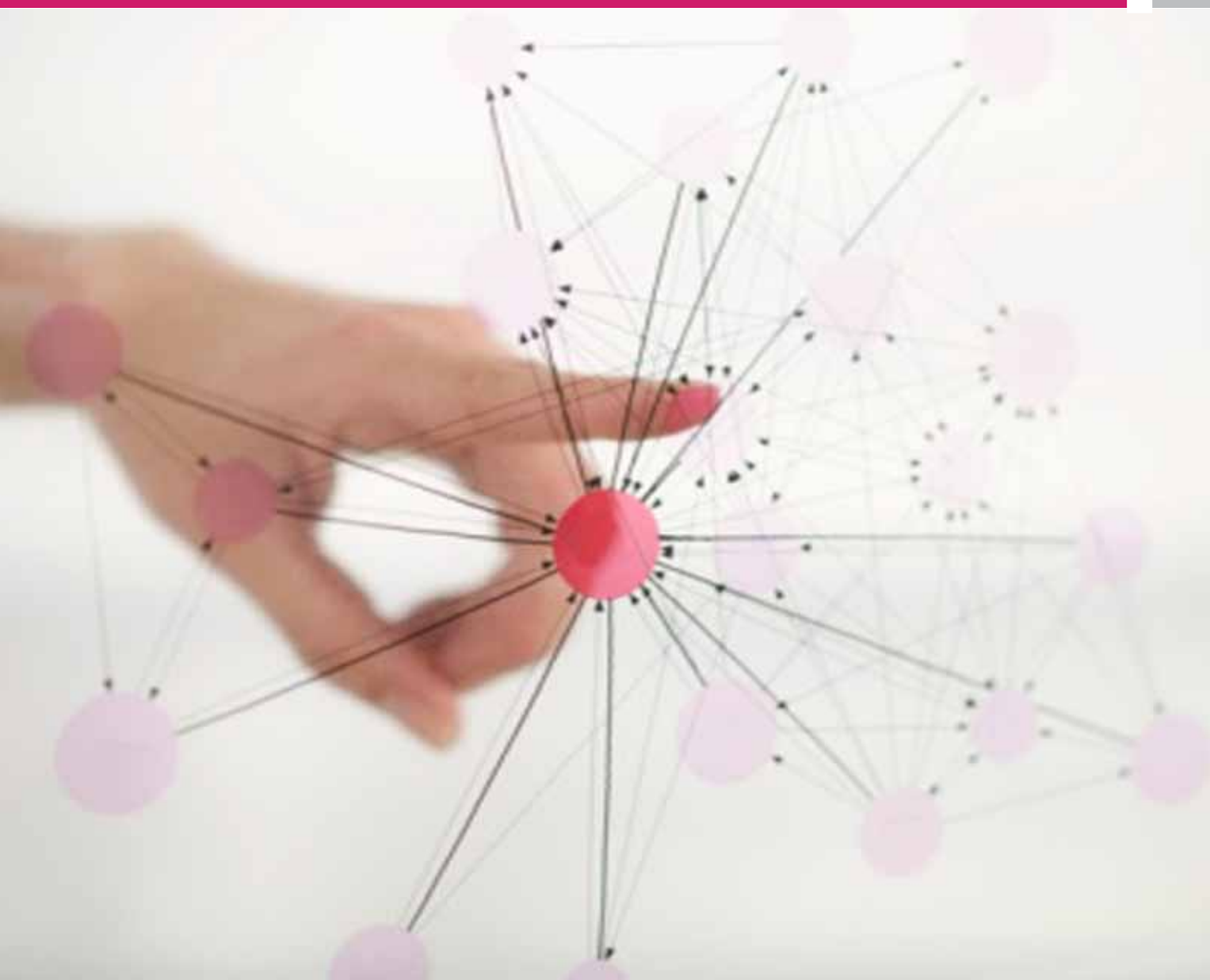


Republic of Macedonia
Ministry of Finance
PUBLIC REVENUE OFFICE

STRATEGIC PLAN

2012 - 2014



Prepared and issued by
Public Revenue Office of the Republic of Macedonia

Date of Publishing:
29.02.2012

Editors:
Marija Leova Dimeska – Department for Strategic
Planning, Analysis and Statistics
Vesna Novakovic – Public Relations and
Communications Office

Design and editing::
Marija Temelis - Department for Information
Technology

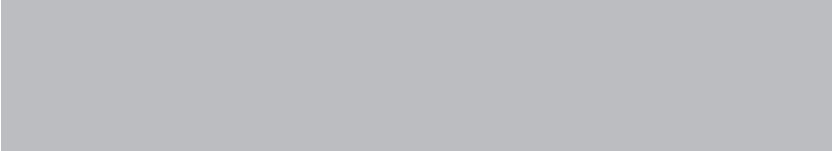
Title:
Strategic Priorities of the Public Revenue Office for the period 2012- 2014
Number: 09-1562/2
http://www.ujp.gov.mk/en/osnovni_dokumenti/category/447

CIP - Каталогизација во публикација
Национална и универзитетска библиотека "Св. Климент Охридски", Скопје

354.21.075.5:336.2(497.7)"2011/13"

STRATEGIC priorities of the public revenue office for the period
2012-2014 / [editors Marija Leova Dimeska, Vesna Novakovic]. - Skopje
: Uprava za javni prihodi na Republika Makedonija, 2013. - 34 стр. :
илустр. ; 24 см
ISBN 978-608-4592-18-1

а) Управа за јавни приходи - Македонија - Стратешки планови -
2012-2014
COBISS.MK-ID 94297866



CONTENT

2	INTRODUCTION	
3	MISSION AND VISION	
4	VALUES	
5	COMPETENCIES	
6	ORGANIZATIONAL STRUCTURE	
7	PRIORITIES AND OBJECTIVES	
8	PROGRAMM ES 2012 - 2014	
	Administrative Capacities.....	9
	Always a step ahead	16
	Service orientation	23
	Organization of learning and knowledge	27
	A place in the international community	30

INTRODUCTION

The Strategic Plan of the Public Revenue Office (PRO) contains the basic development components which implementation is planned for the period of 2012 to 2014.

The document provides the general directions as priority objectives, the measures for its implementation and the activities which, with proper application by the staff and adequate financing, will provide not only implementation of the primary mission and vision of the institution, but also will represent a foundation for building of a modern tax authority with a high reputation and integrity high reputation and integrity in front of the taxpayers, the domestic and international community – confidence in the professionalism, the efficiency, transparency and the service orientation.

The Document is aligned with:

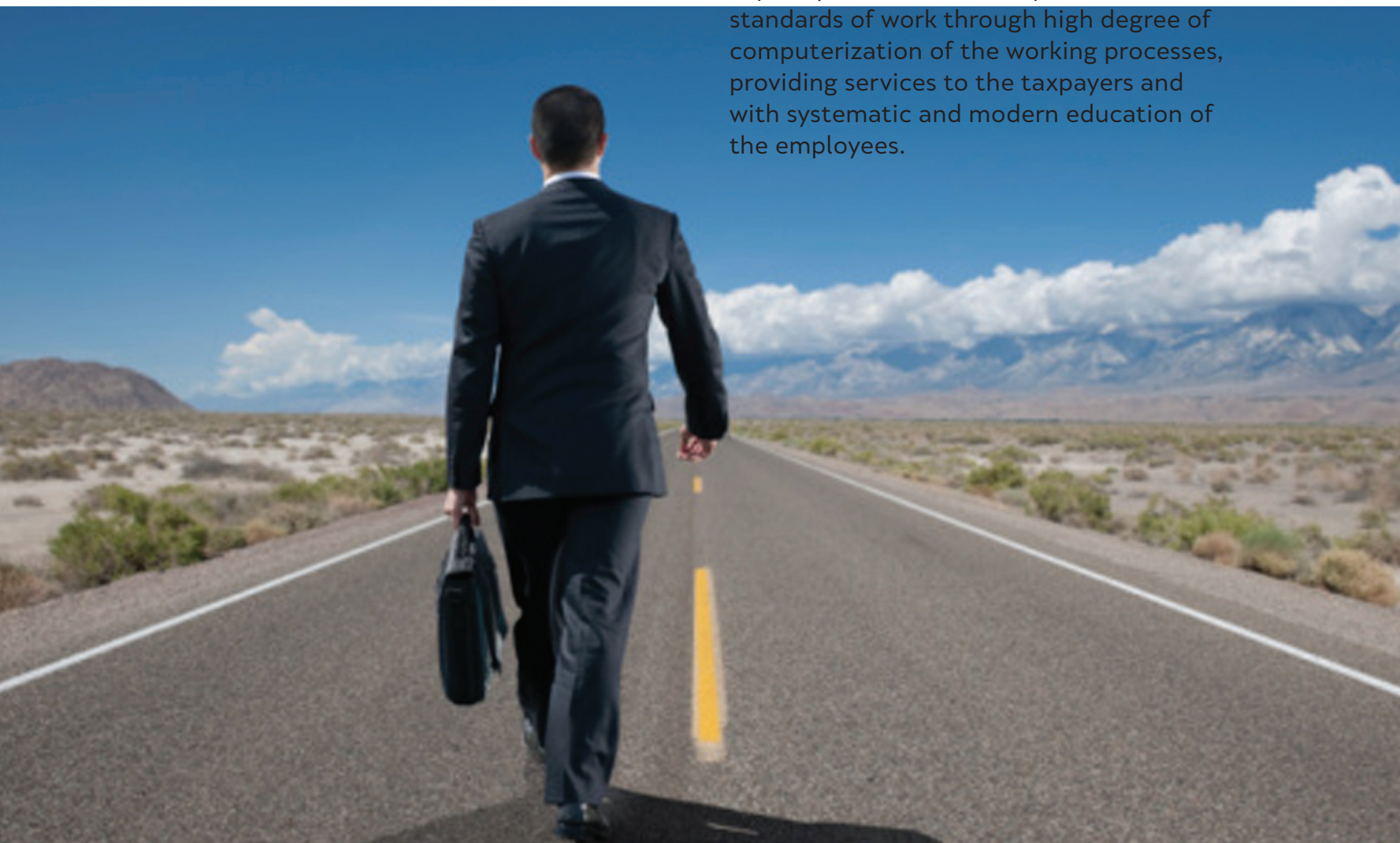
- Decision for establishing of the strategic priorities of the Government of Republic of Macedonia in 2011 („Official Gazette of RM”, No.58/2010)
- Program of the Government of Republic of Macedonia for the period of 2011-2015
- National program for the adoption of the law of the European Union
- Recommendations listed in the Report „Strengthening of tax administration: Review of reforms in 2010 and future reform priorities" from 27.06.2011, prepared after completion of the project for technical assistance in implementing of the reform of tax administration for the period 2010-2011, implemented with the Fiscal Affairs Department of the IMF
- Recommendations of the consulting team of the Project „Support to Tax Reform" funded by the European Union
- Strategic Plan of the Public Revenue Office for the period of 2011-2013

MISSION

Our mission is to provide high quality of services for the taxpayers, simplified tax procedures for timely and accurate fulfillment of the obligations, as well as fair and efficient collection of taxes and other public duties.

VISION

Our vision is the Public Revenue Office to become model for professional organization in the public sector valued in accordance with the practices and standards of the European Union. To achieve our vision we will continue to strengthen the administrative capacity and to raise the qualitative standards of work through high degree of computerization of the working processes, providing services to the taxpayers and with systematic and modern education of the employees.



VALUES

- Professionalism – legal, impartial and equal treatment towards all taxpayers.
- Secrecy and confidentiality – of the data of the taxpayers, its protection and use solely for the purposes within the competence of the PRO.
- Service oriented - easy access to information needed by the taxpayers for timely and lawful fulfillment of tax obligations.
- Equity - taxpayers to pay only the tax legally owed, and the PRO to return the taxes and interest owed to them under the law.
- Simplicity of procedures - reducing administrative costs for both taxpayers and the PRO.

- Efficiency - timely action on requests of the taxpayers and timely notice of the procedures that will be conducted by the PRO

In the same time, from the taxpayers we expect:

- Sincerity and honesty in the mutual cooperation;
- Timely submission of accurate and complete information which are necessary for conducting of the procedures;
- Payment of taxes in the legally determined deadlines;
- Keeping the books and records in the proper manner; and
- Regular notification of the changes in the basic data.

COMPETENCIES

The Public Revenue Office works solely on the territory of Republic of Macedonia.

On the basis of the Law on Public Revenue Office, it performs administrative and other professional activities related to the scope of work, as well as matters arising from the special tax and other laws.

The Public Revenue Office operatively is implementing the tax policy and collects taxes and other public duties, provides assistance to taxpayers to meet their tax obligations, monitors and analyses the functioning of the tax system and make suggestions for its improvement, cooperates with tax authorities from other countries and provides an international legal assistance in tax matters.

The competences of the Public Revenue Office are extended with matters relating to management and performance due to collection of fines and costs imposed in litigation, civil and administrative proceedings in favor of the Republic of Macedonia and the assesment and collection of other public duties entrusted by law or concluded contract with fee that is income of R. Macedonia.

The distinctiveness of the Public Revenue Office is demonstrated through its significant role in providing funds in the Budget of the Republic of Macedonia, which ensures the realization of the functions of the state, which according to the responsibilities in recent years are in range from 62 - 72% of the projected budget.



ORGANIZATIONAL STRUCTURE

PRO is a body of the state administration within the Ministry of Finance acting as a legal entity.

As of 31.12.2011, the number of employees in the PRO is 1 331.

Since 1st of January 2009, with the amendments of the Law of the Public Revenue Offices, the matters within the scope of the PRO are made by:

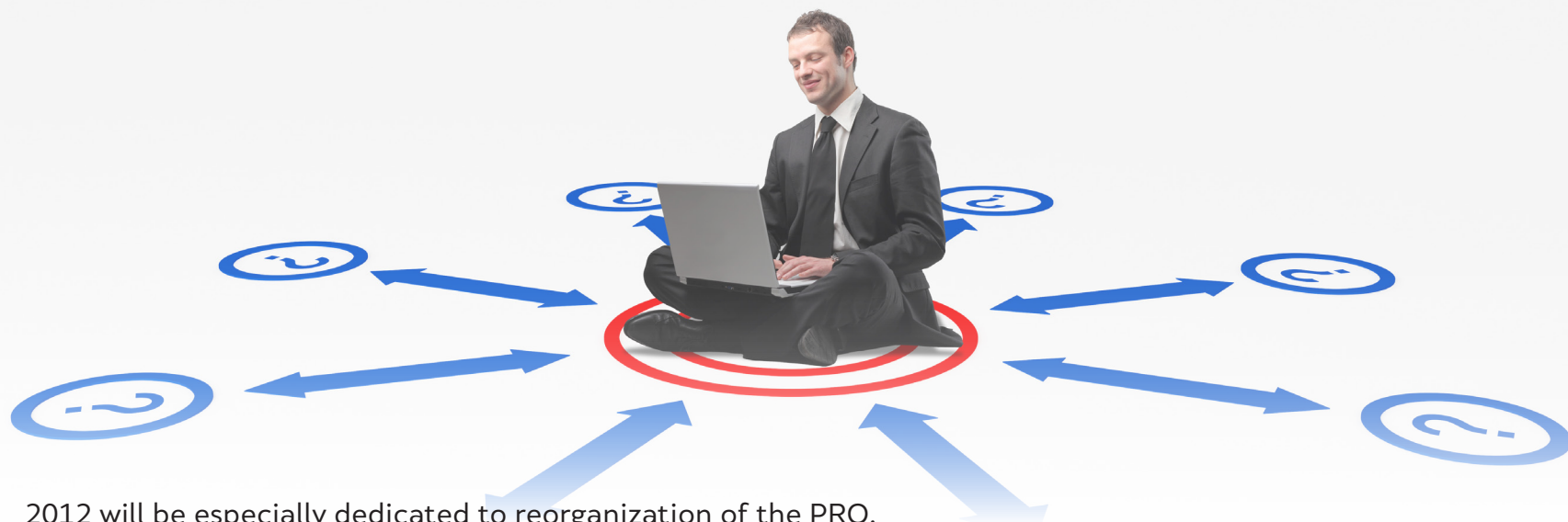
- General Directorate
- Large Taxpayers Office
- Five (5) Regional Office, located in Skopje, Bitola, Shtip, Tetovo and Kavadarci.
 - » eight (8) Branch Offices, located in Ohrid, Prilep, Kumanovo, Strumica, Gostivar, Kichevo, Veles and Gevgelija.
 - » seventy two (72) Service Points, located in every municipalities.

In the period until 2011, besides the former branch offices who were transformed in 25 service points, 25 new service points are opened in the premises of the local government i.e. the municipalities where there is no higher organizational form of the PRO.

With the amendments of the Acts for work organization and the systematization of the systematization of working posts from February 2011, it is provided:

- Organizing of Inspectorate for specific audits within the General tax directorate and special units for fight against tax fraud within the regional offices
- Further decentralization of the „Taxpayers services” function by opening mobile service points in municipalities where there is no economic justification for existence of another organizational form
- Full reorganization of the „Inforced collection of debts” function by organization of Center for storage and cashing debt and Center for collection of fines
- Organization of a special unit „Tax Academy” for conducting of the processes for regular and systematic education.

PRIORITIES AND OBJECTIVES



2012 will be especially dedicated to reorganization of the PRO.

One of the most important activities will be the effective organization of the Inspectorate for special controls whose work will be subsidized by the newly organized „Forensics Lab“.

In order to strengthen the cohesion forces inside the PRO and facilitate transparency of operation and equality in procedures, an electronic archive and electronic monitoring of the path and the contents of all incoming, outgoing and internal documents with the defined levels of access right is being introduced.

The establishment of an Intranet system for internal communication should facilitate the building and effectuation of the system for electronic learning.

The period will be especially marked with the development and strengthening of the e-Services for all taxpayers, the e-communication and exchange of data between the state institutions, the e-Trade and e-Documents for its implementation, e-Auction, e-VAT and processes for full replacement of the bureaucratic relationship with a service oriented and professional attitude towards the taxpayers.

In this plan special attention is paid to the systemic and targeted education for grow up, organized and conducted by the Tax Academy, which developing in phases, should grow up Regional Tax Academy, providing its services to other users from the country and the region. The Academy will be a key element of the modernization process of the Public Revenue Office in the forthcoming period.

PROGRAMMES 2012 - 2014


For the period of 2012-2014, the Public Revenue Office is planning five (5) primary strategic development objectives.

Some of them represent a continuous development and upgrade of the already introduced measures which in the forthcoming period are extended to new activities, and part of the strategic objectives are expanded with new measures aiming to strengthen the capacity of PRO for thorough performance of the basic functions with a new quality that appears as a necessity.

- Administrative capacities
- Always a step ahead
- Service orientation
- Organization of the learning and knowledge
- A place in the international community



ADMINISTRATIVE CAPACITIES



Organizing of the PRO in accordance with the needs of increased functionality for implementing the Programmes.

Increasing of the PRO capacities for enforcement of the legislation and fight against the avoidance of paying taxes.

With increasing of the transparency and accountability, we are working on building of its institutional character.

REORGANIZATION AND SPECIALIZATION OF THE WORK OF THE FUNCTIONS

With specialization of the employees for specific matters is expected increasing of the efficiency in achieving the tasks, expansion of the database of the PRO and increasing of the level of collection of tax revenues.

Qualitative reorganization means closer specialization of work functions, i.e., separation of duties and tasks related to taxation of:

- Taxpayers realizing economic activities, thus covering the operations with sales and profit tax;
- Taxpayers realizing income (citizens), thus covering the operations with personal income tax and social contributions from the salary.

The increasing number of citizens who are submitting the Annual Tax Return on realized incomes and the tax obligation deriving from them, the introduction of

the gross- principle of calculating and payment of the salary and the commitment for administrating of the salary social contribution on the level of payer and on level of taxpayers, as well as the new PRO competences regarding the collection of the broadcasting fee and the fines pronounced by several bodies, require establishment of new integrated records on the tax commitments of the individuals.

With aim of harmonizing with the European legislation and practice, a tax number for taxpayer – citizens will be introduced, a Register for taxpayers – citizens and electronic tax file for every taxpayer – citizen will be established.

Within the General Tax inspectorate, a Special Audit Inspectorate will start functioning, and in the Regional Offices - units for fight against tax frauds.



INTRODUCING OF E-ARCHIVE AND E-TAX FILES

Reducing the paper document flow in the PRO and increasing of the electronic operations, enrichment of the database and increasing of the level of transparency in the operations of every individual.

The Electronic archive means electronic recording, memorizing and allocation of all input and output documents and registration of their internal flow. The started projecting of the electronic archive (document management), the projecting of the allocation and the following of the document flow (document flow management), introducing of electronic signature for every employee and forming of electronic record for each file and electronic record for every taxpayer will be finished.

For that purpose, it's necessary to perform the following:

- scanning of the existing paper documentation and its incorporation in the electronic files;
- providing of a new disk space to expand the
- electronic storage of documents and increase the network flow capacity
- procuring of computer equipment and software for scanning and electronic archiving of the paper documents; and
- Education of the employees.

FURTHER PROMOTION OF THE INTERNAL AUDIT SYSTEM

Increasing of the number of introduced and described work procedures in which are detected the risks and are embedded internal audits for their avoidance, which will strengthen the objectivity of the treatment, especially in operative organizational parts of the PRO.

Lead activity of the Unit for Internal Audit is planned to be organization and monitoring of the establishment of a public internal financial control system in the PRO which means specifying all work processes, their mapping, defining of the procedures in each process and detection of risks according their according.

The Unit for Internal Audit is preparing to carry out new types of audits – IT Audit and audit of the integrity by continuous training of internal auditors.

To regulate all proceedings of internal audit in accordance with International standards for internal audit, electronic record will be made for all activities of auditors and records for each audit conducted in the determined forms.

In this period a number of auditors have an obligation to obtain a certificate of auditors for which issuance will be responsible a competent commission in the Ministry of Finance.

DEVELOPMENT OF THE SYSTEM OF PROFESSIONAL STANDARDS

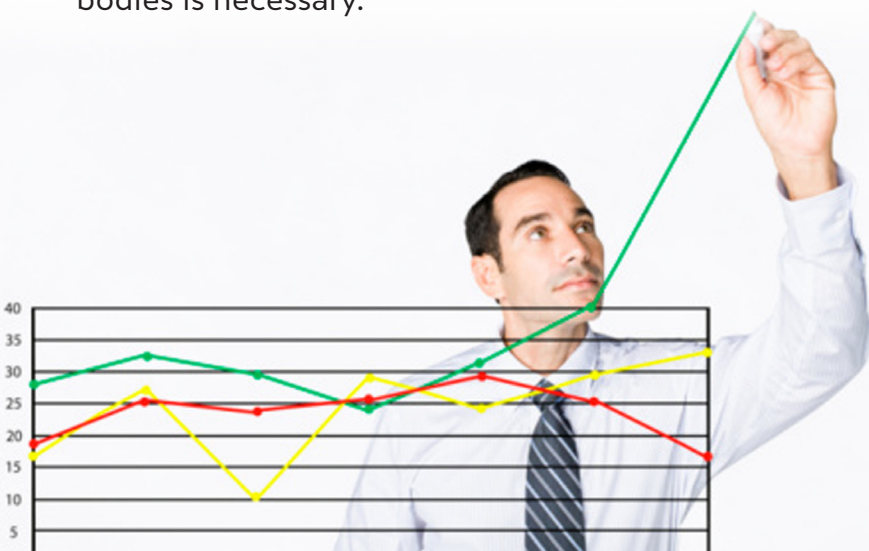
Rising of the level of professionalism and integrity of employees.

The Unit for Professional Standards is working on the development of methods and procedures for corruption prevention and investigation for the corruption of employees and development of methods and procedures for investigation of unprofessional conduct of employees. For that purpose, harmonization of existing guidelines and instructions and strengthening of the Unit with the required number of employees and their education for implementation of new methods and procedures and establishing cooperation and exchange of experiences with identical organizational units in other government bodies is necessary.

FURTHER DEVELOPMENT OF THE SYSTEM FOR STRATEGIC PLANNING AND CREATING OF STATISTICS FOR CONDITIONS OF WORK

Improving of the quality of strategic planning, increasing of the number of standardized information needed for management of the functions, monitoring of the success of the work of individuals and individual organizational units and informing the public and authorities for the work of the PRO, or increasing the accountability of PRO for the realization of its mission to the authorities and the public.

In the next period the system for planning will continue to develop through short term projections, annual and strategic planning, and the process for preparing statistics for support of the functions. For the implementation of procedures for ensuring data a manual is prepared which development has been initiated in 2011.



CONTINUATION OF THE PROCESS OF DEVELOPING AND UPGRADING THE INFORMATION SYSTEM

Development and establishment of fully integrated information system for simplification and greater efficiency of all procedures in the PRO.

Before the procurement of a new integrated IT system the necessary computer equipment will continuously be procured, especially computer peripheral equipment and procurement of network equipment, networking of the remaining branch offices and service points and replacement of the outdated network equipment in all organizational units.

For improvement of the system of education and communication within the PRO is being built a software for e-learning of the employees and software for intranet.

The workflows will be defined and according to them it will be developed and implemented a module for the legal affairs, while the building of the module on enforced collection will continue.

In 2011 it was initiated a development of an application for connection with the organizers of games of chance and monitoring of the progress of the games which will continue to thrive and develop further and in this projected period.

For all new software solutions the administrators, the technical support and the final users will be educated.

The final year of the projected period will be devoted for further development of the IT system

for which it will be required contribution of foreign consultants hired by a project for:

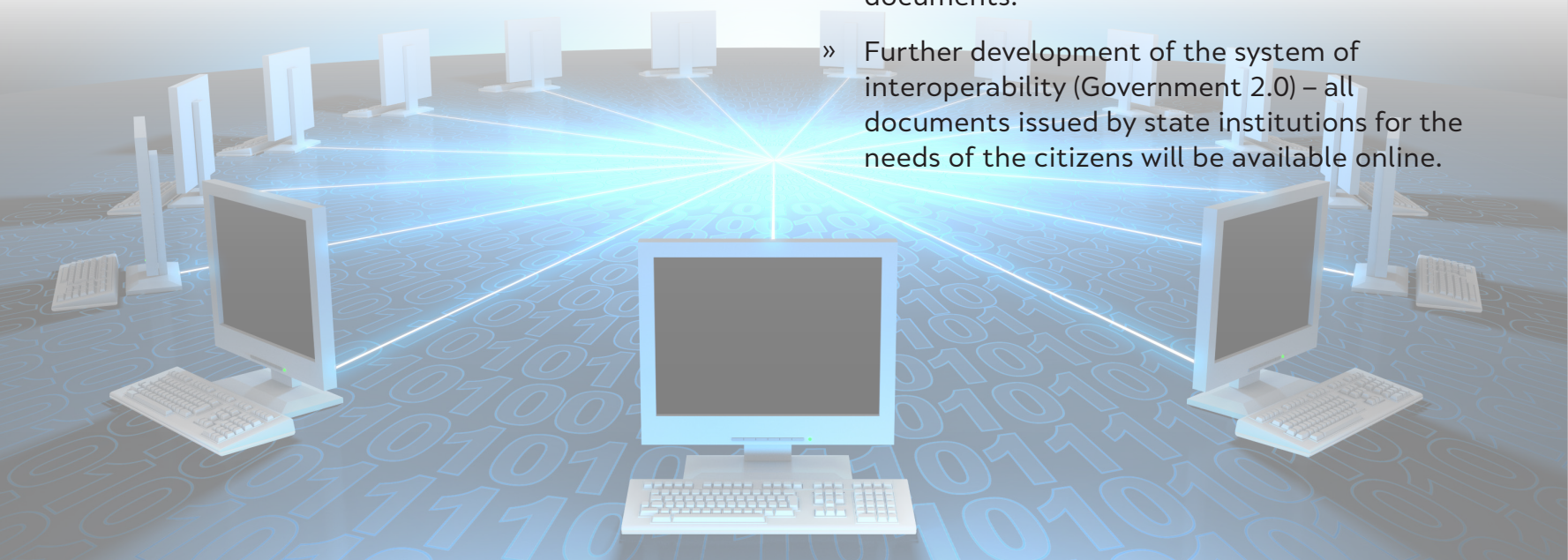
- Preparation of project documentation, technical specifications and technical assistance for procurement of IT equipment (hardware, software and training) for Data Warehouse and its integration into the overall system of the PRO.
- Technical assistance for upgrading of the system for electronic invoices and exchange of electronic invoices with the EU member countries.
- Technical specification and technical assistance for procurement of IT equipment (hardware, software and training) for establishing of an electronic administration for enforced collection.
- Technical assistance for improvement of the system for e-learning in the PRO.
- Implementation of programs and projects and strengthening of the capacity for applying of methodologies for the work of IT in line with EU standards - TEMPO and ITIL.
- Preparation of project documentation, technical specifications and technical assistance for procurement of IT equipment (hardware, software and training) for data exchange for tax numbers of citizens with the EU member states.
- Periodic risk assessment of the key IT initiatives.

EXCHANGE OF DATA AND LINKING THE SYSTEM OF THE PRO WITH OTHER INSTITUTIONS

Increasing of the level of usage of data between the institutions in the RM, making the data for the citizens and taxpayers to be submitted once - in one institution and will be used by one-stop shop system in different institutions for different purposes in accordance with the regulations for protection of the personal data.

In the upcoming period it is planned:

- To establish interconnection with the National Intelligence Database (NID);
- Access to the database for Annual accounts of the Central Registry of RM;
- Within the framework of the projects e-Service on Government level, the PRO participates in:
 - » One -Stop Shop System (request and data delivery ex officio among institutions) - the citizen will submit only one request to the institutions, and they are obliged ex officio to provide data and documents at disposal of the other state institutions.
 - » e-Documents – a system by which the citizens are using an electronic signature to receive documents from the state institutions via the Internet.
 - » Interoperability (interconnection and use of data between state institutions) - all the necessary information to be electronically available at each service point, which will reduce multiple address of the citizens from service point to service point, as well as the unnecessary paper documents.
 - » Further development of the system of interoperability (Government 2.0) – all documents issued by state institutions for the needs of the citizens will be available online.



IMPROVING OF THE SYSTEM OF COMMUNICATION AND PUBLIC NOTIFICATION



Increase of the presence and transparency of operations of the PRO in the public.

In the internal communication is expected full connectivity and awareness of all employees.


Communication Strategy will be implemented by:

- Adoption of a book of graphic standards;
- Increased and widespread media coverage and

informing the public at the national and local level for the activities of the PRO, the tax system and the necessity of paying taxes;

- Issuance of Tax Journal and other written materials for informing and
- Introducing of Intranet for internal communication and information in the PRO.

Always a Step Ahead



PRO continues to reinforce the mechanisms for achieving the basic function - providing funds for financing the functions of the state to meet the general and common needs and achieving the planned level of public revenues, by developing new programs for reducing of the gray economy and expand the base for taxation respecting the basic constitutional principle that all parties in the country have equal rights, but also same obligations.

STRENGTHENING THE METHODS OF ASSESSMENT AND RECORDING OF THE TAX LIABILITIES

Increase of the accuracy of the data and reduction of late payment of taxes and contributions.

For the implemented system of integrated collection of income tax and social contributions from salary, is required to build a system of records by a payer of the salary and by insuree, as well as upgrading and developing of the tax records for income and tax obligations of citizens.

For all processes in the tax accounting is required drafting of a detailed Operative Instruction.

THE INTRODUCTION OF STANDARDS FOR WORK IN THE REGIONAL DIRECTORATE

Rising of the quality and efficiency in operations, especially equal treatment in all organizational units of the PRO.

During this projected period the international standards of quality in the operations and organization of operations of public administration will be introduced.

The purpose of this measure is introduction of higher standards of performance and uniformity of the operational processes in all organizational units of the PRO, by transferring and implementation of the best practices in each environment, equalization of operational processes, reallocation of human resources to achieve their utilization and better quality work.



CENTRALIZATION OF THE ADMISSION AND THE PROCESSING OF TAX RETURNS AND PRINTING OF THE TAX ACTS

By introducing and developing of the system of centralized processing of tax returns and centralized printing of tax acts, the processes of work are accelerated, the deadlines for assessment and collection of taxes are shortened and is achieved better and more crucial utilization of the staff is achieved.

Center for Processing of Tax Returns (COP) takes the admission and processing of all tax returns for all regional offices.

For submitted VAT returns in paper form, from the end of 2011 is provided centralized optical reading, which is developing tendency also for the other types of tax returns.

In the 2010 began, and in the next period it will be developed and upgraded, the system of centralized printing of warnings and other tax acts.

IDENTIFYING UNREGISTERED TAXPAYERS AND THEIR INCORPORATION IN THE LEGAL SYSTEM

Increasing of the number of registered taxpayers and reducing of the gray economy.

The PRO develops methods for detecting of unregistered taxpayers and their incorporation in the regular legal flows. For that purpose the cooperation with other inspection bodies is strengthened by increasing the number of common controls, especially the cooperation with the State Market Inspectorate, the Ministry of Interior and other inspection bodies.



FURTHER STRENGTHENING OF THE CAPACITY OF THE TAX INSPECTORATE

Strengthening of the fight against tax evasion by the risky taxpayers.

The strategy for external audit over the planning period is particularly focusing on:

- Organizational, personnel and technical development of the Inspectorate for Special Audits and IT Forensic Laboratory;
- Development and automatization of the processes of selection according to risk;
- Integration, update and complete software implementation of the risk criteria;
- Introduction of computer audits;
- Development of methods and techniques of audit on specific industries;
- Improvement and upgrading of existing tools for external audit.

For the implementation of the Strategy for people with wealth gained from untaxed or under-taxed income, information from third parties and linking to the database to other institutions will be used.

Audit methods for fight against corruption, undeclared taxes and other offenses will be developed.

For a complete and qualitative realization of the plan, trainings for auditors will be carried out for transfer pricing, tax fraud, computer audits, exchange of information with third parties, office audits, and use of tools for external audit, application of new modules for audit and application of new audit programs.



INTRODUCTION OF NEW METHODS FOR SURVEILLANCE OF SMALL AND MEDIUM TAXPAYERS

The introducing of desk audits in the Regional Directorates for small and medium taxpayers, aims to achieve greater effectiveness and efficiency in the official proceedings of the PRO through preventive and proactive action and educating of the taxpayers and at the same time upgrading and expanding the knowledge of the employees.

Desk audit means ongoing checking of situation of smaller scale that are considered risky and generally relate to checking of the accuracy and reliability of data reported by the taxpayer. Such proceedings are conducted at the premises of the PRO, with a request to the taxpayer to provide evidence and to explain the reported data. In such procedure it could be requested the taxpayer himself to perform verification by given criteria and to perform the correction of the tax return.

DEVELOPMENT OF “HORIZONTAL MONITORING”

Ensuring that the selected taxpayers behave in accordance with tax regulations, providing information about certain activities and their risk of a tax perspective, reducing of the conflicts between the PRO and the taxpayers may occur during postponed assessment of tax noncompliance and opening of a space for the PRO to focus on other activities and other taxpayers.

Horizontal monitoring (HM) is ongoing audit with limited checking and periodic access to the of documentation, data and reports on business activities of the taxpayer, provided in form, manner and pace according to agreement between the PRO and the taxpayer.

HM is performed only among taxpayers that PRO have confidence under their previous behavior and who agree to participate. The system is based on trust, transparency and understanding between the PRO and the taxpayer.



DEVELOPMENT OF METHODS AND PROCEDURES FOR ENFORCED COLLECTION OF DEBTS

Acceleration of the process of collection of debts, increasing of the amounts of collected debts and reducing the costs of enforced collection.

During this planning period the process of developing new methodologies for enforced collection will continue, particularly with the development of e-Auction of seized goods for collection of tax debts (introduced in 2011) and electronic records for monitoring of the cases will be established.

Reorganization of the "Enforced Collection" function includes the Center for storage and cashing of seized movable items (CSC) for which effective operation is necessary to establish an electronic communication for downloading data from the Central Registry of RM and the Agency for Real Estate Cadastre.

In the second year of the projected period, the function will introduce annual planning for collection of debts, which predicts the flow of the of new cases of debt and assess the target amount of debt to be collected from each Regional Directorate.

After receiving an electronic connection in the country with the services of the EU, it will be established a data exchange for running cases of enforced collection of debts owed by taxpayers, resulting in other countries and vice versa.

DEVELOPING OF THE CENTER FOR COLLECTION OF FINES

By taking the collection of fines under the jurisdiction of the PRO, increasing of the efficiency in the collection of fines is expected.

The PRO received new responsibility for collecting fines transmitted from all public and legal bodies authorized to impose fines.

Reorganization of the function "enforced collection" includes the organization and systematization of the Center for collection of fines.

In the provided working area, the Centre continues to equip all kinds of resources and to educate the new employees for receiving, recording and handling the collection of imposed fines and other charges.

For complete functioning of the system, the software for electronic records of fines, costs and lump sums, enforced collection of broadcasting fee, and carrying out of received decisions has been upgrading.

INTRODUCTION OF GPRS IN THE FISCAL DEVICES

Obtaining quick and accurate information for the taxpayers turnover that would reduce the need for on the spot tax audits, and the human resources will be reallocated to more essential controls.

The introduction of GPRS cash registers includes integrated automatic system for permanent electronic communication of the PRO with the taxpayers who own fiscal cash register, which serves for automatic transfer of the data from the fiscal cash register as a daily financial report to the Information system of the PRO.

The system will be installed by setting up GPRS devices on individual equipment of the taxpayers with the financial burden on the Government.

By establishing of the GPRS cash registers the fiscalisation process is summarizing and and the efficiency and the effectiveness of the PRO operations is increasing.

RISK MANAGEMENT

With the introduction of a specialized management strategy for different categories of taxpayers the increasing of self taxation and reducing of the risks of the tax revenue is expected.


The PRO will introduce a systematic approach in managing different categories of taxpayers, i.e. with the risks they cause in the tax system. For that purpose the most important risks and their holders will be determined and an Annual Management Plan for compliance will be prepared.

After defining the risks for each category of taxpayers and the environment that is appropriate for them or for the period, the compliance activities to be undertaken next year will be determined, the holders of such activities, deadlines for implementation and expected results. For the undertaken activities reports will be prepared.

In order to achieve a better effect of introduction of this system of work a workshop with international experts who will bring the best experience, will be held, and after that an Action plan for treatment will be prepared.



SERVICE ORIENTED



By improving the services we strive to provide a greater degree of voluntary declaration of taxes, i.e. to ensure the confidence of taxpayers in the PRO as a professional institution that is willing to help and effectively resolve the tax matters.

VOLUNTARY AND LEGAL COMPLIANCE OF TAX OBLIGATIONS WITHOUT THE INTERVENTION OF THE PRO

Enhancing of the education of the taxpayers for tax matters, in order to increase the number of timely and accurate tax returns and payment of taxes. In order to achieve this goal the process of preparing of a written material is continued, as well as brochures announcements for informing of the taxpayers, conducting seminars and other informative meetings with the taxpayers and other interest groups. Special attention is dedicated to the education of persons of preschool and school age and from the high school education with prepared special program for vocational schools of economic and legal profession. A plan and program for education



of the population will be adopted, which will be carried out by the service points in accordance with the structure of the taxpayers in each and separate municipality. Special attention will be dedicated to the education and the awareness of the new founded companies.

For the smallest municipalities in R. of Macedonia, but also for others according of their needs, mobile points will be organized which will provide full services. For improvement of the services, e-Register is being introduced, for status changes for tax matters which gives the opportunity to report changes of data in the PRO, and the taxpayers will receive notification by SMS or e-mail about tax obligations.

BUSINESS ORIENTED INSTEAD OF BUREAUCRACY



„The administration exists for the citizens, not the citizens for the administration.”

The service orientation means broad support of the taxpayers in fulfillment of their responsibilities with the smallest administrative costs and engagements. In this sense, in this period the Regulatory Guillotine (IV stage) continues, which provides simplification of procedures, shortening the deadlines for implementation, implementation of the right "silence is consent".

For the relationship of employees with defined tasks, the established deadlines for their performance and quality of execution, the implementation of the following projects is projected:

- "Citizen above all" – application of the deadlines for the treatment of civil servants and managers and sanctions for failure of processing in due time.
- "Rate this administration" – immediate and direct expression of citizens' satisfaction from the services of the state institutions through a special device which will have software connection with the system for the calculation of the salary in order to raise the responsibility of civil servants.
- "Barometer of Quality" - a system for continuous measuring of the user satisfaction of administrative services and assessment of institutions in terms of satisfaction of citizens of the given services.



PROVIDING HIGH DEGREE OF DEVELOPMENT

Increase of the use of e-Services and of the number of electronically submitted tax returns.

This measure means a continuation of the process of development of methods of electronic communication with the taxpayers in all areas of the PRO operations, in particular, medium and small taxpayers and citizens, for which an intensive campaign and education will be conducted.

The PRO introduces a system for numbering of the VAT of VAT invoices (e-VAT) and a new e-Service for requesting requesting of the certificates for paid taxes and certificates for realized income.

According to the program "e-Services to Citizens " the electronic services of the PRO will become available for individuals, and the program "e-Tax" refers to the development of methods of electronic communication with taxpayers, which from 2014 should become a legal obligation.

In cooperation with the Ministry of Information Society and Administration and the "e-Government" project the possibility of filling tax returns through smart phones will be available.

LEARNING AND KNOWLEDGE

Taking care for the employees and the creation of trained professional staff will allow the PRO to become a desirable place to work for people with high potential who will invest its entire capacity in improving the operations of the Public Revenue Office.

IMPROVING THE STRUCTURE AND INTEGRITY OF THE EMPLOYEES AND FAIR REWORDING OF THE EMPLOYEES

Increase of the number of employees and their satisfaction through motivation and a fair rewording.

With the implementation of the programs for employment of young highly educated professionals and with the system for reallocation staff from technical and non-core functions in to the core functions, will have positive impact on the quality and efficiency of PRO.

In the next period It is planned particular attention to be paid to the implementation of the Code of Ethics of tax officials by strengthening the professionalism and integrity of the employees, and for objective evaluation to the results conducted by operations of individuals and establishing of a model a model for motivation and reward according to the results of the work for which the measures and standards of performance will be promoted.

The pilot project for introducing the bonus system in the Large Taxpayers Directorate is extended to the other organizational units of the PRO.

In order to strengthen the quality and the expertise of tax officials the following projects are planned:

- "Top management" - continuous training of the highest senior officials followed by periodically testing the knowledge of the employees.
- System of mandatory transferring and applying knowledge gained by participants in international trainings.
- Electronic system for knowledge management (LMS) which involves a formation of a record for visited training courses and knowledge that every employee has, as a prerequisite for promotion in the career system.
- Electronic system for resource management (ERP) which is a register with a review of the capacity of the employees.

ORGANIZING OF SYSTEMIC EDUCATION OF EMPLOYEES

Increase of the number of educated tax officials and efficiency of the operations, as well as an exchange of international experiences that will be provided when the academy receives a regional significance Academy when it will receive regional significance.

The Strategy for training of the PRO aims to support the reorganization of the institution and new business processes on key functions, as well as the training needs for the operation and management in order to improve the ability of staff at all levels, leading to improved performance of the operations and services, the voluntary compliance of tax obligations of taxpayers and the enforced collection, when it will be necessary.

The Training Strategy covers four levels of development of the training system to achieve the ultimate goal - Regional Tax Academy (RTA).


- First stage - establishing internal training of the employees on managerial positions for the management skills, the knowledge of taxes and tax procedure of the employees in the audit, assessment and collection of taxes and other functions of special experts, which are generally carried out in 2011.

- Second phase - establishment of an Academy for training of the employees, which is provided by the recent organizational changes.
- Third stage - Academy to expand the training program on other interested users: tax advisers, financial institutions, management training in state institutions, training for taxpayers
- Fourth stage - The Academy to become a Regional Tax Academy and East European Center for best practices for tax administration, which will be possible when the academy would exceed internal needs of the PRO and the needs of the interested user's in the country.

For this purpose an updating of the Action plans with the strategy for establishment of the Tax Academy is needed, as well as defining of the minimal capacities for every single phase of the development of the project, and analysis of the needs for learning and team of trainers.

After providing the budget for the project the provided space for the RTA will be renovated and equipped and will be established a database to record and track the results of applied education per employee.

PLACE IN THE INTERNATIONAL COMMUNITY



The establishment of the Macedonian Tax Administration in international frameworks and the exchange of information and experiences on an international level will accelerate the process of modernization of the PRO and alignment with EU practices.

AVOIDANCE OF DOUBLE TAXATION AND EXCHANGE INFORMATION FOR TAX FRAUD

Increasing of the number of signed and ratified international treaties and bilateral agreements for exchange of informations in fight against tax fraud and the tax avoidance.

The process of application of international agreements on avoidance of double taxation or non taxation, development of the introduced system, training of the employees for application of international agreements and the withheld tax as well as access to necessary information on the website of the PRO www.ujp.gov.mk, continues in the next period with a tendency to use all OECD methods.

At the same continues the strengthening of the system of data exchange used to prevent or detect tax fraud and financial crime. It is planned to develop the technical basis of the exchange of data with the purchase of appropriate hardware and software that will enable continuous data flow with EU countries.

DATA EXCHANGE FOR VAT WITHIN THE SYSTEM VIES

With the goal of permanent exchange of data on VAT with EU Member States in specific manner, is necessary a liaison office for the exchange of VAT data to be established as well as supply of the appropriate hardware and software base for VIES, and hiring of employees and their education in the EU standards in the period before joining the EU.



COOPERATION WITH INTERNATIONAL INSTITUTIONS, ORGANIZATIONS AND WITH TAX ADMINISTRATIONS OF THE MEMBER STATES OF THE EU AND OTHER COUNTRIES

Reducing of tax frauds with international character and increasing of the opportunities for sharing the international experiences.

Through communication with international institutions and organizations the aim is to continue and expand the cooperation and to establish a stable framework for future cooperation, to facilitate application and participation in projects that are part of the annual programs of the international institutions and organizations, as well as organizing donor conferences.

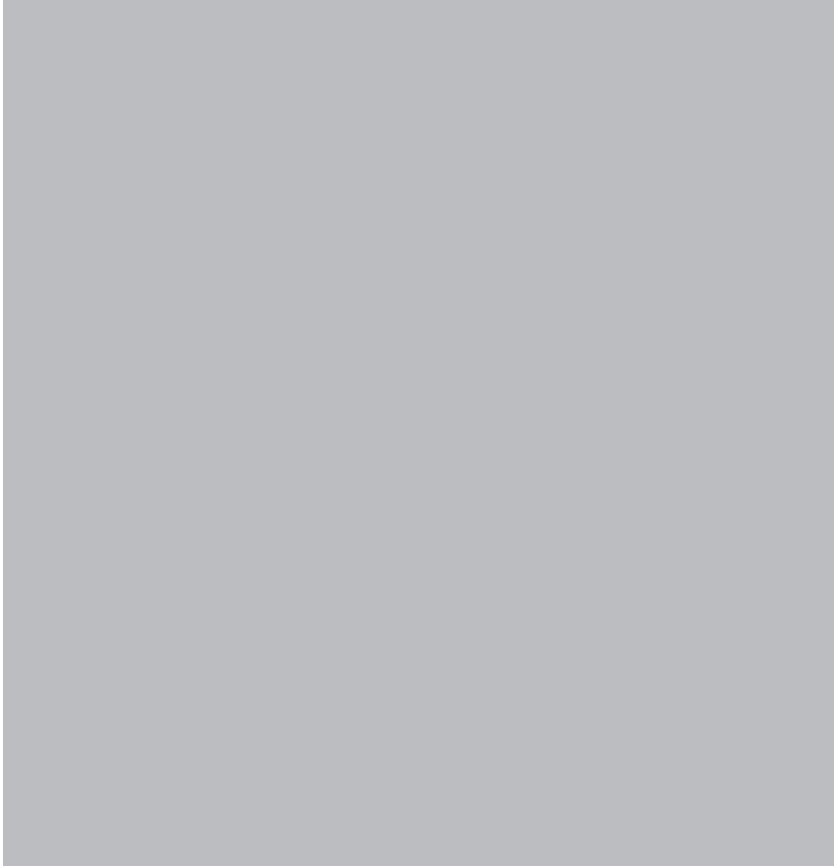
The cooperation with the tax administrations of the Member States of the European Union and other countries will be achieved through bilateral cooperation and exchange of information between tax administrations for for early prevention of new trends in tax evasion.

EU INTEGRATIONS

Achieving the standards of operations in practise by the EU member state tax administrations, and contribution of the overall activities to the country processes for faster EU integration.

Within the European integration process activities for drafting of NPAA program will be carried out, as well as reporting on its implementation, implementation of IPA, the program Fiscalis, preparation for the subcommittee within the Committee for the Association and Stabilization and communication and coordination of activities within the DG TAXUD.





* * *

The anticipated development and implementation of new programs under the Strategic Plan for the period 2012 - 2014, in the Public Revenue Office are predicted 105 new jobs (by 35 people annually).

To achieve the vision of the PRO in the period 2012-2014 year is projected that it will be required funds in the amount of MKD 887,050,000 and by year: MKD 406,300,000 (2012); MKD 240,750,000 (2013), and MKD 240,000,000 (2014).

The stated amounts of funds will be allocated in separate organizational units under the PRO plan and needs for the following purposes: Regional Tax Academy (61.000.000MKD) GPRS cash registers (450.000.000MKD) software and hardware (166.050.000MKD) vehicles (30.000.000MKD) new employments (180.000.000MKD).).





PUBLIC REVENUE OFFICE

Blvd. „Kuzman Josifovski Pitu” no.1

1000 Skopje

Phone 02/3299 500; fax 02/3281 010

e-mail: info@ujp.gov.mk

www.ujp.gov.mk

2012 © Public Revenue Office

The material is intended for non-commercial purposes of the PRO. Copying, reproduction and use of this material for commercial purposes is not permitted. When using the data from the publications of the Public Revenue Office to cite the source is necessary.