



**طلب عرض فني ومالي للتعاقد مع باحث لإعداد بحث "تحديث بيانات مؤشر العدالة الضريبية في فلسطين"**

ترغب مؤسسة "مفتاح" ضمن مشروعها (FTM) بالتعاقد مع باحث/ة لإعداد بحث "تحديث بيانات مؤشر العدالة الضريبية في فلسطين" بالتعاون وبالشراكة مع مؤسسة أوكسفام.

وعليه، نرجو من الراغبين/ات تزويدنا بالعرض الفني والمالي لإعداد البحث وفقاً للإطار المرجعي المرفق في موعد أقصاه يوم **الجمعة الموافق 2025/06/28** على البريد الإلكتروني: [procurement@miftah.org](mailto:procurement@miftah.org) حسب التالي:

**العرض الفني بما يشمل:**

- السيرة الذاتية مع تسليط الضوء على الخبرات السابقة في المجال وبما يعكس توفر الشروط المذكورة.
- المنهجية والإطار الزمني.
- نموذج لدراسة أو تقرير سابق أعده المستشار في سياق مشابه لما هو مطلوب.
- تحديد لغة إعداد التقرير (حيث ستقوم المؤسسة بترجمة التقرير بعد الانتهاء من إعداده من خلال المترجم المعتمد لديها، نظراً لاهتمام المؤسسة بتوفيره باللغتين (العربية والإنجليزية).

**العرض المالي** بعملة **اليورو** بما يشمل عدد أيام العمل وتكلفة اليوم الواحد شامل لضريبة الدخل حسب القانون الفلسطيني والبالغة 10%. وفي حال التقدم من مشتغل مرخص، يرجى تزويدنا بالسعر **غير شامل ضريبة القيمة المضافة** كون المشروع معفاً من الضريبة، بالإضافة إلى إرسال شهادة خصم مصدر.

لمزيد من المعلومات أو الاستفسارات الرجاء الاتصال على هاتف المؤسسة رقم 2989490/1، أو على البريد الإلكتروني:

[procurement@miftah.org](mailto:procurement@miftah.org)

مع الشكر،



June 2024

## Terms of Reference

### Fair Tax monitor (2020-2024)/Country Research

#### Palestine

MIFTAH was engaged in publishing the first Fair Tax Monitor (FTM) research in 2017 and the updated FTM in 2018 as part of the wider efforts of OXFAM to establish a global comparative taxation monitor, where Palestine was the 9<sup>th</sup> country to be surveyed. The FTM assessed the effects of the tax policy and its responsiveness on social justice and inequality. In 2018, MIFTAH published the [first FTM](#) relying on the global methodology developed by OXFAM to monitor social justice and inequalities within Tax systems in different countries. MIFTAH's FTM research included fiscal data till 2018.

The importance of the FTM stems from the value of evidence-based advocacy and its significance in formulating fair fiscal policies and promoting transparency and accountability. FTM feeds into the overall goal of promoting lobbying, participation, and consolidation of societal efforts that seek to raise awareness on rights relevant to drawing fiscal policies with focus on Tax systems and public spending, as well as promoting the participation of citizens in these processes and procedures. This is done with the view of ensuring the fulfillment of citizens' needs and concerns and to enhance civil society's role as watchdog and as influencers in reform and formulation of public policies.

MIFTAH during 2024 will reassess the tax policy in Palestine by monitoring the updated measures including fiscal data of 2020-2023, with social justice and inequalities as crosscutting monitoring measures. Additionally, MIFTAH will monitor the Palestinian Authority (PA) fiscal performance taking into consideration the political consequences following the events of October 7<sup>th</sup> and Israel's continuous illegal withholding of Palestinian "clearance" Tax revenues coupled with the nonstable (absence) of funding support to the PA. By April 2024, Israel has withheld around \$ 1.6 billion (ILS 6 billion), according to the Palestinian Ministry of Finance.

MIFTAH has already monitored the PA budget for 2024, and according to the Ministry of Finance, the details are as follows:

- The PA budget for 2024 is ILS 21.9 billion.
- The estimated total revenues are ILS 20.1 billion.
- The estimated local revenues are ILS 4.7 billion.
- The clearance revenues are ILS 13.1 billion.
- Administrative expenditure is ILS 9.6 billion.
- Development expenditures by the PA are ILS 1.85 billion.
- Services and goods expenditures are ILS 2.78 billion.

- The funding gap is ILS 1.2 billion, excluding Israel's withholding of clearance revenues.

### **1. Background and Rationale:**

**MIFTAH aims through updating the FTM** to share evidence-based data on the tax system in Palestine, with a focus on budget revenues and government spending from a social justice and inequality perspective. The data provided by the FTM will help foster dialogue and expand consultation and debate between the government and civil society organizations (CSOs). This dialogue aims to introduce appropriate amendments and policy reforms to reduce social gaps within fiscal policies, considering fairness and progressiveness within the tax system. Additionally, through this research, MIFTAH seeks to provide alternatives and practical recommendations to address the challenges facing the PA's fiscal performance during the ongoing Israeli escalation in Gaza and the West Bank.

### **2. Goals and Objectives**

- Examine the current Palestinian tax system based on the indicators listed in the developed methodology and assess its fairness.
- Identify the main bottlenecks in the tax system.
- Provide strong evidence-based support for country-level advocacy work.
- Create a framework to compare tax systems of countries over time.
- Contribute to global-level advocacy on taxation through an evidence-based tool showcasing the relative fairness of tax systems.

### **3. Research Framework**

- Brief description of the tax system in Palestine (including updating data and information 2019-2024) linked to the Palestinian context politically and nationally.

The objective of this part is to provide updated descriptive overview of the recent structure of the tax system, including reforms or amendments taken by the authorities responsible for collecting taxes and the overall approach in managing taxes. This section also determines the impact of the 1) changes that have been made to the tax system in the past years and whether the country has been moving towards a fairer tax system or vice versa, and 2) governmental steps and measures to face crisis and disasters including the recent War on Gaza and the withhold of clearance revenues and the impact on social security and protection measures.

- Distribution of the tax burden and progressivity from social protection and inequality measures.

In this part, the aim is to re-assess and to provide updated measures related to the progressivity of selected taxes and to determine what impact they have on income/wealth distribution and inequality. It is assumed that direct taxes are generally more progressive than indirect taxes, however, this section should also analyse whether there are exceptions to this assumption (e.g. luxury consumption taxes). This analysis together with the information about how much is collected per each tax will allow the researcher to draw conclusions about the fairness of each tax and to provide policy recommendations.

- Revenue sufficiency and tax leakages and its impact on social protection and inequality among citizens  
The objective of this section is to provide updates on the determined total tax (and non-tax) revenue and to identify where the most tax revenues get lost. Through such analysis, we seek to provide policy recommendations to prevent tax leakages.
- Corporate Tax Exemptions: governance and transparency from a social justice and inequality perspectives.  
The aim of this section is to assess the rules for granting (corporate) tax exemptions, and those related to specific economic zones with low/zero tax rates. Identification of available developed procedures related to transparency and the level of released fiscal data by type of tax exemption, highlighting on companies benefiting from tax exemptions (related to published data). Additionally, the impact of the absence of parliamentary oversight (Palestinian Legislative Council) over regular and discretionary tax exemptions, and the role of Media in revealing cases related to tax exemption.
- Effectiveness of the tax administration  
This section aims to assess the developed procedures of the tax administration for collecting taxes and to determine if proper tax policies are in place. It provides information on the capacity of the tax administration in terms of human and financial resources and reviews the cost-effectiveness of tax collection.
- Government spending  
The objective of this section is to review how the government spends the revenues collected and whether the effects of fair tax collection are enhanced or diminished by government spending. Education and healthcare, representing basic public services, are the main topics under review. Pro-poor analyses of these areas are provided to determine whether the spending is targeted at reducing poverty and decreasing inequality.
- Transparency and accountability  
The main goal of this part is to re-assess the availability and accessibility of information about the country's tax system and to review whether the government provides access to the information about the related procedures and policies.
- Restrictions and limitations on the Tax system by the Israeli Occupation  
This section aims to provide an economic analysis of the Israeli-imposed restrictions and limitations under the Paris Protocol. It examines Israel's withholding of the PA Clearance Tax revenues (imports and exports) and the limitations imposed by Israel on tax legislation in Palestine, including VAT.

#### **4. Methodology**

MIFTAH is looking to commission qualified research to update the report. This requires the following:

- Review, compare and update report in line with the updated research methodology (attached).

- Review, compare and update report in line with the common research framework document (see below- Annex 1).
- Update report ([FAIR TAX MONITOR 2018 English.pdf \(miftah.org\)](#)) in line with published 2019-2024 revenue and expenditure data released by Ministry of Finance.
- Conduct meetings and interviews with duty bearers (Tax departments, Ministry of Finance)
- Conduct interviews with CSOs.
- Prepare a fact sheet with main findings.

#### **5. Profile of the researcher:**

- Expertise in the tax system in Palestine, with a strong orientation toward social justice and inequalities.
- In-depth knowledge of fiscal national legislations and economic-related protocols.
- Demonstrated interest in research, particularly in taxation and social justice.
- Sound understanding of the Palestinian political context.
- Strong organizational and planning skills.
- Track record of documented and published research papers in taxation and social justice.
- Proven experience in the related field.
- Familiarity with the work and interventions of Palestinian civil society organizations (CSOs), coalitions, official institutions, and the private sector.

#### **6. Application information**

Interested candidates are requested to submit separate technical and financial proposals no later than **29 June 2024** to the following email address: [procurement@miftah.org](mailto:procurement@miftah.org).

#### **7. Time frame:**

MIFTAH allocated **20 working days** to finalize the FTM report between June - August 2024.

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## Annex 1 - Contents of the research framework

The research framework is divided into 8 categories of topics listed below: brief description of the tax system; distribution of the tax burden and progressivity; revenue sufficiency and tax leakages; effectiveness of the tax administration; government spending; and transparency and accountability, restriction of Israeli occupation over the TAX system These categories were selected to best capture the complex character of tax systems in order to evaluate fairness of a tax system including assessing the political context and the its impact .

### 1. Brief description of the tax system

The objective of this part is to provide a comprehensive overview of the structure of the tax system, the authorities responsible for collecting taxes and the overall approach to managing taxes. This section also determines the impact of the changes that have been made to the tax system in the past years and whether the country has been moving towards a fairer tax system or vice versa.

Topic	Research Analysis Questions
Tax and social security system	<ul style="list-style-type: none"> <li>- Describe the overall tax system. What types of taxes does the country collect at local and national level? Do the tax policies focus more on equity and progressivity or on more “efficient” collection or do they have any other focus relevant on tax justice? What is the tax collection procedure? Who is responsible for collecting taxes at both local and national levels?</li> <li>- What benefits are covered by the social security system? Are social security contributions collected separately from tax payments?</li> <li>- What important reforms in the tax system and tax policies have been made in the last ten years? Are there any reforms of the tax system planned for the near future? Focus on the most essential reforms and those that have had (will have) an important impact on the current tax system. Provide a brief historical evolvement of the country tax system indicating the reasons behind particular tax reforms which were implemented. Has the country intended to/succeeded in combating tax evasion/avoidance, eliminating inefficient tax incentives and in broadening the tax base?</li> </ul>

### 2. Distribution of the tax burden and progressivity

In this part, we aim to assess the progressivity of selected taxes and to determine what impact they have on income/wealth distribution and inequality. It is assumed that direct taxes are generally more progressive than indirect taxes, however, this section should also analyse whether there are exceptions to this assumption (e.g. luxury consumption taxes). This analysis together with the information about how much is collected per each tax will allow the researcher to draw conclusions about the fairness of each tax and to provide policy recommendations.

Topic	Research Analysis Questions
Cross cutting progressivity	<ul style="list-style-type: none"> <li>- Provide a trend analysis of the share of direct tax in total tax revenue for the last 10 years. What was the share of VAT?</li> </ul>

	<ul style="list-style-type: none"> <li>- Are there any tax rates, policies or laws that have negative effect on gender equality?</li> <li>- What is the ratio of PIT versus CIT as a share of total tax revenue?</li> <li>- Are there any issues with certain professions that are not paying their fair share of taxes (e.g. individuals who <b>can</b> pay - so not the poor street traders, but lawyers, doctors, small profitable businesses)?</li> </ul>
Personal Income Tax (PIT)	<ul style="list-style-type: none"> <li>- Provide a trend analysis of the share of PIT and social security contributions (if applicable) in total tax revenue for the last 10 years. (separate figures in one table)</li> <li>- Provide the current rates of PIT and the PIT tax tables. Include an overview of how the PIT rates evolve with different income brackets (also for the five income quintiles). Have the tax tables been updated in the last 5 years and are these updates comparable to the inflation level?</li> <li>- Who does the PIT apply to? Do the rates vary for different sectors/activities or for different income levels? What is the level of personal income tax threshold? Is this threshold comparable to the level of living cost or poverty threshold? What are the exemptions to PIT and who/what kind of income do they apply to? Is there any distinction of rates based on gender or marriage status (single/married) or size of family (e.g. number of children)? What level of tax revenue authority is responsible for PIT collection (local/national)?</li> <li>- In what way do the PIT policies and various PIT rates and exemptions address income inequality? Do the policies contribute to a fair tax system? Draw main policy recommendations based on this analysis.</li> <li>- Are there preferential rates/exemptions for certain types of professions?</li> </ul>
Corporate Income Tax (CIT)	<ul style="list-style-type: none"> <li>- Provide a trend analysis of the share of CIT in total tax revenue for the past 10 years.</li> <li>- Provide the current rates of CIT and its development over the past 5 years. Who does the CIT apply to? Do the rates vary for different sectors and activities (e.g. extractive industry), different sizes of corporations or levels of profit? What are the exemptions to CIT and who do they apply to? What is the level of corporate income tax threshold (if applicable)? What level of tax revenue authority is responsible for CIT collection (local/national)?</li> <li>- Are there transfer pricing rules e.g. limiting interest deductions, or limiting other deductions e.g. R&amp;D, CSR, Marketing etc.? (this section concerns transfer pricing rules to curb aggressive transfer pricing/planning)</li> <li>- How do the CIT policies affect income inequality? Do the policies contribute to a fair tax system? Draw main policy recommendations based on this analysis.</li> <li>- Are there penalties applied for failure to pay tax on due date?</li> </ul>
Wealth taxes (property tax, land tax, capital gain tax)	<ul style="list-style-type: none"> <li>- Provide a trend analysis of the share of property tax, land tax, taxes on financial assets and incomes derives from them, in total tax revenue for the last 10 years.</li> <li>- Provide the current rates for these taxes and their development over the past 5 years. Do they vary for different sectors and different levels of wealth? Are there any exemptions to these taxes? What level of tax revenue authority is responsible for collection of wealth taxes (local/national)?</li> </ul>

	<ul style="list-style-type: none"> <li>- How do the property and wealth tax policies affect inequality? Do the policies contribute to a fair tax system? How? Does wealth tax sufficiently take into account the position of poor people, e.g. via thresholds and/ or brackets? Draw main policy recommendations based on this analysis.</li> </ul>
Sales tax/VAT	<ul style="list-style-type: none"> <li>- Provide a trend analysis of the share of Sales/VAT taxes in total tax revenue for the past 10 years. What are the rates of sales tax/VAT? Do they differ for different goods/services? What goods/services are exempted from Sales Tax/VAT or are zero rated? Are luxurious goods taxed at least with average rate? Which level of tax revenue authority is responsible for collection of Sales/VAT taxes (local/national)?</li> <li>- What distributional impact does the VAT and its special rates/exemptions have? Does it contribute to a fair tax system? Draw main policy recommendations based on this analysis.</li> </ul>
Trade taxes	<ul style="list-style-type: none"> <li>- What was the share of import/export taxes, compared to total tax revenue and GDP in the past year?</li> <li>- What are the rates of import/export taxes? Do they differ for different goods or sectors (e.g. for basic/luxurious goods)? Are any goods/sectors exempted from import/export taxes? What level of tax revenue authority is responsible for collection of Trade taxes (local/national)?</li> <li>- Is there a trade tax for goods predominantly consumed by women and/ vulnerable groups of the society?</li> <li>- Do the trade tax policies contribute to a fair tax system? Draw main policy recommendations based on this analysis.</li> </ul>
Presumptive/Turnover taxes	<ul style="list-style-type: none"> <li>- Is there a presumptive tax system for the informal sector in place?</li> <li>- Provide a trend analysis of the share of Presumptive taxes in total tax revenue over the past 10 years.</li> <li>- Is the presumptive tax system based on a feasibility assessment?</li> <li>- Are there clear rules for calculating the tax?</li> <li>- In which way does the presumptive turnover tax affect three types of informal businesses (Subsistence Enterprises; Micro &amp; Small Businesses; Small &amp; Medium Businesses)? Are the rules adapted to the three groups?</li> <li>- Is there a tax-exempt tax bracket that protects low-income businesses from paying presumptive taxes?</li> <li>- When individuals or informal businesses receive a tax presumption, is there a legal objection procedure available? Who (what level of tax revenue authority) is responsible for collecting presumptive taxes?</li> <li>- Do the rates of presumptive tax differ by sector in a way which results in a higher burden of the tax being extended to women and/ other vulnerable groups of society?</li> </ul> <p>How do these tax policies affect inequality and contribute towards a fair tax system? Draw main policy recommendations based on this analysis.</p>



Gender analysis	<ul style="list-style-type: none"> <li>- Analysis of gender equality in terms of income tax. Are there different rates for men and women? Are the sectors that women/men are more likely to work in taxed with a special income tax rate? Are the tax allowances/exemptions more accessible for men/women?</li> <li>- Are the goods that women/men are more likely to consume taxed with a special VAT rate?</li> <li>- Are married couples taxed differently? If yes, what is the impact on women's income?</li> <li>- Are there any biases in the tax system which have a negative/discriminatory effect on women?</li> <li>- Draw main policy recommendations based on this analysis.</li> </ul>
Public perception of the tax system	<ul style="list-style-type: none"> <li>- Search for the following information in existing national surveys: <ul style="list-style-type: none"> <li>• What is the public perception of fairness of the tax system?</li> <li>• What is the public perception of transparency of the tax system?</li> <li>• What is the public perception of revenue authorities?</li> </ul> </li> </ul>

### 3. Revenue sufficiency and tax leakages

The objective of this section is to determine the total tax (and non-tax) revenue and to identify where the most tax revenues get lost. Through such analysis, we seek to provide policy recommendations to prevent tax leakages.

Topic	Research Analysis Questions/Hints
Tax revenues	<ul style="list-style-type: none"> <li>- Provide a trend analysis of the share of Tax revenues to GDP over the past 10 years, and an analysis of the Tax expenditure to GDP over the past 5 years.</li> <li>- How does the ratio of the focus country compare to other countries in the region and countries of the same income level? Has the government formulated the intention to reach similar levels?</li> <li>- Does the government set a long-term goal for the tax/GDP ratio? What is it? Are they on track?</li> <li>- What is the connection between regional structures (ECOWAS etc) and national tax policies?</li> </ul>
Non-tax revenues	<ul style="list-style-type: none"> <li>- Provide a trend analysis of the share of non-tax revenues to GDP over the past 10 years.</li> <li>- Provide a pie-chart of the share of non-tax revenues (e.g. royalties on extractives, profits from government owned enterprises, sales of government's assets) in the total non-tax revenues for the latest available year. How does the focus country use the non-tax revenues? Is it included in the budget or is it managed separately?</li> <li>- What are royalties based on? Profit or volume?</li> <li>- Are there windfall taxes, variable royalty rates or variable profit taxes in place for extractive industries?</li> <li>- Are there ring fencing rules in place for extractive companies?</li> </ul>
Tax payers	<ul style="list-style-type: none"> <li>- What is the rate of personal income tax payers to active population and to total population? Provide an overview over the past 5 years.</li> </ul>

	<ul style="list-style-type: none"> <li>- What is the amount of Tax Identification Numbers for companies? What is the amount of registered businesses? What is the amount of tax returns filed? Provide an overview over the past 5 years.</li> <li>- In which way is the tax base calculated? Do the Tax Authority provide estimates, or e.g. the Ministry of Economy or Chamber of Commerce? What are their estimates and what is the difference between the actual tax payers?</li> </ul>
Informal sector (additional information might be requested depending on country context)	<ul style="list-style-type: none"> <li>- How big is the informal sector as a share of the economy, what has been the trend of its development over the past 5 years?</li> <li>- Who are the main actors in the informal sector and which type of business is carried out in the informal sector?</li> <li>- In which ways do the authorities attempt to tax businesses in the informal sector?</li> <li>- Provide a trend analysis of the ratio of tax revenues from public vs. private sectors for the past 10 years.</li> <li>- Have there been recent efforts to 'formalize' the informal sector? How does the government encourage the presumptive tax payers to become corporate income tax payers? Is it easy and affordable? Are informal businesses taxed retro-actively when formalizing?</li> </ul>
Tax exemptions	<ul style="list-style-type: none"> <li>- Provide a trend analysis of how much revenue is forgone due to tax exemptions for the past 10 years.</li> <li>- Provide a comparative analysis of expenditure in the health, education and agriculture sectors with the revenue forgone in the last 5 years?</li> </ul>
Illicit financial flows (IFFs)	<ul style="list-style-type: none"> <li>- What are the main causes for illicit financial flows (IFFs) in the focus country? What steps has the government taken to combat IFFs? Do the tax authorities have the authority and means to investigate possible cases of tax evasion?</li> <li>- Are cases of tax evasion investigated and punished?</li> </ul>

#### 4. Corporate Tax Exemptions: governance and transparency

Topic	Research Analysis Questions/Hints
	<ul style="list-style-type: none"> <li>- Short description of the rules for granting (corporate) tax exemptions. Who decides on granting exemptions? Are there specific economic zones with low/zero tax rates? What are the rules for operating in such a zone?</li> <li>- Description of the main issues related to transparency. Is the revenue forgone published and if so is it published by type of tax exemption? Are companies benefitting from tax exemptions published?</li> <li>- Are tax exemptions subject to a cost-benefit analysis? Is the analysis publicly available?</li> <li>- Do all tax payers meeting the set criteria qualify for tax exemptions?</li> <li>- Are there any discretionary exemptions granted?</li> <li>- Is there a parliamentary oversight over regular and discretionary tax exemptions?</li> <li>- Have there been any cases in the media revealing secret corporate tax exemption deals?</li> </ul>

## 5. Effectiveness of the tax administration

This section aims to assess the ability of the tax administration to collect taxes and to determine whether the amount collected would be sufficient if proper tax policies were in place. It provides information on the capacity of tax administration in terms of human and financial resources and reviews the cost effectiveness of tax collection.

Topic	Research Analysis Questions/Hints
Organisation	<ul style="list-style-type: none"> <li>- Is there a centralized revenue authority?</li> <li>- Does the centralized revenue authority work with local governments in revenue collection?</li> <li>- What is the gender composition of tax administration staff? What is the percentage of women in senior positions?</li> <li>- Is part of the centrally collected revenue transferred to the local level authorities?</li> <li>- Is there a unit dedicated to Large Taxpayers and/or rich individuals? Is there a transfer pricing unit established? If not, how many people with transfer pricing expertise are there in the tax authority?</li> </ul>
Revenue shortfall	<ul style="list-style-type: none"> <li>- Provide a trend analysis of revenue shortfall for the past 10 years (amount of actual tax collected compared to official forecasts). How is the forecast calculated?</li> </ul>
Resources	<ul style="list-style-type: none"> <li>- Provide a trend analysis of funding provided to tax authorities to GDP for the past 10 years. Is most of the funding used for running cost or are there also capital investments in IT and other technologies?</li> <li>- Provide a trend analysis of number of tax officers compared to registered tax payers/total population for the past 10 years. Are there any reports (e.g. in media) on serious understaffing?</li> <li>- Are the local and national authorities well equipped (with financial resources, human resources and expertise) to effectively collect taxes (e.g. you can compare funding of local authorities/number of tax officials/number of tax service centers to local GDP)? Provide an analysis of the availability and quality of training programs for tax officials, are they regularly trained?</li> <li>- Provide a description of how the tax administration has been modernizing tax collection: Is the tax administration digitized and automatically processed or have there been any steps taken in recent years to do so? Is it possible to file taxes online? Are Tax Identification numbers (TIN) in place and is TIN required for certification or licenses for businesses?</li> </ul>
Conventions	<ul style="list-style-type: none"> <li>- Is the country signatory to the Convention on Mutual Administrative Assistance in Tax Matters?</li> </ul>
Cost of tax collection	<ul style="list-style-type: none"> <li>- Provide a trend analysis of cost of tax collection (how much it costs to collect 1\$) for the past 10 years.</li> </ul>

Oversight	<ul style="list-style-type: none"> <li>- Provide an analysis of the oversight mechanisms for the revenue authorities? Is there a code of conduct and is it enforced? Is there a protection for whistleblowers?</li> <li>- Is government willing to investigate tax evasion? And if needed, is tax evasion investigated and prosecuted?</li> <li>- Are cases of criminal offence prosecuted?</li> </ul>
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## 6. Government spending

The objective of this part is to review how the government spends the revenues collected and whether the effects of fair tax collection are enhanced or diminished by the government spending. Education and healthcare are the main topics under review as they represent basic public services. Pro-poor analyses of these topics are provided to determine whether the spending is targeted to reduce poverty and decrease inequality.

Topic	Research Analysis Questions/Hints
Components of government spending/income	<ul style="list-style-type: none"> <li>- Provide a pie chart reflecting the share of every component of government spending in total spending (education, healthcare, social protection, infrastructure, agriculture, military, debt servicing, etc.) for the 2 latest available years.</li> <li>- Provide a pie chart reflecting the sources of government income and their share in total income (tax revenues, social security payments, foreign aid, borrowings, extra budgetary funds revenues, etc.)</li> <li>- Provide an overview of the spending on education/health and agriculture per capita.</li> <li>- Are governments investment taking into account differences in regional wealth?</li> </ul>
Subsidies	<ul style="list-style-type: none"> <li>- Provide an overview of the main subsidies available.</li> <li>- Who are the main beneficiaries of these subsidies? Mostly poor people or rich people and (larger) companies?</li> </ul>
Education	<ul style="list-style-type: none"> <li>- Provide a trend analysis of share of education spending to total government spending and GDP for the past 10 years.</li> <li>- How much does the government invest in primary, secondary, high schools and universities? (% of total education spending for the latest available year) How pro-poor is the government spending on education?</li> <li>- Is there any obvious unfair regional distribution of government expenditures on education?</li> <li>- Analyse the quality of spending on education. This will reflect whether the spending is really pro-poor and gender responsive, and does it take into account the needs of vulnerable groups of society? What is the ratio of running/operating cost versus investments in quality and R&amp;D?</li> </ul>

Healthcare	<ul style="list-style-type: none"> <li>- Provide a trend analysis of share of healthcare spending to total government spending and GDP for the past 10 years.</li> <li>- How much spending is going to hospitals as opposed to primary health care services? (% of total health spending for the latest available year) How pro-poor is the government spending on health care?</li> <li>- Is there any obvious unfair regional distribution of government expenditures on healthcare?</li> <li>- Analyse the quality of spending on healthcare. This will reflect whether the spending is really pro-poor and gender responsive, and does it take into account the needs of vulnerable groups of society? What is the ration of running/operating cost versus investments in quality and R&amp;D?</li> </ul>
Agriculture	<ul style="list-style-type: none"> <li>- Provide a trend analysis of share of agriculture spending to total government spending and GDP for the past 10 years.</li> <li>- Issues to consider on Agriculture spending include access to water, land and credit among others.</li> <li>- Analyse the quality of the spending on agriculture. Is government expenditure on agriculture pro-poor and gender responsive, and does it take into account the needs of vulnerable groups of society? Is agricultural spending focused on small-scale or large-scale agriculture?</li> </ul>
Gender	<ul style="list-style-type: none"> <li>- Are there any policies ensuring the needs of women are taken into account when drafting the budget?</li> <li>- Is there any special attention for the enrollment of girls in school, or access to healthcare for women?</li> <li>- Are there any policies supporting promoting the participation of women in public spending decisions?</li> </ul>
Social Protection <i>(OPTIONAL)</i>	<ul style="list-style-type: none"> <li>- Provide a trend analysis of share of social protection spending to total government spending and GDP for the past 10 years.</li> </ul>
Military <i>(OPTIONAL)</i>	<ul style="list-style-type: none"> <li>- Provide a trend analysis of share of military spending to total government spending and GDP for the past 10 years.</li> </ul>
Infrastructure <i>(OPTIONAL)</i>	<ul style="list-style-type: none"> <li>- Provide a trend analysis of share of infrastructure spending to total government spending and GDP for the past 10 years.</li> </ul>

## 7. Transparency and accountability

The main goal of this part is to assess the availability and accessibility of information about the country's tax system. As one of the main goals of the CRAFT project is to ensure accountable tax systems, it is crucial to review whether the government provides access to the information about them.

Topic	Research Analysis Questions/Hints
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<p>Information availability</p>	<ul style="list-style-type: none"> <li>- What is the policy regarding publishing information about tax system (tax rates and tax collection system)? What is the practice of informing the public about tax rates and tax collection system?</li> <li>- Is the information about tax exemptions publicly available and is the procedure of granting tax exemptions transparent? Is the information about beneficiaries of tax exemptions publicly accessible?</li> <li>- What is the policy regarding the management of non-tax revenues? If the non-tax revenues are managed separately from the budget, are they managed in a transparent way?</li> <li>- Are companies' financial statements available at national business registries or other publicly accessible places?</li> <li>- Is the information about companies' direct shareholders public? Is the information about companies' ultimate owner public?</li> </ul>
<p>Audit and Competence/proficiency test</p>	<ul style="list-style-type: none"> <li>- How often do tax authorities undergo audits? Who is responsible for it? Are the audit results publicly available? Are the results debated in parliament within a reasonable period of time?</li> <li>- Are recommendations from audit appropriately addressed within the planning cycle?</li> <li>- Have the tax authorities undergone any competence test in the past 3 years?</li> </ul>
<p>OBI questions<sup>1</sup></p>	<ul style="list-style-type: none"> <li>- Does the Executive's Budget Proposal or any supporting budget documentation: <ul style="list-style-type: none"> <li>• Identify the different sources of tax revenue (such as income tax or VAT) for the budget year?</li> <li>• Identify the different sources of non-tax revenue (such as grants, property income, and sales of government-produced goods and services) for the budget year?</li> <li>• Present information on extra-budgetary funds for at least the budget year?</li> <li>• Present information on tax expenditures for at least the budget year?</li> </ul> </li> <li>- Does the Year-End Report explain the differences between the enacted levels and the actual outcome for revenues?</li> </ul>
<p>Citizens' engagement</p>	<ul style="list-style-type: none"> <li>- Has the government established processes to facilitate civil society participation in shaping revenue policies at the national and local levels? What is the practice? Is civil society given the opportunity to participate? How does participation work at the national and local levels?</li> <li>- Is there any policy/practice that is promoting or supporting the participation of women and women's organizations in the revenue policies in particular?</li> <li>- What is the policy and practice regarding complaints about tax authorities? Is there a grievance mechanism and does it work in practice?</li> </ul>

<sup>1</sup> Data and questions taken from OBI survey 2015 (<http://internationalbudget.org/publications/open-budget-survey-2015-data/>)

Corruption (OPTIONAL)	- Analysis of corruption in tax administration or illegitimate taxes based on independent/external information if available.