



Republic of North Macedonia
Ministry of Finance
PUBLIC REVENUE OFFICE



2022-2024



STRATEGIC PLAN OF THE PUBLIC REVENUE OFFICE

Prepared and issued by:

Public Revenue Office
Blvd. "Kuzman Josifovski - Pitu" No.1,
1000 Skopje
www.ujp.gov.mk
info@ujp.gov.mk

Editors:

Aneta Cuveska - Sector for Strategic Planning, Analysis and Statistics

Design and preparation:

Dragica Nikoloska - Sector for Support of the Director and Public Relations

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ABBREVIATIONS OF THE ORGANIZATIONAL UNITS (SECTORS) IN ACCORDANCE WITH THE EXISTING ORGANIZATIONAL STRUCTURE



- **SHR** - Sector for Human Resources
- **SLA** - Sector for Legal Affairs
- **SFA** - Sector for Financial Affairs
- **SGCA** - Sector for General and Common Affairs
- **STST** - Sector for Taxpayer Services and Taxes
- **SRAT** - Sector for Registration and Assessment of Tax
- **SCMD** - Sector for Collection and Management of Debt
- **GTI** - General Tax Inspectorate
- **DIT** - Directorate for Information Technology
- **SSPAS** - Sector for Strategic Planning, Analysis and Statistics
- **SIC** - Sector for International Cooperation



- **SSDPR** - Sector for Support to the Director and Public Relations
- **CRMU** - Compliance Risk Management Unit
- **PSU** - Professional Standards Unit
- **TA** - Tax Academy
- **SIA** - Sector for Internal Audit
- **CC** - Contact Center
- **CCFPR** - Center for Collection of Fines and Other Public Revenues
- **SSI** - Center for Seized Items
- **CPAYE** - Center for PAYE Calculations
- **PT** - Project team
- **MRQ** - Management representative for quality

INTRODUCTION

The strategic priorities of the Public Revenue Office (PRO) include the core development components the implementation of which is planned for the period 2022-2024. 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">• The PRO's management structure has objective knowledge of the PRO situation and also has a consensus on the need for comprehensive modernization;• The PRO actively monitors the development processes of the sister administrations in the EU countries• In the recent years, the PRO increased the level of tax discipline and voluntary declaring of taxes• The PRO increased the transparency and publicity in its operations and has achieved a high level of transparency and publishing of the tax administration activities, tax results and plans• Efficient use of the electronic payment systems• The PRO has advanced the processes of providing informative and educational services to the taxpayers• The PRO is achieving high level of collection of the tax and non-tax public duties which, even if they fail to meet in full the annual plan, still show increasing trend in relation to the previous years• Tax withholding and advance payment regimes are used• E-services: partial electronic submissions and serving of acts; information system for monitoring of incoming and outgoing payments from the games of chance, organized by the respective entities; system for electronic issuing of invoices for the taxpayers (donor projects); GPRS system for connection with the fiscal cash registers; system of electronic auctions in which everyone can have insight and participates in biddings for seized goods; system for data exchange with specific state institutions; intranet which facilitates the internal communication; e-personal income tax	<ul style="list-style-type: none">• The PRO is still burdened with collection of non-tax revenues which reduces the capacity and the focus for collection of taxes and contributions• The PRO is vested with new responsibilities it must implement in short period of time, without being provided with the necessary human and financial resources• The existing IT system organization requires implementation of operational activities on HQ level as well, with takes away the capacity for strategic activities• There is no connection between the different tax records and they are incomplete• The IT system is obsolete, not fully integrated and does not support all business processes and reporting needs – some analyses have to be prepared manually• The IT system has limited capacity and difficulties when it comes to harmonization in a case of law changes• The PRO lacks IT staff and is facing dropout of such staff• The PRO has disproportionate allocation of the staff along the organizational unit as well as unfavorable age structure• Not all managerial positions are manned, hence there is a risk of a lack of management and leadership• Weak assessment, evaluation, ranking and mitigation of compliance risks• Lack of process for gradual resolution of disputes• Inappropriate external audit coverage• Inappropriate management with the tax refund

MISSION – PURPOSE OF THE PUBLIC REVENUE OFFICE

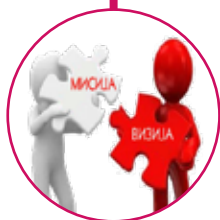


The mission of the Public Revenue Office is to provide fair and efficient collection of taxes and other public duties, with a high degree of voluntary compliance of the taxpayers, through simplified tax procedures and digitalized taxpayer assistance and support services in order to help them for proper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

VISION



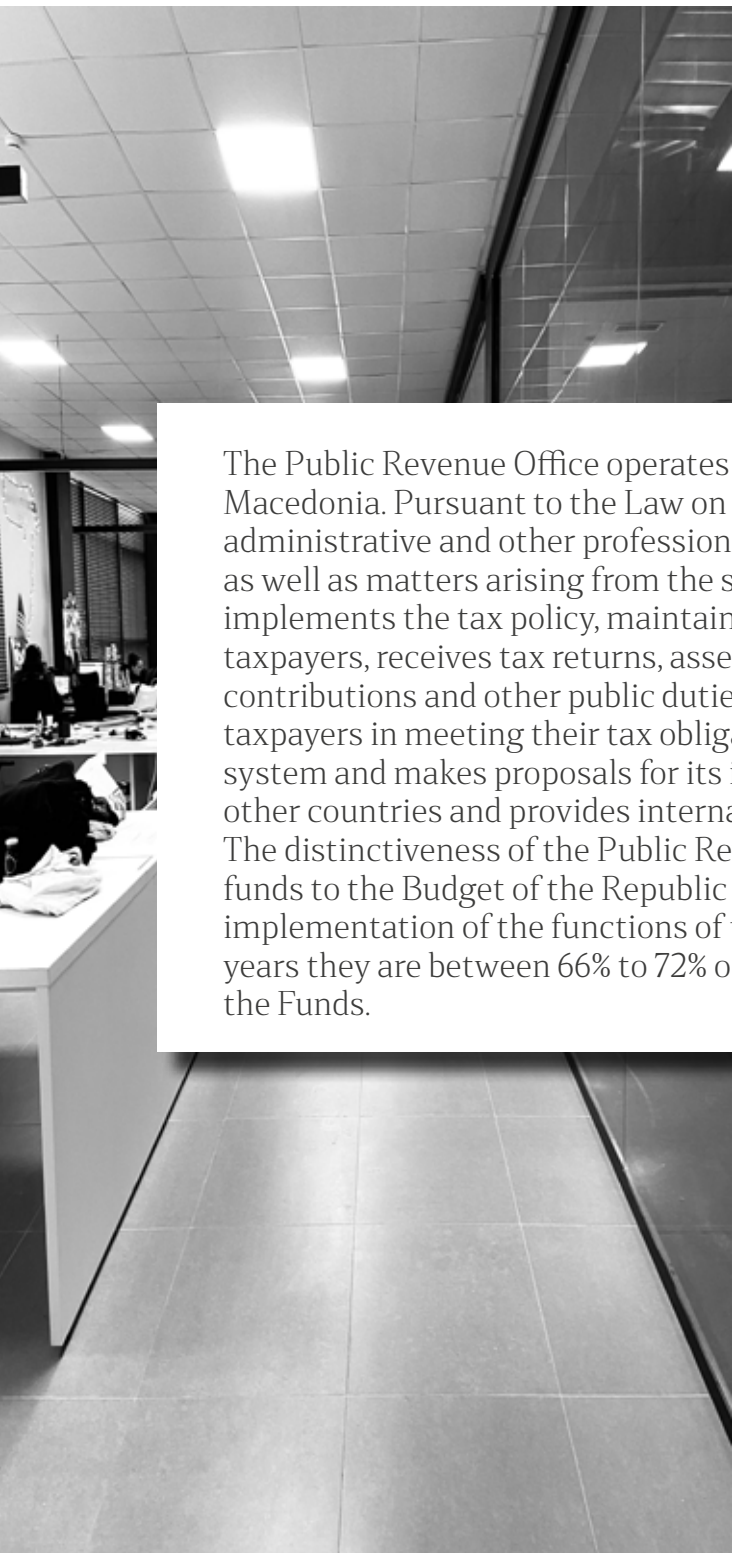
The vision of the Public Revenue Office is to become a model of professional organization that is recognizable in accordance with the best EU practices and quality standards, with high integrity and trust in the community as a guarantee for encouraging and maintaining of a high degree of voluntary compliance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



For the purpose of realization of our vision, we continue to build our administrative capacity in order to achieve increased performance standards by improving the business practices and bringing about changes in accordance with the overall digital transformation. We started to introduce a new organizational culture in the work of the tax administration, which ensures professionalism, quality and transparency as well as accountability for the results. The Public Revenue Office creates a unique policy for providing simple tax procedures and digitized services in order to assist and support the taxpayers in terms of timely and accurate compliance. In managing 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 the implementation of the functions of the state. Depending on the mandate, in the recent years they are between 66% to 72% of the projected revenues to the Core Budget and the Funds.



SPECIFICITY OF THE PUBLIC REVENUE OFFICE

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

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

STRUCTURE OF THE PUBLIC REVENUE OFFICE

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

As of 30.09.2021, the PRO is implementing its activities with a total of 1,150 staff, 2 officials and 15 staff 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, with aim to improve the administration of tax revenues and contributions, provision of quality customer service, improvement of the skills and knowledge of the tax officers.

Continue the development and restructuring of the business processes for the new tax integrated IT system (modeled business processes that need to be reengineered and integrated in the new IT system), consolidation of databases from the existing IT systems/ subsystems into a single database with the introduction of ESB for Data Warehouse, development and introduction of 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 THE INFORMAL ECONOMY**

- Improvement of activities aimed at fight against tax frauds and formalizing of the informal economy

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

- Improved stability, efficiency and quality of the revenue collection system (tax system and policy)
- More efficient and effective management with due tax debt
- 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 2021-2023 (since January 2021)
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 2021 for EU support in the public finance management (PFM)
5. Progress Report for RN Macedonia of the European Commission for 2021 (October 2021)
6. National Program for Adoption of the European Union Acquis (NPAA), Revision 2021-2025 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 (March 2021)
11. Strategy for tax system reform (2021-2025)
12. Strategy for Formalization of the Informal Economy in RN Macedonia 2018-2022 (March 2018)
13. Program for Economic Reforms (PER), European Commission (2021-2023)
14. PRO Strategic Plan 2021-2023
15. PRO IT Strategy 2019-2022 (16/01/2019)
16. Budget of the Republic of North Macedonia for 2022
17. Annual Public Procurements Plan of the PRO for 2021
18. Compliance Improvement Plan of the PRO for 2020-2022
19. Plan for e-commerce of unregistered taxpayers operating on the social media
20. Compliance Plan for fiscalization
21. Compliance Plan for PAYE
22. Registry of Risks of the PRO for 2020-2022
23. World Bank Report from the PRO tax assessment (July 2020)

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

SUB-PROGRAMS (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 total number of training events in relation to the Annual Plan for Education
- % of utilization of the funds awarded for FISCALIS 2020
- (IOTA) Number of approved participations on events from the PRO/ Number of events foreseen in the Annual Program of IOTA at which the PRO can participate
- (CEF) Number of applications filed by the PRO/ Number of applications accepted by CEF in accordance with the Annual Program of CEF
- (TAIEX) Number of applications filed by the PRO/ Number of applications approved by TAIEX/ Number of implemented TAIEX applications

B: Plan for implementation of the program

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

Activity	Responsible	Consulted	Timeframe		Required resources per years					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2022	2023	2024	2022	2023	2024
1.1.1 Certification of the PRO (ISO 9001:2015 system for quality management)										
Procurement of consultancy services for introduction of certification in accordance with the international standard ISO 9001:2015 (Quality management system)	SGCA		2022	2023				Budget 1,062.000		
Trainings for ISO 9001:2015 system for quality management, trainings for internal trainers	SGCA + Sectors									
Harmonization of procedures/ documents/ acts with quality management system.	Sectors									
1.1.2 Satisfaction survey among the taxpayers implemented by independent company	STST, CRMU SGCA		2022	2022				Budget 1.000.000		
1.1.3 Resuming of the project for User Oriented Environment	SGCA, ROs, HQ		2022	2022				Budget 30,000,000		
1.1.4 Upgrade of the PRO website www.ujp.gov.mk	DIT, SSDPR STST, SGCA		2022	2022				Budget 400.000		
Total activities in year I: 4										
Total activities in year II: 1										
Total activities in year III: 0										
TOTAL FOR PROGRAM 1, FOR SUB-PROGRAM 1: 5							Budget	32.462.000		

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

Activity	Responsible	Consulted	Timeframe		Required resources per years					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2022	2023	2024	2022	2023	2024
1.2 Monitoring the changes and processes in the HR management	<u>Staff meeting/</u> <u>+ SHR</u>	MoF / MISA								
1.2.1 More staff in the PRO (100 new recruitments = 125 promotions)	SHR	MoF / MISA	2022	2024	100 new recruitments 125 promotions			Budget 35,000,000		
1.2.2 Changes in the organization and systematization acts in accordance with the functional analysis for internal organization of the PRO	<u>Staff meeting/</u> <u>+ SHR</u>		2022	2024						
1.2.3 Procurement and maintenance of software for personnel records and HR management	DIT+ SHR SGCA+ SFA + TA		2022	31.12.2022	✓			Budget 800,000		
1.2.4 Improvement of staff competencies through education and organization of internal trainings for staff from educational events organized by external houses and other organizations	TA + Staff meeting + SFA + internal trainer		ongoing	ongoing	✓	✓	✓	Budget 4,000,000		
1.2.5 Specialized trainings for the IT staff	TA+DIT		2022	2024						

1.2.6 Participation in the EU programs and technical assistance from international organizations (IOTA; FISCALIS 2020; CEF; TAIEX; International Monetary Fund)	SIC + SFA+ SGCA +SHR (for IOTA, FISCALIS 2020 CEF TAIEX) Staff meeting + SIC (for the IMF)		2022	2024				Memmmbership fee IOTA 550,000 Other costs IOTA 750,000 Other costs CEF, TAIEX 200,000 FISCALIS 1,794,000	Memmmbership fee IOTA 550,000 Other costs IOTA 750,000 Other costs CEF, TAIEX 200,000 FISCALIS 1,825,000	Memmmber- ship fee IOTA 550,000 Other costs IOTA 750,000 Other costs CEF, TAIEX 200,000 FISCALIS 1,270,000
Total activities in year I: 6										
Total activities in year II: 5										
Total activities in year III: 5										
TOTAL FOR PROGRAM 1, SUB-PROGRAM 2: 16							Budget	43.094.000	3.325.000	2.770.000



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 the informal economy.

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

This Program is: *(please tick the type of the Program)*



horizontal



vertical

PROGRAM 2: IMPROVEMENT OF THE CAPACITIES FOR PREVENTION AND DETECTION OF TAX EVASION AND FORMALIZATION OF THE INFORMAL ECONOMY

SUB-PROGRAM 1: IMPROVEMENT OF THE ACTIVITIES FOR FIGHT AGAINST TAX FRAUDS AND FORMALIZATION OF THE INFORMAL ECONOMY

Success indicator:

- 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
- Realized trainings and identified tools and methods for identification of risky taxpayers and implemented audits for e-commerce,
- Introduced organizational and administrative prerequisites for audits for transfer prices, simultaneous audits and joint audits with other tax administrations
- Implemented supervision approach in accordance with the risk assessment, in accordance with 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: IMPROVEMENT OF THE CAPACITIES FOR PREVENTION AND DETECTION OF TAX EVASION AND FORMALIZATION OF THE INFORMAL ECONOMY SUB-PROGRAM 1: IMPROVEMENT OF THE ACTIVITIES FOR FIGHT AGAINST TAX FRAUDS AND FORMALIZATION OF THE INFORMAL ECONOMY

Activity	Responsible	Consulted	Timeframe		Required resources per years					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2022	2023	2024	2022	2023	2024
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		2022	2024						
INTRODUCTION OF A FUNCTION FOR INVESTIGATING TAX FRAUDS	PRO-MoF									
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		2022	2024						
2.1.3 Implementation of the Action Plan for Supervision Approach in accordance with the risk assessment, in accordance with the Law on Prevention of Money Laundering and Financing of Terrorism	GTI		2022	2024						

2.1.4 Implementation of Action Plan for implementation of activities related to capacity building for international taxation and audit of transfer pricing	GTI		2022	2022						
2.1.5 Establishment of new organizational unit in the GTI in relation to the competencies related to international taxation and transfer prices	GTI		2022	2024						
2.1.6 Procurement of licence for use of commercial software for analyzing transfer pricing (100,000 euros per year)	GTI		2022	2022				Budget 6,000,000		
2.1.7 E-commerce project Specialization of the staff in the Tax Inspectorate, SRAT and DIT. Identification of tools and methods for collection of data related to e-commerce, use and processing of that data	MoF/PRO DIT+ GTI+SRAT		2022	2024						
INDIRECT METHODS PROJECT										
2.1.8 Identification of sources for risk analysis for taxpayers – individuals. Defining of risk criteria for taxpayers – individuals	GTI+SRAT -DIT		2022	2024						
2.1.9 E-invoice project Hardware, software and specialization of the staff in the Tax inspectorate, SRAT and DIT (additionally with MoF)	MoF/PRO DIT+ GTI+SRAT		2022	2024				Budget 19,000,000		

2.1.10 PRO activities for practical implementation of the standards foreseen by the BEPS Action Plan (5, 6, 13 and 14) of the BEPS Inclusive Framework	MoF / PRO (GTI+LTO +SRAT+SIC)		2022	2024						
2.1.11 Introduction of automatic exchange of information on financial accounts with other tax administrations	MoF/PRO (SIC +DIT+SRAT		2022	2024						
Total activities in year I:11										
Total activities in year II: 9										
Total activities in year III: 9										
TOTAL FOR PROGRAM 2 SUB-PROGRAM 1: 29						Budget		25.000.000		



PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION

Program objective:

Improve 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, more effective and more efficient management with the due debt and facilitation of the tax debt payment for the taxpayers, introduced system process for ongoing compliance risks management as well as ensuring long-term financial stability of the PRO system in case of crisis.

PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION

SUB-PROGRAM 1: IMPROVED STABILITY, EFFICIENCY AND QUALITY OF THE REVENUE COLLECTION SYSTEM (TAX SYSTEM AND POLICY)

Success indicator:

- % of digitalized tax services (2018–40%; 2019–40%; 2022–80%; 2024–100%)
- Total number of institutions with which the IT exchanges information
- Improved security and sustainability of the IT systems (percentage of successful security and safety tests of the system)
- Percentage of data moved into the Data Warehouse
- Adopted Rulebook on the Content and Manner of management of accounts in the tax accounting for the assessed and collected taxes and other public duties
- Adopted internal acts of the PRO (guideline, etc.) on the manner of operation of the tax officers when managing the accounts in the tax accounting for the assessed and collected taxes and other public duties
- Initiated procedure for public procurement of software for implementation of tax procedures and debt management

**SUB-PROGRAM 2:
MORE EFFICIENT AND MORE
EFFECTIVE MANAGEMENT WITH THE
DUE DEBT**

Success indicator:

- Rate of timely payment of tax (VAT) – improved ratio compared to the previous year
- Share of the debt that was reprogrammed since the beginning of the calendar year in the total reprogrammed debt – increase in comparison to the previous year
- Amount of due unpaid installments/ total amount of unpaid debt in deferred payment – improved ratio compared to the previous year
- Total tax arrears/ Total annual collection of revenues (VAT) – improved ratio compared to the previous year
- Debt over 12 months old/ Total tax debt (VAT) - improved ratio compared to the previous year
- Amount of due tax debt at the end of the reporting period – reduction compared to the previous year
- Total number of debtors at the end of the reporting period – reduction compared to the previous year
- Amount of established tax guarantee and collection of tax debt on the basis of established tax guarantee – increase compared to the previous year

Success indicator:

- % increase of the self-taxation in the current year, in relation to the previous year
- % increase of the salaries in specific activities
- % increase of the personal tax and contribution in the current year, in relation to the previous year
- % increase in the number of cash register receipts issued, including reduced cases of cancellation of the receipts
- % increase in the number of business entities registered for e-commerce,
- Reduction of the number of non-registered entities

**SUB-PROGRAM 3:
COMPLIANCE RISK MANAGEMENT**

Success indicator:

- Continuity of the business processes and stability of the electronic systems of the PRO regarding data and business processes in case of crisis (2022 - 80% continuity of the business processes; 2024 - 100% continuity of the business processes)

**SUB-PROGRAM 4: INTRODUCTION OF
DISASTER RECOVERY CENTER**

B: Plan for implementation of the program

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

Activity	Responsible	Consulted	Timeframe		Resources needed					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2022	2023	2024	2022	2023	2024
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 into the new IT system)	PRO DIT, PT, Sectors, SGCA		2022	2024						
3.1.2 Software for managing business tasks and projects	DIT		2022	2022						
3.1.3 Upgrade and maintenance of the IT sub-systems of the PRO	DIT, Tax functions, SGCA									
3.1.3.1 System for games of chance – NIS	DIT, GTI, SGCA		2022	2024				Budget 10,000,000		
3.1.3.2 Upgrade of GPRS	DIT, SRAT, GTI, SGCA		Continuous					Budget 7,000,000		
3.1.4 Development and restructuring of the IT sub-systems of the PRO	DIT, Tax functions, SGCA									
3.1.4.1 Maintenance of e-personal tax and integration in IDIS	DIT, SRAT, SGCA		2022	2023				Budget 3,000,000		
3.1.4.2 Software for implementation of tax procedure and debt management	DIT, SCMD, SGCA		2022	2023				Budget 27,300,000		

3.1.4.3 Consolidation of databases of the existing IT systems/ sub-systems into a single database for introduction of ESB for Data exchange and introduction of data warehouse, including licenses for system software and databases	DIT, SRAT,SCMD, GTI, SGCA		2022	2022				Budget 29.000.000		
3.1.4.4 Introduction of system for en mass sending of electronic messages and system for introduction of electronic signature and time stamp	DIT, SRAT,SCMD, GTI, SGCA		2022	2023				Budget 10.000.000		
3.1.4.5 Introduction of software for data analysis and compliance and risk management	DIT, SRAT,SCMD, GTI, SGCA		2022	2024				Budget 34.000.000	Budget 34.000.000	
3.1.5 Introduction of new IT infrastructure	DIT, Management									
3.1.5.1 Consolidating workstations and peripherals – procurement of IT equipment	DIT, SGCA		Continuous					Budget 28.000.000	Budget 28.000.000	
3.1.5.2 IT equipment maintenance (hardware and system software)	DIT, SGCA		Continuous					Budget 8.500.000	Budget 8.500.000	Budget 8.500.000
3.1.5.3 Equipment and software for introduction of data warehouse	DIT, SGCA		2022	2023				Loan 68.000.000	Loan 68.000.000	
3.1.5.4 Upgrade of the bandwidth capacity and services	DIT, SGCA		2022	2024				Budget 13.000.000		

3.1.6 Increased security of the PRO systems <ul style="list-style-type: none"> Verification of weaknesses and penetrability of the IT system and preparation of plan for improving the security Implementation of IT infrastructure for improved security of the IT system 	DIT, SGCA		2022	2024				Budget 40.000.000	Budget 20.000.000	Budget 2.000.000
3.1.7 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 euros (total amount for the PRO, MoF and the Customs)	PRO+PT	MoF/Customs	January 2022	December 2023						
Total activities in year I: 15										
Total activities in year II: 13										
Total activities in year III: 8										
TOTAL FOR PROGRAM 3 SUB-PROGRAM 1: 36					Budget			209.800.000	90.500.000	10.500.000

PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION
SUB-PROGRAM 2: MORE EFFICIENT AND MORE EFFECTIVE MANAGEMENT WITH THE DUE DEBT

Activity	Responsible	Consulted	Timeframe		Resources needed					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2022	2023	2024	2022	2023	2024
3.2.1 Targeted assistance and reduction of the “administrative” burden on the low-risk debtors, in order to prevent the increase of the unpaid tax liabilities										
<ul style="list-style-type: none"> • Early identification and rapid intervention towards new debt, implementation of various forms of proactive contacts with the debtors in order to exercise positive indirect impact for the purpose of voluntary payment of the debt (messages via e-taxes, telephone communication via the Contact Center and other forms) 	SCMD		2022	2022						
<ul style="list-style-type: none"> • Effective implementation of the measure for deferral of payment of the tax debt 	SCMD		2022	2023						
3.2.2 Introduction of a framework for proper use of all means for collection of debt at all debtors that are proportional to the risk level of the debtor and the age of the debt, in order to ensure more effective payment and cashing of the debt	SCMD		2022	2024						
<ul style="list-style-type: none"> • Internal act adopted – Framework of minimal and follow-up activities for securing the payment and cashing of the debt 										
3.2.3 Resolving cases of old (accumulated) unpaid debt			2022	2023						
<ul style="list-style-type: none"> • Adopted internal act on the methodology, criteria and procedure for implementation of write-off of uncollectable and obsolete debt 	SCMD, SRAT		2022	2022						

<ul style="list-style-type: none"> Implementation of measures vested in the PRO for improved tax discipline of the public enterprises (tailor made to each debtor) 	ROs, LTO SCMD		2022	2023						
<ul style="list-style-type: none"> Implementation of Action Plan with measures established on the basis of segmentation of the accumulated debt and implementation of the recommendations of the Commission for doing inventory of debt and identification of the real value of the collectable debt, with focus on largest debt 	ROs, LTO SCMD, SRAT		2022	2023						
3.2.4 Relevant response towards the main reasons for non-compliance and accumulated unpaid tax debt										
<ul style="list-style-type: none"> Development and implementation of regular organization processes for identification of tax guarantee for payment of due tax debt using all mechanism regulated by the Law on Tax Procedure – adopted internal act of the PRO on the methodology and procedure for establishing tax guarantee and assigning tax guarantor who guarantees for payment of the tax debt 	SCMD		2022	2023						
<ul style="list-style-type: none"> Development and implementation of communication plan in order to improve the social awareness about the tax responsibility of the founders and managers of companies, including inter-institutional harmonization when practicing the mechanisms related to this responsibility 	SCMD, LTO, SSDPR		2022	2023						
3.2.5 Foundations for better management with tax debt – improvement of the framework (laws, procedures, internal organization, etc.)										
<ul style="list-style-type: none"> Proposals for changes and amendments to the Law on Tax Procedure in terms of debt collection – harmonized between the PRO and the MoF 	SCMD		2022	2023						
<ul style="list-style-type: none"> Updated guidelines and methodologies for implementation of procedures for collection of tax debt 	SCMD		2022	2023						

<ul style="list-style-type: none"> • Improvement of the institutional capacity for implementation of measures for enforced collection of tax debt with inventory, appraisal, seizure and cashing of assets of the debtor 	SCMD SHR		2022	2024						
3.2.6 Project “Tax payment order” in order to simplify the payment of the tax debt – e-payment <ul style="list-style-type: none"> • Achieving of harmonization with MoF and third parties about the concept, related activities, opportunities, dynamics, etc. • Preparation of final project documentation • Implementation of public procurement procedure • Other activities 	SCMD, DIT, SGCA		2022	2024						Budget 3.700.000
Total activities in year I:13					Budget:					3.700.000
Total activities in year II: 11										
Total activities in year III: 3										
TOTAL FOR PROGRAM 3 SUB-PROGRAM 2:27										

PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION SUB-PROGRAM 3: COMPLIANCE RISK MANAGEMENT										
Activity	Одговорни	Responsible	Timeframe		Required resources per years					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2022	2023	2024	2022	2023	2024
3.3.1 Introduction of permanent capacity for risk management in the Risk Management Unit	CRMU		2022	2024	5 staff					
3.3.2 Development of analytical capabilities in the Unit as a prerequisite for risk management through relevant trainings	CRMU		2022	2024	5 staff					
3.3.3 Development of Compliance Improvement Plan of the PRO for 2020-2022	CRMU		2022	2022	5 staff					
• Compliance plan for payroll taxes (PAYE)	CRMU		2022	2024	5 staff					
• Compliance plan for VAT,	CRMU		2022	2024	5 staff					
• Compliance plan for rental and sub-rental income	CRMU		2022	2024	5 staff					
• Compliance plan for fiscalization	CRMU		2022	2024	5 staff					
• Compliance plan for e-commerce	CRMU		2022	2024	5 staff					
Total activities in year I: 8										
Total activities in year II: 7										
Total activities in year III: 7										
TOTAL FOR PROGRAM 3 SUB-PROGRAM 3: 22										

PROGRAM 3: PUBLIC FINANCE MANAGEMENT – REVENUE MOBILIZATION SUB-PROGRAM 4: INTRODUCTION OF DISASTER RECOVERY CENTER										
Activity	Одговорни	Responsible	Timeframe		Required resources per years					
			Start (m/y)	End (m/y)	Human			Financial (denars)		
					2022	2023	2024	2022	2023	2024
3.4.1 Establishment of Disaster Recovery Center that will provide full backup of the data and business processes of the PRO Procurement of hardware and software	DIT, SGCA	MoF, World Bank	2022	2023					70.000.000	
Total activities in year I: 1				Budget:					70.000.000	
Total activities in year II: 1										
Total activities in year III: 0										
TOTAL FOR PROGRAM 3 SUB-PROGRAM 4: 2										

3. Impacts on the human resources			
Program	Summary of the need for new recruitments	Summary of the need for staff reallocation	Summary of the training needs
Program 1: ADMINISTRATIVE CAPACITY BUILDING	Provision of environment conducive to institutional development – new recruitments	From lower value towards higher value - promotions	Will be implemented within the planned projects

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

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

Development of policies

Strategic planning/ Budget preparation Sector for Strategic Planning, Analysis and Statistics/ Sector for Financial Affairs/ in cooperation with all other sectors

Execution of the Budget and funds management – Sector for Financial Affairs

Human Resources Management – Sector for Human Resources

IT technology management – Sector for IT

Internal audit – Sector for Internal Audit

The Internal Audit function will have a very important role in 2022-2024 period when it comes to harmonization of the PRO operations with the EU practice, both in terms of compliance with the laws and in terms of evaluation of the internal control systems that will improve the responsibility and accountability, especially in a situation of decentralized budget and the overall progress of the PRO.

The changes in PRO operations with the introduction of e-archives also means change for all PRO functions in terms of paperless work. This manner of work also provides cost-efficient, efficient and effective operation as well as greater transparency. As part of the sectors that will be involved, SIA intends to deliver this using the tool that will enable this way of work.

RISKS ON STRATEGIC PLAN LEVEL

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

RISKS ON PROGRAM LEVEL

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

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

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

RISKS ON PROGRAM 3 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 Measures that will be implemented for dealing with the risks are described
Lack of finances	Large	Medium	<ul style="list-style-type: none"> Coordination with the MF, the Macedonian Government, the EU Delegation, World Bank
Lack of dedication by the senior management of the PRO for introduction of integrated tax information system (IDIS)	Medium	Small	<ul style="list-style-type: none"> The staff meeting follows the progress of the projects on regular basis
Lack of human and institutional capacities in the PRO, especially in the DIT	Large	Large	<ul style="list-style-type: none"> HR management policy

Lack of dedication and resistance to change of the PRO staff	Medium	Medium	<ul style="list-style-type: none"> Ensured transparency and involvement of as many PRO staff as possible in the projects
Late preparation of the deliveries	Medium	Medium	<ul style="list-style-type: none"> Defining of the reporting rules
Late procurement of the hardware	Medium	Small	<ul style="list-style-type: none"> Temporary use of the existing equipment
Lack of relevant premises for the system room	Small	Medium	<ul style="list-style-type: none"> Use the existing system room
Inefficient electronic communication with the taxpayers	Medium	Medium	<ul style="list-style-type: none"> Ensuring smooth flow of information
Lack of availability of mobile tax counters in all populated areas	Medium	Medium	<ul style="list-style-type: none"> Maximum use of the mobile tax counters (vehicles)
Lack of human resources in the sectors for collection, enforced collection, administration of bankruptcy procedures and debt analysis and management	Medium	Large	<ul style="list-style-type: none"> Securing human resources required for uninterrupted operations
Lack of resources and other obstacles for quick implementation of the activities that mean implementation of modern methods for early identification and rapid intervention towards newly occurred debt	Small	Large	<ul style="list-style-type: none"> Securing human resources required for uninterrupted operations Implementing measures and activities for resolving the identified situations (inaccurate data, etc.)
Defocusing from the priorities to act towards the debtors in accordance with their level of risk for payment of the debts	Medium	Large	<ul style="list-style-type: none"> Continuous monitoring of the operations for debt collection and implementation of measures and activities when such situations are identified
Inappropriate implementation, or lack of implementation, of all measures for collection of debt from all assets of the tax debtor and from other tax debtors (solidarity debtor and tax guarantor)	Small	Large	<ul style="list-style-type: none"> Continuous monitoring of the operations for debt collection and implementation of measures and activities when such situations are identified
Late implementation of all phases in the process of adoption of legal changes	Medium	Large	<ul style="list-style-type: none"> Continuous monitoring of the process and provision of support

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



www.ujp.gov.mk

info@ujp.gov.mk

kontaktcentar.ujp.gov.mk

e-pdd.ujp.gov.mk

etax-fl.ujp.gov.mk