



Republic of North Macedonia  
Ministry of Finance  
**PUBLIC REVENUE OFFICE**

# STRATEGIC PLAN

2021-2023



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## INTRODUCTION

The strategic priorities of the Public Revenue Office (PRO) include the core development components whose implementation is planned for the period 2021-2023. 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	PRO WEAKNESSES
<ul style="list-style-type: none"> <li>• The PRO's management structure has objective knowledge of the PRO situation and also has a consensus on the need for comprehensive modernization;</li> <li>• The PRO actively monitors the development processes of the sister administrations in the EU countries</li> <li>• In the recent years, the PRO increased the level of tax discipline and voluntary declaring of taxes</li> <li>• 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</li> <li>• Efficient use of the electronic payment systems</li> <li>• The PRO has advances the processes of providing informative and educational services to the taxpayers</li> <li>• 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</li> <li>• Tax withholding and advance payment regimes are used</li> <li>• E-services: partial electronic reception 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 participate in the biddings for seized goods; System for data exchange with specific state institutions; Intranet which facilitates the internal communication; e-personal tax</li> </ul>	<ul style="list-style-type: none"> <li>• The PRO is still burdened with collection of non-tax revenues which reduces the capacity and the focus for collection of taxes and contributions</li> <li>• 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</li> <li>• The existing IT system organization requires implementation of operational activities on HQ level as well, with takes away the capacity for strategic activities</li> <li>• There is no connection between the different tax records and they are incomplete</li> <li>• 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</li> <li>• The IT system has limited capacity and difficulties when it comes to harmonization in a case of law changes</li> <li>• The PRO lacks IT staff and is facing dropout of such staff</li> <li>• The PRO has disproportionate allocation of the staff along the organizational unit as well as unfavorable age structure</li> <li>• Not all managerial positions are manned, hence there is a risk of a lack of management and leadership</li> <li>• Weak assessment, evaluation, ranking and mitigation of compliance risks</li> <li>• Lack of process for gradual resolution of disputes</li> <li>• Inappropriate external audit coverage</li> <li>• Inappropriate management with the tax refund</li> </ul>

# VISION & MISSION



## MISSION OF THE PUBLIC REVENUE OFFICE

The mission of the Public Revenue Office is to provide fair and efficient collection of taxes and other public duties with high level of voluntary compliance of the taxpayers, by providing simple tax procedures and digital services in order to assist and support the taxpayers for timely and correct compliance.

## VISION

The mission of the Public Revenue Office is to become a role model for professional organization that is recognizable in terms of best EU practices and standards for quality, with high integrity and trust in the society as a guarantee for incentivizing and maintaining high degree of voluntary compliance of the taxpayers.

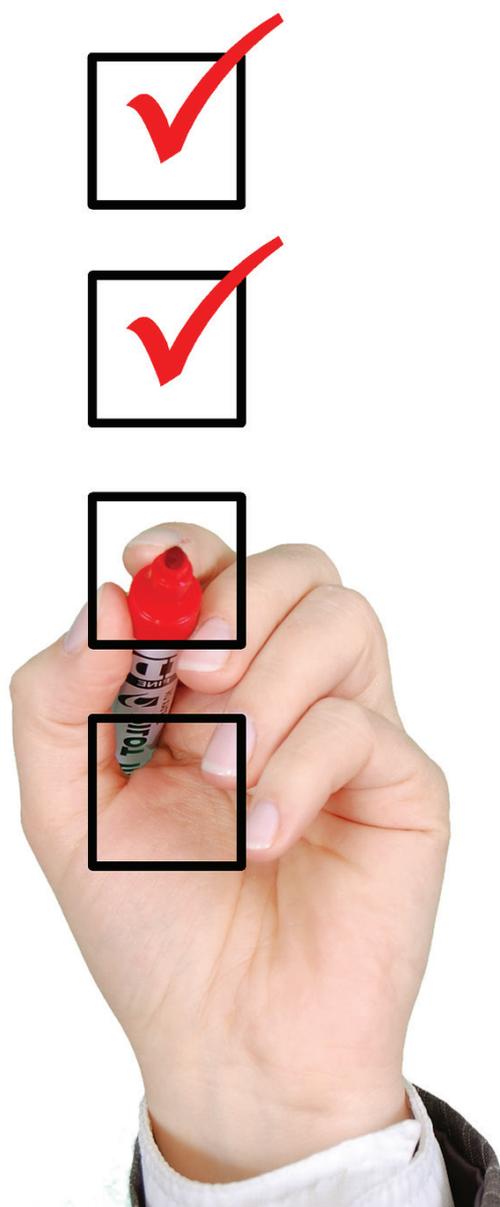
For the purpose of realization of our vision, we continue to build our administrative capacity in order to achieve increased performance standards by improving the business practices and bringing about changes in accordance with the overall digital transformation. We started to introduce a new organizational 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.

# TASKS 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 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.



# SPECIFICITY OF THE PUBLIC REVENUE OFFICE –LEGAL FRAMEWORK

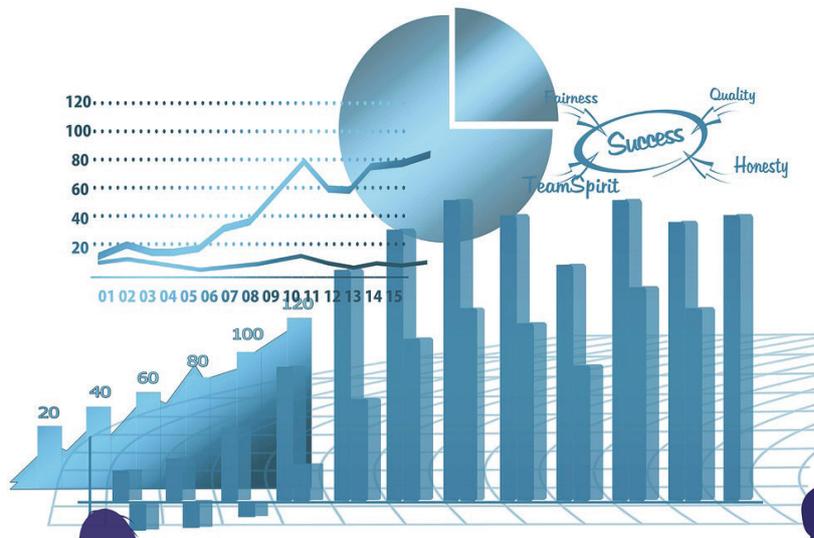
*The legal framework for operation of the PRO, the general tax law and the tax administrative procedure are all defined in two laws – the Law on Public Revenue Office and the Law on Tax Procedure. This legal framework provides the opportunity for strengthening of the administrative capacity for implementation of the legislation and for fight against the tax evasion.*

*A state of emergency was introduced on 18 March 2020 with a Decision of the Government of the Republic of North Macedonia published in the Official Gazette No. 68/2020 due to the COVID-19 situation. In this regard, the Macedonian Government adopted Ordinance with legal effect that provide financial support and reliefs in terms of settling the tax liabilities for the taxpayers who were affected by this crisis. For this purpose, the following Ordinances were adopted:*

- Ordinance with legal effect for implementation of the Law on Tax on Personal Revenue during state of emergency
- Ordinance with legal effect for implementation of the Law on Profit Tax during state of emergency
- Ordinance with legal effect for implementation of the Law on Tax Procedure during state of emergency,
- Ordinance with legal effect for implementation of the Law on Value Added Tax during state of emergency,
- Ordinance with legal effect for subsidizing the payment of contributions from mandatory social insurance during state of emergency,
- Ordinance with legal effect for financial support to individuals performing independent activity affected by the health-economic crisis caused by the COVID-19 virus during state of emergency,
- Ordinance with legal effect for financial support to private sector employers affected by the health-economic crisis caused by the COVID-19 virus for the purpose of payment of salaries for April and May 2020,
- Ordinance with legal effect for changes and amendments of the Ordinance with legal effect for financial support of the private sector employers affected by the health-economic crisis caused by the COVID-19 virus for the purpose of payment of salaries for April and May 2020,
- Ordinance with legal effect for changes and amendments to the Ordinance with legal effect for implementation of the Law on Value Added Tax during state of emergency,
- Ordinance with legal effect for implementation of the Law on Donations and Sponsorships in the public activities during state of emergency.
- Ordinance with legal effect for implementation of the Law on Refund of Part of the Value Added Tax to Individuals during state of emergency,
- Ordinance with legal effect for implementation of the Law on Games of Chance and Lotteries during state of emergency,
- Ordinance with legal effect for amendments to the Ordinance with legal effect for implementation of the Law on Value Added Tax during state of emergency,
- Ordinance with legal effect for financial support of the private sector employers affected by the health-economic crisis caused by the COVID-19 virus for the purpose of payment of salaries for April and May 2020 which cancelled the Ordinance with legal effect for financial support of the private sector employers affected by the health-economic crisis caused by the COVID-19 virus for the purpose of payment of salaries for April and May 2020 (Official Gazette No. 93/20 and 97/20),
- Ordinance with legal effect for changes and amendments to the Ordinance with legal effect for financial support of the private sector employers affected by the health-economic crisis caused by the COVID-19 virus for the purpose of payment of salaries for April and May 2020,
- Ordinance with legal effect for changes and amendments to the Ordinance with legal effect for subsidizing payment of mandatory

- social insurance contributions during state of emergency,
- Ordinance with legal effect for amendment to the Ordinance with legal effect for implementation of the Law on tax procedure during state of emergency,
  - Ordinance with legal effect for amendment to the Ordinance with legal effect for implementation of the Law on value added tax during state of emergency,
  - Ordinance with legal effect for financial support to citizens and employees with small income, young persons and health professionals by issuing domestic payment card intended for purchasing Macedonian products and services during state of emergency,
  - Ordinance with legal effect for amendment to the Ordinance with legal effect for implementation of the Law on tax procedure during state of emergency,
  - Ordinance with legal effect for amendment to the Ordinance with legal effect for implementation of the Law on donations and sponsorships in public activities during state of emergency,
  - Ordinance with legal effect for issuing vouchers for tourism to employees with low income in order to stimulate the domestic tourism during state of emergency,
  - Ordinance with legal effect for changes of the Ordinance with legal effect for financial support to citizens and employees with small income, young persons and health professionals by issuing domestic payment card intended for purchasing Macedonian products and services during state of emergency,
  - Ordinance with legal effect for changes of the Ordinance with legal effect for financial support to citizens and employees with small income, young persons and health professionals by issuing domestic payment card intended for purchasing Macedonian products and services during state of emergency,
  - Ordinance with legal effect for changes and amendments to the Ordinance with legal effect for financial support of the private sector employers affected by the health-economic crisis caused by the COVID-19 virus for the purpose of payment of salaries for April and May 2020,
  - Ordinance with legal effect for changes of the Ordinance with legal effect for financial support to citizens and employees with small income, young persons and health professionals by issuing domestic payment card intended for purchasing Macedonian products and services during state of emergency,
  - Ordinance with legal effect for changes and amendments to the Ordinance with legal effect for financial support to individuals performing independent activity affected by the health-economic crisis caused by the COVID-19 virus during state of emergency,
  - Ordinance with legal effect for changes and amendments to the Ordinance with legal effect for implementation of the Law on Refund of Part of the Value Added Tax to individuals during state of emergency,
  - Ordinance with legal effect for changes of the Ordinance with legal effect for financial support to citizens and employees with small income, young persons and health professionals by issuing domestic payment card intended for purchasing Macedonian products and services during state of emergency,
  - Ordinance with legal effect for amendment to the Ordinance with legal effect for implementation of the Law on Tax on Personal Revenue during state of emergency,
  - Ordinance with legal effect for amendments to the Ordinance with legal effect for financial support to citizens and employees with small income, young persons and health professionals by issuing domestic payment card intended for purchasing Macedonian products and services during state of emergency,
  - Ordinance with legal effect for amendment to the Ordinance with legal effect for implementation of the Law on Profit Tax during state of emergency;
  - Law on Tax on Personal Revenue: A Rulebook was adopted on the format and content of the annual tax return for assessment of tax on personal revenue, the manner of filing of the annual tax return by the public revenue authority and the manner of confirmation thereof by the taxpayer.
  - Rulebook on changes and amendments to

- the Rulebook on technical and functional characteristics of the integrated automatic management system, the cash register receipt template, the fiscal logo template, the cash register account for cancelled transaction, format and content of the Ledger on daily financial reports, manner of approval and extension of the license for production and sale of relevant cash register models i.e. integrated automatic management system, functional and technical characteristics the cash registers and the integrated automatic management system should have, the procedure and documentation for their approval for production and sale, the elements of the cash register receipts, manner of checking and control of the fiscal cash registers and rules for technical maintenance and servicing thereof, format and content of the request for obtaining authorization for doing control and verification of the functional and technical characteristics of the fiscal system and the required documentation.
- Law on Changes and Amendments to the Law on Value Added Tax, Law on Financial Support of the employers affected by the health-economic crisis caused by the COVID-19 virus for payment of the salaries for October, November and December 2020; Law on Financial Support to individuals performing independent activity affected by the health-economic crisis caused by the COVID-19 virus for the months October, November and December 2020 (Official Gazette No. 267 from 9 November 2020). The Official Gazette No. 268/2020 from 9 November 2020 published the Rulebook on
  - the format and content of the request for financial support for payment of salaries to the employees and Rulebook on the format and content of the request for financial support for payment of funds to individuals performing independent activity. Law on Refund of part of the value added tax to individuals (Official Gazette No. 133/19....243/20 from 9.10.2020).
  - The Official Gazette No. 290/2020 from 07.12.2020 published the Law on Changes and Amendments of the Law on Profit Tax; Law on Financial Support to citizens with small revenues, pension beneficiaries, beneficiaries of the right to social security for elderly persons, young persons, single parents, orphan children and children without parental care, artists and other individuals performing activity in the area of culture, movie workers and artists; Law on Changes and Amendments to the Law on Tax Procedure and Law on Changes and Amendments of the Law on Tax on Personal Revenue.
  - The Official Gazette No.292/2020 from 09.12.2020 published the Rulebook on the format and content of the request for relief from the obligation for payment of the monthly advance payments on the tax on personal income realized from performing independent activity; Rulebook on the format and content of the request for relief from payment of the monthly advanced payments on profit tax.



# ORGANIZATIONAL STRUCTURE

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

As of 30.09.2020, the activities are implemented with 1,118 employees, 2 officials and 12 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, Shtip, Strumica and Tetovo; Local offices (17), located in Ohrid, Struga, Resen, Kavadarci, Veles, Negotino, Kumanovo, Kriva Palanka, Kochani, Vinica, Sveti Nikole, Berovo, Gevgelija, Radovish, Gostivar, Kichevo and Debar; Tax counters (7), located in Demir Hisar, Makedonski Brod, Krushevo, Kratovo, Delchevo, Probishtip 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 by improving the business practices and introducing changes in accordance with the overall digital transformation, for the purpose of better administration of the tax revenues and contributions, provision of quality customer service, improvement of the skills and knowledge of the tax officers.

Continue the developing and restructuring of the business processes for the new tax integrated IT system (modeled business processes that should be reengineered and integrated in the new IT system), consolidation of the databases from the existing IT systems/ sub-systems into a single database with introduction of ESB for data warehouse, development and introduction of a risk assessment system, ensuring smooth operation and long-term stability of the system in case of crisis.

# PRIORITIES AND OBJECTIVES OF THE PUBLIC REVENUE OFFICE

## PROGRAM 1: ADMINISTRATIVE CAPACITY BUILDING

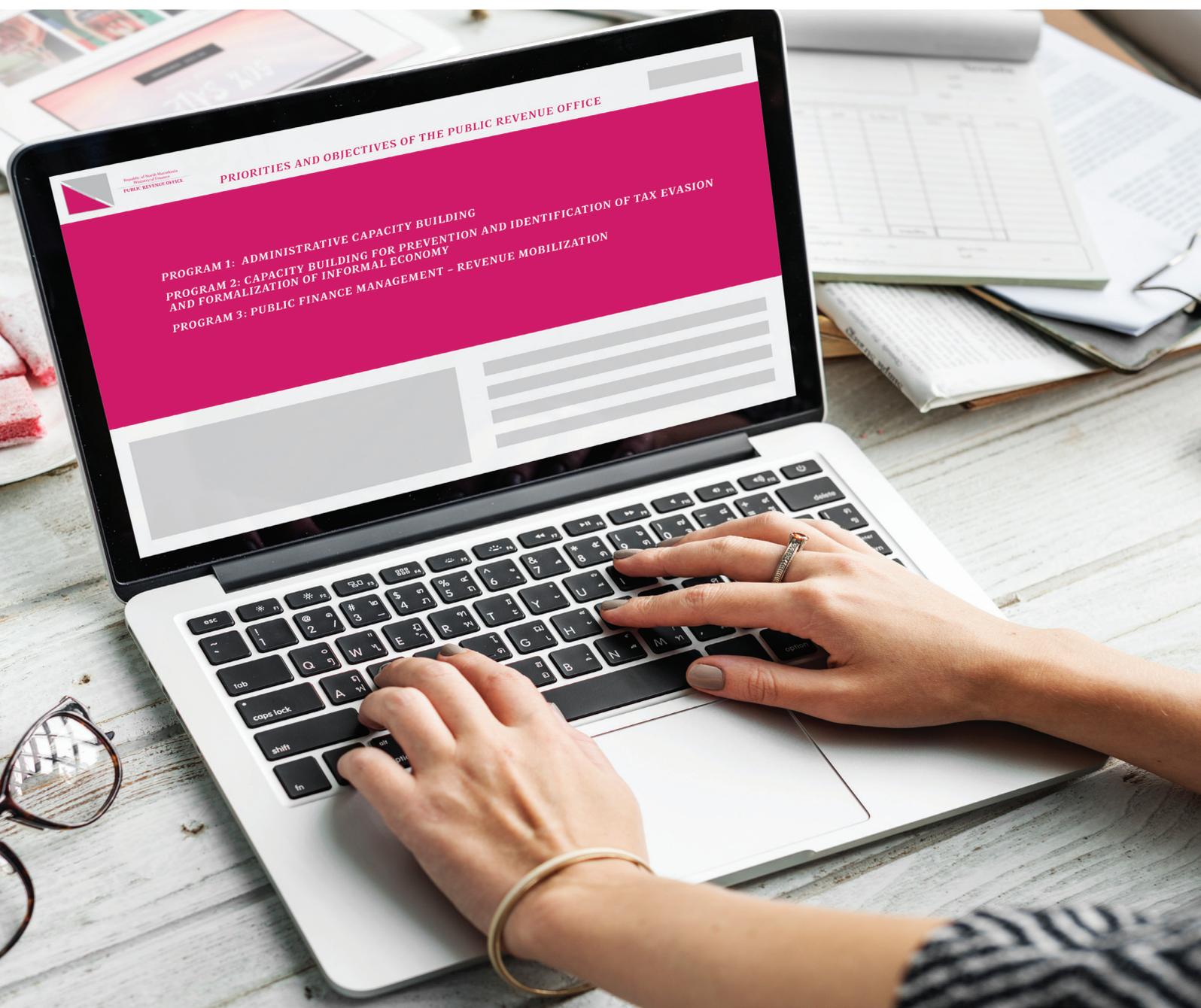
- Quality management system
- Human resources management and capacity building of the staff through education

## PROGRAM 2: CAPACITY BUILDING FOR PREVENTION AND IDENTIFICATION OF TAX EVASION AND FORMALIZATION OF INFORMAL ECONOMY

- Improvement of the activities aimed at fight against tax frauds and formalization 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 North Macedonia for 2017-2020
2. Strategic Plan of the General Secretariat for the period 2020 - 2022 (since January 2020)
3. Program for Reform in the Public Finance Management 2018-2021 (12 March 2019)
4. Annual Action program of the Republic of North Macedonia for 2020 for EU support in the public finance management (PFM)
5. Progress Report for RN Macedonia of the European Commission for (29.05.2019)
6. 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 GAP Analysis of the EC Report
7. Strategy for Public Administration Reform 2018-2022 (Ministry of Information Society and Administration, February 2018)
8. Report "Evaluation of the Public Expenditures and the Financial Accountability in the Republic of North Macedonia (PEFA), Ministry of Finance and DFC International Consultants
9. Invigorating the revenue administration reform, towards improving the tax compliance – IMF, Fiscal Affairs Department (May 2019)
10. TADAT Assessment Report of the IMF (July 2016)
11. Strategy for Tax System Reform (2020-2022)
12. Strategy for Formalization of the Informal Economy in the Republic of North Macedonia 2018-2022 (March 2018)
13. Program for Economic Reforms (PER), European Commission (April 2018)
14. PRO Strategic Plan 2020-2022
15. PRO IT Strategy 2019-2022 (16/01/2019)
16. Budget of the Republic of N Macedonia for 2020 (draft)
17. Annual Public Procurements Plan of the PRO for 2020 (draft)
18. PRO Compliance Improvement Plan for 2020-2022
19. Plan for e-commerce of unregistered taxpayers operating on social media
20. Compliance Plan for Cash Registers (Fiscalization)
21. Compliance Plan for Pay-As-You-Earn (MPIN)
22. PRO Risk Registry 2020-2022
23. World Bank PRO Tax Evaluation Report (July 2020) – draft



# Project

## PROGRAM 1: ADMINISTRATIVE CAPACITY BUILDING

**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:

#### SUB-PROGRAM 1: QUALITY MANAGEMENT SYSTEM

**Success indicator:**

- 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

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

**Success indicator:**

- % of delivery of the educational events foreseen by the Annual Training Plan
- % 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  
SUBPROGRAM 1: QUALITY MANAGEMENT SYSTEM**

Activity	Responsible	Consulted	Timeframe		Required resources per years					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2021	2022	2023	2021	2022	2023
<b>1.1.1 Certification of the PRO (ISO 9001:2015 quality management system)</b>										
Procurement of consultancy services for introduction of certification in accordance with the international standard ISO 9001:2015	SGCA									
Trainings for ISO 9001:2015 system for quality management, trainings for internal trainers	SGCA + Sectors		2021	2023					Budget 1,062,000 MKD	
Harmonization of procedures/ documents/ acts with quality management system.	Sectors		2021	2023						
<b>1.1.2 Implementation of the Action Plan for Measures for Improvement of the Situation in the PRO via the Common Assessment Framework (CAF)</b>	Sectors		2019	2021						
1.1.3 Satisfaction survey among the taxpayers implemented by independent company	STST, CRM Unit SGCA		2021	2021					Budget 1,000,000 MKD	
1.1.4 Resuming of the project for User Oriented Environment	SGCA,RO, HQ		2021	2021					Budget 35,400,000 MKD	
1.1.5 New website of the PRO <a href="http://www.ujp.gov.mk">www.ujp.gov.mk</a>	SIT, SSDPR STST, SGCA		2021	2023					3,000,000 MKD	
<b>Total activities in year I: 5</b>										
<b>Total activities in year II: 3</b>										
<b>Total activities in year III: 3</b>										
<b>TOTAL for PROGRAM 1, for SUBPROGRAM 1: 11</b>										
									Budget	40,462,000

**IPROGRAM 1: ADMINISTRATIVE CAPACITY BUILDING**  
**SUBPROGRAM 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)			
					2021	2022	2023	2021	2022	2023	
1.2 Monitoring the changes and processes in the HR management	<u>Collegium</u> + HR	MF / MIOA									
1.2.1 More staff in the PRO (100 new recruitments = 30,000,000; (100 promotions =5,000,000	HR	MF/ MIOA	2021	2023	100 new recruitments 100 promotions				Budget 35,000,000 MKD		
1.2.2 Changes in the organization and systematization acts in accordance with the functional analysis for internal organization of the PRO	<u>Collegium</u> + HR		2021	2023							
1.2.3 Development of Plan for Functional Allocation of the Additional Human Resources	<u>Collegium/</u> + HR		2021	2023							
1.2.4 Procurement and maintenance of software for personal recording and HR management	SIT+ HR SGCA+ SFA + TA		March 2021	December 2023					Budget 1,000,000 MKD		
1.2.5 Improvement of the staff competencies by organizing internal trainings for the staff; training events delivered by outsourced companies and other organizations	TA + Collegium + SFA + internal trainer		January 2021	December 2023					Budget 4,000,000 MKD		
1.2.6 Specialized trainings for the IT staff	TA+SIT		January 2021	December 2023					Budget 3,500,000 MKD		
1.2.7 Specialized trainings for tax inspectorate staff	GTI		January 2021	December 2021					Budget 1,230,000 MKD		

<b>1.2.8 Participation in the EU programs and technical assistance from international organizations (IOTA; FISCALIS 2020; CEF; TAIEX; International Monetary Fund)..</b>	SIC + SFA+ SGCA +HR (for IOTA, FISCALIS 2020 CEF TAIEX) Collegium + SIC (for IMF)	January 2021	December 2023	Membership fee IOTA 550,000 MKD Other costs IOTA 750,000 MKD Other costs CEF, TAIEX 200,000 MKD Still no data is available for Fiscalis 2027	Same like 2021	Same like 2021	
<b>Total activities in year I: 8</b>							
<b>Total activities in year II: 8</b>							
<b>Total activities in year III: 8</b>							
<b>TOTAL for PROGRAM 1, SUBPROGRAM 2: 24</b>							
				<b>Budget</b>	<b>46,230,000</b>	<b>1,500,000</b>	<b>1,500,000</b>

**PROGRAM 2:  
CAPACITY BUILDING FOR PREVENTION AND IDENTIFICATION OF TAX EVASION AND FORMALIZATION  
OF THE INFORMAL ECONOMY**

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

**PROGRAM 2: CAPACITY  
BUILDING FOR PREVENTION AND  
IDENTIFICATION OF TAX EVASION  
AND FORMALIZATION OF THE  
INFORMAL ECONOMY**

**SUBPROGRAM 1: IMPROVEMENT  
OF THE ACTIVITIES AIMED AT  
FIGHT AGAINST TAX EVASIONS AND  
FORMALIZATION OF THE INFORMAL  
ECONOMY**

**Success indicators:**

- 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
- 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 pricing, simultaneous audits and joint audits with other tax administrations
- Implementation of supervision approach in accordance with the risk assessment, pursuant to the Law on Prevention of Money Laundering and Financing of Terrorism
- 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: CAPACITY BUILDING FOR PREVENTION AND IDENTIFICATION OF TAX EVASION AND FORMALIZATION OF THE INFORMAL ECONOMY

#### SUBPROGRAM 1: IMPROVEMENT OF THE ACTIVITIES AIMED AT FIGHT AGAINST TAX EVASIONS AND FORMALIZATION OF THE INFORMAL ECONOMY

Activity	Responsible	Consulted	Timeframe		Required resources per years						
			Start (m/y)	End (m/y)	Human			Financial (denars)			
					2021	2022	2023	2021	2022	2023	
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		2021	2023							
INTRODUCTION OF INVESTIGATIVE FUNCTION FOR TAX FRAUDS	PRO-MF										
2.1.2 Improvement of the cooperation with the Inspection Council in accordance with the Law on Prohibition and Prevention of Doing Unregistered Business Activity	GTI		2021	2023							
2.1.3 Implementation of the Action Plan for implementation of supervision approach in accordance with the risk assessment pursuant to the Law on Prevention of Money Laundering and Financing of Terrorism	GTI		2021	2023							
2.1.4 Implementation of Action Plan related to implementation of activities related to capacity building for international taxation and control of transfer pricing	GTI		2021								
2.1.5 Establishment of new organizational unit in the GTI in relation to international taxation and transfer pricing	GTI		2021	2023							

2.1.6 Procurement of license for commercial software for analysis of transfer pricing (100,000 euros per year)	GTI		2021	2023				Budget 6,000,000	Budget 6,000,000	Budget 6,000,000
2.1.7 e-commerce Project 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	MF/PRO SIT+GTI +SART		2021	2023						
<b>PROJECT - INDIRECT METHODS</b>										
2.1.8 Identification of sources for risk analysis for taxpayers – individuals. Defining of risk criteria for taxpayers – individuals. Introduction of software risk tool	GTI+SART- SIT		2021	2023						
2.1.9 e-invoice Project Hardware, software and specialization of the staff in the Tax Inspectorate and SIT (additional with MF)	MF/PRO SIT+GTI +SART		2021	2023						
2.1.10 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)		2021	2023						
2.1.11 Introduction of automatic exchange of financial and accounting information with foreign tax administrations	GTI		2021	2023						
<b>Total activities in year I: 11</b>						Budget		6,000,000	6,000,000	6,000,000
<b>Total activities in year II: 11</b>										
<b>Total activities in year III: 11</b>										
<b>TOTAL for PROGRAM 2 SUBPROGRAM 1: 33</b>										

## 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, effective collection of tax arrears that were not paid voluntarily, introduced systematic process of current management of compliance risks as well as ensuring long-term financial stability of the PRO system in case of crisis.

#### PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION

##### SUBPROGRAM 1: IMPROVED STABILITY, EFFICIENCY AND QUALITY OF THE REVENUE COLLECTION SYSTEM (TAX SYSTEM AND POLICY)

##### SUBPROGRAM 2: IMPROVED ADMINISTRATION AND DEBT MANAGEMENT

##### SUBPROGRAM 3: COMPLIANCE RISK MANAGEMENT

##### SUBPROGRAM 4: INTRODUCTION OF DISASTER RECOVERY CENTER

#### Success indicators:

- % of business processes implemented and restructured
- % of digitalized tax services (2018–40%; 2019-40%; 2022-80%; 2024-100%)
- Number of institutions with which IS is exchanging information
- Improved security, reliability and sustainability of the IT systems (% of successful system security and reliability tests)
- % of data transferred into Data Warehouse

#### Success indicators:

- 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

#### Success indicator:

- % increase of the self-taxation in the current year, in relation to the previous year
- % increase of 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

#### Success indicators:

- 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

#### SUBPROGRAM 1: IMPROVED STABILITY, EFFICIENCY AND QUALITY OF THE REVENUE COLLECTION SYSTEM (TAX SYSTEM AND POLICY)

Activity	Responsible	Consulted	Timeframe		Resources required						
			Start (m/y)	End (m/y)	Human			Financial (denars)			
					2021	2022	2023	2021	2022	2023	
3.1.1 Development and restructuring of the business processes for the new integrated tax IT system. (modelled business processes that should be reengineered and integrated in the new IT system)	PRO SIT, Project team, Sectors, SGCA	MF / MIOA	2021	2023							
- Software for managing business tasks and projects	SIT		2020	2021							
3.1.2 Upgrade and maintenance of the IT sub-systems of the PRO	SIT, Tax functions, SGCA										
3.1.2.1 Upgrade and maintenance of the system for games of chance – NIS	SIT, GTI, SGCA		Continuous						Budget 6,000,000		
3.1.2.2 GPRS upgrade	SIT, SART, GTI, SGCA		Continuous						Budget 7,000,000		
3.1.2.3 Upgrade of the RES system (Risk Evaluation System – RES) in the risk rules and system maintenance in accordance with the needs and effect analysis	SIT, GTI, SGCA		Continuous						Budget 3,000,000		
3.1.3 Development and restructuring of the PRO IT subsystems			2021	2023							
3.1.3.1 Upgrade and maintenance of the e-personal tax – integration of the PAYE system – introduction of reception, processing and payment of withholding tax	SIT, SART, SGCA		2021	2023					Budget 3,000,000		

3.1.3.2 Application for validation and calculation of tax returns and other tax acts in the tax procedure required for calculation, filing and payment of taxes	SIT, SART, SGCA		2021	2023			Budget 10,000,000	Budget 4,000,000	
3.1.3.3 Application for implementation of tax procedure (records and documents that are product of a tax procedure)	SIT, tax functions, SGCA		2021	2023			Budget 10,000,000	Budget 4,000,000	
3.1.3.4 Specifying, preparation, testing and implementation of software for debt management, including procedures for debt collection	SIT, SCAD, SGCA		2021				Budget 3,000,000		
3.1.3.5 Consolidation of the databases in the existing systems/ sub-systems into a single database by introducing ESB for data exchange and introduction of data warehouse (hardware=42.000.000, software and service =20.000.000)	SIT, SART, SCAD, GTI, SGCA		2021	2023			Budget 62,000,000	Budget 62,000,000	
3.1.3.6 Service for introduction of time stamp and electronic signature for the purpose of electronic serving of the tax acts	SIT, SART, SCAD, GTI, SGCA		2021	2023			Budget 1,000,000	Budget 1,000,000	Budget 1,000,000
3.1.3.7 Services for bulk emailing (500 euros per month)	SIT, SART, SCAD, HQ, SGCA		2021	2023			Budget 400,000	Budget 400,000	Budget 400,000
3.1.3.8 Software for data analysis and compliance risk management	SIT, SART, SCAD, HQ, SGCA								Budget 62,000,000

3.1.4 Introduction of new IT infrastructure	SIT, Management								
3.1.4.1 Consolidation of workstations and peripherals – procurement of IT equipment	SIT, SGCA						Budget 28,000,000	Budget 28,000,000	Budget 28,000,000
3.1.4.2 IT equipment maintenance (hardware and system software)	SIT, SGCA						Budget 8,500,000	Budget 8,500,000	Budget 8,500,000
3.1.4.3 Licenses for system software and databases	SIT, SGCA						Budget 5,000,000	Budget 5,000,000	Budget 5,000,000
3.1.4.4 Expansion of the bandwidth capacity of the network and services	SIT, SGCA						Budget 13,000,000	Budget 13,000,000	Budget 13,000,000
3.1.5 Improved security of the PRO systems - Checking for weaknesses and exploitability of the IT system and preparation of plan for security improvement - Implementation of IT infrastructure for improved IT system security (hardware= 20.000.000 MKD, software and security improvement services = 22,000,000 MKD) -Security certificates for the PRO systems -Antivirus protection	SIT, SGCA		2021	2023			Budget 42,000,000	Budget 20,000,000	Budget 2,000,000
3.1.6 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 CR)	PRO+Project team	MF/CR	January 2020	December 2023					
<b>Total activities in year I: 6</b>									
<b>Total activities in year II: 6</b>									
<b>Total activities in year III: 6</b>									
<b>TOTAL for PROGRAM 3 SUBPROGRAM 1: 18</b>						<b>Budget</b>	<b>201,900,000</b>	<b>145,900,000</b>	<b>119,900,000</b>

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

Activity	Responsible	Consulted	Timeframe		Resources required					
			Start (m/y)	End (m/y)	Human		Financial (denars)			
							2021	2022	2023	
<p>3.2.1 Improving the efficiency and effectiveness of the debt collection procedures</p> <p>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</p>	SCAD									
- 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	SCAD									
- Specifying the criteria and procedure for write-off of debt that is obsolete and impossible to collect, due diligent implementation of the write-off.	SCAD									
<p>3.2.2 Foundations for better tax debt management -</p> <p>Identification of the realistic value of the collectable tax debt and harmonization of the registered debt with the factual situation</p>	SCAD									
- 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	SCAD									
- Improvement of the framework (laws, procedures, organizational structure, standards, etc.) in order to ensure greater efficiency and effectiveness in the debt collection procedures	SCAD and other sectors									
<p>3.2.3 Improved efficiency of the cashing of the debt</p> <p>- 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.)</p> <p>The assets are part of other items for equipment</p>	SGCA, SCAD									

Provision of equipment for the ongoing operation of the Center for Seized Items in Negotino - vehicle for transportation of seized items, fork lifter, etc.) The assets are part of other items for equipment.	SGCA, SCAD									
Total activities in year I: 3										
Total activities in year II: 3										
Total activities in year III: 3										
TOTAL for PROGRAM 3 SUBPROGRAM 2:										

**PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION  
SUBPROGRAM 3: COMPLIANCE RISK MANAGEMENT**

Activity	Responsible	Consulted	Timeframe		Required resources per years					
			Start (m/y)	End (m/y)	Human	Financial (denars)				
						2021	2022	2023		
3.3.1 Establishment of permanent capacity for risk management in the Compliance Risk Management Unit	CRM Unit		2021							
3.3.2 Development of analytical capabilities in the Unit as a prerequisite for risk management through relevant trainings	CRM Unit		2021	2023						
3.3.3 Development of Program for Managing the Compliance Risk 2020-2022	CRM Unit		2020	2022						
-Compliance plan for payroll taxes	CRM Unit									
-Compliance Plan for VAT,	CRM Unit									
-Compliance Plan for Rental and Sub-rental Income	CRM Unit									
-Compliance Plan for Fiscalization	CRM Unit									
-Compliance Plan for e-commerce	CRM Unit									
Total activities in year I: 3										
Total activities in year II: 3										
Total activities in year III: 3										
TOTAL for PROGRAM 3 SUBPROGRAM 3: 9										

**PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION  
SUBPROGRAM 4: INTRODUCTION OF DISASTER RECOVERY CENTER**

Activity	Responsible	Consulted	Timeframe		Resources required						
			Start (m/y)	End (m/y)	Human			Financial (denars)			
					2021	2022	2023	2021	2022	2023	
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									
Procurement of hardware and software (Budget 11,000,000 IPA II 61.700.000)			2021	2023							
<b>Total activities in year I: 1</b>											
<b>Total activities in year II: 1</b>											
<b>Total activities in year III: 1</b>											
<b>TOTAL for PROGRAM 3 SUBPROGRAM 4: 3</b>											

**3. Impacts on the human resources**

Program	New recruitment needs – summary	Staff reallocation need – summary	Training needs – summary
<b>Program 1: ADMINISTRATIVE CAPACITY BUILDING</b>	Environment that supports the institutional development – new recruitments	From lower value towards higher value – promotions	Will be delivered within the projects planned

**4. Principles of equitable representation**

Expected impact in year I	Expected impact in year II	Expected impact in year III
The Constitutional principle of proper and equitable representation of minorities in the Republic of North Macedonia will be adhered to when recruiting new staff	The Constitutional principle of proper and equitable representation of minorities in the Republic of North Macedonia will be adhered to when recruiting new staff	The Constitutional principle of proper and equitable representation of minorities in the Republic of North Macedonia will be adhered to when recruiting new staff

**5. Principles of equal opportunities for men and women**

Expected impact in year I	Expected impact in year II	Expected impact in year III

**6. Development of the joint functions**

<b>Policy development</b>
<b>Strategic planning/ Budget preparation</b> – Sector for Strategic Planning, Analysis and Statistics/ Sector for Financial Affairs/ in cooperation with all other sectors
<b>Budget execution and funds management</b> – Sector for financial affairs
<b>Human resources management</b> – Sector for Human Resources
<b>Information technology management</b> – Sector for IT

### Internal audit Sector for Internal Audit

There is an ongoing evaluation of the quality of implementation of the internal audit in accordance with the adopted Program for Quality Assurance and Improvement of the Operation of the Sector for Internal Audit and the adopted Performance Criteria. There is an ongoing and periodical assessment of the operation.

One person from the Sector for Internal Audit retired in 2019 and another one in 2020, which significantly impacts the quality of this function. In order to ensure operational continuity and related to the changes in the Law on Budget and the Law on Public Internal Control in the Public Sector that are supposed to be adopted in 2021, it is necessary to recruit 3 individuals in this Sector. The internal audit function will have a very important role in 2021-2023 where the aim will be to harmonize the PRO operations with the EU practice (both in terms of legal compliance and assessment of the internal control systems that are placed to ensure responsibility and accountability, especially in a situation of decentralized budget and progress of the PRO as an institution. Since the Sector for Public Internal Financial Control within the Ministry of Finance plans to deliver trainings for the internal auditor in the public sector, the newly recruited auditors could get involved in those trainings.

Changes in the PRO operation with the introduction of e-archives means change in all PRO function – paperless administration. This provides for efficient and effective operation and greater transparency. The Sector for Internal Audit will be involved together with all other sectors and intends to implement this way of working. We happily accept the challenge to be part of this project. We are not aware of the potential financial implications but we think that both SGCA and SFA can contribute accordingly.

## 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"> <li>Development and restructuring of the business processes in a manner that will enable cost efficient and effective work.</li> <li>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.</li> <li>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)</li> </ul>
Late adoption of the legal changes that impact the operations of the PRO	Large	Large	<ul style="list-style-type: none"> <li>Initiating changes in the laws</li> <li>Involvement in the adoption of such legal changes</li> <li>Preparation of procedures and operational guidelines</li> </ul>
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	Medium	Large	Capacity building of the PRO staff, especially of the IT staff, through new employments and relevant reallocations/ promotions
Failure to meet the plans for training and human resource development	Large	Large	Harmonization of the training needs with the Plan of the Tax Academy
Lack of procedures or inappropriate implementation of the quality control procedures	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 managementa	Large	Large	Manning of the Compliance Risk Management Unit with relevant staff as well as introduction of standards and methods for change management
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## 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"> <li>• Selection of staff with loyalty and integrity</li> <li>• Correct selection of employees for awarding</li> <li>• 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</li> </ul>
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"> <li>• Training of internal trainers</li> <li>• Preparation of procedures in accordance with the ISO 9001:2015 system for quality management</li> </ul>
Reduced trust of the taxpayers in the PRO	Large	Large	<ul style="list-style-type: none"> <li>• Satisfaction survey among the taxpayers implemented by independent company</li> <li>• Timely delivery of services</li> <li>• Provision of accurate information</li> <li>• Appropriate treatment of the taxpayers</li> </ul>
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"> <li>• Procurement of software for human resources management for the needs of the HR and the Tax Academy</li> </ul>
Lack of defined competencies per job position in each function of the PRO	Medium	Medium	<ul style="list-style-type: none"> <li>• Development of standards for competencies in the PRO</li> <li>• Implementation of the required competencies in the Acts for Organization and Systematization of the PRO</li> </ul>
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"> <li>• Introduction of sanctions in the internal acts of the PRO if the training event participants fail to meet their obligations,</li> <li>• Implementation of software solution for automatic processing of the Evaluation Questionnaires</li> </ul>
Unequal treatment of trainings implemented per PRO functions	Medium	Medium	<ul style="list-style-type: none"> <li>• Harmonization of the need and the selection of the staff for training between the sectors and the Tax Academy</li> <li>• Adoption of internal procedure through which criteria and circumstances will be established for election of the persons that will attend the trainings (CEF requirement)</li> <li>• Involvement of all functions in the delivery of trainings</li> </ul>
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"> <li>• 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</li> <li>• 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</li> </ul>

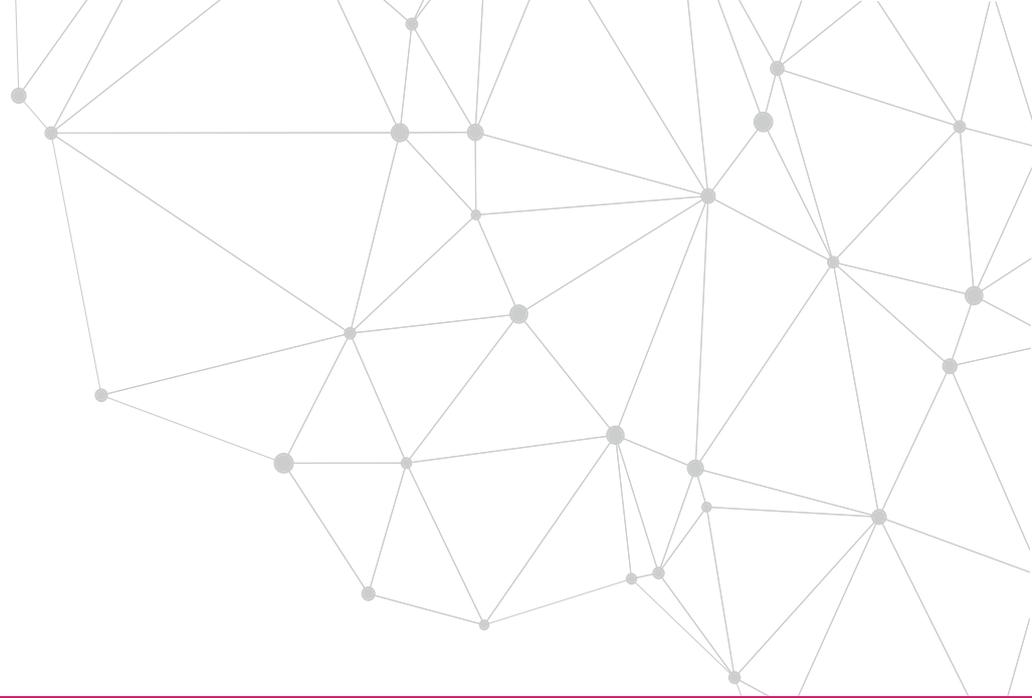
Selection of inappropriate persons for specific training	Medium	Medium	<ul style="list-style-type: none"> <li>Evaluation of the contribution provided by the participants in various trainings</li> <li>Delivery of specialized trainings</li> </ul>
Failure to deliver internal training by a training participant/ 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"> <li>Adoption or harmonization of internal procedure/ Rulebook that will prescribe mandatory requirement for delivery of internal training</li> </ul>
Failure to secure funds for tools	Medium	Small	<ul style="list-style-type: none"> <li>Use of open source tools</li> </ul>
Lack of sustainability of the PRO IT system	Large	Large	<ul style="list-style-type: none"> <li>Securing budget for purchase of new IT system</li> <li>Securing budget for increase of the reliability and sustainability of the IT system</li> </ul>
Large changes in the legal provisions	Medium	Medium	<ul style="list-style-type: none"> <li>Harmonization with the existing legal framework</li> </ul>

<b>RISKS ON PROGRAM 2 LEVEL</b>	<b>LIKELIHOOD OF RISK OCCURRENCE</b> (Large, medium, small)	<b>IMPACT OF THE RISK ON THE IMPLEMENTATION OF THE OBJECTIVES</b> (Large, medium, small)	<b>MEASURES FOR DEALING WITH THE RISK</b> (measures that will be implemented for dealing with the risk are described)
Lack of mechanism for identification and fight against tax fraud	Medium	Medium	<ul style="list-style-type: none"> <li>Cooperation between the PRO and the Directorate for Financial Police, with other investigative authorities</li> </ul>
Lack of mechanisms for identification of the revenues generated via e-commerce	Medium	Medium	<ul style="list-style-type: none"> <li>Collecting third party information</li> <li>Use of relevant tools to determine the revenues generated via e-commerce</li> </ul>
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"> <li>Delivery of trainings on the new trending trends in the trade</li> </ul>

<b>RISKS ON PROGRAM 3 LEVEL</b>	<b>LIKELIHOOD OF RISK OCCURRENCE</b> (Large, medium, small)	<b>IMPACT OF THE RISK ON THE IMPLEMENTATION OF THE OBJECTIVES</b> (Large, medium, small)	<b>MEASURES FOR DEALING WITH THE RISK</b> (measures that will be implemented for dealing with the risk are described)
Lack of finances	Large	Medium	<ul style="list-style-type: none"> <li>Coordination with the MF, the Macedonian Government and the EU Delegation</li> </ul>
Bad coordination with other institution involved in the project for introduction of disaster recovery facility	Large	Small	<ul style="list-style-type: none"> <li>Coordination with the MF, the Macedonian Government and the EU Delegation</li> </ul>
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"> <li>The Collegium meeting follows the progress of the projects on regular basis</li> </ul>
Lack of human and institutional capacities in the PRO, especially in the SIT	Large	Large	<ul style="list-style-type: none"> <li>HR management policy</li> </ul>
Lack of dedication and resistance to change of the PRO staff	Medium	Medium	<ul style="list-style-type: none"> <li>Ensured transparency and involvement of as many PRO staff as possible in the projects</li> </ul>
Late preparation of the deliveries	Medium	Medium	<ul style="list-style-type: none"> <li>Defining of the reporting rules</li> </ul>
Late procurement of the hardware	Medium	Small	<ul style="list-style-type: none"> <li>Temporary use of the existing equipment</li> </ul>

Lack of relevant premises for the system room	Small	Medium	<ul style="list-style-type: none"> <li>Use the existing system room</li> </ul>
Inefficient electronic communication with the taxpayers	Medium	Medium	<ul style="list-style-type: none"> <li>Ensuring smooth flow of information</li> </ul>
Lack of availability of mobile tax counters in all populated areas	Medium	Medium	<ul style="list-style-type: none"> <li>Maximum use of the mobile tax counters (vehicles)</li> </ul>
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"> <li>Securing human resources required for uninterrupted operations</li> </ul>
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"> <li>Securing human resources required for uninterrupted operations</li> <li>Implementing measures and activities for resolving the identified situations (inaccurate data, etc.)</li> </ul>
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"> <li>Continuous monitoring of the operations for debt collection and implementation of measures and activities when such situations are identified</li> </ul>
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"> <li>Continuous monitoring of the operations for debt collection and implementation of measures and activities when such situations are identified</li> </ul>
Late implementation of all phases in the process of adoption of legal changes	Medium	Large	<ul style="list-style-type: none"> <li>Continuous monitoring of the process and provision of support</li> </ul>
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"> <li>Continuous monitoring of the operations and implementation of measures and activities when detecting such situations</li> </ul>
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"> <li>Continuous monitoring of the process and provision of support</li> <li>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</li> </ul>
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"> <li>Continuous monitoring of the process in order to prevent eventual delays</li> </ul>
Failure to introduce compliance risk management	Large	Large	<ul style="list-style-type: none"> <li>Manning of the Compliance Unit</li> </ul>
Loss of data due to failure to provide backup system	Large	Large	<ul style="list-style-type: none"> <li>Introduction of Disaster Recovery Center</li> </ul>





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