



The project is funded by the European Union



The project is implemented by Center for Economic Analyses



Title of assignment:	Designing a methodology and tool for testing of behavioral insight through a tax system and pilot testing
Project:	NEAR-TS/2019/413-704, <i>Tax responsibility project, – Towards civic responsibility and responsible tax funded by the European Union and implemented by CEA.</i>
Contracting authority	Centre for Economic Analyses Skopje / Центар за економски анализи Скопје
Expected Starting Date:	15/09/2021
Expected End of the Assignment:	30/09/2021

TERMS OF REFERENCE

1. BACKGROUND INFORMATION

1.1. Country background

In most countries, raising said revenues requires an efficient, effective tax system. But standard policy measures for improving taxpayer compliance/tax morale – such as reforming legislation and administration – may not be enough. They may also be time-consuming or infeasible due to technology infrastructure, limited resources, and political constraints. A thorough understanding of human behavior and how individuals interact with policies and programs can provide creative and cost-effective solutions to these challenges. This policy note provides evidence from World Bank field experiments that consider the social, psychological, and economic factors influencing taxpayer decision making. Complementary studies from some countries demonstrate how context-specific, behaviorally informed messaging can offer an immediate, low-cost solution to bureaucratic and technological barriers.

Interventions that consider human behavior, help individuals better process information, make decisions, and submit their tax declarations accurately and on time, and help tax administration officials improve the way they do their job. Behaviorally informed policy emphasizes the importance of context for decision making and behavior. It examines the social, psychological, and economic factors that affect what people think and do. It addresses details in bureaucracies, technologies, and service delivery that are often overlooked in standard policy design, but that can dramatically influence the effectiveness of development programs and projects, especially in low-income contexts. Behaviorally informed policy can provide creative solutions to difficult challenges, often at low cost.

In order to determine the drivers of tax responsibility the counteracting authority (CEA) requests proposed methodology and implementation of representative survey among the citizens – tax payers on the territory of NRM to conduct public opinion poll/survey that detect / determine the main drivers of tax morale among the tax payers.

1.2. Current situation in the sector

The tax to GDP in North Macedonia for two decades is around/or below 17% of the GDP, as compared to the EU countries which is 25%-50%. The structure of the tax mix indicates that it is constant through time and that that the indirect tax are predominant i.e. 80% are consumption taxes (VAT) while in EU this is inclined to a higher degree towards the personal taxes. Furthermore, the EU average contributing factor of tax evasion (indirect taxation and self-employment activities) has been estimated to be a result of tax morale of 14.5%., or another study states that the average tax evasion on an EU level is 12.3% of GDP or the median 9.9%. We can estimate that this is at least valid for North Macedonia to this degree at least resulting in a rough estimate that 9.9% of the GDP times 14.5% due to tax morale is an *annual loss of 102 mill EUR*.

2. OBJECTIVE & EXPECTED RESULTS

2.1. Objective and purpose

The overall objective of the assignment is to design a methodology and a tool for testing of behavioral insight through a tax system and conducting a pilot testing that will adequately determine the main tax morale drivers of the tax payers in North Macedonia. The tool and methodology will help the municipalities to use the findings as a source to contribute to advancement of civic responsibility in N. Macedonia. Building a tax citizenship requires inductively motivating and promoting active and responsible citizenship involved and aware of the social relevance of taxes and on the other hand the transparency and efficiency of (any level) government expenditure to enable human development and social cohesion.

The assignment should result in creation of document-methodology, that will help the municipalities to define the input parameters for areas of interventions and incentives to motivate citizens to improve their tax responsibility and enhance compliance. The developed tools hopefully will be used as input to design informed tax messages and communication between the tax authorities and the citizens.

3. KEY DELIVERABLES

The following deliverables should be submitted to the Project:

- Methodology and tool for testing of behavioral insight through a tax system and pilot testing

4. NEEDED QUALIFICATIONS AND COMPETENCY

4.1 General Requirements

- Excellent command of English, both written and oral;
- Fully computer literate;
- Strong motivation to work, aptitude for team work; and ability to establish good interpersonal relations;
- Independence and analytical skills;
- Sensitivity and respect of ethnicity, religion, gender and culture.

4.2 Specific requirements

- Education in the relevant field (at least bachelor studies in economics, social sciences, sciences - law, or combination)
- At least 5 years of professional work and expertise in related policy issues the field of economics.
- Technical expertise (experience in social science research, analysis, design, implementation)
- Strong analytical skills and report writing skills
- Experience in conducting field researches and analyses
- Proven knowledge and experience in assessing the needs for local policies
- Experience in the nongovernmental sector,
- Ability to work in team.

5. DURATION

The total engagement should be done by the **30.09.2021**

6. LOGISTIC SUPPORT

The Project Director and Project Assistants will coordinate the work.

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7. PAYMENT

The engaged expert will be paid after conducting the tasks, after the assignment is fully accepted.

8. BUDGET FRAMEWORK

The expert can bid for the assignment with anticipated duration in days and daily fee.

9. APPLICATION

Interested candidates should submit a CV along with the financial bid in the format given in addition to this letter, to following contact: ceaorgmk@gmail.com or to CEA's office address Bul. Jane Sandanski No. 63/3, Skopje via post or in person.

10. CLOSING DATE FOR APPLICATIONS

September 13, 2021, until 16:00h

11. SELECTION

Only short listed applicants will be contacted for negotiation and the Contractor keeps the right to select more than one researcher for the assignments.

FORM 1

SERVICE PROVIDER'S FINANCIAL OFFER

Compliant with TOR

Date

To: Center of Economic Analyses

Subject: Offer for Analysis and Developing a Profile of taxpayers in North Macedonia

Dear Sir/Madam:

We, the undersigned offer to deliver supervisory services in conformity with **invitation and call and the ToR for "Analysis of the survey conducted on public opinion survey on citizens' drivers of tax morale in North Macedonia and developing a profile of taxpayers"**

Item No.	Description of services	Price per day (MKD) VAT excluded (a)	Working Days (b)	Total (a+b)
1	Deliverable : Designing a methodology and tool for testing of behavioral insight through a tax system and pilot testing			
TOTAL				

[Name and Signature of the Service Provider's Authorized Person]

[Designation]