



**REPUBLIC OF SERBIA
MINISTRY OF FINANCE
TAX ADMINISTRATION
BELGRADE**

Tax Administration Transformation Programme 2021 - 2025

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1. Foreword by Director

Reforms of the Serbian Tax Administration (STA), which were launched several years ago and formally commenced with the adoption of the 2015-2020 Transformation Programme, have been recognised by all key stakeholders in the country and abroad as a key reform initiative, not only in the field of public finance, but also in terms of modernisation of Serbia's entire public administration system.

The completion of the initial Transformation Programme has resulted in a major increase in collection, of as much as 35.6 percent in absolute terms. Moreover, core business processes have become more efficient; all tax returns from the remit of the Tax Administration were digitalised; new online services have enhanced the services we provide; and we have improved communication with both taxpayers and the broader Serbian public. The soundness of our commitment to automating and digitalising services and processes was borne out in 2020, when the Covid-19 pandemic made our ability to operate online a major asset.



The new 2021-2025 Transformation Programme aims not only to maintain continuity in pursuing reforms begun under the 2015-2020 Programme, but also to contribute to the digitalisation of the country, a strategic priority of the Government of Serbia.

Serbia deserves a modern tax administration that ensures sustainable and predictable public finances and is seamlessly integrated into the environment in which taxpayers operate. We believe this Programme will ensure that objective is attained. This cutting-edge tax administration will make it easier for taxpayers to comply with all requirements, which, coupled with appropriate tax policy, is the key precondition for greater voluntary compliance, addressing the shadow economy, and promoting healthy and competitive economic growth in Serbia.

We believe that this document clearly and unambiguously defines the vision, objectives, initiatives, and activities that will lead to an up-to-date Tax Administration that Serbia deserves.

Dragana Marković

Director

2. Introduction

Recent years have seen the Serbian Tax Administration (STA) faced with many challenges, as it was both required to pursue its own reforms and served as a key stakeholder in the country's efforts to consolidate its public finances, implement the National Programme to Combat the Shadow Economy, and seek sustainable sources of finance for public spending and provide relief during the ongoing Covid-19 pandemic.

At the same time, given the highly restrictive hiring policies in public administration, the STA included, a generational shift was taking place at the STA as many staff retired.

This was the environment that the STA had to operate in whilst seeking to ensure stable and increased collection of public revenues, as documented by relevant actors, both Serbian and foreign.

The key outcome of the 2015-2020 Transformation Programme has been increased revenue collection, accompanied by a major enhancement of the services provided by the STA to both members of the public and businesses. In early 2018, the STA completed its effort to digitalise filing of tax returns and introduced a number of useful online taxpayer services, the most convenient perhaps being online tax clearance certificates, first offered in the first half of 2019 (for all revenue accounts, including health insurance contributions, value added tax (VAT), and withholding tax and contributions). In addition, the first half of 2020 also saw the introduction of an online mailbox to deliver notifications to self-employed individuals subject to lump-sum taxation. In addition to the existing Contact Centre, a redesign of the STA's organisational structure introduced dedicated service areas at 37 field offices under the 'Your Tax Officer' (*Vaš poreznik*) initiative as a new option for taxpayers to communicate with the STA. Over the past three years, the STA has held extensive consultations with members companies of the Serbian Chamber of Commerce and Industry throughout the country on amendments and innovations to tax legislation. The STA has ensured timely implementation of all of the Serbian Government's incentives, primarily tax relief for employment, as well as measures promoted by the Government and the business community designed to tackle the shadow economy, such as ensuring taxation of vacation rental properties and seasonal income in a variety of industries. The lump sum taxation system for the self-employed has been made streamlined and made completely transparent and uniform through an online calculator of lump-sum taxes and contributions. This service permits the STA to produce and deliver tax assessments online, thus eliminating the need for physical contact. In mid-2019, the number of the STA's field offices throughout the country was reduced from 78 to 37 whilst the quality of services provided to the public and taxpayers was maintained. The foundation was laid for a major improvement to risk management so as to achieve greater voluntary compliance.

Apart from these readily visible results, the 2015-2020 Transformation Programme has included substantial structural reforms that have enhanced the STA's institutional capacity but remained largely out of the public eye. Here, strategic management of the STA was significantly improved with the creation of the Transformation Department as the primary unit tasked with implementing the reforms, whereas appropriate compliance management arrangements were introduced that included the creation of a Strategic Risk Division and International Co-operation Division.

All these activities enhanced the efficiency and effectiveness of the STA's core business functions. The STA also made major improvements to its logistical functions, helping it to establish an up-to-date infrastructure and working environment.

These structural reforms and achievements were reviewed by the International Monetary Fund (IMF) in its October 2019 report entitled 'Sustaining Reform Momentum'.

The sheer scope of changes to the STA made from 2015 to 2020, coupled with large-scale structural shifts in the global economy, challenges arising from Industry 4.0, and the need to create a tax environment that is both conducive to doing business and attractive for investors, have all led the STA to envisage continued reforms, as set out in this 2021-2025 Transformation Programme.

The 2021-2025 Transformation Programme, a natural continuation of the original 2015-2020 document, is also informed by recommendations made by IMF technical missions to September 2019; performance assessment produced in 2016 using the IMF's Tax Administration Diagnostic Assessment Tool (TADAT); and gap analyses for a variety of functions produced by external consultants; it also takes into account activities envisaged to be financed from a World Bank loan under its Tax Administration Modernisation Programme (TAMP), ratified in May 2019.

Nevertheless, the key documents underlying the 2021-2025 Transformation Programme are the draft 2021-2025 Public Financial Management Reform Programme and the 2021-2023 Economic Reform Programme (ERP), adopted by the Government of Serbia on 28 January 2021. The Transformation Programme is also aligned with the draft 2021-2030 Public Administration Strategy. In addition to these national strategies, the human resources (HR) component of the 2021-2025 Transformation Programme will apply standards of the EU Tax Competency Framework.

The purpose of the 2021-2025 Transformation Programme is to serve as a roadmap for the attainment of the ultimate goal of reforms to the STA, namely the creation of a modern and efficient institution that:

1. Ensures the sustainability and predictability of public finances;
2. Is invisible to the taxpayer yet present and available anywhere, anytime, providing digital services fully tailored to taxpayers' needs; and
3. Is seamlessly integrated into the environment in which taxpayers operate and articulates the interests and needs of the business community in contacts with the Ministry of Finance and Government of Serbia.

The STA's primary objective, collecting public revenues, ensures the sustainability and predictability of public finances. Collection rates to be achieved by the STA as the 2021-2025 Transformation Programme is implemented ought to reflect the full (actual) capacity of all tax types, especially those that provide the most revenue (VAT, excise duties, personal and corporate income tax, and social contributions). Enhanced collection will allow stable and increasing revenues for the government in the long term whilst ensuring the tax system remains predictable for businesses and the general public. This means there will be no unforeseen tax increases to finance budget deficits and social and health funds; tax rates will remain stable and may in time be reduced to decrease the burden on the economy in compliance with policies of the Government of Serbia.

Use of cutting-edge technologies to reduce costs and time needed for compliance will make the STA effectively invisible to taxpayers whilst allowing them to access services from any location, at any time,

without needing to physically visit an STA office. A personal online 'e-portal' and use of the wide variety of options offered by digital platforms will make the STA accessible to taxpayers anywhere, anytime.

The 2021-2025 Transformation Programme will allow the STA to base its assessments on taxpayers' own records (electronic invoices, new fiscal cash registers, books of account, and other documents), as well as taxpayer data maintained in registers external to the STA, in addition to tax returns. This will remove the need for separate record-keeping for tax purposes and will permit the STA to cross-reference tax returns with other records to assess whether the taxpayer has properly declared its taxable income and assets. Apart from reducing the need for record-keeping, the STA will continue to consult the business community on tax issues, note and review issues and suggestions, and raise these with the Ministry of Finance and the Government of Serbia to ensure tax legislation is properly monitored and costs of taxpayer compliance are continuously reduced.

The STA will achieve the three goals set out above by implementing the 2021-2025 Transformation Programme, which envisages three strategic objectives: Ensuring business processes and internal organisation comply with best global practice so as to enhance revenue collection; Improving existing services and introducing new ones that are aligned with taxpayers' needs; and Introducing a new cadre tax officers demonstrating exceptional professionalism and competence by continuing to develop the HR function.

Achievement of the strategic objectives of the 2021-2025 Transformation Programme will lay the groundwork for a new STA architecture that will be visible to members of the public, businesses, and STA staff through three 'products' or components:

The first component will be an integrated information system, based on a commercial off-the-shelf solution (COTS), that will cross-reference and verify the vast majority of information available to the STA, whether maintained internally at the STA or obtained from external stakeholders, to identify non-compliant taxpayers. This system will help the STA promote a level playing field in the economy by eliminating perverse incentives for competitiveness based on tax avoidance and evasion.

The second component will be the personal e-portal available to each taxpayer that will serve as the primary point of contact with the STA. Essentially, this will be both a digital service tailored to each taxpayer and a module permitting continuous communication between the STA and the taxpayer, including filing tax returns, paying taxes, applying for clearance certificates, accessing tax accounting records, applying for re-posting of transactions and refunds, filing other applications, and receiving notices, tax assessments, and other documents. The e-portal will allow taxpayers to comply with their tax-related obligations and access their rights.

The third, but no less important, component involves the introduction of a new cadre of exceptionally professional and competent tax officers. The extent of changes to organisational culture, shifts in the economy due to Industry 4.0,¹ and the need to ensure that the transformation makes STA staff leaders in the tax community in terms of their knowledge and skills in substantive and procedural tax law, require the HR function to lead the way in identifying, selecting, recruiting, and retaining exceptionally professional and competent tax officers. The high level of professionalism and competence, coupled

¹ Industry 4.0 is the global concept of digital transformation that comprises machine learning, artificial intelligence, and big data.

with other STA activities envisaged in this programme, will permit the STA to significantly improve its reputation, which is a major precondition for job satisfaction amongst the institution's employees.

Attaining the strategic objectives of the 2021-2025 Transformation Programme, which are essentially summarised in the three components described above, requires a broad range of co-ordinated activities. Consequently, the core Transformation Programme document will be accompanied and complemented by the Action Plan to Implement the 2021-2025 Transformation Programme.

This document will comprise all areas of reform to the STA and ensure linkages between the ultimate goal of greater revenue connection, the strategic objectives of the 2021-2025 Transformation Programme, and the future Action Plan to Implement the 2021-2025 Transformation Programme.

The Action Plan will be developed in co-ordination with the consultant engaged for the project Business Process Re-Engineering of Tax Operations, Including Training of Trainers to Introduce the New Functions to the STA Operational Units, which is financed from World Bank loan under the TAMP initiative. This project should propose a general and detailed business process model framework and a roadmap that will greatly facilitate the procurement of a COTS system.

3. Key statements

Our mission – What our purpose is

The STA collects public revenues, monitors and improves tax compliance, and creates an environment in which each taxpayer complies voluntarily, without undue cost, enabling the Government of Serbia to deliver quality public services to citizens.

Our vision – What we want to achieve

We wish to be a respected partner to members of the public and companies, offering a modern business and organisational structure, and maximising compliance with Serbian tax regulations, whilst minimising the resources employed to that end and the associated costs to taxpayers.

Our goals:

- Creating and maintaining a competitive tax environment and supporting inclusive growth within our legal competences
- Providing high-quality taxpayer services
- Maximising voluntary compliance
- Strengthening the institution and employee productivity
- Attaining a high level of employee competencies and satisfaction

Our values – principles that guide us in improving our institution:

- **Legality** – compliance with and adherence to the law
- **Professionalism** – professional and competent performance of duties from the remit of the STA
- **Efficiency** – rational use of available resources and creation of an environment that reduces taxpayers' compliance costs
- **Effectiveness** – choosing the right goals
- **Transparency** – openness to the public in performing the STA's statutory duties and straightforward communication with taxpayers
- **Consistency** – uniform application of tax rules
- **Teamwork** – employees work as a team, in an organised manner, to achieve common goals, based on mutual trust and respect, with pride, dedication, faith and understanding of objectives
- **Initiative** – constantly looking for new ways to improve public revenue administration through technology

4. Strategic objectives

The STA has assessed the results achieved under the 2015-2020 Tax Administration Transformation Programme and the activities envisaged in the 2018-2023 Action Plan to implement the Tax Administration Transformation Programme that have been implemented to date. Informed by the findings of this analysis, and in view of the need to ensure continuity of development and adjust to the recent changes, the STA has set the following three strategic objectives for its future evolution:

SO1: Ensuring business processes and internal organisation comply with best global practice so as to enhance revenue collection

This objective is to be achieved by creating a single integrated information system at the STA, as well as by integrating that system with third-party registers. The STA system will receive, store, process, and cross-reference large amounts of data in order to identify non-compliant taxpayers. This ensures the functioning of an administration capable of identifying and monitoring the changes and dynamics of changes to the economy brought about by Industry 4.0.

Increasing revenue collection, the ultimate goal of any tax administration, requires increasing the efficiency and effectiveness of business processes used by the STA to assess taxpayer compliance and collect public revenues. Efficiency and effectiveness of the STA will be enhanced by redesigning existing business processes (optimising existing processes, introducing new ones, and eliminating obsolete practices), which will permit the STA to introduce a new business model.

The risk management system will identify sectors and taxpayers that are completely or partially non-compliant. Risk management efficiency will be significantly improved by expanding the existing database, primarily by obtaining structured data (pertinent to taxation) from relevant external registers relevant for the STA, and this will allow high-risk taxpayers to be identified by means of risk filters and other advanced risk management methods. Tax audits will continue to be based on data disclosed by taxpayers in tax returns and other forms, but these will also be cross-referenced with information maintained in relevant registers. This activity will result in an efficient STA that fully manages voluntary compliance risk and ensures collection of public revenues in accordance with taxpayers' actual taxable income and assets.

Tax audit will be made more efficient through new audit methods, as well as through greater coverage of taxpayer categories that have to date largely not been subject to audit but pose a significant fiscal risk.

New business processes will lead to further centralisation of some tax functions, and will require further specialisation and streamlining at field offices. The internal structure of the STA will in particular support and reflect business process reengineering aimed at strengthening the Head Office as a precondition for a major increase in the STA's institutional capacity. In general, all key functional segments of the STA will be supported by the organisational structure, which will itself be based on the new STA business model, in accordance with best global practice that implies uniform business processes across the entirety of the STA, with each unit having well-defined responsibilities and adequate IT support ensured by the single information system. Once the 2021-2025 Transformation Programme has been implemented, the STA should have real-time access to all taxpayer data generated in its own system, based on third-party

data, as well as information disclosed by the taxpayers themselves, that is necessary for assessing tax compliance and fully managing the taxable income and assets of each taxpayer.

The establishment of business processes will follow the pace of Serbia's European Union (EU) accession efforts in terms of the country's requirements to implement EU tax-related directives, and the business model will permit interoperability and interconnectivity required at each stage of the EU accession process.

Re-engineered business processes, able to be efficiently digitalised and automated, should permit attainment of the mission and vision of the STA as set out in this Programme, and are supported by a modern integrated information system and aligned with best global practice. The information and communication technology (ICT) function will provide a system architecture that supports the traditional core of each tax administration system, namely taxpayer services in the broadest sense, services to tax administration staff, and communication with other authorities and institutions. In that respect, this Programme will result in digitalised management of not only tax cases, but the entire STA back office, while complying with the legislation governing the use of IT in business processes.

On 31 October 2019, the Steering Committee on the Tax Administration Transformation Project upheld the recommendation of the STA Transformation Committee to procure a COTS solution for the core system (taxpayer register, tax calendar, receipt and processing of tax returns and tax forms, payment receipt and processing, tax accounting), taking into account all existing IT infrastructure, and, if there are no commercial off-the-shelf solutions for certain sub-systems or these require extensive customisation, to consider the option of developing those sub-systems in-house.

The COTS solution will enable attainment of strategic goals and implementation of the 2021-2025 Transformation Programme.

SO2: Improving existing services and introducing new ones that are aligned with taxpayers' needs

Maximising tax compliance requires extending various types of assistance to taxpayers to help them understand tax regulations, comply with tax rules in a manner adapted to their abilities, and use communications channels that are tailored to their needs and primarily based on electronic communication with the STA through a single point of contact, the personal e-portal. The personal e-portal is a communication module that enables taxpayers to access all rights and comply with all obligations, from registration to filing tax returns; paying tax liabilities; applying for re-posting of transactions, refunds, and reimbursement; accessing their tax accounting information; applying for tax clearance certificates; filing grievances and complaints; to downloading tax documents and taking other actions without having to personally visit an STA office whilst adhering to Serbian e-Government communications standards. Assessed taxes should be paid at minimum cost in terms of money and time. When designing services, in addition to considering cost and time, the STA will segment taxpayers and take into account their needs, habits, and behaviour. The STA will introduce and implement a service demand management model, whilst maintaining and strengthening its proactive relationship with the business community.

SO3: Introducing a new cadre of tax officers demonstrating exceptional professionalism and competence by continuing to develop the HR function

The extent of changes to organisational culture, shifts in the economy due to Industry 4.0, and the need to ensure that the transformation makes STA staff leaders in the tax community in terms of their knowledge and skills in substantive and procedural tax law, require the HR function to lead the way in identifying, selecting, recruiting, and retaining exceptionally professional and competent tax officers. The high level of professionalism and competence, coupled with other STA activities envisaged in this programme, will permit the STA to significantly improve its reputation, which is a major precondition for job satisfaction amongst the institution's employees. This function of the STA, which will shift to fully digital operation, will manage the rights and obligations of employees, improve performance-based HR management, significantly enhance the performance-based reward system, and introduce a complete career advancement framework, making the STA an attractive employer.

5. Expected impacts of the Transformation Programme

Achievement of the strategic objectives of the 2021-2025 Transformation Programme is expected to result in greater collection of public revenues administered by the STA. Attainment of these objectives will be measured through indicators of actual collection against budget estimates.

In addition to these indicators, the STA will also internally measure impact of the project through:

1. Increase in the number of registered taxpayers;
2. Expansion of the reported tax base;
3. Increase in tax adjustments due to tax gap reduction.

Implementation of the 2021-2025 Tax Administration Transformation Programme will, directly and indirectly, increase voluntary compliance by all taxpayers in Serbia and reduce the shadow economy.

Systematic strengthening of risk analysis and use of relevant data will permit timely identification of high-risk areas of business activity, which will be followed by the application of appropriate risk management tools, which will ensure greater voluntary compliance by Serbian businesses.

The STA plays a key part in combating the shadow economy, and efficient implementation of the Transformation Programme will result in the shift of a significant volume of business from the informal to the regular economy, which will, consequently, lead to the achievement of the first intended impact, namely an increase in the number of registered taxpayers.

The Transformation Programme will significantly contribute to a level playing field and fair competition for Serbian businesses. The STA will deploy new methodologies and use new tools to better assess taxpayers' taxable incomes and assets, which will broaden the tax base.

The Transformation Programme will benefit taxpayers by simplifying tax compliance procedures, significantly accelerating procedures for interacting with the Tax Administration, and reducing compliance costs.

The 2021-2025 Transformation Programme will ensure the STA conforms to the best global taxation practices, which will help create an environment conducive to both domestic and foreign investment in Serbia.

6. Strategic initiatives required to achieve the strategic goals

Achieving strategic goals requires a series of initiatives (projects and activities) that directly or indirectly support and enable the STA to undergo substantive transformation. In essence, in addition to strategic support from the Government of Serbia and the Ministry of Finance, the STA requires the creation of a broader institutional environment (outside the STA) that will enable implementation of the Transformation Programme. Most activities intended to help create an appropriate institutional environment essentially come down to proposals for amending and implementing legislation, most of which is usually not within the scope of public financial management. Although some of these initiatives go beyond the STA's remit, they all together form an integrated set of activities where failure to implement any strategic initiative seriously jeopardises, or indeed prevents, substantive transformation of the STA.

SI1: Digital institutional environment in Serbia as a precondition for digitalisation and automation of STA business processes in accordance with best global practice

The STA will significantly increase the capacity of its risk management system, both by using more comprehensive and granular data provided by the planned e-invoicing system and by deploying the new fiscalisation framework.

New, sophisticated risk analysis tools will continue to be introduced, and this will, coupled with taxpayer segmentation, ensure more effective risk management. Greater sophistication of risk management should enable the audit function to operate more efficiently, which ought to result in an increase in tax audit adjustments and a reduction of the tax gap in general.

Redesigning audit techniques in line with the international best practices, introducing e-audit software, as well as providing auditors with training in the field of international taxation, should help combat the shadow economy, meet requirements of the BEPS Action on tax treaty abuse, and contribute to meeting the commitments arising from the STA's membership in the Global Forum and preventing international tax evasion in general.² The STA will provide knowledge transfer to its relevant units and equip them with the required hardware/software to facilitate appropriate transfer pricing administration. The implementation of the Law on Unexplained Wealth and Special Tax in 2021 will indirectly contribute to greater tax compliance.

The key prerequisite for these activities, both in risk management and in revenue audit and collection, is the introduction of a redesigned business operating system supported by a modern integrated information system for the taxpayer register; tax calendar; tax return filing and processing; payment receipt and processing; tax accounting; analysis and forecasting; and software to administer individual tax types. The design of these business processes and integrated IT support must meet the highest

² On 19 February 2018 Serbia joined the Base Erosion and Profit Shifting (BEPS) Inclusive Framework and thereby undertook to align its regulations with the minimum standards of the following BEPS Actions:

1. BEPS Action 5, Countering harmful tax practices with a focus on transparency;
2. BEPS Action 6, Prevention of tax treaty abuse;
3. BEPS Action 13, Country-by-Country Reporting; and
4. BEPS Action 14, Mutual Agreement Procedure.

TADAT³ criteria, in other words, the best global practice in these areas, so as to ensure data integrity. This redesigned business model, which should be significantly automated, will underlie the centralisation of filing and processing of tax returns and payments. It is also a necessary and crucial prerequisite for the risk management system and efficient service delivery.

Implementation of the new business model, supported by an integrated information system, requires, first and foremost, that Serbian public administration provide structured information relevant for taxation that is available at the appropriate time, which, for the STA, means in real time. This implies that development of electronic e-government registers required by the STA ought to proceed alongside the implementation of the STA Transformation Programme because these are necessary and crucial preconditions for transformation of the STA. The development and implementation of the new business model requires identifying the relevant registers that are currently unstructured and introducing appropriate regulations to ensure they are brought up to a structured digital standard that allows the STA to use this information. If this process is not co-ordinated, some business processes will be deficient, which will significantly jeopardise the efficiency of key tax functions.

The Government of Serbia and the Ministry of Finance will support amendment of the legal framework insofar as it enables the STA to retrieve all necessary data from relevant registers for efficient execution of its core tax functions in accordance with its statutory powers, as well as for purposes of tax risk management. The STA will handle these data in complete compliance with regulations governing confidentiality and personal data protection.

SI2: Creating conditions for improving taxpayer services by redefining the service delivery concept and introducing new types services tailored to taxpayers' needs

Statutory underpinnings will be created to expand the types and quality of services and the 'customised experience' approach will be applied when designing new services and redesigning existing ones. The design of new service programmes will be informed by insights gained from analysis of STA data, taxpayer behaviour, and collaboration between the business community and the STA to develop and select the final form of a specific service, in order for these services to meet taxpayers' needs. The taxpayer services function, as indeed the entire STA, should seamlessly integrate taxes into the general environment, in other words into the business operations and day-to-day lives of taxpayers. In that respect, the STA will engage in continuous dialogue with key business stakeholders, industry representatives, and tax policymakers. Special programmes will be designed to strengthen taxpayer relations.

SI3: Enhanced professional development of tax officers, supported by an appropriate capacity-building unit (Tax Academy), to deliver competencies that respond to Industry 4.0 requirements

The challenges facing the STA's HR management function require the development of strategic HR management that should in practice entail a set of concrete measures and activities that will ensure an efficient recruitment procedure for a large body of civil servants (by means of the Annual Staffing Plan), professional development and rapid induction of new employees, staff re-assignment in accordance

³ Tax Administration Diagnostic Assessment Tool.

with changes to the STA's organisational structure through the Annual Staffing Plan, retention of the highest quality employees at the STA, etc.

Sophisticated HR management is key to successful implementation of this Programme. Extremely high formal and substantive staff competency requirements mean that the STA needs to institutionalise the transfer of knowledge and skills needed to perform the tasks of tax officer. A new professional development system will be established, in the form of an appropriate organisational unit, that will deliver training programmes that meet the needs of the STA after the implementation of the 2021-2025 Tax Administration Transformation Programme. These training programmes are defined by civil service legislation as special types of training prepared and delivered by public authorities for purposes of professional development of civil servants and staff of public authorities in accordance with the specific needs of their individual remits, competences, positions, duties, or groups. Accordingly, the current organisational units tasked with professional development will also undergo transformation and improvement.

SI4: Improving the legal framework to enhance the efficiency and effectiveness of tax misdemeanour procedure

With the aim of increasing compliance, business processes will be redesigned, and appropriate software support introduced, to ensure misdemeanour charges are brought against taxpayers who fail to file tax returns in due time, as well as against those who fail to pay taxes in due time or in full. This should increase the efficiency with which the STA acts within its competences when bringing tax misdemeanour charges in the tax misdemeanour procedure.

SI5: Introducing the position of Tax Officer into the official national job classification and stipulating high professionalism and competence standards

Statutory options should be explored and evaluated, and a formal request made, to introduce the position of Tax Officer into the official national job classification. This ought to contribute to the reputation of the profession, reflect high standards of professionalism and competence required to assess, audit, and collect taxes and detect tax offences, and enable these positions to receive due consideration in the civil service and public administration pay grade system.

7. Preconditions for implementation of the Transformation Programme

The Transformation Programme requires the following steps:

1. Government of Serbia must formally adopt the Transformation Programme;
2. Key employees with knowledge in specific areas must be identified as lead stakeholders for individual transformation phases;
3. There must be strong commitment for introducing a new STA business model;
4. Capacities of staff to implement the reforms must be enhanced, with support provided by the improved professional development system and an appropriate organisational unit;
5. Robust change management must be introduced and any risks identified, both within and outside the STA, must be addressed in good time;
6. The STA must develop and retain capable staff with the required knowledge and advanced skills necessary to implement, administer, and further develop the STA's reforms.

8. Co-ordination, management, and reporting

To co-ordinate activities that go beyond the competence of the STA, the Government of Serbia will set up a Co-ordinating Body to Support Implementation of the 2021-2025 Transformation Programme. The Co-ordinating Body will comprise officers of line ministries whose remits include initiatives and activities set out in this Programme. Depending on the actual needs, the Co-ordinating Body will also include representatives of other public authorities, organisations, agencies, and institutions.

A separate working party (the STA Transformation Committee) will provide operational management of the transformation process. The STA Transformation Committee was established by the STA Director and is tasked with supporting the Director in making decisions and monitoring implementation of reforms envisaged in the 2021-2025 Transformation Programme. The STA Transformation Committee is comprised of STA Assistant Directors and representatives of the Ministry of Finance.

The STA Transformation Committee will adopt quarterly reports which the STA will use to report progress with the programme to the Ministry of Finance; for its part, the Ministry of Finance will report annually to the Government of Serbia. Tax Administration staff will be kept informed of the status of any changes at the STA to mitigate any resistance to change. A media outreach effort will be launched to raise awareness in the broader public about the significance of the Programme and progress in its implementation.

9. Risks

Managing a complex strategic document such as the 2021-2025 Transformation Programme poses two major challenges for the STA.

The first is how to effectively manage the Programme to ensure objectives are attained in a timely and efficient fashion. Here, communication is crucial, both within and outside the institution.

The second challenge relates to the identification of risks posed by the Programme and management of those risks so as to ensure the reforms are implemented. The range of risks is exceptionally broad, and they include securing finance for all Programme components; ensuring project teams include a critical mass of staff with skills in the requisite areas; alignment of efforts to introduce the broader digital environment in Serbia with areas of the Programme; and the like.

These risks can be grouped into risks attributable to human action; risks associated with failure to secure the necessary funding in due time and/or in full; risks associated with the duration of the Programme; risks connected with failure to communicate in due time and appropriately with all stakeholders and the public; risks associated with the project approach and implementation; and other operational and technical risks.

¹ Fourth Industrial Revolution - a global digital transformation concept that entails the development of machine learning, the development of artificial intelligence and data analysis based on large data sets.

² On 19 February 2018, the Republic of Serbia became a member of the BEPS Inclusive Framework and in this regard undertook the obligation to harmonize regulations with the minimum standards of the BEPS Action Plan relating to:

1. BEPS 5 Action Plan: Preventing harmful tax practices and increasing transparency;
2. BEPS 6 Action Plan: Preventing the provision of benefits under the Treaty of Double Taxation avoidance;
3. BEPS 13 Action Plan: Contents of transfer pricing documentation and country reporting;
4. BEPS 14 Action Plan: Improving dispute resolution in the mutual agreement process.

³ TADAT – Tax Administration Diagnostic Assessment Tool

10. Activities to implement the 2021-2025 Tax Administration Transformation Programme

Area of Transformation		
PA1: Taxpayer register		
No.	OBJECTIVE	ACTIVITIES
1.1	Complete, accurate, and up-to-date Taxpayer Register established, with corresponding sub-registers, in compliance with best global practice	<p>Review of existing legal framework governing the STA's competences for registration procedure and maintaining taxpayer register.</p> <p>Review of the register concept, existing structure and functionality of the register, record-keeping methods, integration of the register into existing STA business model, and updating the register.</p> <p>Review of sub-registers and their record-keeping and updating methods.</p> <p>Review of the legal framework governing competences of other authorities and organisations for keeping records relevant for the STA's operation.</p> <p>Initiative to amend regulations governing the registration of business entities with institutions other than the Business Registers Agency (BRA) to ensure registration powers are transferred to the BRA.</p> <p>Initiative to amend the Law on Tax Procedure and Tax Administration (LTPTA) so as to empower the STA to retrieve all necessary data from registers maintained by other bodies or organisations (retrieval of metadata, data usable for further processing).</p> <p>This initiative will define:</p> <ul style="list-style-type: none"> - data to be retrieved and the authority administering them; - method of retrieving data; - method of retrieving amended data. <p>Clearly set timeframes for:</p> <ul style="list-style-type: none"> - data retrieval, - database access. <p>Design of the STA taxpayer register structure in accordance with the functions and requirements of the new business model enabling automation and digitisation of the registration process.</p> <p>Procurement, adaptation, testing, and implementation of the software solution in support of the STA taxpayer register structure as designed.</p> <p>Regulatory initiatives should permit data retrieval from relevant registers kept by line ministries, local tax administrations, the BRA, the National Bank of Serbia, the National Land Survey Authority, all courts and other authorities, associations, chambers, and organisations that maintain data relevant for the STA's operations. The retrieved data should be integrated with the existing critical</p>

		<p>information required to perform each STA function.</p> <p>Integration of the taxpayer register with other core business functions, automatic data retrieval from the STA taxpayer register in all proceedings that may be initiated by the taxpayer or the Tax Administration.</p> <p>Establishment of the reporting system with predefined reports based on tax types, tax returns, and other criteria.</p>
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PA2: Tax calendar

No.	OBJECTIVE	ACTIVITIES
2.1	<p>Functional tax calendar established, including arrangements to notify and remind taxpayers of time limits for filing tax returns and forms, pending or outstanding tax payments, and automatic reporting of these to the STA</p>	<p>Establishment of the tax calendar function, including designation of an authorised person to establish and maintain the tax calendar function.</p> <p>Design of the tax calendar structure in accordance with the functions and requirements of the new business model enabling automation and digitisation of business processes.</p> <p>Procurement, adaptation, testing, and implementation of the software solution in support of the STA tax calendar as designed.</p> <p>Incorporation of the tax calendar into the single STA information system, enabling identification and automatic notification through other systems.</p>

PA3: Receipt and processing of tax returns

No.	OBJECTIVE	ACTIVITIES
3.1	<p>Integrated and complete application solution developed for receiving and processing tax returns and forms according to consistent business rules</p> <p>Validation system established, incorporating existing arrangements for formal and mathematical verification, that uses data from the STA register and external records</p>	<p>Review the structure of tax returns content for each tax type and, if required, initiation of amendments to laws and byelaws governing tax returns and their filing with the ultimate aim of potentially reducing the number of individual returns.</p> <p>Initiate amendment of the LTPTA insofar as it mandates filing some tax returns in paper format only.</p> <p>Initiate amendment of regulations to enable automatic debiting.</p> <p>Design of the tax return receipt and processing system in accordance with the functions and requirements of the new business model, which envisages validation by means of data from both STA and external records.</p> <p>Procurement, adaptation, testing, and implementation of the software solution in support of the STA tax return receipt and processing system as designed.</p> <p>Automatic tax assessment in case no return is filed, separately for each type of tax return and tax, with clear statutory definition of how tax assessment is made.</p> <p>Establishment of a standard reporting system by means of pre-defined reports, as well as reporting based on new queries and other criteria.</p> <p>Completion of full range of digital STA services by digitalising tax forms other than tax returns.</p>

PA4: Receipt and processing of payments

No.	OBJECTIVE	ACTIVITIES
4.1	Arrangements established for automated receipt and processing of tax payments in real time that support all current payment technologies	<p>Establishment of completely automated arrangements for receipt and processing of tax payments in real time as part of the tax accounting function that are fully automated and digitalised and that register incoming payments in real time, including use of Quick Response (QR) codes, and entail linking the Taxpayer Identification Number (TIN), tax type, and liability paid (tax return, assessment, etc.).</p> <p>Design of the payment receipt and processing system in accordance with the functions and requirements of the new business model.</p> <p>Procurement, adaptation, testing, and implementation of the software solution in support of the STA payment receipt and processing system as designed.</p> <p>Receipt of real-time information on payments by taxpayers and other entities from the Treasury Administration.</p>

PA5: Tax accounting

No.	OBJECTIVE	ACTIVITIES
5.1	Tax accounting function established that simultaneously provides information disaggregated by taxpayer and types of public revenue for all functionalities supported by tax accounting	<p>Review of the current situation and legislative framework and development of accounting business rules that simultaneously provide data disaggregated by:</p> <ul style="list-style-type: none"> - taxpayer, and - type of public revenue. <p>Initiative to amend the Tax Accounting Regulation so as to allow accounting records to be maintained by taxpayer, including capture of data on revenues by tax type, with option of generating debit and credit reports by territory and automated transfer of identical incoming payments from one territory to another in the event of change to registered office of taxpayer.</p> <p>Design of the tax accounting system structure in accordance with the functions and requirements of the new business model.</p> <p>Accounting procedure arranged so as to terminate in automated posting resulting in a change to tax accounts.</p> <p>Digital issuance of all types of certificates and attestations.</p> <p>Efficient refund procedure and re-posting of tax liabilities to other accounts.</p> <p>Automated creation of final statement for tax purposes.</p> <p>Procurement, adaptation, testing, and implementation of the software solution in support of the STA tax accounting system as designed.</p>
5.2	Functionality provided to the STA by the Treasury Administration to enable instant payments by taxpayers	Entry into a protocol between the STA and the Treasury Administration to permit functionality referred to in Target 5.2.
5.3	Streamlining of public revenue incoming payment accounts	<p>Analysis of the current number of public revenue incoming payment accounts administered by the STA.</p> <p>Initiative to amend the Regulation on Public Revenue Incoming Payment Accounts to permit the STA to assign one payment account to one tax type for accounts it administers.</p> <p>Implementation of amendments to Regulation on Public Revenue Incoming Payment Accounts in the tax accounting system in accordance with the new STA business model and re-engineered business processes.</p>

PA6: Tax audit		
No.	OBJECTIVE	ACTIVITIES
6.1	<p>Development of tax audit, based on an up-to-date approach to voluntary compliance, that provides a preventive, corrective, and punitive function</p> <p>Finding of facts relevant for taxation in audits is performed entirely on the basis of evidence from identified sources (tax returns, tax balance sheet, financial statements, books of account, external data, and any other means suitable for fact-finding)</p>	<p>Review of the structure of tax returns for each tax type and, where appropriate, initiation of amendments.</p> <p>Initiative to broaden the range of self-assessing entities for tax types governed by the Personal Income Tax Law, the Law on Contributions for Compulsory Social Insurance, and other substantive tax laws.</p> <p>On-demand access at any time by the STA to data in taxpayers' books of account required for risk assessment, audit, and collection, or introduction of requirement to submit general ledger data to the STA once general ledger is closed. This approach should result in an up-to-date compliance model that should improve tax discipline in general and lead to taxpayers filing complete and accurate tax returns. This requires availability to the STA of nearly all data relevant for taxation, including data from taxpayers' books of account, which will permit remote tax audits without direct contacts between taxpayers and tax officers. The tax audit process will be significantly accelerated, which will in turn cause a considerable reduction in costs (in terms of both time and resources) for both taxpayers and the STA, whilst simultaneously increasing capacity of the STA for managing compliance risk. The data retrieved using this approach will be cross-referenced with data from the STA system and external data, which will permit the STA to generate pre-filled tax returns for some CIT taxpayers (such as sole traders) and PIT taxpayers (Form PPDG-1S). This activity will be implemented in stages, where the first phase is envisaged to cover micro-enterprises, the second small businesses, and the third medium-sized firms.</p> <p>Integration of data from registers of government authorities with the taxpayer register.</p>
6.2	<p>New tax audit model introduced to make audit a focused, efficient, and effective activity permitting assessment of taxpayers' actual income and assets to ensure these are consistent with what is declared by taxpayers</p>	<p>Risk identification and assessment to achieve substantial tax adjustment and minimising the number of audits resulting in no adjustment.</p>
6.3	<p>Audit quality optimised</p>	<p>Amendments to the Quality Assurance Control Programme, including:</p> <ul style="list-style-type: none"> - quality assurance standards applied at each stage of audit; - time standards;

		<ul style="list-style-type: none"> - audit procedures (audit methodologies and other instructions); - tax tools for inspectors and tools for audit managers (toolkit for monitoring and supervision of the audit process by managers at all levels); - rules for drafting documents (working documents and tax enactments); - performance assessment of each individual audit against pre-defined audit standards; and - defining and monitoring key performance indicators and reporting.
6.4	Modern audit methods applied pursuant to best global practice	<p>Development of audit methods based on automated analysis of data from all sources; analysis of taxpayers' operations and transactions using up-to-date electronic tools; and monitoring of excise duties through tracking of transactions involving excise goods stored in bonded warehouses, especially imported goods, in particular petroleum products and tobacco.</p> <p>Implementation of indirect audit methods using property and personal wealth data for owners of companies or other individuals associated with companies.</p> <p>Development and implementation of special audit methods for international taxation and transfer pricing.</p> <p>Introduction of procedural rules and substantive legislation to allow remote audits by video-conference (Article 111 of the General Administrative Procedure Law, GAPL) and remote gathering of evidence and finding of facts for purposes of tax audit.</p>
6.5	Taxpayers categorised by type of tax	<p>Emphasis on audit of large and medium outstanding tax liabilities with developed modules for:</p> <ul style="list-style-type: none"> - large taxpayers and their affiliated entities; - private individuals with large personal wealth; - international taxation. <p>Programme for voluntary compliance monitoring of micro- and small taxpayers involving extensive use of data from the e-invoicing register, fiscalisation system, and books of account, with gradual creation of preconditions for complete or partial generation of pre-filled tax returns.</p>
6.6	Measures implemented as set out in the National Programme for Addressing the Informal Economy	Adoption of an STA plan for meeting objectives of the National Programme for Addressing the Informal Economy.
6.7	Tax audit business processes linked with	Linking of audit with all other systems through use of information technology and automatic exchange of information (with the tax

	<p>other systems that support other tax functions through an STA-level information system underpinning integrated business processes</p>	<p>calendar system, tax return receipt and processing system, incoming payment receipt and processing system, system for receiving and processing payments, tax accounting, and other systems).</p> <p>Introduction of IT audit tools to include taxpayer accounting data analysis software (SEZAM, IDEA, etc.) and audit software allowing tax officers to capture all steps in an audit process; supervision of audit officers by their superiors; and document and report generation.</p>
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PA7: Management of public revenue collection

No.	OBJECTIVE	ACTIVITIES
7.1	Tax collection modernised through introduction of an efficient, centralised function, automated to the highest possible extent, for managing tax collection that is fully linked with the tax calendar, has defined collection priorities, and relies on risk assessment and taxpayer profiling	<p>Development and adoption of a comprehensive regular and enforced collection model, based on best global practice, that will be incorporated into the majority of STA business processes, starting with the identification of collection risks and implementation of punitive measures in enforced collection.</p> <p>Introduction of a risk-based debt collection/management plan that takes into account the circumstances of each taxpayer and covers the entire range of efforts, from early intervention, to collection measures, to addressing taxpayers making no effort to manage their debt. The plan should envisage recourse to all statutory enforcement measures, but should rely entirely on the tax calendar function until such enforced collection measures are deployed.</p> <p>Introduction of a plan to clear tax arrears more than two years old that will identify tax debt lapsed due to statute of limitations and non-performing tax debt, and write-off of uncollectable debt after all statutory options for collection have been exhausted, with due regard for the cost-effectiveness of the collection procedure.</p>

PA8: Taxpayer services

No.	OBJECTIVE	ACTIVITIES
8.1	Complete digitalisation and automation of taxpayer services that facilitate their access to rights and compliance	<p>Introduction of new services using modern technologies.</p> <p>Introduction of a service demand management model underpinning e-services.</p> <p>Introduction of a personal e-portal, the single online point of contact between the taxpayer and the STA, for the entire range of transactions, including filing tax returns, making payments, applying for clearance certificates, refunds, and reimbursement, clearance certificates, accessing tax accounting records, applying for re-posting of transactions and refunds, and accessing all other rights and facilitating compliance with tax rules. This arrangement will serve as the technical precondition for allowing taxpayers to access their tax information.</p> <p>Initiating amendments to laws that enable the services function remit to be broadened to assume duties of the audit, collection, and tax accounting functions.</p>
8.2	The STA is a hub for assistance to taxpayers in complying with regulations	<p>The STA will segment taxpayers for purposes of delivering tax services and, for each segment, create a separate set of services and a special set of interpretations and instructions for complying with tax regulations.</p> <p>The STA will develop special outreach and taxpayer education models to enhance awareness of tax law.</p>

PA9: Detection of tax offences

No.	OBJECTIVE	ACTIVITIES
9.1	Tax Police efficiently detect tax offences and their perpetrators using improved business processes that allow investigative work and new processes based on operational analytics and intelligence gathering that provide logistical support for investigations	<p>Development of investigation methodology and intelligence gathering to ensure the Tax Police use their human and material resources to:</p> <ul style="list-style-type: none"> - identify and address hazards that carry a high risk of tax evasion in activities that represent the largest source of income and generate the most fiscal revenue; - combat the shadow economy; - determine hazards and rank risks so as to invest resources into high-risk and more complex areas; - develop intelligence gathering, defined as a system of interrelated actions by authorised intelligence officers of the Tax Police that are aimed at systematic collection of data, information, and knowledge about tax offences, perpetrators, organised criminal groups, taxpayers or behaviours that may pose security risks, and the like.
9.2	Tax Police effectively prevent complex tax evasion and organised financial crime from its remit	Continuation of initiatives to amend legislation, primarily the Criminal Procedure Code, to permit the use of covert surveillance, interception of mail and telecommunications, search and seizure of computer hardware, and undercover operations in the detection of criminal tax evasion.
9.3	Tax Police information system developed as part of the single STA information system	<p>Development of software that permits the creation of comprehensive taxpayer profiles at the STA as a whole, including special requirements for the Tax Police, which is based on all data from external and internal databases and possesses improved search features, data cross-referencing, and automated graphical display of cross-referenced and related data relevant for the detection of tax offences.</p> <p>Development of software for automated calculation of aggregate taxpayer risk indicator (on a scale from 1 to 100) based on weighted values of individual risk indicators (design of a mathematical model where each indicator has a distinct value).</p> <p>Integration of the Tax Police into all STA functions, above all the audit function, to ensure the statutory requirements (under Articles 136, 137 and 139 of the Law on Tax Procedure and Tax Administration) are met, as follows:</p> <p>Monitoring of cases managed by the Audit Department and initiated by the Tax Police Department, including official notes on tax liabilities, amount of assessed (undeclared) tax, and share in total detected revenues of the Audit Sector.</p> <p>Monitoring of cases managed by the Tax Police Department and initiated by an organisational unit of the Audit Department, and reporting of number of cases resulting in criminal charges being brought, including the outstanding tax liabilities, and number of cases completed without criminal charges being brought.</p>

		<p>Electronic monitoring and notification of official documents adopted in in tax and administrative proceedings, and of judgments made in misdemeanour and criminal proceedings, to permit performance assessment of both functions and ensure that the <i>ne bis in idem</i> principle is complied with and that enforcement of either type of case does not lapse due to statute of limitations.</p> <p>Development of new functionality of the Tax Police Case Management System (SAPS) through integration of the SAPS e-registry with the STA registry.</p>
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PA10: Tax revenue analysis and forecasting

No.	OBJECTIVE	ACTIVITIES
10.1	Up-to-date, structured approaches to compliance risk management developed that rely on risk assessment with behavioural features according to the OECD ‘four domains’ model, alongside extensive use of CRM ⁴ and enhanced risk-based monitoring and reporting of voluntary compliance, as well as advanced analytics and impact assessments of tax policy and STA measures	<p>Capacity-building for risk management using data provided from the e-invoice register and the new fiscalisation system.</p> <p>Improvement of the STA’s compliance promotion programme through development of specific annual compliance plans emphasising high-risk taxpayer segments.</p> <p>Introduction of advanced data analysis methods and identification and assessment of strategic risk clusters (at a minimum by sector), including assessment of potential tax risk with taxpayer segmentation.</p> <p>Tax gap analysis by individual tax types and business segments and utilisation of audit resources to eliminate the tax gap risk.</p> <p>Evaluation of all compliance-risk-based activities, including impact verification of audits initiated otherwise (e.g. based on external request, field office plan, etc.); appropriate reporting and use of feedback to adjust compliance strategies.</p> <p>Development of new strategies to improve compliance and prevent and address risk by taxpayer segment, with the aim of creating an environment conducive to voluntary compliance through introduction of new, more flexible procedures and approaches:</p> <ul style="list-style-type: none"> - Development of communication strategies aimed at informing, educating, and delivering services that will facilitate compliance to the maximum extent possible and eliminate non-compliance due to ambiguity or misinterpretation of tax regulations and caused by complex administrative procedures. - Development of risk-based audit and collection strategies applicable to taxpayers who avoid compliance or payment negligently or intentionally or through aggressive tax planning or deliberate evasion or fraud. Such strategies will be based on identification of the causes underlying such behaviour. - Identification of risks that may indicate illegal phoenix activity and timely reaction to such developments through deployment of tools to systematically address the issue. - Programme for unregistered businesses. - Development of more flexible measures to verify and monitor voluntary compliance, with taxpayer support programmes. (Here, verification of VAT refunds applied could in some cases rely not on standard audit but data collection options permitted under Articles 44 and 45 of the Law on Tax Procedure and Tax Administration. In addition, a special support programme could be established for micro- and small

⁴ Compliance Risk Management.

taxpayers where the STA could potentially generate their tax returns, etc.).

Forecasting of tax revenues.

PA11: Human resources

No.	OBJECTIVE	ACTIVITIES
11.1	<p>Selection, recruitment, capacity-building, and professional development of staff, coupled with performance management and systemic implementation of employee retention measures, ensures a high level of staff professionalism and competence, thus creating a new generation of tax officers</p>	<p>Systematic assessment of jobs at the STA and standardisation of all jobs to reflect the current situation.</p> <p>Development of a job typology in the form of a global STA job catalogue and a proposed future typology that entails streamlining of business procedures.</p> <p>Standardise jobs that will be used for performance measurement (development of standard positions for all functions).</p> <p>Assess the current age structure and produce a transitional Employment Plan to urgently rejuvenate the workforce whilst applying clearly defined recruitment criteria and a robust selection process.</p> <p>Development of the STA’s strategic HR planning covering the period from 2021 to 2025. Formulation of an HR development policy in accordance with the vision and needs of the STA for implementation of the Transformation Programme through application of an up-to-date strategic approach to HR management and definition of objectives for key processes; such as planning; annual volume of recruitment and required staff structure; recruitment; selection; on-boarding; performance evaluation; incentives; rewards; sanctions; professional development; and career management.</p> <p>Centralisation and automation of HR management processes: enhancement of the current centralised HR management information system (HRMIS) that will cover all HR management business processes, including performance assessment; evaluation; rewards; sanctions; incentives; career management; recruitment; on-boarding; personnel records; professional development; occupational safety and health; and general processes.</p> <p>Integration of the HRMIS with the STA intranet to permit employees to have (read-only) access to their online personnel files.</p> <p>The ultimate objective of STA HR management is to permit integration, once the requirements have been met, into the single Human Resources Information System for the totality of the public administration, as envisaged by the Civil Service Law.</p> <p>Development of a sound staff retention plan, including assessment and selection of high-quality staff and production of a plan to permit their continuing development.</p> <p>Establishment of integrated performance management through co-ordination of activities of senior managers, HR managers, and line managers, who will support qualitative changes at the STA.</p> <p>Improvement of the hiring process (recruitment, selection, on-boarding) and retention of high-quality employees.</p> <p>Definition of clear criteria in terms of continuing education, professional development, competencies, prior experience, and</p>

		<p>performance assessment findings to inform staff selection and promotion.</p> <p>Development and delivery of specialised training programmes for staff pursuant to the specific needs of the STA to improve their knowledge and skills in preparation for promotion to management positions at the STA.</p> <p>Introduction of an up-to-date approach to human resource management that recognises highest quality tax officers.</p> <p>Adopt an Employee Re-assignment Plan (as part of the Annual Staffing Plan) to reflect business processes re-engineering at each stage of the re-engineering effort. The number of positions likely to be in much less demand due to digitalisation and modernisation will be inventoried, and this inventory will inform the development of a plan to re-assign staff to new positions.</p> <p>Alignment of the specific functional competencies of the STA at each stage of business process re-engineering with the positions involved in that business process.</p> <p>Improvement of specific professional development and career advancement of tax officers to reflect the needs of re-engineered business processes, specialisation by tax types and sub-specialisation of particular individuals for certain industries, tax treaty monitoring, or transfer pricing.</p> <p>Transformation and enhancement of the current organisational function responsible for professional development and training through establishment of a Tax Academy, to be accomplished as part of the project 'Strengthening the institutional capacity of the Tax Administration by improving the education of tax officers by establishing the Tax Academy' nominated for IPA funding.</p>
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PA12: Information and communication technologies

No.	OBJECTIVE	ACTIVITIES
12.1	Integrated information system implemented that supports the new STA business model	<p>Introduction of software and hardware infrastructure to implement the E-Government Law.</p> <p>Gap analysis of existing information system to assess needs for an information system able to support the new business model.</p> <p>Ensuring the STA Transformation Committee and the Ministry of Finance agree, in a timely manner, on the requirements of the information system to be procured after adoption of the General Business Model developed by the business process re-engineering consultant.</p> <p>Procurement of a COTS solution the scope of which is to be determined.</p> <p>Implementation of a COTS solution the scope of which is to be determined.</p> <p>Migration of data from the current STA information system to the system able to support the new STA business model.</p> <p>Continuous assurance of system security; development of early warning and disaster prevention procedures; development of disaster recovery procedures.</p> <p>Integration of the STA into the e-government system to enable use of metadata.</p>
12.2	Support provided for full implementation of digitalised and automated business processes	Development of an efficient internal STA reporting system at all levels to manage performance and serve to inform management decisions.
12.3	Continuous and timely access, including in real time, by the STA to data required for taxation	<p>Generation of reports on the set and structure of data in the relevant registers.</p> <p>Creation and implementation of a dynamic plan for data retrieval.</p>
12.4	Taxpayers and tax officers receive support for access to their rights and compliance with their obligations using up-to-date information technologies	Continuous review and implementation of up-to-date technologies through business process design.

PA13: Organisation

No.	OBJECTIVE	ACTIVITIES
13.1	Efficient organisational structure established that supports the new STA Tax business model	<p>Designing a new organisational structure in accordance with the new STA business model.</p> <p>Restructuring of the STA Head Office in accordance with the Implementation Plan for the new STA business model and provision of appropriate resources for this purpose.</p> <p>Centralisation of business processes from an organisational perspective once these have been centralised in the new business model.</p> <p>Automation of non-audit activities (excise duty and VAT refund, VAT reimbursement, administration of tax relief, assessment of non-self-assessed taxes etc., issuance of various certificates) and building of capacity for their performance outside the audit unit.</p> <p>Design of field offices to reflect the staged implementation of the new business model.</p> <p>Drafting of a new Internal Organisation and Staffing Regulation for the STA following the completion of each stage of the Implementation Plan.</p>