



## Revenue Administration Modernization Project (P130202)

EUROPE AND CENTRAL ASIA | Romania | Governance Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2013 | Seq No: 10 | ARCHIVED on 06-Feb-2018 | ISR31261 |

Implementing Agencies: National Agency for Fiscal Administration (NAFA), Ministry of Public Finance

### Key Dates

#### Key Project Dates

Bank Approval Date:26-Apr-2013

Effectiveness Date:09-Aug-2013

Planned Mid Term Review Date:21-Mar-2016

Actual Mid-Term Review Date:21-Mar-2016

Original Closing Date:31-Mar-2019

Revised Closing Date:31-Mar-2021

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The development objectives of the project are (i) to increase effectiveness and efficiency in collection of taxes and social contributions; (ii) to increase tax compliance; and (iii) to reduce the burden on taxpayers to comply.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Components

Name

Institutional Development:(Cost \$9.00 M)

Increasing Operational Effectiveness and Efficiency:(Cost \$75.69 M)

Taxpayer Services and Corporate Communications:(Cost \$3.83 M)

Project Coordination and Management:(Cost \$3.31 M)

Institutional Development:(Cost \$9.00 M)

Increasing Operational Effectiveness and Efficiency:(Cost \$75.69 M)

Taxpayer Services and Corporate Communications:(Cost \$3.83 M)

Project Coordination and Management:(Cost \$3.31 M)

### Overall Ratings

Name	Previous Rating	Current Rating



Progress towards achievement of PDO	● Unsatisfactory	● Unsatisfactory
Overall Implementation Progress (IP)	● Unsatisfactory	● Unsatisfactory
Overall Risk Rating	● High	● High

## Implementation Status and Key Decisions

During the implementation of the project, RAMP has managed to improve ANAF's business processes and provide training to over 500 managers. Support to upgrade ANAF's analytical capabilities has resulted in the tax gap being calculated on an annual basis, revenue forecasting capability being increased and the development of a voluntary compliance strategy. ANAF has also strengthened its integrity management and internal controls and improved its audit techniques and anti-fraud measures.

However, the project has stalled since completing the first stage of the revenue management system procurement around October 2017. Since then no further initiatives have moved forward due to weak political commitment to reforms.

However, Romania still faces a number of challenges in tax administration as it continues to raise the least amount of revenue as a percentage of GDP and faces the largest VAT tax gap in the EU. ANAF also needs to centralize its tax payer information and introduce a sophisticated risk analysis system to support anti-fraud efforts. Finally ANAF needs to upgrade its mission critical IT systems including urgently addressing IT maintenance, licensing, hardware needs, data security and staffing issues. These challenges remain important regardless of what happens to the RAMP project.

## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● High	● High
Macroeconomic	--	● Substantial	● Substantial
Sector Strategies and Policies	--	● High	● High
Technical Design of Project or Program	--	● High	● High
Institutional Capacity for Implementation and Sustainability	--	● High	● High
Fiduciary	--	● Moderate	● Moderate
Environment and Social	--	● Low	● Low
Stakeholders	--	● High	● High
Other	--	--	--
Overall	--	● High	● High

## Results

### Project Development Objective Indicators

- ▶ Effectiveness in revenue collection measured as the rate of tax arrears (Percentage, Custom)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	40.00	37.10	37.10	50.00
Date	31-Jan-2012	20-Feb-2017	20-Nov-2017	30-Mar-2021

► Effectiveness in revenue collection as measured by the productivity rate of VAT and CIT (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	VAT 35.8%, PIT 11.9%	VAT 32.5%, PIT N/A	VAT 32.5%, PIT N/A	VAT 46%, PIT 21%
Date	31-Dec-2012	20-Feb-2017	20-Nov-2017	30-Mar-2021

► Efficiency in revenue collection measured as the revenue collected per NAFA staff (RON Thousands) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	6,309.00	7,491.00	7,491.00	8,715.00
Date	31-Dec-2012	20-Feb-2017	20-Nov-2017	30-Mar-2021

► Tax Gap for VAT, CIT, and PIT (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	VAT 40.2% CIT 33.0% PIT 39.4%	VAT 32.5% CIT N/A PIT N/A	VAT 32.5% CIT N/A PIT N/A	VAT 30.2% CIT 28.0% PIT 34.4%
Date	31-Dec-2014	20-Feb-2017	20-Nov-2017	30-Mar-2021

► Compliance cost as the average time for preparation of tax returns for corporate taxpayers (Days, Custom)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	222.00	161.00	161.00	176.00
Date	31-Dec-2012	20-Feb-2017	20-Nov-2017	30-Mar-2021

## Overall Comments

## Intermediate Results Indicators

► Comp 1-Instl Devt: Estimated tax gap is calculated annually (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	Yes	Yes
Date	31-Dec-2012	13-May-2016	20-Nov-2017	31-Dec-2018

► Comp 1-Instl Devt: Case management tools implemented for managing legal and appeals processes (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	31-Dec-2012	13-May-2016	20-Nov-2017	31-Dec-2018

► Comp 1- Instl Devt: NAFA staff's level of satisfaction with new skills and ability to apply them for better performance (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	68.00	63.00	63.00	74.80
Date	31-Dec-2013	13-May-2016	20-Nov-2017	31-Dec-2018



► Comp 2-Increasing Effectiveness & Efficiency: Yield per audit of firms and High-wealth individuals (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	RON 608,000	RON 608,000	RON 608,000	RON 760,000 HWI: Increase of 25%
Date	31-Dec-2012	13-May-2016	20-Nov-2017	31-Dec-2018

► Comp 2-Increasing Effectiveness & Efficiency: Payment compliance rate for VAT, PIT, Social Contributions (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	VAT: 78.5% PIT: 81.5% SC: 76.5%	VAT:81.6%, PIT 83.8%, SC80.0%	VAT:81.6%, PIT 83.8%, SC80.0%	Increase to VAT:83.5% PIT:86.0% SC:82.5%
Date	31-Dec-2012	13-May-2016	20-Nov-2017	31-Dec-2018

► Comp 2-Increasing Oprtnl Effectiveness & Efficiency: Average time required to settle dispute resolution (Days, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	61.00	56.00	56.00	45.00
Date	31-Dec-2012	13-May-2016	20-Nov-2017	31-Dec-2018

► Comp 2-Increasing Oprtnl Effectiveness & Efficiency: Cost of revenue collection (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.1%	1.1%	1.1%	0.9%
Date	31-Dec-2012	13-May-2016	20-Nov-2017	31-Dec-2018



► Comp 3-Taxpayer Svcs and Corp Comm: Ratio of NAFA staff in Taxpayer Services (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2.50	1.64	1.64	8.30
Date	31-Dec-2012	13-May-2016	20-Nov-2017	30-Sep-2018

► Comp 3-Taxpayer Svcs and Corp Comm: Electronic filing rate by large and medium size firms (legal persons) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	95.00	96.60	96.60	98.00
Date	31-Dec-2012	13-May-2016	20-Nov-2017	31-Dec-2018

► Comp 3-Taxpayer Svcs and Corp Comm: Taxpayers' satisfaction with NAFA's integrity (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	48.00	52.00	52.00	55.00
Date	31-Dec-2013	13-May-2016	20-Nov-2017	31-Dec-2018

► Comp 3-Taxpayer Svcs and Corp Comm: Taxpayers' satisfaction with NAFA's quality of taxpayers services (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	54.00	56.00	56.00	62.00
Date	31-Dec-2013	13-May-2016	20-Nov-2017	31-Dec-2018



► Comp 3-Taxpayer Svcs and Corp Comm: Taxpayer perception of the time required to comply with tax procedures (Hours, Custom)

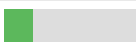
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	180.00	204.00	163.00	144.00
Date	31-Dec-2013	13-May-2016	20-Nov-2017	30-Mar-2021

**Overall Comments**

The estimated tax gap is now being calculated annually.

## Data on Financial Performance

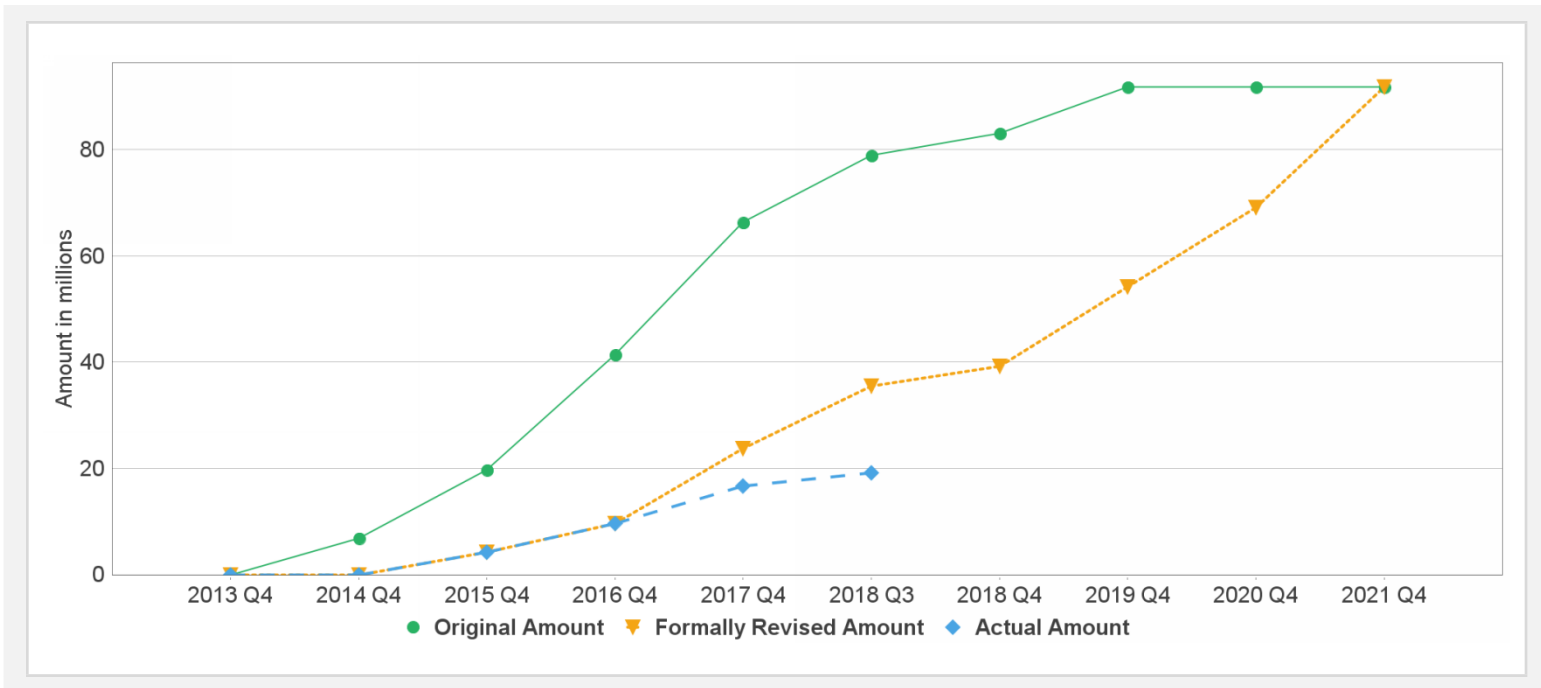
### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P130202	IBRD-82610	Effective	USD	91.80	91.80	0.00	19.18	69.17	 22%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P130202	IBRD-82610	Effective	26-Apr-2013	08-May-2013	09-Aug-2013	31-Mar-2019	31-Mar-2021

## Cumulative Disbursements



### Restructuring History

Level 2 Approved on 01-Nov-2016

### Related Project(s)

There are no related projects.