

Standard Summary Project Fiche for the Transition Facility

Strengthening the tax administration reform

1. Basic Information

1.1 CRIS Number: 2007/19343.05.03

RO/2007-IB/FI/06

RO/2007-IB/FI/07

RO/2007-IB/FI/08

RO/2007-IB/FI/01/TL

1.2 Title: Strengthening the tax administration reform

1.3 Sector: Public Finance

1.4 Location: Ministry of Economy and Finance – Romania

2. Objectives

2.1. Overall Objective:

The administrative capacity of the Ministry of Economy and Finance increased related to tax legislation and administration field, in order to ensure it's functioning at the level of European Union standards and best practices.

2.2. Project purpose:

Complete and unitary practices for fiscal administration that will be achieved by the following:

- Strengthening the control capacity of the tax administration with the specific goals
- The collection degree of the fiscal claims increased by applying the enforcement measures
- Implementation of a methodology and models for a correct estimation of the arrears' collection
- Improving the legislation on direct taxation.

2.3. Justification

The projects proposed for Transition Facility for Ministry of Economy and Finance are based on the continuing need for improvements, in terms of organisation and activities, with a view to properly functioning in the new context of Romania's Membership.

Thus, the priorities are based on necessities identified in the **May 2006 Comprehensive Monitoring Report**, as follows:

- Romanian needs to carry out a general reform of the tax administration and collection with a view to ensuring integrity, preventing conflicts of interest and tackling the lack of resources;
- Romania should continue increasing its efforts to strengthen the collection and control capacity of the Tax Administration.

Also, the **European Commission Monitoring Report from September 2006**, states the followings:

29/11/2007

- Romania continues to be a functioning market economy though fiscal policy should be reinforced to increase the tax collection rate;
- Romania needs to sustain and further its efforts to ensure an adequate level of tax compliance and collection, in order to improve the administrative capacity of its tax administration;
- Further improvements in tax collection and compliance remain necessary to improve fiscal sustainability;
- Total and new tax arrears remain substantial and financial discipline should be strengthened;
- The operational capacity of the National Agency for Fiscal Administration, whilst increasing slowly, is still in need of significant improvement.

An improved, transparent, efficiently functioning public tax administration system is a strategic priority for the Romanian Government. The aim of the activities under the programme is to develop complete and unitary practices for administration, collection and fiscal control in order to meet the commitments assumed by Romania in the accession process.

3. Description

3.1. Background and justification:

Romania has already harmonised its legislation with the *acquis* requirements in the majority of areas as well as developed administrative capacity to implement the *acquis* in a considerable number of fields, including the tax administration field.

Considering the special role of the Ministry of Economy and Finance in the Romania accession to the European Union, as well as the complexity of the various fields of activity of this institution, we consider Transition Facility assistance necessary to consolidate the *acquis communautaire* in fields such as: control, the collection of the general consolidated budget revenues, legislation on direct taxation.

Within the Ministry of Economy and Finance, there is the National Agency of Tax Administration, which represent the main engine for the collection of budgetary revenues to the state budget. It administrates the following budgetary revenues: state's budget, social security budget, unemployment fund and the national fund for health insurances. Thus, between the NATA attributions can be mentioned the collection of the budgetary claims representing taxes and duties, social contributions and other revenues administrated by this institution, including also the recovery of the amounts due to inadequate use of European non-reimbursable post accession funds, the recovery of the illegal and forbidden state aids. After the elaboration of the relevant legal acts for harmonizing the national legislation with the *acquis communautaire*, the National Agency of Tax Administration needs to improve its capacity to implement it.

Thus, additional assistance is necessary in order to elaborate procedures (instructions and regulations) and methodologies related to the fiscal claims collecting, in accordance with the good practices of the Member States for the followings fields: the recovery of the amounts due to inadequate use of European non-reimbursable funds, the recovery of the illegal or forbidden state aid, procedures on the capitalization of the sequestrated securities, criteria that suit with the international fiscal legislation for establishing the joint accountability of the persons under declaration of the state of insolvability or insolvency of the legal person. Also, in order to ensure an accurate estimation and to really reflect the image of the revenues and arrears collection at NATA's level it is necessary to create models for measuring the level of the arrears' collection at the county level, that will support the macroeconomic analysis, to implement analysis indicators that are the operational analysis tools for the tax authorities regarding the budgetary debts.

The existence of the procedure and methodologies above mentioned (instructions and regulations), the models and analysis indicators and the training of the staff related to them would contribute to the improvement of the activity in the tax administration field.

The limited resources of tax administration require an increased efficiency of the activity in the **fiscal control** field and therefore some improvements are necessary regarding the organization of the electronic control, development of the documentary control and operative control. At the same time, the DG TAXUD missions during the year 2006 recommended the improvement of fiscal audit. Thus, the electronic control is a necessary and efficient instrument, which will contribute to reduce the fiscal burden and also to get a complete checking.

Also, the tax administrations have to deal with large number of risk. This may concern either risk in selection of the taxpayers for audits, of non-compliance including risk of tax fraud, risk of insolvency by the taxpayers. For this is necessary to elaborate methods and procedures regarding the selection of the high-risk taxpayers in order to control them. Also, by applying the documentary control, it will be analyzed each fiscal file of the taxpayers and the situation existing in the database of fiscal administration for finding the taxpayers with high fiscal risk and to select them for control. Another type of control which has to be developed is the operative control aiming at increasing the capacity to anticipate the methods and modalities used by the taxpayers for fraud the budgets administrated by NATA.

The MEF realized that is confronted with difficulties both on the correct transposition of the Directive 434/1990/EC, regarding the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different Member States, which have takes into account also the cases discussed at the European Court of Justice, and in its implementation regarding a lot of questions from the taxpayers which have to apply it.

This situation requires the knowing in deepens the cases discussed at the European Court of Justice and the elaboration of some guides, which will help the taxpayers to understand how the directive must be applied.

For the above mentioned needs, the experience of the other Member States fiscal administration is necessary and thus the NATA capacity to administrate the budgetary revenues and to fight against tax evasion will be increased.

No overlap exists with Structural and Cohesion Funding.

3.2. Linked Activities

Previous Phare assistance, received by the Ministry of Public Finance (the actual Ministry of Economy and Finance) under **Phare 2002** aimed at improving the legal and administrative capacity of the MoPF regarding the elaboration and implementation of the budgetary and fiscal policies of the Government in connection with the other economics-social policies and with the accession requirements to the European Union.

As regards the tax administration field, assistance was provided under the following twinning projects: RO 2002/586.03.04.09 "*Strengthening the fiscal control function within the Ministry of Public Finance*" (RO02/IB/FI – 07) was successfully finalized in January 2006. Between the results obtained, can be mentioned a Guide for Fiscal Inspection, professional training modules including a teacher kit.

As regards the RO 2002/000-586.03.04.12 "*Strengthening and developing the state revenues administrative capacity*" (RO02/IB/FI-08), the project was finalized on 28 February 2006 and

Four Charts regarding the external communication, internal communication, management and decisional process, Deontology Guide and a Budgetary Estimation Guide were drafted including some indicators described in theory which will be the starting point for the designing of the analysis indicators by the assistance required under TF.

At the same time, the Ministry of Economy and Finance benefits of assistance in the fiscal field through multi-annual assistance **PHARE 2004 – 2006** as follows:

At this moment, is under implementation a twinning project 2004/016-772.03.01.01 (RO04/IB/FI – 01) "*Completing the harmonisation of the tax legislation and strengthening the fiscal administration*". The project purpose is to strengthen the fiscal administration reform in order to accelerate Romania's preparation for accession to the European Union. The activities programmed for this twinning project are focused on legislation, management and organisation, exchange of information, taxpayers assistance, human resources and IT aspects.

Between the **results** to be obtained, can be mentioned:

- Revised Fiscal Code and Fiscal Procedure Code: some punctual aspects regarding VAT, excises and direct taxes;
- Procedures regarding the internal and international jurisprudence elaborated;
- Management functions of the NATA defined;
- Improved procedures on Internal Audit;
- Communication strategy drafted and approved;
- Research and investigation methods and procedures drafted and approved by NATA.

Within the **2006 Phare National Programme**, there is a twinning project RO2006/IB/FI-01 - "*Strengthening the fiscal administration reform*". The purpose of the project is to reach a high level of revenues collection by improving the National Agency for Tax Administration's (NATA) capacity to cope with the pressure raised by the accession to the EU. The activities focuses on the elaboration of new working procedures in order to improve the system of administration for the non-resident persons subject to VAT taxation, guides and procedures for fiscal administration of the Romanian operators performing intra-community activities, improvement of procedures and protocols concluded with other institutions involved in order to improve the system for the administration of fiscal statements, human resources and training on tax administration field.

Also, under the 2006 Phare Programme, the Ministry benefits of the technical assistance project "*Improving the MoPF capacity to apply the EC Regulation no. 659/1999*" which has as purpose to improve the notification process for the state aid and to establish the measures needed for the recovery of illegal and forbidden state aids. The beneficiary of this project is the General Directorate for State Aid, Unfair Practices and Regulated Prices within MEF.

Other donors

Under the Dutch bilateral programs for 2007 year, a project proposal was submitted in March 2007, having as purpose the development of norms and procedures regarding the territorial distribution, at judet level, of the budgetary revenue collection programme, considering the fiscal capacity and the economic potential of each judet. The project preproposal is under analyse phase.

Also, in the tax administration field, 3 projects are under implementation being funded by the World Bank and one project is under acquisition procedure, as follows:

1. Technical assistance for developing the NATA's organisational structure and management systems - the objective is to improve the management structure and style,

- the risk management, the managerial performance evolution, the monitoring and reporting activities and the management information.
2. Technical assistance for building the capacity to analyse and to elaborate strategies related to the project for revenues administration reform – the project has as objectives to develop the revenues analyse function in order to support the revenues strategic planning and to establish their level and to build the capacity to analyse and revising the capacity to manage the impact of the policies of taxes and of the legislation at the level of each county.
 3. Technical assistance for developing the legal framework regarding the taxes and social contributions related to the wages – the objective is to improve the legal framework regarding the taxes and social contributions related to the wages, including the legal framework regulating the NATA and Social Contributions Houses functioning regarding the collection of taxes and social contributions related to wages and which will help the NATA to become a modern tax administration operational at global level.
 4. Technical assistance for information management and IT and communications management – under contracting – the objective is to develop the strategy, the policies, the rules and procedures for information management and IT and communications management in order that NATA to become an efficient and modern administration.

All the projects programmed under the Transition Facility Programme will be developed by correlating and completing the results/conclusions of the above-mentioned projects in order to improve the Tax Administration capacity.

3.3.Results

I. Strengthening the control capacity of the tax administration

1. *Development of the e-audit function of the tax inspection*
 - 1.1. Methodology and procedures for importing the taxpayers data bases, drawn up, tested and implemented;
 - 1.2 50 fiscal inspectors trained in using the electronic instruments necessary for the electronic control.
2. *Selection of the taxpayers for control based on the risk analysis*
 - 2.1 An instrument for the tax risk analysis created in order to allow NATA to immediately know the fiscal cases having a risk
 - 2.2 Methodology and procedures for using the instruments for the tax risk analysis, elaborated;
 - 2.3 Responsibilities, job description, performance indicators defined for the departments in charged with tax risk analysis, in order to organise these departments, both at local and central level.
3. *Development of the documentary control*
 - 3.1 Methodological and procedurals framework related to the documentary control, elaborated;
 - 3.2 Methods to organize and perform the documentary control based on the tax risk analysis.
4. *Specific regulations related to the operative component of the tax inspection*
 - 4.1 Methodological and procedurals framework related to the spot checks, elaborated;
 - 4.2 A number of 10 tax inspectors trained as trainers regarding the new methodology and procedures for on the spot checks;

- 4.3 Modalities for cooperation and methodology for elaboration of cooperation protocols with other institutions in order to fight against tax evasion;
- 4.4 One representative from each institution involved, trained as trainers.

II. The collection degree of the fiscal claims increased by applying the enforcement measures

1. Capitalization of the sequestrated securities

- 1.1. Procedures on the sequestration of the incomes resulted from holding of securities, evaluation and recovery of the securities listed and non-listed, sequestred;
- 1.2. Appliance guide of the legal provisions in the field of the incomes sequestration, resulted from holding of securities, evaluation and recovery of the securities listed and non-listed, sequestred;
- 1.3. Training of 52 trainers on the above-mentioned items, out of which 3, at central level and 49, at local level.

2. Recovery, in Romania, of the tax claims established by debentures issued within a Member State, recovery within the Member States, of the tax claims established in Romania, as well as the mutual assistance regarding the recovery of the tax claims established in other states than Member States

- 2.1. Methodology and informational flows, according dependent on the tax enforcement rules, specific to our country;
- 2.2. Appliance guide of the legal provisions in this field;
- 2.3 Training of 52 trainers regarding the above-mentioned items, out of which 3 at central level and 49 at local level.

3. Recovery of the claims originating in the inadequate use of the European funds

- 3.1. Methodology of the debts recovery deriving from the inadequate use of the European funds;
- 3.2. Appliance guide of the legal provisions on recovery the Community funds;
- 3.3. Training of 52 trainers regarding the above-mentioned items, out of which 3 at central level and 49 at local level.

4. Application of clear and coherent criteria that suit with the international fiscal legislation for establishing the joint accountability of the persons under declaration of the state of insolvability or insolvency of the legal person

- 4.1. Guidelines on establishing the jointly responsibility;
- 4.2. Appliance guide of the legal provisions on declaration of the state of insolvability and insolvency, as well as the establishing the responsibility of the culpable persons of declaration the state of insolvability and insolvency;
- 4.3. Training of 52 trainers regarding the above-mentioned items, out of which 3 at central level and 49 at local level.

5. Recovery of the illegal or forbidden state aid in accordance with the provisions of the EC Treaty

- 5.1. Proposals of legal acts for recovery of the illegal and forbidden state aids, as Member State;
- 5.2. Methodology for application the legal provisions in the field of recovery of the illegal and forbidden state aids, as Member State;
- 5.3. Appliance guide of the legal provisions in this field;

- 5.4. Training of 52 trainers regarding the above-mentioned items, out of which 3 at central level and 49 at local level.

III. Implementation of a methodology and models for a correct estimation of the arrears' collection

1. Analysis guide for the arrears for each type of tax and taxpayers categories in order to define and classify the arrears, approved by NATA, the analysis guide of arrears and collection from arrears, approved and available for the staff of the local fiscal body;
2. Analysis indicators for the arrears' to be used at local fiscal bodies.
3. Methodology for analyzing the collection from arrears (for each type of tax);
4. Models for measuring the level of the arrears' collection in the 12 counties, that will help to realize macroeconomic analysis and thus to improve the collecting proceedings;
5. The personnel within the fiscal apparatus, both at central and local level (12 persons from the central level fiscal body and 100 persons from local fiscal body), trained, in the field of arrears analyze and the field of estimating the collection level of arrears (including trainers).

IV. Improving the legislation on direct taxation

1. Methodology for the appropriate enforcement of the legal provisions in the field covered by the Directive 434/1990/EC, elaborated;
2. Case studies and guidelines for enforcing the law for each type of economical operation made between different Member States' companies, regarding the Directive 434/1990/EC (including case studies from the European Court of Justice);
3. The personnel within the Directorate of Legislation for Direct Taxation and Directorate of Methodology and Procedures for Fiscal Inspection, as well as from the territorial level, trained on applying the methodology for enforcing the provisions of the Directive 434/1990/EC.

3.4.Activities

I. Strengthening the control capacity of the tax administration

1. Development of the e-audit function of the tax inspection

- 1.1 Analysing the current situation related to the e-audit function of tax inspection (2 missions of 5 days, involving 2 experts);
- 1.2 Workshops for elaborating the methodology and procedures for importing the taxpayers' databases (2 workshops of 5 days, involving 2 experts);
- 1.3 Testing the procedures and improving them if the case is (3 missions of 5 days, involving 2 experts);
- 1.4 Preparing the training materials and delivering training for tax inspectors in using the electronic instruments in 2 seminars of a one week each, with the participation of 25 inspectors/week; Evaluation of the knowledge acquired and evaluation of the training by the participants (2 missions of 5 days, involving 2 experts for training materials preparation and 2 seminars of 5 days for training delivered by 2 experts).

A team of minimum 3 short-term experts (minimum 110 man-days in total) are required having a minimum of 5 years experience in tax control field.

Profile for the short term experts:

Expert 1 (for the activities 1.1, 1.2, 1.3 and 1.4)

- Experience in tax audit programme
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 2 (for the activities 1.2 and 1.3)

- Wide knowledge of tax legislation
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 3 (for the activity 1.4)

- Experience in organizing similar training courses
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

2. *Selection of the taxpayers for control based on the risk analysis*

- 2.1 Analysing the current situation related to the selection of the taxpayers based on risk analysis (2 missions of 5 days, involving 2 experts);
- 2.2 Workshops for defining an instrument allowing NATA to immediately know the fiscal cases having a risk in order to immediately take the necessary corrective measures (2 workshops of 5 days, involving 2 experts);
- 2.3 Workshops for elaborating the methodology and procedures regarding the instruments for tax risk analysis (2 workshops of 5 days, involving 2 experts);
- 2.4 Workshops for making proposals for establishing the organization of the risk analysis department and defining their responsibilities, job description and performance indicators (2 workshops of 5 days, involving 2 experts).

A team of minimum 4 short-term experts (minimum 80 man-days in total) are required having a minimum of 5 years experience in tax control field.
Profile for the short term experts:

Expert 1 and 2 (for the activities 2.1, 2.2, 2.3 and 2.4)

- Experience in tax audit (based on risk analysis method)
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 3 (for the activity 2.3)

- Wide knowledge of tax legislation
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 4 (for the activity 2.4)

- Experience in tax audit organization
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

3. *Development of the documentary control*

- 3.1 Analysing the current situation related to the documentary control (2 missions of 5 days, involving 2 experts);
- 3.2 Workshops for elaborating the methods and procedures for performing the documentary control (2 missions of 5 days, involving 2 experts);
- 3.3 Workshops for elaborating the methods to organize and perform the documentary control based on the fiscal risk analysis (2 missions of 5 days, involving 2 experts);
- 3.4 Workshops for establishing the information related to taxpayers based on which a tax risk indicator will be determined and will allow taking the necessary measures (2 missions of 5 days, involving 2 experts).

A team of minimum 4 short-term experts (minimum 80 man-days in total) are required having a minimum of 5 years experience in tax control field.

Profile for the short term experts:

Expert 1 (for the activities 3.1, 3.2, 3.3 and 3.4)

- Experience in tax investigation methods and procedures
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 2 (for the activity 3.2)

- Wide knowledge of tax legislation
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 3 (for the activity 3.3)

- Experience in tax audit organization
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 4 (for the activity 3.4)

- Experience in tax audit (based on risk analysis method)
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

4. Specific regulations related to the operative component of the tax inspection

- 4.1 Analysing the current situation related to the control on the spot (2 missions of 5 days, involving 2 experts);
- 4.2 Workshops for elaborating the methodology and procedures for the control on the spot (2 workshops of 5 days, involving 2 experts);
- 4.3 Preparing the training materials and delivering training for a number of 10 tax inspectors within 2 sessions of one week each; Evaluation of the knowledge acquired and evaluation of the training by the participants (2 missions of 5 days, involving 2 experts for training materials preparation and 2 seminars of 5 days for training delivered by 2 experts);
- 4.4 Analysing the current situation related to the cooperation with other institutions in order to fight against tax evasion (2 missions of 5 days, involving 2 experts);

- 4.5 Workshops for establishing the modalities for cooperation and methodology for elaboration of cooperation protocols with other institutions in order to fight against tax evasion (2 workshops of 5 days, involving 2 experts);
- 4.6 Preparing the training materials and train the trainers (1 person from each institution involved) on cooperation protocols within 2 seminars of one week each (2 missions of 5 days, involving 2 experts for training materials preparation and 2 seminars of 5 days for training delivered by 2 experts).

A team of minimum 4 short-term experts (minimum 160 man-days in total) are required having a minimum of 5 years experience in tax control field.

Profile for the short term experts:

Expert 1 (for the activities 4.1, 4.2, and 4.3)

- Experience in tax investigation methods and procedures
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 2 (for the activities 4.2 and 4.5)

- Wide knowledge of tax legislation
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 3 (for the activities 4.4, 4.5, and 4.6)

- Experience in organizing and methods of tax investigations
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 4 (for the activities 4.3 and 4.6)

- Experience in organizing similar training courses
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

The secondment of a **Resident Twinning Adviser (RTA)** will be necessary for the entire duration of the project of **12 months**.

The main tasks for the RTA are:

- Analysing the current situation related to the e-audit function of tax inspection;
- Analysing the current situation related to the selection of the taxpayers based on risk analysis;
- Analysing the current situation related to the documentary control;
- Analysing the current situation related to the control on the spot;
- Analysing the current situation related to the cooperation with other institutions in order to fight against tax evasion;
- Preparation of reports/diagnostic studies related to the tasks above mentioned which will be the base for the other specific activities;
- Project management and coordination of the activities of the team members in line with the agreed work programmes to enable timely completion of project outputs;

- Preparation of project progress reports and supervision of the preparation and production of tasks reports.

Requirements for the RTA who will be responsible for the twinning project:

- Minimum 10 years of experience in tax administration field and at least 5 years in fiscal control field;
- Wide knowledge of related good practice/acquis communautaire;
- Proven ability to communicate with seniors decision-makers in the public sector and to get the cooperation of other institutions involved;
- Ability to communicate with the other RTAs in order to ensure interconnectivity with the other project related to this;
- Proven ability to transfer know-how;
- Excellent command of English and/or French;
- Excellent computer literacy (Word, Excel, Power Point);
- Proven abilities of manager in forming an appropriate team of short-term experts, in particular on fiscal control and tax administration field.
- Experience in developing similar projects implemented in other countries;
- Experience within the Central-East European administrative climate would be a plus;
- Good knowledge regarding the situation and the administrative structures from Romania would be a plus.

MS Project Leader (12 working days in Romania over 12 consecutive months)

Tasks:

- Overall co-ordination of the project;
- Leading the project activities.

Profile:

- Long-term civil servant from an EU Member State tax administration;
- Educated and experienced in the field of management and organization;
- At least 3 years working experience in a leading management;
- Very good command of English (oral and written);
- Excellent computer skills (Word, Excel).

Means: Twinning Contract - 12 months

II. The collection degree of the fiscal claims increased by applying the enforcement measures - Elaboration/improvement and implementation of the legal framework regarding:

1. Capitalization of the sequestrated securities

- 1.1. Analysis of current situation in Romania regarding the tax enforcement through sequestration of the incomes resulted from the shareholding, evaluation and selling of the securities sequestered, as well as of the legal framework regulating the market capital (2 missions of 5 days, involving 2 experts);
- 1.2. Workshops for presenting examples of the recovery modalities within the Member States, of the tax claims by sequestration of the incomes resulted from securities held by debtors and recovery of the securities sequestered, both for listed and for non-listed ones (2 workshops of 5 days, involving 2 experts);
- 1.3. Workshops for elaboration of a procedure on the sequestration of the incomes resulted from the securities held, evaluation and recovery of the securities listed and non-listed, sequestered (2 workshops of 5 days, involving 2 experts);

- 1.4. Workshops for elaboration of the appliance guide of the legal provisions in the field (2 workshops of 5 days, involving 2 experts).

A team of minimum 3 short-term experts (minimum 80 man-days in total) are required having a minimum of 5 years experience in tax administration field.
Profile for the short term experts:

Expert 1 and 2 (for the activities 1.1, 1.2, 1.3 and 1.4)

- Experience in tax enforcement for the recovery of tax claims related to the sequestrated securities
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 3 (for the activities 1.3 and 1.4)

- Wide knowledge of tax legislation
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

2. *Recovery, in Romania, of the tax claims established by debentures issued within a Member State, recovery within the Member States, of the tax claims established in Romania, as well as the mutual assistance regarding the recovery of the tax claims established in other states than Member States*

2.1. Analysis of the current situation in Romania regarding the recovery of the amounts representing the tax obligations, established within an EU Member State, of the natural and legal non-resident persons, registered on Romania's territory and mutually, as well as the recovery of the tax claims established in another states than EU Member States (2 missions of 5 days, involving 2 experts);

2.2. Workshops for presenting examples of recovery modalities within the Member States (2 workshops of 5 days, involving 2 experts);

2.3. Workshops for elaboration of the applicable methodology in Romania and establishing the informational flows, dependent on the tax enforcement rules specific to our country (2 workshops of 5 days, involving 2 experts);

2.4. Workshops for elaboration of the appliance guide of the legal provisions in this field (2 workshops of 5 days, involving 2 experts).

A team of minimum 3 short-term experts (minimum 80 man-days in total) are required having a minimum of 5 years experience in tax administration field.
Profile for the short term experts:

Expert 1 and 2 (for the activities 2.1, 2.2, 2.3 and 2.4)

- Experience in tax enforcement for the recovery of tax claims related to the natural and legal non-resident persons
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 3 (for the activities 2.3 and 2.4)

- Wide knowledge of tax legislation

- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

3. *Recovery of the claims originating in the inadequate use of the European funds*

- 3.1. Analysis of the current situation in Romania regarding the recovery of the claims originating in the inadequate use of the European funds (2 missions of 5 days, involving 2 experts);
- 3.2. Workshops for presenting examples of recovery procedures of the Community funds (structural and cohesion) within EU Member States (2 workshops of 5 days, involving 2 experts);
- 3.3. Workshops for elaboration of a recovery methodology of the debts resulting from the inadequate use of the European funds (2 workshops of 5 days, involving 2 experts);
- 3.4. Workshops for elaboration of an appliance guide for the recovery of the Community funds inadequate used (2 workshops of 5 days, involving 2 experts).

A team of minimum 2 short-term experts (minimum 80 man-days in total) are required having a minimum of 5 years experience in tax administration field.

Profile for the short term experts:

Expert 1 (for the activities 3.1, 3.2, 3.3 and 3.4)

- Experience in tax legislation and legal provisions related to the Community funds (structural and cohesion)
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 2 (for the activities 3.2, 3.3 and 3.4)

- Experience in recovery of the Community funds inadequate used
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

4. *Application of clear and coherent criteria that suit with the international fiscal legislation for establishing the joint accountability of the persons under declaration of the state of insolvability or insolvency of the legal person*

- 4.1. Analysis of current situation regarding the declaration of the insolvability and insolvency state, as well as the establishing of responsibility of the persons under declaration of the insolvability and insolvency state (2 missions of 5 days, involving 2 experts);
- 4.2. Workshops for presenting examples of case studies under declaration of insolvability and insolvency for legal persons within Member States (2 workshops of 5 days, involving 2 experts);
- 4.3. Workshops for elaboration of guidelines regarding the establishing of jointly responsibility (2 workshops of 5 days, involving 2 experts);
- 4.4. Workshops for elaboration of an appliance guide of the legal provisions on declaration of insolvability and insolvency state, as well as the establishing of the persons under declaration of the insolvability and insolvency state (2 workshops of 5 days, involving 2 experts).

A team of minimum 3 short-term experts (minimum 80 man-days in total) are required having a minimum of 5 years experience in tax administration field.

Profile for the short term experts:

Expert 1 and 2 (for the activities 4.1, 4.2, 4.3 and 4.4)

- Experience in establishing the joint accountability of the persons under declaration of the state of insolvability or insolvency of the legal person
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 3 (for the activities 4.3 and 4.4)

- Wide knowledge of tax legislation
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

5. *Recovery of the illegal or forbidden state aid in accordance with the provisions of the EC Treaty*

- 5.1. Analysis of the current situation in Romania regarding the recovery of illegal or forbidden state aid (2 missions of 5 days, involving 2 experts);
- 5.2. Workshops for drawing up proposals of recovery modalities of illegal or forbidden state aid within EU Member States (2 workshops of 5 days, involving 2 experts);
- 5.3. Workshops for elaboration of legal acts improving the current legal framework in the field of the recovery illegal or forbidden state aid (2 workshops of 5 days, involving 2 experts);
- 5.4. Workshops for elaboration of an appliance guide of the legal provisions in the field of recovery of illegal or forbidden state aid (2 workshops of 5 days, involving 2 experts).

A team of minimum 2 short-term experts (minimum 80 man-days in total) are required having a minimum of 5 years experience in tax administration field.

Profile for the short term experts:

Expert 1 (for the activities 5.1, 5.2, 5.3 and 5.4)

- Experience of tax legislation and legal provisions related to the illegal or forbidden state aid in accordance with the provisions of the EC Treaty
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 2 (for the activities 5.2, 5.3 and 5.4)

- Experience in recovery of illegal or forbidden state aid
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

6. *Training of the staff after the implementation of activities related to the elaboration/improvement of the legal framework:*

- 6.1 Preparing the training materials based on the results of the above mentioned activities (2 missions of 5 days, involving 6 experts);
- 6.2 Delivering training for 52 trainers on the above-mentioned items, out of which 3, at central level and 49, at local level (5 sessions of 5 days each). Evaluation of the knowledge acquired and evaluation of the training by the participants (5 seminars of 5 days for training delivered by 2 experts/seminar).

A team of minimum 6 short-term experts (minimum 110 man-days in total) are required having a minimum of 5 years experience in tax administration field.

Profile for the short term experts:

Expert 1 (for the activities 6.1 and 6.2)

- Experience in organizing similar training courses
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 2 (for the activities 6.1 and 6.2)

- Experience in tax enforcement for the recovery of tax claims related to the sequestrated securities
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 3 (for the activities 6.1 and 6.2)

- Experience in tax enforcement for the recovery of tax claims related to the natural and legal non-resident persons
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 4 (for the activities 6.1 and 6.2)

- Experience in recovery of the Community funds inadequate used
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 5 (for the activities 6.1 and 6.2)

- Experience in establishing the joint accountability of the persons under declaration of the state of insolvability or insolvency of the legal person
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 6 (for the activities 6.1 and 6.2)

- Experience in recovery of illegal or forbidden state aid
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

The secondment of a **Resident Twinning Adviser (RTA)** will be necessary for the entire duration of the project of **15 months**.

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The main tasks for the RTA are:

- Analysis of current situation in Romania regarding the tax enforcement through sequestration of the incomes resulted from the shareholding, evaluation and selling of the securities sequestered, as well as of the legal framework regulating the market capital;
- Analysis of the current situation in Romania regarding the recovery of the amounts representing the tax obligations, established within an EU Member State, of the natural and legal non-resident persons, registered on Romania's territory and mutually, as well as the recovery of the tax claims established in another states than EU Member States;
- Analysis of the current situation in Romania regarding the recovery of the claims originating in the inadequate use of the European funds;
- Analysis of current situation regarding the declaration of the insolvability and insolvency state, as well as the establishing of responsibility of the persons under declaration of the insolvability and insolvency state;
- Analysis of the current situation in Romania regarding the recovery of illegal or forbidden state aid;
- Preparation of reports/diagnostic studies related to the tasks above mentioned which will be the base for the other specific activities;
- Project management and coordination of the activities of the team members in line with the agreed work programmes to enable timely completion of project outputs
- Preparation of project progress reports and supervision of the preparation and production of tasks reports.

Requirements for the RTA who will be responsible for the twinning project:

- Minimum 10 years of experience in tax administration field;
- Wide knowledge of related good practice/acquis communautaire;
- Proven ability to communicate with seniors decision-makers in the public sector and to get the cooperation of other institutions involved;
- Ability to communicate with the other RTAs in order to ensure interconnectivity with the other project related to this;
- Proven ability to transfer know-how;
- Excellent command of English and/or French;
- Excellent computer literacy (Word, Excel, Power Point);
- Proven abilities of manager in forming an appropriate team of short-term experts, in particular on tax administration field;
- Experience in developing similar projects implemented in other countries;
- Experience within the Central-East European administrative climate would be a plus;
- Good knowledge regarding the situation and the administrative structures from Romania would be a plus.

MS Project Leader (15 working days in Romania over 15 consecutive months)

Tasks:

- Overall co-ordination of the project;
- Leading the project activities.

Profile:

- Long-term civil servant from an EU Member State tax administration;
- Educated and experienced in the field of management and organization;
- At least 3 years working experience in a leading management;

- Very good command of English (oral and written);
- Excellent computer skills (Word, Excel).

Means: Twinning Contract - 15 months

III. Implementation of a methodology and models for a correct estimation of the arrears' collection

1. Analysis of the current situation and of the legal framework in force in Romania (2 missions of 5 days involving 3 experts for analysing the impact of policies and law in force);
2. Workshops for presenting the European practices in the field of collection and analysis of arrears (2 workshops of 5 days involving 2 experts);
3. Organizing workshops for elaboration of the analysis guide of arrears for each type of tax or taxpayers, in order to define and classify the arrears (3 workshops of 5 days involving 3 experts);
4. Workshops for designing indicators for analysing the arrears at county level (3 workshops of 5 days involving 3 experts);
5. Organizing workshops for elaboration of the methodology for analysing the collection from arrears (for each type of tax) (3 workshops of 5 days involving 3 experts);
6. Organizing workshops for elaboration of estimation models in order to fundament de collection plan (3 workshops of 5 days involving 3 experts);
7. Testing the estimation model in 12 counties and modify it in term of beneficiary's comments (3 missions of 5 days involving 6 experts);
8. Preparing the training materials and providing professional training of personnel within NATA, at central and local level: 12 persons from the central level fiscal body and 100 persons from local fiscal body (5 training sessions of 5 days each); Evaluation of the knowledge acquired and evaluation of the training by the participants (2 missions of 5 days, involving 2 experts for training materials preparation and 5 seminars of 5 days for training delivered by 2 experts).

A team of minimum 4 short-term experts (minimum 390 man-days in total) are required having a minimum of 5 years experience in tax administration field.
Profile for the short term experts:

Expert 1 (for the activities 1-8)

- Experience in analyses and estimation related to arrears
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 2 (for the activities 6-7)

- Experience in draw up estimation models
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

Expert 3 (for the activities 1, 3 and 5)

- Wide knowledge of tax legislation
- Excellent computer skills (Word, Excel)

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- Very good command of English and/or French (oral and written)
- University degree

Expert 4 (for the activity 8)

- Experience in organizing similar training courses
- Excellent computer skills (Word, Excel)
- Very good command of English and/or French (oral and written)
- University degree

The secondment of a **Resident Twinning Adviser (RTA)** will be necessary for the entire duration of the project of **12 months**.

The main tasks for the RTA are:

- Analysis of the current situation and of the legal framework in force in Romania;
- Presenting the European practices in the field of collection and analysis of arrears;
- Preparation of reports/diagnostic studies related to the tasks above mentioned which will be the base for the other specific activities;
- Project management and coordination of the activities of the team members in line with the agreed work programmes to enable timely completion of project outputs
- Preparation of project progress reports and supervision of the preparation and production of tasks reports.

Requirements for the RTA who will be responsible for the twinning project:

- Minimum 10 years of experience in the tax administration field;
- Wide knowledge of related good practice/acquis communautaire;
- Proven ability to communicate with seniors decision-makers in the public sector and to get the cooperation of other institutions involved;
- Ability to communicate with the other RTAs in order to ensure interconnectivity with the other project related to this;
- Proven ability to transfer know-how;
- Excellent command of English and/or French;
- Excellent computer literacy (Word, Excel, Power Point);
- Proven abilities of manager in forming an appropriate team of short-term experts, in particular on tax administration field;
- Experience in developing similar projects implemented in other countries;
- Experience within the Central-East European administrative climate would be a plus;
- Good knowledge regarding the situation and the administrative structures from Romania would be a plus.

MS Project Leader (12 working days in Romania over 12 consecutive months)

Tasks:

- Overall co-ordination of the project;
- Leading the project activities.

Profile:

- Long-term civil servant from an EU Member State tax administration;
- Educated and experienced in the field of management and organization;
- At least 3 years working experience in a leading management;

- Very good command of English (oral and written);
- Excellent computer skills (Word, Excel).

Means: Twinning Contract - 12 months

IV. Improving the legislation on direct taxation

- 1.1 Analysing the current situation related to the implementation of the 434/1990 Directive's provisions regarding a mutual tax system for mergers, divisions, partial divisions, transfer of shares, exchange of shares, between different Member States' companies (2 missions of 5 days, involving 2 experts);
- 1.2 Organizing workshops for elaborating the methodology regarding the enforcement of the Directive 434/1990/EC (2 missions of 5 days, involving 2 experts);
- 2.1 Making working groups for case studies and elaborating specific guidelines for economical operations under the Directive 434/1990/EC (3 missions of 5 days, involving 2 experts);
- 2.2 Organizing workshops for analysing representative case studies of the European Court of Justice and elaborating a guide containing the most representatives cases of ECJ (4 missions of 5 days, involving 2 experts);
3. Preparing training materials and organizing seminars for training the staff (50 persons per session, 2 sessions of 5 days each) in applying the enforcement methodology of the Directive 434/1990/EC; Evaluation of the knowledge acquired; evaluation of the training by the participants (1 missions of 5 days, involving 2 experts for training materials preparation and 2 seminars of 5 days for training delivered by 2 experts).

Means: Twinning Light Contract - 6 months

In accordance with the Twinning Manual, the presence of a RTA is not provided for a twinning light project. In this case, one of the experts involved will have a project coordinator role. This expert must have experience as Project Manager in at least one project.

The main tasks for the **Project Manager** are:

- Analysing the current situation related to the implementation of the 434/1990 Directive's provisions regarding a mutual tax system for mergers, divisions, partial divisions, transfer of shares, exchange of shares, between different Member States' companies;
- Participating to the elaboration of the methodology regarding the enforcement of the Directive 434/1990/EC;
- Elaborating specific guidelines for economical operations under the Directive 434/1990/EC;
- Project management and coordination of the activities of the team members in line with the agreed work programmes to enable timely completion of project outputs;
- Preparation of project progress reports and supervision of the preparation and production of tasks reports.

Project Manager profile:

- Minimum 10 years of activity in fiscal administration
- Minimum 8 years of activity in the field of direct taxation
- Wide knowledge of related legislation
- Participation in similar projects

- Working experience in development of projects in the area of legislation on direct taxation
- University degree in economic and/or juridical field.
- Excellent computer skills (Word, Excel)
- Fluency in spoken and written English and/or French; knowledge of the Romanian language will be an advantage.

A team of minimum 3 experts (minimum 140 man-days in total) is required having a minimum of 5 years experience in tax administration field.
Profile for the short term experts:

Expert 1 profile (involved in all the project activities):

- Minimum 10 years of activity in the field of direct taxation
- Wide knowledge of related legislation
- Participation in similar projects
- University degree in economic and/or juridical field.
- Excellent computer skills (Word, Excel)
- Fluency in spoken and written English and/or French; knowledge of the Romanian language will be an advantage.

Expert 2 profile (involved in the activity 2.2):

- Minimum 15 years of activity in the field of taxation
- Knowledge of representative cases of the European Court of Justice
- Participation in similar projects
- University degree in economic and/or juridical field.
- Excellent computer skills (Word, Excel)
- Fluency in spoken and written English and/or French; knowledge of the Romanian language will be an advantage.

Experts 3 profile (involved in the activity 3):

- Minimum 5 years of activity in fiscal administration
- Participation in similar projects
- Knowledge of training strategies
- Experience in organizing similar training courses
- University degree in economic and/or juridical field.
- Excellent computer skills (Word, Excel)
- Fluency in spoken and written English and/or French; knowledge of the Romanian language will be an advantage.

3.5.Lessons learned:

A table on Lessons Learnt is annexed to this Project Fiche (See Annex 5).

4. Institutional Framework

Following the **Parliament Decision no. 19/2007** regarding the amendment of the structure and the composition of the Government and **Government Ordinance no. 24/2007** regarding the establishment of the measures for the reorganization within the central public administration, the Ministry of Public Finance became the Ministry of Economy and Finance by the union of MoPF and the Department of Economy from the Ministry of Economy and Commerce.

The Ministry of Economy and Finance is managed by the Minister, who leads the whole activity of this institution and represents it in relation to the other Ministries, to the domestic public authorities and organisations, to similar agencies in other countries, as well as to legal and natural persons.

The Minister directly co-ordinates six Secretaries of State, the NATA President and three Vice-presidents (who are also Secretaries of State) and the General Secretary, who have assignments and tasks specific to the Ministry's activities and are appointed by order of the Minister. Also, under the supervision of the minister of economy and finance are the territorial general directorates of public finance, General Directorate for Large Taxpayers Assistance from the Bucharest and Ilfov County.

Under the subordination of the Ministry of Economy and Finance, there is operating the National Agency of Tax Administration which is a public institution with legal personality and its own budget, run by a president, who is also a State Secretary in Ministry of Economy and Finance and include the National Customs Authority coordinated by a State Secretary. The NATA is the main engine for the collection of budgetary revenues to the state budget. It administrates the following budgetary revenues: state's budget, social security budget, unemployment fund and the national fund for health insurances.

Through the Minister of public finance Order no. 1343/2002, the General Directorate of Legal Approximation and European Integration (at the present time the General Directorate ECOFIN and Community Assistance) was designated as Programmes Implementation Unit for the programmes of this institution.

The main role of the PIU is to monitor the project deployment and to solve issues concerning the management and progress of the projects for MoPF target groups, including planning and identification of tasks, reporting, preparation of project Terms of Reference, monitoring and evaluation of the activities executed. The PIU will also keep track of the timely completion of the project activities of present and previous Phare supported programmes.

The projects will be implemented within the Ministry of Economy and Finance in the following directorates, which represent the beneficiaries:

1. Directorate of Methodology and Procedures for Fiscal Control – National Agency of Tax Administration
2. General Directorate for Regulation of Budgetary Debts Collection – National Agency of Tax Administration
3. Directorate for Monitoring the Budgetary Debts Collection – National Agency of Tax Administration
4. General Directorate of Direct Tax Legislation

The MEF will respectively appoint a Project Co-ordinator for each of the components within the project.

The MEF will support the implementation of the proposed project by assuring the necessary organisational environment, making available the necessary personnel and by covering the cost of the required infrastructure and equipment, and the related running and administrative costs.

5. Detailed Budget

MEuro		Transition Facility Support			Co-financing			Total cost
		Investment Support	Institution Building	Total Transition Facility (=I+IB)	National Public Funds (*)	Other Sources	Total cofinancing of the project	(TF plus co-financing)
1.	Strengthening the control capacity of the tax administration - Twinning	-	0.80	0.80	-	-	-	0.80
2.	The collection degree of the fiscal claims increased by applying the enforcement measures - Twinning	-	0.95	0.95	-	-	-	0.95
3.	Implementation of a methodology and models for a correct estimation of the arrears' collection - Twinning	-	0.80	0.80	-	-	-	0.80
4.	Improving the legislation on direct taxation - twinning light	-	0.25	0.25	-	-	-	0.25
Total		-	2.80	2.80	-	-	-	2.80

(*) Contributions from the Romanian administration for effective implementation of the twinning/twinning light will be further detailed in the twinning/twinning light contract.

To ensure smooth implementation of the project, the beneficiary will provide adequately equipped office space with telephone, PC (Internet) and fax. Photocopier and access to the necessary information as well as secretarial support will be ensured during the project life-time. In addition the beneficiary will provide space and facilities for workshops (training), consultations and seminars. The national co-financing will be specified in the twinning/twinning light contract.

VAT is not an eligible expenditure under both the Transition Facility and national cofinancing funds indicated in the above budget table. Where contracts are subject to VAT due to provisions of national legislation, these funds have to be provided from national resource outside and in addition to the amounts indicated in the budget table.

6. Implementation Arrangements

6.1. Implementing Agency

The Central Finance and Contracts Unit (CFCU) will be the Implementing Agency and as such be responsible for all procedural aspects of the tendering process, contracting matters and financial management (including payments) of the project activities.

Contact:

Central Finance and Contracts Unit (CFCU)

Director (PAO): Mrs. Carmen Rosu

Address: 44th Mircea Voda St, Entrance B, Bucharest 3, Romania

Phone: +4021 326 55 55

Fax: +4021 326 87 30

e-mail: carmenrosu@cfcu.ro

Implementing Authority

The responsibility for technical project preparation, implementation and control will remain with the Implementing Authority that will be the Ministry of Economy and Finance, by the beneficiaries directorates.

Contact person: Mrs Lenuta Stefanescu – Deputy General Director – Head of PIU

General Directorate ECOFIN and Community Assistance (Programme Implementation Unit)

Address: Apolodor Street, 17 Bucharest, Romania

Tel/fax + 40 21 319 98 58

e-mail: lenuta.stefanescu@mfinante.ro

Steering Committee

A Project Steering Committee consisting in the representatives of the parties involved will be established to coordinate all the activities that are carried out inside the Project and will meet at quarterly intervals or whenever deemed necessary by its members. Other relevant parties affected by the project will be invited. The representatives of the Administrative Office, of the National Aid Coordinator and of the Programme Implementation Unit will be invited as observers at the SC meetings.

Its function will be to provide guidance and supervision to the Project throughout its implementation, and to decide on corrective actions whenever needed. The Steering Committee will review project progress, verify the achievement of the outputs and mandatory results and discuss actions to be undertaken in the following quarter. The Project Steering Committee will also discuss the draft of the quarterly report submitted to it beforehand, recommend corrections.

The Steering Committee will also make decisions about possible proposals of changes to the timetable, task plans and in the budget-related issues.

The responsibility for the organisation of the Project Steering Committee meeting lies with both Project Leaders.

6.2. Twinning

The twinning schemes will be implemented in the following beneficiary directorates which will provide a contact person / project leader to work with the experts and also necessary office space and equipment.

1. Strengthening the control capacity of the tax administration

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Beneficiary: Directorate of Methodology and Procedures for Fiscal Control
 Project Leader: Mr. Alin Ghiurca – Director
 Phone: (+4021) 319 97 59 / ext 1019
 Fax: (+4021) 319 98 51
 E-mail: alin.ghiurca@mfinante.ro

2. The collection degree of the fiscal claims increased by applying the enforcement measures
 Beneficiary: General Directorate for Regulating the Budgetary Revenue Collection

Romanian Project leader
 Ms. Anisoara Popa Gheorghe - General Director
 Phone: (+4021) 319 97 40
 Fax: (+4021) 319 97 40
 E-mail: anisoara.popa@mfinante.ro

3. Implementation of a methodology and models for a correct estimation of the arrears' collection
 Beneficiary: Directorate for Monitoring the Budgetary Debts Collection

Romanian Project Leader
 Mrs. Silvia Marinescu – Director
 Phone: 00 4021.319.96.98
 Fax: 00 4021.319.97.40
 E-mail: silvia.marinescu@mfinante.ro

4. Improving the legislation on direct taxation
 Beneficiary: Improving the legislation on direct taxation

Romanian Project Leader
 Mrs. Cornelia Petreanu – General Director
 Phone: (+4021) 319 97 59 / ext. 1024
 E-mail: cornelia.petreanu@mfinante.ro

6.3.Non-standard aspects

For the twinning project, the Twinning Manual provisions will be strictly followed.

6.4.Contracts

No.	Title	Type of assistance	Allocated budget	Co-financing
1.	Strengthening the control capacity of the tax administration	Twinning 12 months	0.80	-
2.	The collection degree of the fiscal claims increased by applying the enforcement measures	Twinning 15 months	0.95	-
3.	Implementation of a methodology and models for a correct estimation of the arrears' collection	Twinning 12 months	0.80	-
4.	Improving the legislation on direct taxation	Twinning Light 6 months	0.25	-
Total			2.80	

7. Implementation Schedule

7.1.Start of tendering/call for proposals

January 2008

7.2.Start of project activity

July 2008

7.3.Project completion

November 2009

8. Sustainability

The assistance required under the Transition Facility programme is meant to complete the enhancement of the Romanian administration capacity to implement the *acquis communautaire* with a view to properly functioning in the new context of Romania's Membership.

The Guidelines and Manuals delivered under the project will be used as supporting material for the future training of the staff.

The train the trainers programmes delivered under this project will be integrated into the MEF's training system.

Also, the resources in terms of staff and budget to secure the sustainability of the projects after their completion will be ensured.

9. Conditionality and sequencing

There is no conditionality foreseen for the implementation of this project.

ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format – Annex 1
2. Detailed implementation chart – Annex 2
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period) – Annex 3
4. List of relevant Laws and Regulations - Annex 4
5. Lessons learnt from previous years - Annex 5
6. Indicative budget breakdowns – Annex 6

ANNEXES

Annex 1 - Log frame Transition Facility programme for Romania

LOGFRAME PLANNING MATRIX FOR Project Fiche			
Strengthening the tax administration reform		Programme name and number	
		2007/19343.05.03	
		Contracting period expires: 15 12 2009	Disbursement period expires: 15 12 2010
		Total budget: 2.80 Meuro	TF budget: 2.80 Meuro
Overall objective	Relates to Copenhagen criterion and acquis chapter¹	List of other projects with same objective	
The administrative capacity of the Ministry of Economy and Finance increased related to tax legislation and administration field in order to ensure it's functioning at the level of European Union standards and best practices.	<ul style="list-style-type: none"> Economic Criterion from Copenhagen "the existence of a functioning market economy" May 2006 Comprehensive Monitoring European Commission Report (page 27) September 2006 European Commission Monitoring Report (pages 41,42; pages 44,48) 	<ul style="list-style-type: none"> 2004/016-772.03.01.01 - Completing the harmonisation of the tax legislation and strengthening the fiscal administration (RO04/IB/FI-01) Strengthening the fiscal administration reform – TW under 2006 Phare Programme RO04/IB/FI-07 "Assistance to the NCA for the improvement of Human Resources policies including training and ethics". 	
Project purpose Complete and unitary practices for fiscal	Objectively verifiable indicators	Sources of Verification	Assumptions

¹ Please specify here the recommendation made in Comprehensive Monitoring Report or other relevant documents (SIGMA (financial control, procurement, Peer Reviews, Evaluation reports, Final reports of TW projects)

<p>administration and that be achieved by the following:</p> <ul style="list-style-type: none"> ➤ Strengthening the control capacity of the tax administration with the specific goals ➤ The collection degree of the fiscal claims increased by applying the enforcement measures ➤ Implementation of a methodology and models for a correct estimation of the arrears' collection ➤ Improving the legislation on direct taxation. 	<ul style="list-style-type: none"> • The additional amounts collected to the general consolidated budget at the end of the project • Increased weight of electronic control acts in the total of tax control acts • The methods of work related to fiscal inspection improved • Increased fiscal revenues compared with the previous period • Increased collection rate compared with the previous period • Increased fiscal revenues compared with the previous period • Increased collection rate compared with the previous period • Low number of questions from the taxpayers • Reduced period for answering to the taxpayers questions 	<p>Reports related to tax inspection activity</p> <p>Budget and fiscal execution</p> <p>Procedures approved and published in the Official Journal</p> <p>System of synthetic indicators for the Agency's management</p> <p>Monthly reports</p>	<p>Voluntary compliance of the taxpayers</p> <p>Voluntary compliance of the taxpayers</p>
<p>Results</p> <p>I - Strengthening the control capacity of the tax administration</p> <p>1. Development of the e-audit function of the tax inspection</p> <p>1.1 Methodology and procedures for importing the taxpayers data bases, drawn up, tested and implemented;</p> <p>1.2 50 Fiscal inspectors trained in using</p>	<p>Objectively verifiable indicators</p> <p>Methodology approved at the NATA level</p> <p>Number of necessary procedures drawn up and approved; procedures are tested</p>	<p>Sources of Verification</p> <p>Orders approved by NATA</p> <p>President</p> <p>Activity reports within the project</p> <p>Final report, including the text of all individual tasks;</p> <p>Reports related to tax inspection activity</p>	<p>Assumptions</p> <p>Tax and accounting statistics of the economic agents using the IT instruments (software applications and hardware instruments)</p> <p>Coordination between</p>

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the electronic instruments necessary for the electronic control.	and implemented 50 tax inspectors trained		NATA and economic agents Documentation and data needed provided Availability of the other institutions involved
<p>2. Selection of the taxpayers for control based on the risk analysis</p> <p>2.1 An instrument for the tax risk analysis created in order to allow NATA to immediately know the fiscal cases having a risk</p> <p>2.2 Methodology and procedures for using the instruments for the tax risk analysis, elaborated;</p> <p>2.3 Responsibilities, job description, performance indicators defined for the departments in charged with tax risk analysis, in order to organise these departments, both at local and central level.</p>	<p>Methodology approved at the NATA level</p> <p>Departments in charged with tax risk analysis, at central and local level, are organized</p>		
<p>3. Development of the documentary control</p> <p>3.1 Methodological and procedural framework related to the documentary control, elaborated;</p> <p>3.2 Methods to organize and perform the documentary control based on the fiscal risk analysis.</p>	<p>Methodology approved at the NATA level</p>		
<p>4. Specific regulations related to the operative component of the tax inspection</p> <p>4.1 Methodological and procedurals framework for on the spot checks, elaborated;</p> <p>4.2 A number of 10 tax inspectors trained</p>	<p>Methodology approved at the NATA level</p> <p>10 tax inspectors trained</p>		

<p>regarding the new methodology and procedures for on the spot checks;</p> <p>4.3 Modalities for cooperation and methodology for elaboration of cooperation protocols with other institutions in order to fight against tax evasion;</p> <p>4.4 One representative from each institution involved, trained as trainers.</p>	<p>A model of cooperation protocol</p> <p>Trainers trained (1 from each institution)</p>		
<p>II - The collection degree of the fiscal claims increased by applying the enforcement measures</p> <p><i>Developed/ improved and implemented legal framework in the following fields:</i></p> <p>1. Capitalization of the sequestrated securities</p> <p>1.1 Procedures on the sequestration of the incomes resulted from holding of securities, evaluation and recovery of the securities listed and non-listed, sequestered;</p> <p>1.2 Appliance guide of the legal provisions in the field of the incomes sequestration, resulted from holding of securities, evaluation and recovery of the securities listed and non-listed, sequestered;</p> <p>1.3 Training of 52 trainers on the above-mentioned items, out of which 3, at central level and 49, at local level.</p>	<p>The number of procedures approved</p> <p>The appliance Guide approved</p> <p>52 trainers trained (3 at the central level and 49 at local level)</p>	<p>Official Journal; The orders signed by the NATA President; The orders signed by the minister of economy and finance Activity reports; Technical reports; Final report, including the text of all individual tasks; MEF web site.</p>	<p>Financial and human resources; Adequate experience of the partners; Availability of qualified experts. Documentation and data needed provided.</p>
<p>2. Recovery, in Romania, of the tax claims established by debentures issued</p>			

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<p>within a Member State, recovery within the Member States, of the tax claims established in Romania, as well as the mutual assistance regarding the recovery of the tax claims established in other states than Member States</p> <p>2.1 Methodology and informational flows, according dependent on the tax enforcement rules, specific to our country;</p> <p>2.2 Appliance guide of the legal provisions in this field;</p> <p>2.3 Training of 52 trainers regarding the above-mentioned items, out of which 3 at central level and 49 at local level.</p>	<p>Methodology approved</p> <p>The appliance Guide approved</p> <p>52 trainers trained (3 at the central level and 49 at local level)</p>		
<p>3. Recovery of the claims originating in the inadequate use of the European funds</p> <p>3.1 Methodology of the debts recovery deriving from the inadequate use of the European funds;</p> <p>3.2 Appliance guide of the legal provisions on recovery the Community funds;</p> <p>3.3 Training of 52 trainers regarding the above-mentioned items, out of which 3 at central level and 49 at local level.</p>	<p>Methodology approved</p> <p>The appliance Guide approved</p> <p>52 trainers trained (3 at the central level and 49 at local level)</p>		
<p>4. Application of clear and coherent criteria that suit with the international fiscal legislation for establishing the joint accountability of the persons under declaration of the state of insolvency or insolvency of the legal person</p> <p>4.1 Guidelines on establishing the jointly</p>			

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responsibility; 4.2 Appliance guide of the legal provisions on declaration of the state of insolvency and insolvency, as well as the establishing the responsibility of the culpable persons of declaration the state of insolvency and insolvency; 4.3 Training of 52 trainers regarding the above-mentioned items, out of which 3 at central level and 49 at local level.	Number of guidelines approved The appliance Guide approved			Financial and human resources; Adequate experience of the partners; Availability of qualified experts;
5. Recovery of the illegal or forbidden state aid in accordance with the provisions of the EC Treaty 5.1 Proposals of legal acts for recovery of the illegal and forbidden state aids, as Member State; 5.2 Methodology for application the legal provisions in the field of recovery of the illegal and forbidden state aids, as Member State; 5.3 Appliance guide of the legal provisions in this field; 5.4 Training of 52 trainers regarding the above-mentioned items, out of which 3 at central level and 49 at local level.	52 trainers trained (3 at the central level and 49 at local level) The number of the proposals of legal acts approved by the NATA level Methodology approved The appliance Guide approved 52 trainers trained (3 at the central level and 49 at local level)			Official Journal; The orders signed by the NATA President; The orders signed by the minister of economy and finance Activity reports;
III - Implementation of a methodology and models for a correct estimation of the arrears' collection 1. Analysis guide for the arrears for each type of tax and taxpayers categories in order to define and classify the arrears, approved by NATA, the analysis guide of	The analysis guide of arrears and collection from arrears, approved and available for the functionaries of the			

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arrears and collection from arrears, approved and available for the staff of the local fiscal body;	local fiscal body;	Technical reports; MEF web site.	Documentation and data needed provided.
2. Analysis indicators for the arrears' to be used at local fiscal bodies.	Indicators approved by the NATA level;		
3. Methodology for analyzing the collection from arrears (for each type of tax);	Methodology approved;		
4. Models for measuring the level of the arrears' collection in the 12 counties, that will help to realize macroeconomic analysis and thus to improve the collecting proceedings;	Models approved;		
5. The personnel within the fiscal apparatus, both at central and local level, trained, in the field of arrears analyze and the field of estimating the collection level of arrears (including trainers).	12 persons from the central level fiscal body and 100 persons from local fiscal body (5 training sessions of 5 days each).		
IV - Improving the legislation on direct taxation	The methodology approved by the MEF; A minimum one guide elaborated and approved; A minimum of 25 trained persons.	Methodological Norms; Activity reports; Final report, including the text of all individual tasks; The MEF's site.	Relevant experience of the twinning partners; Availability of some qualified experts; Documentation and data needed provided.
1. Methodology for the appropriate enforcement of the legal provisions in the field covered by the Directive 434/1990/EC, elaborated;			
2. Case studies and guidelines for enforcing the law for each type of economical operation made between different Member States' companies, regarding the Directive 434/1990/EC (including case studies from the European Court of Justice);			

<p>3. The personnel within the Directorate of Legislation for Direct Taxation and Directorate of Methodology and Procedures for Fiscal inspection, as well as from the territorial level trained on applying the methodology for enforcing the provisions of the Directive 434/1990/EC.</p> <p>Activities</p>	<p>Means</p>	<p>Assumptions</p>
<p>I - Strengthening the control capacity of the tax administration</p> <p><i>1. Development of the e-audit function of the tax inspection</i></p> <p>1.1 Analysing the current situation related to the e-audit function of tax inspection (2 missions of 5 days, involving 2 experts);</p> <p>1.2 Workshops for elaborating the methodology and procedures for importing the taxpayers' databases (2 workshops of 5 days, involving 2 experts);</p> <p>1.3 Testing the procedures and improving them if the case is (3 missions of 5 days, involving 2 experts);</p> <p>1.4 Preparing the training materials and delivering training for tax inspectors in using the electronic instruments in 2 seminars of a one week each, with the participation of 25 inspectors/week; Evaluation of the knowledge acquired and evaluation of the training by the participants (2 missions of 5 days, involving 2 experts for training materials preparation and 2 seminars of 5 days for</p>	<p>Twinning Contract</p>	<p>Adequate expertise of the partners; Availability of qualified experts; Human and financial resources; Good cooperation with other directorates and institutions.</p>

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training delivered by 2 experts).

2. Selection of the taxpayers for control based on the risk analysis

2.1 Analysing the current situation related to the selection of the taxpayers based on risk analysis (2 missions of 5 days, involving 2 experts);

2.2 Workshops for defining an instrument allowing NATA to immediately know the fiscal cases having a risk in order to immediately take the necessary corrective measures (2 workshops of 5 days, involving 2 experts);

2.3 Workshops for elaborating the methodology and procedures regarding the instruments for tax risk analysis (2 workshops of 5 days, involving 2 experts);

2.4 Workshops for making proposals for establishing the organization of the risk analysis department and defining their responsibilities, job description and performance indicators (2 workshops of 5 days, involving 2 experts).

3. Development of the documentary control

3.1 Analysing the current situation related to the documentary control (2 missions of 5 days, involving 2 experts);

3.2 Workshops for elaborating the methods and procedures for performing the documentary control (2 missions of 5 days, involving 2 experts);

3.3 Workshops for elaborating the methods

to organize and perform the documentary control based on the fiscal risk analysis (2 missions of 5 days, involving 2 experts);
3.4 Workshops for establishing the information related to taxpayers based on which a tax risk indicator will be determined and will allow taking the necessary measures (2 missions of 5 days, involving 2 experts).

4. Specific regulations related to the operative component of the tax inspection

4.1 Analysing the current situation related to the control on the spot (2 missions of 5 days, involving 2 experts);

4.2 Workshops for elaborating the methodology and procedures for the control on the spot (2 workshops of 5 days, involving 2 experts);

4.3 Preparing the training materials and delivering training for a number of 10 tax inspectors within 2 sessions of one week each; Evaluation of the knowledge acquired and evaluation of the training by the participants (2 missions of 5 days, involving 2 experts for training materials preparation and 2 seminars of 5 days for training delivered by 2 experts);

4.4 Analysing the current situation related to the cooperation with other institutions in order to fight against tax evasion (2 missions of 5 days, involving 2 experts);

4.5 Workshops for establishing the modalities for cooperation and methodology for elaboration of

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<p>cooperation protocols with other institutions in order to fight against tax evasion (2 workshops of 5 days, involving 2 experts);</p> <p>4.6 Preparing the training materials and train the trainers (1 person from each institution involved) on cooperation protocols within 2 seminars of one week each (2 missions of 5 days, involving 2 experts for training materials preparation and 2 seminars of 5 days for training delivered by 2 experts).</p>	<p>Twinning Contract</p>	<p>Adequate experience of the partners; Availability of qualified experts; Financial and human resources; Good collaboration with involved directorates and institutions.</p>
<p>II - The collection degree of the fiscal claims increased by applying the enforcement measures - and Elaboration/improvement and implementation of the legal framework regarding:</p> <p>1. Capitalization of the sequestered securities</p> <p>1.1 Analysis of current situation in Romania regarding the tax enforcement through sequestration of the incomes resulted from the shareholding, evaluation and selling of the securities sequestered, as well as of the legal framework regulating the market capital (2 missions of 5 days, involving 2 experts);</p> <p>1.2 Workshops for presenting examples of the recovery modalities within the Member States, of the tax claims by sequestration of the incomes resulted from securities held by debtors and</p>		

recovery of the securities sequestered, both for listed and for non-listed ones (2 workshops of 5 days, involving 2 experts);

1.3 Workshops for elaboration of a procedure on the sequestration of the incomes resulted from the securities held, evaluation and recovery of the securities listed and non-listed, sequestered (2 workshops of 5 days, involving 2 experts);

1.4 Workshops for elaboration of the appliance guide of the legal provisions in the field (2 workshops of 5 days, involving 2 experts).

2. Recovery, in Romania, of the tax claims established by debentures issued within a Member State, recovery within the Member States, of the tax claims established in Romania, as well as the mutual assistance regarding the recovery of the tax claims established in other states than Member States

2.1 Analysis of the current situation in Romania regarding the recovery of the amounts representing the tax obligations, established within an EU Member State, of the natural and legal non-resident persons, registered on Romania's territory and mutually, as well as the recovery of the tax claims established in another states than EU Member States (2 missions of 5 days,

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<p>involving 2 experts);</p> <p>2.2 Workshops for presenting examples of recovery modalities within the Member States (2 workshops of 5 days, involving 2 experts);</p> <p>2.3 Workshops for elaboration of the applicable methodology in Romania and establishing the informational flows, dependent on the tax enforcement rules specific to our country (2 workshops of 5 days, involving 2 experts);</p> <p>2.4 Workshops for elaboration of the appliance guide of the legal provisions in this field (2 workshops of 5 days, involving 2 experts).</p>		
<p>3. Recovery of the claims originating in the inadequate use of the European funds</p> <p>3.1 Analysis of the current situation in Romania regarding the recovery of the claims originating in the inadequate use of the European funds (2 missions of 5 days, involving 2 experts);</p> <p>3.2 Workshops for presenting examples of recovery procedures of the Community funds (structural and cohesion) within EU Member States (2 workshops of 5 days, involving 2 experts);</p> <p>3.3 Workshops for elaboration of a recovery methodology of the debts resulting from the inadequate use of the</p>		

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European funds (2 workshops of 5 days, involving 2 experts);
3.4 Workshops for elaboration of an appliance guide for the recovery of the Community funds inadequate used (2 workshops of 5 days, involving 2 experts).

4. Application of clear and coherent criteria that suit with the international fiscal legislation for establishing the joint accountability of the persons under declaration of the state of insolvency or insolvency of the legal person

4.1 Analysis of current situation regarding the declaration of the insolvency and insolvency state, as well as the establishing of responsibility of the persons under declaration of the insolvency and insolvency state (2 missions of 5 days, involving 2 experts);

4.2 Workshops for presenting examples of case studies under declaration of insolvency and insolvency for legal persons within Member States (2 workshops of 5 days, involving 2 experts);

4.3 Workshops for elaboration of guidelines regarding the establishing of jointly responsibility (2 workshops of 5 days, involving 2 experts);

4.4 Workshops for elaboration of an appliance guide of the legal provisions on declaration of insolvency and

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<p>insolvency state, as well as the establishing of the persons under declaration of the insolvability and insolvency state (2 workshops of 5 days, involving 2 experts).</p> <p>5. Recovery of the illegal or forbidden state aid in accordance with the provisions of the EC Treaty</p> <p>5.1 Analysis of the current situation in Romania regarding the recovery of illegal or forbidden state aid (2 missions of 5 days, involving 2 experts);</p> <p>5.2 Workshops for drawing up proposals of recovery modalities of illegal or forbidden state aid within EU Member States (2 workshops of 5 days, involving 2 experts);</p> <p>5.3 Workshops for elaboration of legal acts improving the current legal framework in the field of the recovery illegal or forbidden state aid (2 workshops of 5 days, involving 2 experts);</p> <p>5.4 Workshops for elaboration of an appliance guide of the legal provisions in the field of recovery of illegal or forbidden state aid (2 workshops of 5 days, involving 2 experts).</p> <p>6. Training of the staff after the implementation of activities related to the elaboration/improvement of the legal framework</p>		
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<p>6.1 Preparing the training materials based on the results of the above mentioned activities (2 missions of 5 days, involving 6 experts);</p> <p>6.2 Delivering training for 52 trainers on the above-mentioned items, out of which 3, at central level and 49, at local level (5 sessions of 5 days each). Evaluation of the knowledge acquired and evaluation of the training by the participants (5 seminars of 5 days for training delivered by 2 experts/seminar).</p>			<p>Adequate experience of the partners; Availability of qualified experts; Financial and human resources; Good collaboration with involved directorates and institutions</p>
<p>III - Implementation of a methodology and models for a correct estimation of the arrears' collection</p> <p>1. Analysis of the current situation and of the legal framework in force in Romania (2 missions of 5 days involving 3 experts for analysing the impact of policies and law in force);</p> <p>2. Workshops for presenting the European practices in the field of collection and analysis of arrears (2 workshops of 5 days involving 2 experts);</p> <p>3. Organizing workshops for elaboration of the analysis guide of arrears for each type of tax or taxpayers, in order to define and classify the arrears (3 workshops of 5 days involving 3 experts);</p> <p>4. Workshops for designing indicators for analysing the arrears at county level (3 workshops of 5 days involving 3</p>		<p>Twinning Contract</p>	

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<p>experts);</p> <p>5. Organizing workshops for elaboration of the methodology for analysing the collection from arrears (for each type of tax) (3 workshops of 5 days involving 3 experts);</p> <p>6. Organizing workshops for elaboration of estimation models in order to fundament de collection plan (3 workshops of 5 days involving 3 experts);</p> <p>7. Testing the estimation model in 12 counties and modify it in term of beneficiary's comments (3 missions of 5 days involving 6 experts);</p> <p>8. Preparing the training materials and providing professional training of personnel within NATA, at central and local level: 12 persons from the central level fiscal body and 100 persons from local fiscal body (5 training sessions of 5 days each); Evaluation of the knowledge acquired and evaluation of the training by the participants (2 missions of 5 days, involving 2 experts for training materials preparation and 5 seminars of 5 days for training delivered by 2 experts).</p>				Relevant experience of the twinning partners; Availability of qualified experts; Human and financial resources.
<p>IV - Improving the legislation on direct taxation</p> <p>1.1 Analysing the current situation related to the implementation of the 434/1990 Directive's provisions regarding a mutual tax system for mergers,</p>	Twinning light Contract			

<div data-bbox="164 1384 347 1948"> <div data-bbox="164 1384 347 1948">divisions, partial divisions, transfer of shares, exchange of shares, between different Member States' companies (2 missions of 5 days, involving 2 experts);</div> <div data-bbox="347 1384 523 1948">1.2 Organizing workshops for elaborating the methodology regarding the enforcement of the Directive 434/1990/EC (2 missions of 5 days, involving 2 experts);</div> <div data-bbox="523 1384 730 1948">2.1 Making working groups for case studies and elaborating specific guidelines for economical operations under the Directive 434/1990/EC (3 missions of 5 days, involving 2 experts);</div> <div data-bbox="730 1384 970 1948">2.2 Organizing workshops for analysing representative case studies of the European Court of Justice and elaborating a guide containing the most representatives cases of ECJ (4 missions of 5 days, involving 2 experts);</div> <div data-bbox="970 1384 1401 1948">3. Preparing training materials and organizing seminars for training the staff (50 persons per session, 2 sessions of 5 days each) in applying the enforcement methodology of the Directive 434/1990/EC; Evaluation of the knowledge acquired; evaluation of the training by the participants (1 missions of 5 days, involving 2 experts for training materials preparation and 2 seminars of 5 days for training delivered by 2 experts).</div> </div>			
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1. Strengthening the control capacity of the tax administration

Annex 3a - Cumulative contracting schedule

	31/03/07	30/06/07	30/09/07	31/12/07	31/03/08	30/06/08	30/09/08	31/12/08	31/03/09	30/06/09	30/09/09	31/12/09
CONTRACTED Twinning contract	7	7	7	7	8	8	8	8	9	9	9	9
NB: All contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of the FA.												

Annex 3b - Cumulative disbursement schedule

	31/03/08	30/06/08	30/09/08	31/12/08	31/03/09	30/06/09	30/09/09	31/12/09	31/03/10	30/06/10	30/09/10	30/09/10
DISBURSEMENT Twinning contract	8	8	8	0.64	0.72	0.72	0.80					
NB: All disbursements must be completed within 36 months of signature of the FA.												

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2. The collection degree of the fiscal claims increased by applying the enforcement measures

Annex 3b - Cumulative disbursement schedule

Annex 3a - Cumulative contracting schedule

	31/03/0	30/06/0	30/09/0	31/12/0	31/03/0	30/06/0	30/09/0	31/12/0	31/03/0	30/06/0	30/09/0	31/12/0
CONTRACTED	7	7	7	7	8	8	8	8	9	9	9	9
Twinning contract												
							0.95					

NB: All contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of the FA.

	31/03/0	30/06/0	30/09/0	31/12/0	31/03/0	30/06/0	30/09/0	31/12/0	31/03/0	30/06/0	30/09/0	31/12/0
DISBURSEMENT	8	8	8	8	9	9	9	9	10	10	10	10
Twinning contract			0.60	0.60	0.60	0.85	0.85	0.95				

NB: All disbursements must be completed within 36 months of signature of the FA.

3. Implementation of a methodology and models for a correct estimation of the arrears' collection

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Annex 3a - Cumulative contracting schedule

	31/03/07	30/06/07	30/09/07	31/12/07	31/03/08	30/06/08	30/09/08	31/12/08	31/03/09	30/06/09	30/09/09	31/12/09
CONTRACTED Twinning contract	7	7	7	7	8	8	8	8	9	9	9	9
NB: All contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of the FA.												

Annex 3b - Cumulative disbursement schedule

	31/03/08	30/06/08	30/09/08	31/12/08	31/03/09	30/06/09	30/09/09	31/12/09	31/03/10	30/06/10	30/09/10	30/09/10
DISBURSEMENT Twinning contract	8	8	8	8	9	9	9	9	10	10	10	10
NB: All disbursements must be completed within 36 months of signature of the FA.												

4. Improving the legislation on direct taxation

Annex 3a - Cumulative contracting schedule

	31/03/0	30/06/0	30/09/0	31/12/0	31/03/0	30/06/0	30/09/0	31/12/0	31/03/0	30/06/0	30/09/0	31/12/0
CONTRACTED Twining light	7	7	7	7	8	8	8	8	9	9	9	9
NB: All contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of the FA.							0.25					

Annex 3b - Cumulative disbursement schedule

	31/03/0	30/06/0	30/09/0	31/12/0	31/03/0	30/06/0	30/09/0	31/12/0	31/03/0	30/06/0	30/09/0	30/09/0
DISBURSEMENT Twining light	8	8	8	8	9	9	9	9	10	10	10	10
NB: All disbursements must be completed within 36 months of signature of the FA.			0.20	0.20	0.25							

Annex 4

REFERENCE LIST OF RELEVANT LAWS AND REGULATIONS

1. Government Ordinance no. 92/2003 regarding the Fiscal Procedure Code, republished, with subsequent modifications and completions, into O.J. no. 863/ 26.09.2005;
2. Law no. 505/2006 approving Government Ordinance no. 35/2006 for the modification and completion of Government Ordinance no. 92/2003 regarding the Fiscal Procedure Code, published into O.J. no. 1054/ 30.12.2006;
3. Government Decision no. 1050/2004 approving Methodological Standards for the application of Government Ordinance no. 92/2003 regarding the Fiscal Procedure Code, O.J. no. 651/20.07.2004;
4. Law no. 297 / 2004 regarding the capital market, published into O.J. no. 571/ 29.06.2004;
5. Government Ordinance no. 79/2003 regarding control and recovery of Community funds, as well as co-financing funds relevant used improperly, with subsequent modifications and completions, O.J. no. 622/30.08.2003 ;
6. Government Ordinance no. 117/2006 regarding national procedures in the area of state aide, published into O.J. no. 1042/ 28.12.2006;
7. Law no. 343/ 2006 for modification and completion of Law no. 571/2003 regarding the Fiscal Code, published into O.J. no. 662/ 01.08.2006.
8. Government Decision no. 1861/2006 regarding the amendment and completion of the Methodological Norms for enforcement of the Law no. 571/2003 on Fiscal Code, approved by Government Decision no. 44/2004.

Annex 5 - LESSONS LEARNT FROM PREVIOUS YEARS

Identified Gaps or Recommended courses of intervention	Action for covering the Gap or implement the recommended intervention	Phare Programming (Project Reference) 2004-2006	Transition Facility
<p>May 2006 Comprehensive Monitoring Report Chapter 10</p> <ul style="list-style-type: none"> - Romanian needs to carry out a general reform of the tax administration and collection with a view to ensuring integrity, preventing conflicts of interest and tackling the lack of resources. - Romania should continue increasing its efforts to strengthen the collection and control capacity of the Tax Administration, with particular regard to excise duties and direct taxation. 	<ul style="list-style-type: none"> - Development of the e-audit function of the tax inspection - Selection of the taxpayers for control based on the risk analysis - Development of the documentary control - Specific regulations related to the operative component of the tax inspection - To increase the collection degree of the fiscal claims by applying the enforcement measures by the elaboration/improvement and implementation of the legal framework regarding: <ul style="list-style-type: none"> - Capitalization of the sequestered securities - Recovery, in Romania, of the tax claims established by debentures issued within a Member State, recovery within the 	2004/016-772.03.01.01 - Completing the harmonization of the tax legislation and strengthening the fiscal administration (RO04/IB/FI-01) Twinning	Strengthening the tax administration reform
<p>September 2006 Monitoring Report Chapter 10</p> <ul style="list-style-type: none"> - The operational capacity of the National Agency for Fiscal Administration, whilst increasing slowly, is still in need of significant improvement; - Romania needs to sustain and further its efforts to ensure an adequate level of 		RO06/IB/FI-01 Strengthening the fiscal administration reform – Twinning	Strengthening the control capacity of the tax administration (Twinning) The collection degree of the fiscal claims increased by applying the enforcement measures (Twinning) Implementation of a methodology and models for a correct estimation of the arrears' collection (Twinning) Improving the

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<p>tax compliance and collection, in order to improve the administrative capacity of its tax administration;</p> <p>Economic criteria</p> <ul style="list-style-type: none"> - Romania continues to be a functioning market economy though fiscal policy should be reinforced to increase the tax collection rate; - Total and new tax arrears remain substantial and financial discipline should be strengthened; - Further improvements in tax collection and compliance remain necessary to improve fiscal sustainability. 	<p>Member States, of the tax claims established in Romania, as well as the mutual assistance regarding the recovery of the tax claims established in other states than Member States</p> <ul style="list-style-type: none"> - Recovery of the claims originating in the inadequate use of the European funds - Application of clear and coherent criteria that suit with the international fiscal legislation for establishing the joint accountability of the persons under declaration of the state of insolvency or insolvency of the legal person - Recovery of the illegal or forbidden state aid in accordance with the provisions of the EC Treaty 	<p>legislation on direct taxation (Twinning light)</p>
<ul style="list-style-type: none"> - Implementation of a methodology and models for a correct estimation of the arrears' collection - Improving the implementation of the 434/1990 Directive's provisions regarding a mutual tax system for mergers, divisions, partial divisions, transfer of shares, exchange of shares, between different Member States' companies 		

Annex 6

1. Budget breakdown for the twinning project "Strengthening the control capacity of the tax administration" *Estimated budget 800,000 Euro*

Current number	Project preparation and coordination costs (RTA, RTA allowances, RTA training, RTA assistant, Project Preparation and Coordination Costs, Audit, Visibility)	Amount (Euro)	
		Member State	BC
I.	Project activities	215,044	
II.	Activities 1.1 – 1.4 – 110 man-days in total	569,956	
	Activity 1.1 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 1.2 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 1.3 – Fees: 15 m/d X 250; 15 m/d X 350; PMC: 9000 x 1,5; Travel: 6 X 700; Per diem: 6 x 7 x 228		
	Activity 1.4 – Fees: 20 m/d X 250; 20 m/d X 350; PMC: 12000 x 1,5; Travel: 8 X 700; Per diem: 8 x 7 x 228		
	Activities 2.1 – 2.4 – 80 man-days in total	133,012	
	Activity 2.1 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 2.2 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 2.3 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 2.4 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activities 3.1 – 3.4 – 80 man-days in total	96,736	
	Activity 3.1 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 3.2 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 3.3 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 3.4 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activities 4.1 – 4.6 – 160 man-days in total	96,736	
	Activity 4.1 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 4.2 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 4.3 – Fees: 20 m/d X 250; 20 m/d X 350; PMC: 12000 x 1,5; Travel: 8 X 700; Per diem: 8 x 7 x 228		
	Activity 4.4 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 4.5 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 4.6 – Fees: 20 m/d X 250; 20 m/d X 350; PMC: 12000 x 1,5; Travel: 8 X 700; Per diem: 8 x 7 x 228		
III.	Translation/Interpretation, printing	193,472	
	Reserves	50,000	
	TOTAL	15,000	
		800,000	

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2. Budget breakdown for the twinning project
"The collection degree of the fiscal claims increased by applying the enforcement measures"
Estimated budget 950.000 Euro

Current number	Amount (Euro)	Amount (Euro)	
		Member State	BC
I.	Project preparation and coordination costs (RTA, RTA allowances, RTA training, RTA assistant, Project Preparation and Coordination Costs, Audit, Visibility)	263,308	
II.	Project activities	671,692	
	Activities 1.1 – 1.4 – 80 man-days in total	96,736	
	Activity 1.1 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 1.2 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 1.3 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 1.4 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activities 2.1 – 2.4 – 80 man-days in total	96,736	
	Activity 2.1 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 2.2 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 2.3 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 2.4 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activities 3.1 – 3.4 – 80 man-days in total	96,736	
	Activity 3.1 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 3.2 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 3.3 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 3.4 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activities 4.1 – 4.4 – 80 man-days in total	96,736	
	Activity 4.1 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 4.2 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 4.3 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 4.4 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activities 5.1 – 5.4 – 80 man-days in total	96,736	
	Activity 5.1 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 5.2 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activity 5.3 – Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		

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	Activity 5.4 - Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228		
	Activities 6.1 – 6.2 - 110 man-days in total		
	Activity 6.1 - Fees: 10 m/d X 250; 50 m/d X 350; PMC: 20000 x 1,5; Travel: 12 X 700; Per diem: 12 x 7 x 228	138,012	
	Activity 6.2 - Fees: 25 m/d X 250; 25 m/d X 350; PMC: 15000 x 1,5; Travel: 10 X 700; Per diem: 10 x 7 x 228		
	Translation/Interpretation, printing		
III.	Reserves	50,000	
	TOTAL	15,000	
		950.000	

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29/11/2007

3. Budget breakdown for the twinning project
“Implementation of a methodology and models for a correct estimation of the arrears’ collection”
Estimated Budget 800.000 Euro

Current number		Amount (Euro)	
		Member State	BC
I.	Project preparation and coordination costs (RTA, RTA allowances, RTA training, RTA assistant, Project Preparation and Coordination Costs, Audit, Visibility)	240,912	
II.	Project activities	544,088	
	Activity 1 - 30 man-days in total (Fees: 30 m/d X 350; PMC: 10500 x 1,5; Travel: 6 X 700; Per diem: 6 x 7 x 228)	40,026	
	Activity 2 - 20 man-days in total (Fees: 10 m/d X 250; 10 m/d X 350; PMC: 6000 x 1,5; Travel: 4 X 700; Per diem: 4 x 7 x 228)	24,184	
	Activity 3 - 45 man-days in total (Fees: 15 m/d X 250; 30 m/d X 350; PMC: 14250 x 1,5; Travel: 9 X 700; Per diem: 9 x 7 x 228)	56,289	
	Activity 4 - 45 man-days in total (Fees: 15 m/d X 250; 30 m/d X 350; PMC: 14250 x 1,5; Travel: 9 X 700; Per diem: 9 x 7 x 228)	56,289	
	Activity 5 - 45 man-days in total (Fees: 15 m/d X 250; 30 m/d X 350; PMC: 14250 x 1,5; Travel: 9 X 700; Per diem: 9 x 7 x 228)	56,289	
	Activity 6 - 45 man-days in total (Fees: 15 m/d X 250; 30 m/d X 350; PMC: 14250 x 1,5; Travel: 18 X 700; Per diem: 18 x 7 x 228)	120,078	
	Activity 7 - 90 man-days in total (Fees: 90 m/d X 350; PMC: 31500 x 1,5; Travel: 18 X 700; Per diem: 18 x 7 x 228)	84,644	
	Activity 8 - 70 man-days in total (Fees: 35 m/d X 250; 35 m/d X 350; PMC: 21000 x 1,5; Travel: 14 X 700; Per diem: 14 x 7 x 228)	50,000	
	Translation/Interpretation, training (materials)	15,000	
III.	Reserves	800.000	
	TOTAL		

4. Budget breakdown for the twinning light project
 "Improving the legislation on direct taxation"
 Estimated budget 250,000 Euro

Current number		Amount (Euro)	
		Member State	BC
I.	Project coordination costs (including translation/interpretation, printing materials)	57,034	
II.	Project activities		
	Activities 1.1 – 1.2 – 40 man-days in total	187,966	
	Activity 1.1 - Fees: 20 m/d X 350; PMC: 7000 x 1,5; Travel: 4 X 700; Per diem: 4x 7 x 228)		
	Activity 1.2 - Fees: 20 m/d X 350; PMC: 7000 x 1,5; Travel: 4 X 700; Per diem: 4x 7 x 228)	53,296	
	Activities 2.1 – 2.2 – 70 man-days in total		
	Activity 2.1 - Fees: 30 m/d X 350; PMC: 10500 x 1,5; Travel: 6 X 700; Per diem: 6 x 7 x 228)		
	Activity 2.2 - Fees: 20 m/d X 350; 20 m/d X 450; PMC: 16000 x 1,5; Travel: 8 X 700; Per diem: 8 x 7 x 228)	98,394	
	Activities 3 – 30 man-days in total		
	- Fees: 15 m/d X 250; 15 m/d X 350; PMC: 9000 x 1,5; Travel: 6 X 700; Per diem: 6 x 7 x 228	36,276	
III.	Reserves	5,000	
	TOTAL	250,000	

