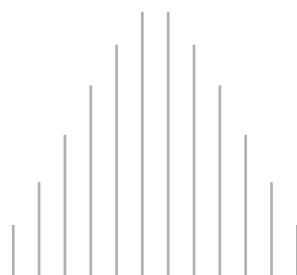


Republic of North Macedonia  
Ministry of Finance

**PUBLIC REVENUE OFFICE**

**2024-2026**

# STRATEGIC PLAN OF THE PUBLIC REVENUE OFFICE



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## Strategic plan of the Public revenue office 2024-2026

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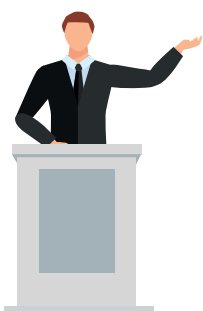
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# ABBREVIATIONS OF THE ORGANIZATIONAL UNITS (SECTORS) IN ACCORDANCE WITH THE EXISTING ORGANIZATIONAL STRUCTURE



- SHR - Sector for Human Resources
- SLA - Sector for Legal Affairs
- SFP - 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 - Sector for IT Development
- SITSISM - Sector for IT Support and Information System Maintenance
- 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
- DPC - Center for Data Processing
- 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 2024-2026. The document provides the general guidelines such as priority objectives, the measures that should be taken for their implementation and the activities that, with consistent implementation by the staff and secured by adequate funding, will ensure not only implementation of the mission and vision of the institution, but will also be the foundation for building a modern tax authority with high reputation and integrity among taxpayers, the domestic and international public - confidence in the professionalism, efficiency, transparency and the service orientation.

## SITUATION ANALYSIS

### PRO STRENGTHS

- The PRO's management structure has objective knowledge of the PRO situation and also has a consensus on the need for comprehensive modernization;
- The PRO actively monitors the development processes of the sister administrations in the EU countries
- In the recent years, the PRO increased the level of tax discipline and voluntary declaring of taxes
- The PRO 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

### PRO WEAKNESSES

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

## MISSION – PURPOSE OF THE PUBLIC REVENUE OFFICE

**T**he 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

**T**he 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 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.

## VALUES

**A**ll employees of the Public Revenue Administration play a significant role in achieving the set objectives and preserving its integrity. In achieving the mission-purpose of the Public Revenue Office, we are guided by the following values: *Legality, Professionalism, responsibility and transparency, Efficiency, effectiveness and availability, Confidentiality, Team work, Focus on taxpayer services, Motivation and development of human potential*

## 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 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 combating 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 June 30th, 2023, the PRO is implementing its activities with a total of 1,014 staff.

With the amendments of the acts for internal organization and for systematization of the PRO job positions, as of 1st 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.







## PLANNED CHANGES

Continue with improvement of tax compliance and improved collection of tax revenues by strengthening the effectiveness, efficiency, consistency and quality, fairness and trust of taxpayers in the PRO as well as providing intellectual capacity and mechanisms for predictability, strengthened institutional responsibility and accountability, flexibility, security and long-term stability.

Continue the development and restructuring of the business processes for the new tax integrated IT system (modeled business processes that need to be re-engineered 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: TAXATION BASED ON DIGITALIZATION AS A STRATEGIC TOOL, AND INFORMATION AS A STRATEGIC RESOURCE IN AN INTEGRATED AND STANDARDIZED ENVIRONMENT**

- Taxation in an integrated environment with connected systems and information exchange between the PRO, taxpayers and third parties, including standardized procedures
- Improved and new business methodologies and programs for managing tax compliance and for protection of the tax revenue based on data management, analytics and business intelligence
- New electronic services and cooperation with taxpayers



## **PROGRAM 2: CAPITAL AND STRUCTURAL REFORMS AND SUPPORT FOR AN EFFECTIVE TAX ADMINISTRATION**

- Strengthened institutional management and mechanisms established for predictability, responsibility and accountability
- Strengthened human capital and mechanisms established for organizational development and change management
- Consolidated internal organization that will guarantee the achievement of the strategic objectives
- Improving the security and stability of IT systems and data

# PLAN FOR PROGRAM IMPLEMENTATION

## A: Justification and design of the Program

**Explanation:** The Program stems out of the following:

1. Strategic Plan of the General Secretariat for the period 2023-2025 (since January 2023)
2. Program for Reform in the Public Finance Management 2022-2025
3. Annual Action program of the Republic of North Macedonia for 2022 for EU support in the public finance management (PFM)
4. Progress Report for RN Macedonia of the European Commission for 2023 (November 8th, 2023)
5. National Program for Adoption of the European Union Acquis (NPAA), Revision 2021-2025 as well as detailed GAP Analysis of the EC Report
6. Strategy for Public Administration Reform 2018-2022 (Ministry of Information Society and Administration, February 2018)
7. Report "Evaluation of the Public Expenditures and the Financial Accountability in the Republic of North Macedonia (PEFA), Ministry of Finance and DFC International Consultants
8. IMF TADAT Assessment Report (March 2021)
9. Strategy for Reform of the Tax System (2021-2025)
10. Strategy for formalizing the informal economy in the Republic of North Macedonia 2018-2022 (March 2018)
11. Program of Economic Reforms (PER), European Commission (2023-2025)
12. Strategic Plan of the PRO 2023-2025
13. IT strategy of the Public Revenue Office 2019-2022 (January 16th, 2019)
14. Budget of the Republic of North Macedonia for 2023
15. Annual plan for public procurement of the PRO for 2023



# PROGRAMS





## **PROGRAM 1: TAXATION BASED ON DIGITALIZATION AS A STRATEGIC TOOL, AND INFORMATION AS A STRATEGIC RESOURCE IN AN INTEGRATED AND STANDARDIZED ENVIRONMENT**

- Taxation in an integrated environment with connected systems and information exchange between the PRO, taxpayers and third parties, including standardized procedures
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## PROGRAM 1: TAXATION BASED ON DIGITALIZATION AS A STRATEGIC TOOL, AND INFORMATION AS A STRATEGIC RESOURCE IN AN INTEGRATED AND STANDARDIZED ENVIRONMENT

**Program objective:** Improved tax compliance and improved collection of tax revenues by strengthening the effectiveness, efficiency, consistency and quality, fairness and trust of the taxpayers in the PRO

**Program success indicators:** The tax administration increases its effectiveness by providing connected systems between the PRO, taxpayers and third parties, which enables obtaining of objective and quality information needed for taxation. Calculating and paying tax obligations in such connected environment is easier and simpler for taxpayers. In order to fully protect the tax revenues, the PRO focuses its activities in high-risk areas, with improved and new work methodologies based on data, analysis and business intelligence.

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



horizontal



vertical

### SUB-PROGRAMS (COMPONENTS) OF THE PROGRAM:

#### SUB-PROGRAM 1: TAXATION IN AN INTEGRATED ENVIRONMENT WITH CONNECTED SYSTEMS AND INFORMATION EXCHANGE BETWEEN THE PRO, TAXPAYERS AND THIRD PARTIES, INCLUDING STANDARDIZED PROCEDURES

##### Success indicators:

- Software and hardware for e-invoice and e-commerce developed and installed by December 31st, 2024
- Upgrade of the Moj DDV application by September 30th, 2024
- Delivery of electronic documents with electronic signature and time stamp by December 31st, 2024
- Number of institutions with which data is exchanged (at least 15 institutions) by December 31st, 2024
- New equipment for functioning/storage of data from IDIS installed by March 31st, 2024
- Migrated initial database from the existing tax records by December 31st, 2024
- A new integrated registration file is established by December 31st, 2024
- A new integrated tax portfolio for the implemented processes is established by December 31st, 2024
- Accepted technical specification for Data Warehouse prepared by an external contractor by September 30th, 2024
- Public procurement for Data Warehouse starts by December 31st, 2024
- New automatic processes for processing and verification of tax returns and management of non-filed tax returns is implemented by December 31st, 2024
- Testing of integrated warning and garnishing solutions by December 31st, 2024
- A new process for offsetting and refund is implemented by December 31st, 2024
- A new integrated tax portfolio of a taxpayer is introduced by December 31st, 2024
- Automated case management processes for the implemented processes is established by December 31st, 2024
- Guidelines for automatic exchange of information adopted by December 31st, 2024



## SUB-PROGRAMS (COMPONENTS) OF THE PROGRAM:

### SUB-PROGRAM 2: IMPROVED AND NEW BUSINESS METHODOLOGIES AND PROGRAMS FOR MANAGING TAX COMPLIANCE AND FOR PROTECTION OF THE TAX REVENUE BASED ON DATA MANAGEMENT, ANALYTICS AND BUSINESS INTELLIGENCE

#### Success indicators:

- New methodology and procedure for managing VAT refund adopted by March 31st, 2024
- Automatic procedure for risk calculation when verifying VAT returns adopted by June 30th 2024
- Sources of data and risk criteria for individuals defined by December 31st, 2024
- Risk Differentiation Framework for Large Taxpayers Office adopted by September 30th, 2024
- Strategy for simplified management with outstanding tax debt adopted by December 31st, 2024, in a situation when there is no automatic risk assessment
- Methodology for dealing with phoenix frauds adopted by December 31st, 2024
- Communication plan for awareness raising about the responsibility and guarantee of the managers and founders in terms of unpaid tax debt implemented by December 31st, 2024
- Improved rate of timely payment of tax (VAT) by December 31st, 2024
- Improved age structure of the tax debt (VAT) – less share of debt older than 12 months in the total tax debt by December 31st, 2024
- Middle-term Action Plan for development of the compliance risk management function adopted by June 30th, 2024
- At least three plans for compliance improvement in three areas adopted by December 31st, 2024
- Guideline for Mutual Agreement Procedure adopted by December 31st, 2024
- License for commercial software for transfer pricing analysis adopted by December 31st, 2024

### SUB-PROGRAM 3 NEW ELECTRONIC SERVICES AND COOPERATION WITH TAXPAYERS

#### Success indicators:

- Email inbox for a taxpayer implemented by December 31st, 2024
- Memorandum for data exchange with the Central Register about the Register of Holders of Accounts signed by December 31st, 2024
- Memorandum for data exchange with KIBS on the payment (tax) order for enforced collection signed by December 31st, 2024
- Signing of a Memorandum of Cooperation between the PRO and tax intermediaries through their bodies by December 31st, 2024
- Analysis of accountants/ accounting companies that compile/ sign the tax returns filed, by December 31st, 2024
- Organizing a meeting (STST, LTO, Regional Offices and local offices) in order to present and familiarize with the new approach and manner of cooperation with tax intermediaries by December 31st, 2024
- Establishing specific teams in the PRO for implementation of the activities related to the tax intermediaries by December 31st, 2024
- Organizing meetings between the General Director of the PRO, senior management representatives and the representatives of tax intermediaries by December 31st, 2024
- Familiarizing and informing the taxpayers via the media or the Internet about the cooperation between the PRO and the tax intermediary representative bodies by December 31st, 2024

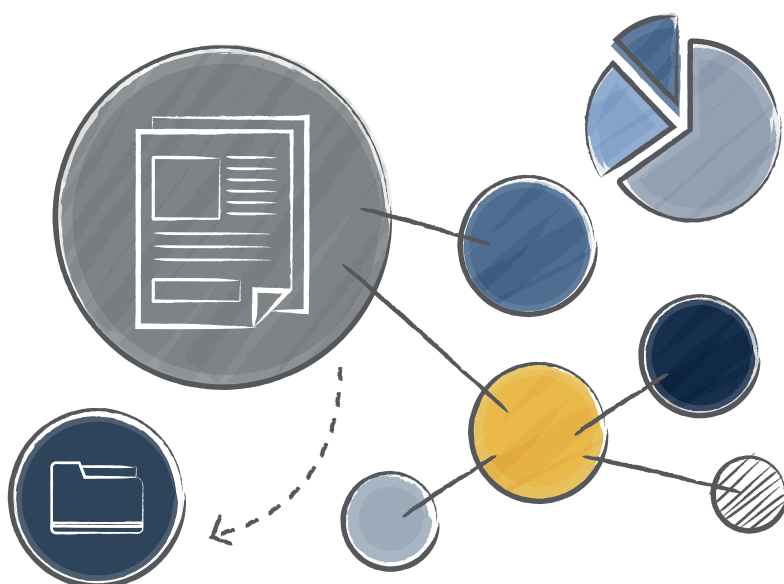
## B: PLAN FOR IMPLEMENTATION OF THE PROGRAM

### PROGRAM 1: TAXATION BASED ON DIGITALIZATION AS A STRATEGIC TOOL, AND INFORMATION AS A STRATEGIC RESOURCE IN AN INTEGRATED AND STANDARDIZED ENVIRONMENT

#### SUB-PROGRAM 1: TAXATION IN AN INTEGRATED ENVIRONMENT WITH CONNECTED SYSTEMS AND INFORMATION EXCHANGE BETWEEN THE PRO, TAXPAYERS AND THIRD PARTIES, INCLUDING STANDARDIZED PROCEDURES

Activity	Responsible	Consulted	Time frame		Required resources per year					
			Start (month/year)	End (month year)	Human			Financial (MKD)		
					2024	2025	2026	2024	2025	2026
<b>1.1.1. Established and improved systems for collecting data with third parties and with taxpayers</b>										
<b>1.1.1.1</b> Project e-invoice and e-commerce	SIT, SITSISM, GTI, SRAT		2024	2026				Budget 19.000.000 Loan 30.000.000		
<b>1.1.1.2</b> Upgrading GPRS and Moj DDV	SIT, SITSISM, GTI, SRAT		2024	2026				Budget 3.500.000	Budget 3.500.000	Budget 3.500.000
<b>1.1.1.3</b> Establishment of system for massive delivery of documents	SIT, SITSISM, SRAT, SCMD, GTI, SGCA		2024	2025				Budget 5.000.000	Budget 5.000.000	
<b>1.1.2</b> Improved and customized exchange of data with other institutions -Treasury, KIBS, providers of payment services, Central Register, Customs administration, Employment Service Agency, State Statistical Office, ZELS, Ministry of Interior, State Statistical Office, Inspection Council and dr.	SRAT, SCMD, SIT, SITSISM, GTI		2024	2025				Budget 4.000.000	Budget 4.000.000	
<b>1.1.3</b> Consolidation of data from DANIS system for the needs on IDIS	SIT, SITSISM, SRAT, SCMD, GTI		2024	2024				Budget 30.000.000		
<b>1.1.4</b> Tax sub-registers introduced in the master file records of the PRO as per TTT principle (taxpayer, tax period, type of tax)	SRAT, SIT, SITSISM		2024	2024				Budget 3.000.000		
<b>1.1.5</b> Introduction of Data Warehouse	SIT, SITSISM, SCMD, GTI, SGCA, SSPAS	World Bank	2024	2026				Loan 24.600.000	Loan 52.500.000	Loan 18.450.000
<b>1.1.6 New procedures for processing, risk assessment and verification of tax returns implemented. Managing non-filed tax returns.</b>										
<b>1.1.6.1</b> Project e-taxes	SRAT, GTI, SIT, SITSISM		2024	2025				Budget 7.500.000 *total amount covering all activities for the e-tax project		
<b>1.1.6.2</b> Tax procedure project	SRAT, GTI, SIT, SITSISM		2024	2025				Budget 19.000.000 *total amount covering all activities for the tax procedure project	Budget 13.000.000 *total amount covering all activities for the tax procedure project	

1.1.7 Upgraded procedures for estimation of tax liabilities (ex-officio and prepopulated tax returns, automatically generated tax assessment resolutions)										
1.1.7.1 Project e-taxes	SRAT, STST, SIT, SITSISM		2024	2024						
1.1.7.2 Tax procedure project	SRAT, SIT, SITSISM, GTI, SCMD, SLA		2024	2025						
1.1.7.3 Project e-PDD	SRAT, SIT, SITSISM, GTI		2024	2025				Budget 2.500.000	Budget 2.500.000	
1.1.8 Accounting for assessed and collected taxes introduced										
1.1.8.1 Tax procedure project	SRAT, SIT, SITSISM, GTI		2024	2026						
1.1.8.2 Project e-taxes	SRAT, SIT, SITSISM		2024	2025						
1.1.9 Automated mass processes for tax collection (offsetting, refund, warning, garnishing, deferred payment)										
1.1.9.1 Project e-taxes	SCMD, SRAT, SIT, SITSISM		2024	2026						
1.1.9.2 Tax procedure project	SCMD, SRAT, SIT, SITSISM, GTI		2024	2026						
1.1.10 New procedures for case management implemented – enquiries from taxpayers, tax assessment, debt collection, audit, etc.										
1.1.10.1 Tax procedure project	SRAT, SCMD, SIT, SITSISM, GTI		2024	2026						
1.1.11 Introduction of automatic data exchange on financial accounts with other tax administrations	MF/PRO (SIC + SIT, SITSISM + SRAT + GTI + SLA + STST)		2024	2026						
Total activities in year I: 11										
Total activities in year II: 9										
Total activities in year III: 6										
TOTAL PROGRAM 1, FOR SUB-PROGRAM 1:26							Budget:	93.500.000	28.000.000	3.500.000



**PROGRAM 1: TAXATION BASED ON DIGITALIZATION AS A STRATEGIC TOOL, AND INFORMATION AS A STRATEGIC RESOURCE IN AN INTEGRATED AND STANDARDIZED ENVIRONMENT**

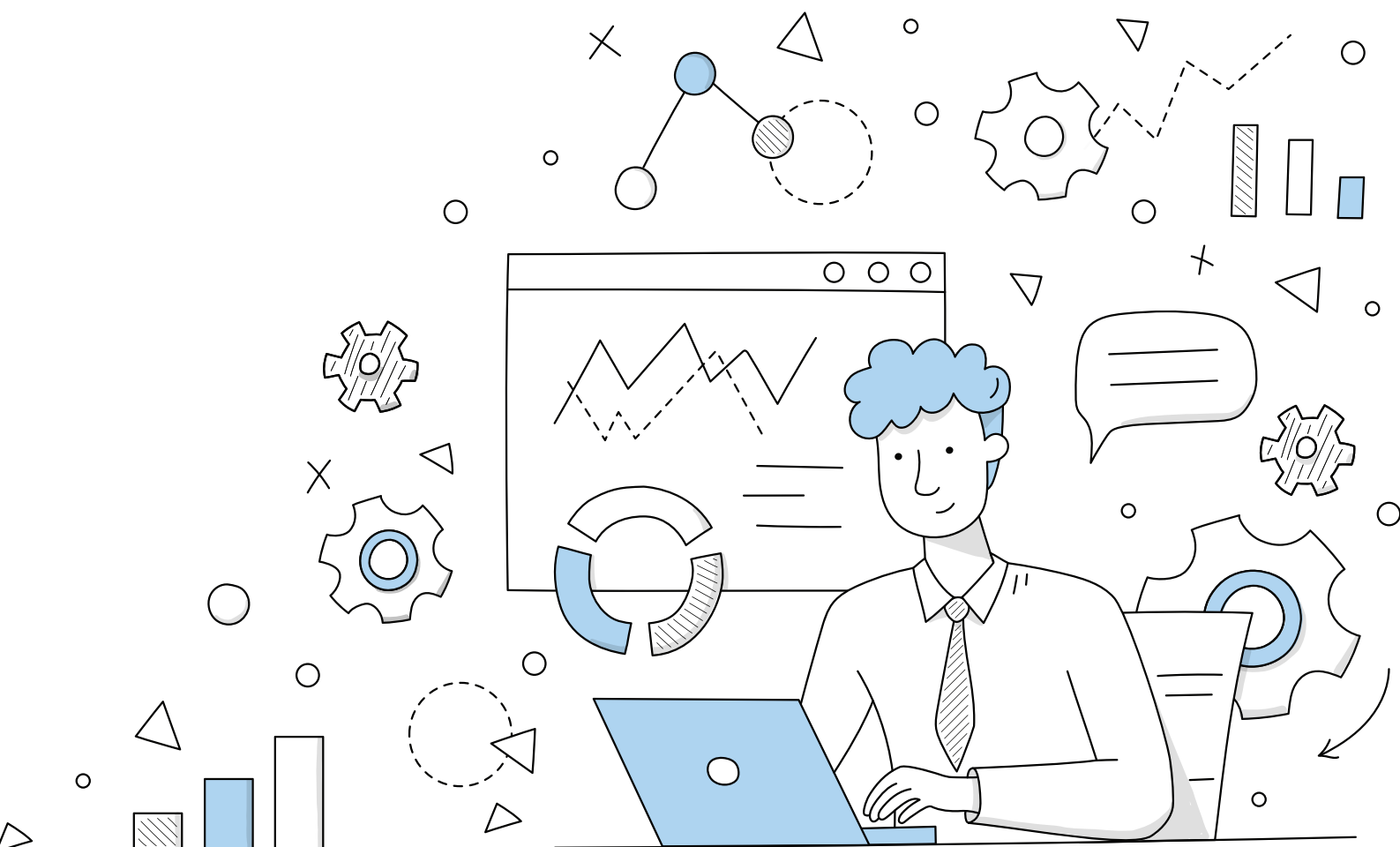
**SUB-PROGRAM 2: IMPROVED AND NEW BUSINESS METHODOLOGIES AND PROGRAMS FOR MANAGING TAX COMPLIANCE AND FOR PROTECTION OF THE TAX REVENUE BASED ON DATA MANAGEMENT, ANALYTICS AND BUSINESS INTELLIGENCE**

Activity	Responsible	Consulted	Time frame		Required resources per year					
			Start (month/year)	End (month year)	Human			Financial (MKD)		
					2024	2025	2026	2024	2025	2026
1.2.1 Improved and new processes introduced for analysis and calculation on risk										
1.2.1.1 Tax procedure project	SRAT, GTI, SIT, SITSISM		2024	2026						
1.2.1.2 Program for increased monitoring of compliance of significant segments on taxpayers	CRMU, GTI, SRAT, SSPAS, LTO		2024	2026						
1.2.2 Improved program for collection of outstanding debt	SCMD		2024	2026						
1.2.3 Establishment of effective system for compliance risk management										
1.2.3.1 Cross-matching of own data against third parties for risk analysis and tax gap identification	CRMU+tax functions		2024	2026						
1.2.3.2 Investigating the predominant compliance risks	CRMU		2024	2026						
1.2.4 Implementation of the standards foreseen in the BEPS Action Plan from the BEPS Inclusive Framework: <ul style="list-style-type: none"><li>Action 5 More efficient dealing with harmful tax practices, with emphasis on the essence and transparency</li><li>Action 6 Prevention of abuse through treaty shopping arrangements</li><li>Action 13 Transfer Pricing documentation and Country-by-Country Reporting</li><li>Action 14 More efficient mechanisms for dispute resolution or identifying most effective manner of dispute resolution</li></ul>	MF/PRO GTI + LTO + SRAT + SIC + SLA + STST		2024	2026						
1.2.5 Obtaining comparable data for transfer pricing control	GTI, SGCA	UNDP	2024	2026				Budget 6.000.000	Budget 6.000.000	Budget 6.000.000
Total activities in year I: 5										
Total activities in year II: 5										
Total activities in year III: 5										
TOTAL FOR PROGRAM 1, SUB-PROGRAM 2: 15							Budget:	6.000.000	6.000.000	6.000.000

# PROGRAM 1: TAXATION BASED ON DIGITALIZATION AS A STRATEGIC TOOL, AND INFORMATION AS A STRATEGIC RESOURCE IN AN INTEGRATED AND STANDARDIZED ENVIRONMENT

## SUB-PROGRAM 3: NEW ELECTRONIC SERVICES AND COOPERATION WITH TAXPAYERS

Activity	Responsible	Consulted	Time frame		Required resources per year					
			Start (month/year)	End (month year)	Human			Financial (MKD)		
					2024	2025	2026	2024	2025	2026
1.3.1. Introduction on new electronic services for taxpayers: electronic inbox, tax payment order										
1.3.1.1 Project e-taxes	SIT, SITSISM		2024	2026						
1.3.1.2 Tax procedure project	SCMD, SIT, SITSISM		2024	2026						
1.3.1.3 Improvement of services for tax intermediaries in order to improve voluntary compliance - management of intermediaries	STST, CRMU, SIT, SITSISM SRAT, SSDPR		2024	2026						
Total activities in year I: 1										
Total activities in year II: 1										
Total activities in year III:1										
TOTAL FOR PROGRAM 1, SUB-PROGRAM 3: 3					Budget:					



## PROGRAM 2: CAPITAL AND STRUCTURAL REFORMS AND SUPPORT FOR AN EFFECTIVE TAX ADMINISTRATION

**Program objective:** Ensuring intellectual capacity and mechanisms for forecasting, strengthened institutional responsibility and accountability, including flexibility, security and long term stability.

**Program success indicators:** Established bodies for managing reforms and compliance risks, strengthened human capital and consolidated internal organization, which altogether provide for clear support for implementation of the reform program and for effective identification of the PRO priorities. We improve the security and stability of the data and the IT systems of the PRO.

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



horizontal



vertical

### SUB-PROGRAM1: STRENGTHENED INSTITUTIONAL MANAGEMENT AND MECHANISMS ESTABLISHED FOR PREDICTABILITY, RESPONSIBILITY AND ACCOUNTABILITY

#### Success indicators:

- CRMU Unit manned with employees who have professional knowledge in tax regulation, tax processes and IT by March 31st, 2024
- Started use of open-source software for managing business tasks by December 31st, 2024

### SUB-PROGRAM 2: STRENGTHENED HUMAN CAPITAL AND MECHANISMS ESTABLISHED FOR ORGANIZATIONAL DEVELOPMENT AND CHANGE MANAGEMENT

#### Success indicators:

- Structure for change management established by September 30th, 2024
- A Medium-term workforce plan that will support the implementation of the organizational changes adopted by December 31st, 2024.
- Organization of trainings to strengthen the intellectual capacity in accordance with the organizational changes in the PRO by December 31st, 2024
- Defined technical specification for procurement of software for personnel records and human resources management by December 31st, 2024

### SUB-PROGRAM 3: CONSOLIDATED INTERNAL ORGANIZATION THAT WILL GUARANTEE THE ACHIEVEMENT OF THE STRATEGIC OBJECTIVES

#### Success indicators:

- PRO reorganization model adopted by December 31st, 2024
- Center for Tax Enforcement/centralized internal organizational unit which unites specialized professional knowledge established by December 31st, 2024
- Organizational unit for international taxation and control of transfer pricing established and manned by December 31st, 2024

### SUB-PROGRAM 4: IMPROVING THE SECURITY AND STABILITY OF IT SYSTEMS AND DATA

#### Success indicators:

- Plan and technical specification for establishment of Backup Center for recovery in case of a disaster established by December 31st, 2024
- Penetrability test for the IT systems performed and plan for improvement of security prepared by December 31st, 2024



**B: Plan for implementation on the program****PROGRAM 2: CAPITAL AND STRUCTURAL REFORMS AND SUPPORT FOR AN EFFECTIVE TAX ADMINISTRATION****SUB-PROGRAM 1: STRENGTHENED INSTITUTIONAL MANAGEMENT AND MECHANISMS ESTABLISHED FOR PREDICTABILITY, RESPONSIBILITY AND ACCOUNTABILITY**

Activity	Responsible	Consulted	Time frame		Required resources per year					
			Start (month/year)	End (month year)	Human			Financial (MKD)		
					2024	2025	2026	2024	2025	2026
2.1.1 Establishment of permanent capacity for risk management in the Compliance Risk Management Unit	SHR		2024	2024						
2.1.2 Business task and project management software	SIT, SITSISM		2024	2024						
Total activities in year I: 2										
Total activities in year II: 0										
Total activities in year III: 0										
TOTAL FOR PROGRAM 2, SUB-PROGRAM 1: 2						Budget:				

**PROGRAM 2: CAPITAL AND STRUCTURAL REFORMS AND SUPPORT FOR AN EFFECTIVE TAX ADMINISTRATION****SUB-PROGRAM 2: STRENGTHENED HUMAN CAPITAL AND MECHANISMS ESTABLISHED FOR ORGANIZATIONAL DEVELOPMENT AND CHANGE MANAGEMENT**

Activity	Responsible	Consulted	Time frame		Required resources per year					
			Start (month/year)	End (month year)	Human			Financial (MKD)		
					2024	2025	2026	2024	2025	2026
2.2.1 Change management and organizational development	Reform Management Committee		2024	2024						
2.2.2 Human resources management planning and programs										
2.2.2.1 Workforce planning for realization of the strategic objectives of the PRO: • analysis of the current workforce situation, • identification of future needs, • identification of gaps; and • implementing measures for securing the necessary HR resources and competencies	SHR, Sectors		2024	2026						
2.2.2.2 Improvement of the staff knowledge according to the organizational changes in the PRO	Sectors, TA		2024	2026						
2.2.3 3 Implemented software for personal record and human resources management	SHR + TA, SGCA + SFA + SIT, SITSISM		2024	2026				Budget 3.000.000		
Total activities in year I: 3										
Total activities in year II: 3										
Total activities in year III: 3										
TOTAL FOR PROGRAM 2, SUB-PROGRAM 2: 9						Budget:		3.000.000		



## PROGRAM 2: CAPITAL AND STRUCTURAL REFORMS AND SUPPORT FOR AN EFFECTIVE TAX ADMINISTRATION

### SUB-PROGRAM 3: CONSOLIDATED INTERNAL ORGANIZATION THAT WILL GUARANTEE THE ACHIEVEMENT OF THE STRATEGIC OBJECTIVES

Activity	Responsible	Consulted	Time frame		Required resources per year					
			Start (month/year)	End (month year)	Human			Financial (MKD)		
					2024	2025	2026	2024	2025	2026
2.3.1 Consolidation of the internal organization for realization on the strategic objectives of the PRO: <ul style="list-style-type: none"> <li>analysis on the current internal organization,</li> <li>identification of future needs for internal organization,</li> <li>identification of gaps, and</li> <li>designing of new internal organization</li> </ul>	SHR, Sectors		2024	2026						
2.3.2 Implementation of the Tax Enforcement Center	Project team, SCMD		2024	2026	12	9		9.000.000		
Total activities in year I: 2										
Total activities in year II: 2										
Total activities in year III: 2										
TOTAL FOR PROGRAM 2, SUB-PROGRAM 3: 6					Budget:			9.000.000		

## PROGRAM 2: CAPITAL AND STRUCTURAL REFORMS AND SUPPORT FOR AN EFFECTIVE TAX ADMINISTRATION

### SUB-PROGRAM 4: IMPROVING THE SECURITY AND STABILITY OF IT SYSTEMS AND DATA

Activity	Responsible	Consulted	Time frame		Required resources per year					
			Start (month/year)	End (month year)	Human			Financial (MKD)		
					2024	2025	2026	2024	2025	2026
2.4.1 Establishment Disaster Recovery Center what will provide full backup of data and business processes of the PRO	SIT, SITSISM	MF, World Bank	2024	2026						Loan 156.500.000
2.4.2 Provision of redundant security device and extension / renewal of licenses for other security devices	SIT, SITSISM, SGCA		2024	2026				Budget 13.000.000		
2.4.3 Improvement of reliability of the PRO systems <ul style="list-style-type: none"> <li>verifying weaknesses and penetrability of the information system and preparation of plan for improvement of security</li> <li>implementation of IT infrastructure for improvement of the information system security</li> </ul>	SIT, SITSISM, SGCA		2024	2026				Budget 20.000.000	Budget 40.000.000	Budget 2.000.000
Total activities in year I: 3										
Total activities in year II: 3										
Total activities in year III: 3										
TOTAL FOR PROGRAM 2, SUB-PROGRAM 4: 9					Budget:			33.000.000	40.000.000	2.000.000

### 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
<b>Program 2: CAPITAL AND STRUCTURAL REFORMS AND SUPPORT FOR AN EFFECTIVE TAX ADMINISTRATION</b>	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 MKD will be adhered to	When recruiting new staff, the Constitutional principle for appropriate and equitable representation of the minorities in MKD will be adhered to	When recruiting new staff, the Constitutional principle for appropriate and equitable representation of the minorities in MKD 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

<b>Development of policies</b>
Strategic planning/ Budget preparation Sector for Strategic Planning, Analysis and Statistics/ Sector for Financial Affairs/ in cooperation with all other sectors
<b>Execution of the Budget and funds management – Sector for Financial Affairs</b>
<b>Human Resources Management – Sector for Human Resources</b>
<b>IT technology management – Sector for IT</b>
<b>Internal audit – Sector for Internal Audit</b>
The Internal Audit function will have a very important role in 2024-2026 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

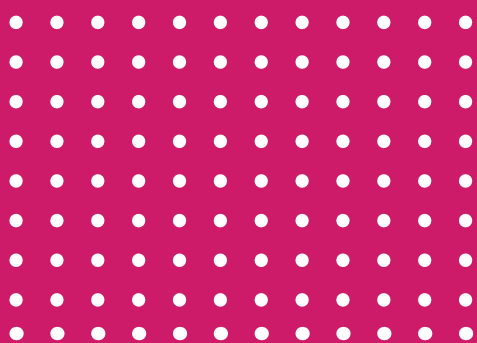
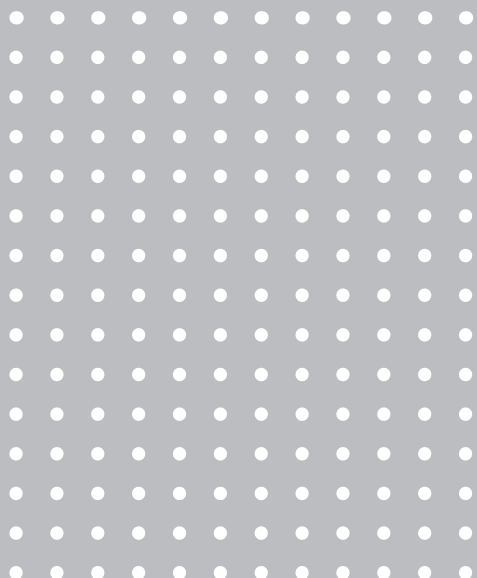
RISKS ON STRATEGIC PLAN LEVEL	LIKELIHOOD OF RISK OCCURRENCE (Large, medium, small)	IMPACT OF THE RISK ON THE IMPLEMENTATION OF THE OBJECTIVES (Large, medium, small)	MEASURES FOR DEALING WITH THE RISK
Incomplete implementation of the core function – collection of the public duties and the requirements 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"> <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
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	SITSISM 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
Lack of funding	Large	Medium	<ul style="list-style-type: none"> <li>• Coordination with the Ministry of Finance, the Government and the EU Delegation and the World Bank</li> </ul>
Lack of dedication by the senior management of the PRO when introducing integrated tax information system (IDIS)	Medium	Small	<ul style="list-style-type: none"> <li>• The collegium should monitor the projects progress on regular basis</li> </ul>
Lack of dedication and resistance to change by the PRO staff	Medium	Medium	<ul style="list-style-type: none"> <li>• Ensured transparency and inclusion of as many of the PRO staff as possible in the projects</li> </ul>
Late hardware procurement	Medium	Small	<ul style="list-style-type: none"> <li>• Temporary use of the existing equipment</li> </ul>
Late implementation or lack of implementation of all measures for collection of debt from all assets of the tax debtor or from other tax debtors (solidarity debtor and tax guarantor)	Small	Large	<ul style="list-style-type: none"> <li>• Continuous monitoring of the operational management and implementation of measures and activities when identifying these situations</li> </ul>
Improper 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 operational management and implementation of measures and activities when identifying these situations</li> </ul>
Lack of introduction of compliance risk management	Large	Large	<ul style="list-style-type: none"> <li>• Manning of the CRM Unit</li> </ul>
Inefficient electronic communication with the taxpayers	Medium	Medium	<ul style="list-style-type: none"> <li>• Ensuring smooth transfer of information</li> </ul>
Unavailable tax (mobile) counters in all populated areas	Medium	Medium	<ul style="list-style-type: none"> <li>• Maximum use of the mobile counters (vehicles)</li> </ul>
Reduced trust of the taxpayers in the PRO	Large	Large	<ul style="list-style-type: none"> <li>• Timely delivery of services</li> <li>• Provision of accurate information</li> <li>• Appropriate treatment of the taxpayers</li> </ul>
Lack of mechanisms for assessing revenues gained through e-commerce	Medium	Medium	<ul style="list-style-type: none"> <li>• Collection of third-party information</li> <li>• Use of relevant tools for assessing revenues from e-commerce</li> </ul>
Lack of information, lack of training of the tax auditors on the manner of acting in case of e-commerce	Medium	Medium	<ul style="list-style-type: none"> <li>• Organizing trainings on the new trading approaches</li> </ul>

## RISKS ON PROGRAM LEVEL

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
Inability to attract and retain talented and dedicated staff	Large	Large	<ul style="list-style-type: none"> <li>Recruiting employees with integrity and loyalty</li> <li>Correct selection of employees to be awarded</li> <li>Preparation of internal act and signing contract with employee who underwent training, with a commitment to remain in the PRO after the training and show results</li> </ul>
Lack of relevant and full data per employee on dedicated trainings and their outcomes in relation to implementation of the business tasks	Large	Large	<ul style="list-style-type: none"> <li>Procurement of software for human resources management for the needs of the SHR and the TA</li> </ul>
Lack of identified competencies per job position in each function of the PRO	Medium	Medium	<ul style="list-style-type: none"> <li>Preparation of standards for competencies in the PRO</li> <li>Implementation and strengthening of the required competencies in the PRO organization and systematization acts</li> </ul>
Lack of human and institutional capacities in the PRO, especially in the DIT and SITSISM	Large	Large	<ul style="list-style-type: none"> <li>Human resources management policy</li> </ul>
Unsustainability of the IT system of the PRO	Large	Large	<ul style="list-style-type: none"> <li>Securing budget for purchase of new IT system</li> <li>Securing budget for increasing the security and sustainability of the IT system</li> </ul>
Data loss due to lack of backup	Large	Large	<ul style="list-style-type: none"> <li>Establishment of Data Recovery Center</li> </ul>



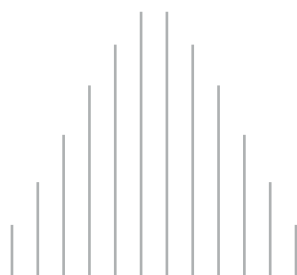
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