according to the audit plan
- Framing and drafting of show cause notice
- Post audit monitoring

A guidance note would be developed for important / prominent sectors. The note would consist of the checklists for the officer to follow while conducting enforcement activities such as the prominent elements to be checked to detect evasion, and also the assessment templates for undertaking assessments/adjudication of suspect cases.

Activity 4 : Revenue Analysis

To achieve increase in Tax to GSDP ratio, it is important to understand the nature of revenue gap in the State before undertaking appropriate policy measures to address these gaps. Tax Gap analysis aims to estimate the tax revenue-gap in the State, defined as potential against actual tax revenue.

It is important to examine whether the tax gap is due to structural or systemic factors, like the structure of output or low per capita GSDP; or whether it reflects relatively lower tax effort and compliance levels where policy and administrative interventions may improve revenue performance.

6.1 Macro Fiscal Performance Analysis

The Consultant will assist the department in preparing periodic macro fiscal performance reports. Annual comparison may include the following:

- 1) Tax – GSDP Ratio (Inter State Profile)
- 2) Change in Own Tax Revenue – GSDP Ratios (compared with other States)
- 3) Year wise Buoyancy Estimates for Own tax revenues with respect to GSDP - Tax buoyancy indicates the responsiveness of tax revenue to changes in the tax base as well as discretionary changes including tax rate changes.
 - Comparative study of revenues under GST for the State with that of other States/UTs & Centre including tax in relation to consumption of Goods and Services in comparison to population of State

Monthly bulletins will document GST performance of the state vis-a vis other comparable states, performance of key sectors, top tax payers in the state, GST return filing performance, enforcement activities (in the state vis-a vis other states) etc. to be decided in consultation with the department.

6. 2 Special studies would be required on

- The religious and wellness tourism sector and natural resources of Uttarakhand in context of GST.
- Scope of levy of Professions tax

7. Key Deliverables

6.2	<p>Revenue Analysis</p> <ul style="list-style-type: none"> • Sector wise/Commodity wise analysis of selected sectors in different States with Uttarakhand, for e.g., Analysis of Iron & Steel sales in other States vs in Uttarakhand • Study of religious tourism sector and natural resources of Uttarakhand in context of GST. • Scope of levy of Professional tax • Study of tax in relation to consumption of Goods and Services in comparison to population of State 	T+ 9 Months
7	Continuous support in Revenue analysis, compliance Support, development of advertisement and data analysis (Commodity and services state wise analysis)	T + 1 months to T +24 months (Continuous Support)

7.2 Payment Milestones

Sr. No	Key Milestone	
1	Legal Support(Quarterly payments to be made in equal proportion)	10%
2	Services Support. At least 5 Services Profiles to be submitted in each quarter with all service profiles to be completed in 12 months. Ongoing support to continue till 24 months. Quarterly payments to be made in equal proportion)	20%
3	Training Needs Assessment	2.5%
3 b	Preparation of Training Courseware	2.5%
3 c	Training program for Officials, personnel and refresher training – 120 days (Payment to be made in 4 equal proportion)	12%
3d	Preparation of case studies for field officers	8%
4 (a)	<p>Revenue Analysis</p> <ul style="list-style-type: none"> • Macro Fiscal Economic framework • Preparing Quarterly revenue analysis 	5%

	<ul style="list-style-type: none"> • Top taxpayers by sectors/commodities • Cash-Credit ratio analysis • Exempt to Taxable ratio analysis • Sector wise non-performing dealer analysis 	
(b)	Revenue Analysis <ul style="list-style-type: none"> • Sector wise/Commodity wise analysis of selected sectors in different States with Uttarakhand, for e.g., Analysis of Iron & Steel sales in other States vs in Uttarakhand • Study of religious tourism sector and natural resources of Uttarakhand in context of GST. • Scope of levy of Professional tax • Study of tax in relation to consumption of Goods and Services in comparison to population of State 	10%
5	Continuous support in Revenue analysis, Compliance Support and data analysis (Commodity wise state wise analysis) (Quarterly payments to be made in equal proportion after t+8 MONTHS)	20%

8. Key Experts:

- a. The professional requirements of personnel to be provided by each consultant for the Task are given in the following table detailing type of expertise, required skills and experience. The consultant needs to provide CVs of its proposed team for the Key Positions listed in the Table, in the prescribed format. CVs of Key Positions will be evaluated with reference to the specified experience and qualifications. The team of key professionals shall be adequately supported by junior non-key support functionaries in requisite disciplines including IT reforms. The consultant will appoint sufficient number of staffs for field activity as necessary for timely completion of the project. The team will work in close liaison with the Commissionerate of State Tax, Uttarakhand.
- b. An indication of the expertise required (full time during the project Implementation) for undertaking this task is given in the table below. The CVs of the key experts would be evaluated. Additional staff may be added as required by the consultants.

Sr	Key Experts	Qualification	Experience	Man-months
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1	Team Leader (1)	<ul style="list-style-type: none"> • Postgraduate qualification in Law/Management/Economics/Chartered Accountant with atleast 20 years of experience in Taxation area <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • Retired Officer from Indirect Tax Department (Center/ State), not below the rank of Additional Commissioner <ul style="list-style-type: none"> • Fluent in Hindi/English and good communication and managerial skills 	<ul style="list-style-type: none"> • with work experience of 20+ years in the Indirect Tax department (Center/ State) will be an asset. <p>Should have worked in at least 3 projects with central/state government (Central Excise/ Commercial Tax/State Tax Department) in development of indirect tax policy & capacity building, analytics implementation, fraud detection, assisting the department in reducing tax leakages and increasing tax collections</p>	24
2	Service Tax Expert (2)	<ul style="list-style-type: none"> • Postgraduate in Law/Management/CA with 20 years experience <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • Retired Officers from Indirect Tax Department (Center), not below the rank of Additional Commissioner <ul style="list-style-type: none"> • Fluent in Hindi/English and good communication skills 	<ul style="list-style-type: none"> • with work experience of 20+ years in the Indirect Tax department (Center) and has minimum worked in service tax for 5 years <ul style="list-style-type: none"> • Should have worked in at least 2 projects with central excise and service tax in development of indirect tax policy & capacity building, analytics implementation, fraud detection, assisting the department in reducing tax 	24 months for Key expert

			leakages and increasing tax collections	
3	Legal Expert (1)	<ul style="list-style-type: none"> • CA/law degree/Retired Tax officers not below the rank of Joint Commissioner in Indirect Tax Department (Centre/State), with 15 year experience • Fluent in Hindi & English 	<ul style="list-style-type: none"> • At least 15 year of relevant work experience in administering services/taxation/ assessment /drafting rules and amendments related to Central and State Indirect Tax in India and Abroad • Should have worked in at least 3 projects with central/state government (Central Excise/ Commercial Tax/State Tax Department) for assessment /drafting rules and amendments related to Central and State Indirect Tax in India and Abroad 	24
4	Training Expert(1)	<ul style="list-style-type: none"> • MBA • Fluent in Hindi & English • Sound understanding of GST/ Service tax/ Indirect Tax is necessary 	<ul style="list-style-type: none"> • At least 10years of relevant experience • Expertise in developing and implementing various communication strategies for improving awareness / abilities of public officials • At least 03 projects in conducting training needs assessment/ training • At least 01 project in conducting training needs 	15

			assessment/ training for Indirect tax/ State Tax <ul style="list-style-type: none"> • Experience in developing IEC (Information Education and Communication) materials and evaluating their feasibility, efficiency and quality 	
5	Economist	•	<ul style="list-style-type: none"> • Masters or Higher Qualification with atleast 10 years in the field of macroeconomics with familiarity in modelling and forecasting with demonstrated application to macro-fiscal and taxation research 	12

The non-key personnel (for training purpose) will be the expertise in their respective fields and will be nominated only after consultation with the Department

2. Technical Review Committee: A Technical Review Committee (TRC) headed by the Commissioner Tax and comprising of officers of the State Tax Department will carry out the review of all the outputs and submission of reports as per time schedule. TRC will provide comments which will be shared with the consultant for incorporation. The TRC will endeavor to review and provide the comments at the earliest, but not later than 4 weeks of submission of the reports and will inform the consultant in case of any delays.

3. Services & Support to be provided by Client

- a. The assignment will be administratively coordinated by the Commissioner, State Tax, Uttarakhand
- b. Technical coordination will be done by Commissioner State Tax.

The consultant will coordinate with Joint Commissioner (training), State Tax department for the workshops/training and to designate staff for training and facilitate meetings with the stakeholders. For training, State Tax Department will provide the venue and cost of trainee travel including TA/DA, but all other requirements will be arranged by the Consultant.