

# DEPARTMENT OF FINANCE

Roxas Boulevard cor. P. Ocampo Sr. St., Malate, Manila

## *PROCUREMENT OF CONSULTANCY SERVICES FOR THE TAX INCENTIVES DATABASE BUILD-UP AND ANALYSIS (TIDBA) FOR TAX EXPENDITURE ESTIMATION AND POLICY ANALYSES PURPOSES*

**October 2016**  
***ITB NO. 2016-08-C (2)***

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**Section I. REQUEST FOR EXPRESSION OF INTEREST**

**Request for Expression of Interest for *CONSULTANCY SERVICES FOR THE TAX INCENTIVES DATABASE BUILD-UP AND ANALYSIS (TIDBA) FOR TAX EXPENDITURE ESTIMATION AND POLICY ANALYSES PURPOSES***

1. The *Department of Finance (DOF)*, through the *General Appropriations Act for CY 2016*, intends to apply the sum of *Seven Million Pesos (PhP7,000,000.00)*, being the Approved Budget for the Contract (ABC), to payments under the contract for *Consultancy Services for the Tax Incentives Database Build-up and Analysis (TIDBA) for Tax Expenditure Estimation and Policy Analyses Purposes*. Bids received in excess of the ABC shall be automatically rejected at the opening of the financial proposals.
2. The *DOF* now calls for the submission of eligibility documents for *the procurement of consulting services of a consulting firm/company affiliated with an internationally recognized audit firm with extensive experience in large scale auditing and accounting projects in extractive and financial sectors*. Interested consultants must submit their eligibility documents on or before *November 7, 2016, 09:45 a.m.* at the *BAC Secretariat, c/o General Services Division, 7<sup>th</sup> Floor EDPC Building, Roxas Blvd., Malate, Manila*. Applications for eligibility will be evaluated based on a non-discretionary “pass/fail” criterion.
3. The BAC shall draw up the short list of consultants from those who have submitted eligibility documents and have been determined as eligible in accordance with the provisions of Republic Act No. 9184 (RA No. 9184), otherwise known as the “Government Procurement Reform Act”, and its Implementing Rules and Regulations (IRR). The short list shall consist of *at least one (1) prospective bidder* who will be entitled to submit bids. The criteria and rating system for short listing are:

I. Applicable Experience	- 25%
II. Quality of Personnel to be Assigned	- 60%
<u>III. Capacity to Execute the Project</u>	<u>- 15%</u>
Total	100%

The passing score is at least seventy percent (75%).

4. Bidding will be conducted through open competitive bidding procedures using non-discretionary “pass/fail” criterion as specified in the IRR of RA No. 9184.

Bidding is restricted to Filipino citizens/sole proprietorships, partnerships, or organizations with at least sixty percent (60%) interest or outstanding capital stock belonging to citizens of the Philippines.

5. The Procuring Entity shall evaluate bids using the *Quality Cost Based Evaluation (QCBE)* procedure. The Procuring Entity shall indicate the weights to be allocated for the Technical and Financial Proposals. The criteria and rating system for the evaluation of bids shall be provided in the Instructions to Bidders.
6. The contract shall be completed within a *period of twelve (12) months from issuance of Notice to Proceed*.
7. The *DOF* reserves the right to reject any and all bids, annul the bidding process, or not award the contract at any time prior to contract award, without thereby incurring any liability to the affected bidder or bidders.
8. For further information, please refer to:

Lilia R. Tan, Head - BAC Secretariat  
Department of Finance  
BAC Secretariat, General Services Division  
7<sup>th</sup> Floor EDC Building, BSP Complex  
P. Ocampo, Sr. Street corner Roxas Boulevard, Manila  
Telephone No.: 526-8475  
Telefax No.: 525-4227  
Email Address: ltan@dof.gov.ph

**GIL S. BELTRAN**  
Undersecretary and  
BAC Chairman

## **Section II. Eligibility Documents**

## 1. Eligibility Criteria

- 1.1. The following persons/entities shall be allowed to participate in the bidding for Consulting Services:
  - (a) Duly licensed Filipino citizens/sole proprietorships;
  - (b) Partnerships duly organized under the laws of the Philippines and of which at least sixty percent (60%) of the interest belongs to citizens of the Philippines;
  - (c) Corporations duly organized under the laws of the Philippines and of which at least sixty percent (60%) of the outstanding capital stock belongs to citizens of the Philippines;
  - (d) Cooperatives duly organized under the laws of the Philippines, and of which at least sixty percent (60%) interest belongs to citizens of the Philippines; or
  - (e) Persons/entities forming themselves into a joint venture, *i.e.*, a group of two (2) or more persons/entities that intend to be jointly and severally responsible or liable for a particular contract: Provided, however, That Filipino ownership or interest thereof shall be at least sixty percent (60%). For this purpose, Filipino ownership or interest shall be based on the contributions of each of the members of the joint venture as specified in their JVA.
- 1.2. When the types and fields of Consulting Services involve the practice of professions regulated by law, those who will actually perform the services shall be Filipino citizens and registered professionals authorized by the appropriate regulatory body to practice those professions and allied professions specified in the **EDS**.
- 1.3. If the Request for Expression of Interest allows participation of foreign consultants, prospective foreign bidders may be eligible subject to the qualifications stated in the **EDS**.
- 1.4. Government corporate entities may be eligible to participate only if they can establish that they (a) are legally and financially autonomous, (b) operate under commercial law, and (c) are not dependent agencies of the GOP or the Procuring Entity.

## 2. Eligibility Requirements

- 2.1. The following eligibility requirements shall be submitted on or before the date of the eligibility check specified in the Request for Expression of Interest and Clause 5 for purposes of determining eligibility of prospective bidders:

(a) **Class “A” Documents –**

**Legal Documents**

- (i) Registration certificate from Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) for sole proprietorship, or Cooperative Development Authority (CDA) for cooperatives, or any proof of such registration as stated in the EDS;
- (ii) Mayor’s/Business permit issued by the city or municipality where the principal place of business of the prospective bidder is located. In cases of recently expired Mayor’s/Business permits, it shall be accepted together with the official receipt as proof that the bidder has applied for renewal within the period prescribed by the concerned local government unit, provided that the renewed permit shall be submitted as a post-qualification requirement in accordance with Section 34.2 of the IRR;
- (iii) Tax Clearance.

**Technical Documents**

- (iv) Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within the relevant period provided in the EDS. The statement shall include, for each contract, the following:
  - (iv.1) the name and location of the contract;
  - (iv.2) date of award of the contract;
  - (iv.3) type and brief description of consulting services;
  - (iv.4) consultant’s role (whether main consultant, subcontractor, or partner in a JV)
  - (iv.5) amount of contract;
  - (iv.6) contract duration; and
  - (iv.7) certificate of satisfactory completion or equivalent document specified in the EDS issued by the client, in the case of a completed contract;
- (v) Statement of the consultant specifying its nationality and confirming that those who will actually perform the service are registered professionals authorized by the



appropriate regulatory body to practice those professions and allied professions in accordance with Clause 1.2.

**Financial Document**

(vi) The consultant's audited financial statements, showing, among others, the consultant's total and current assets and liabilities, stamped "received" by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission.

(b) **Class "B" Document –**

Valid joint venture agreement (JVA), in case a joint venture is already in existence. In the absence of a JVA, duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful, shall be included in the bid. Failure to enter into a joint venture in the event of a contract award shall be ground for the forfeiture of the bid security. Each partner of the joint venture shall submit the legal eligibility documents. The submission of technical and financial documents by any of the joint venture partners constitutes compliance.

- 2.2. In the case of foreign consultants, the foregoing eligibility requirements under Class "A" Documents may be substituted by the appropriate equivalent documents, if any, issued by the foreign consultant's country.
- 2.3. The eligibility requirements or statements and all other documents to be submitted to the BAC must be in English. A translation of the documents in English certified by the appropriate embassy or consulate in the Philippines must accompany the eligibility requirements under Classes "A" and "B" Documents if they are in other foreign language.
- 2.4. Prospective bidders may obtain a full range of expertise by associating with individual consultant(s) and/or other consultants or entities through a JV or subcontracting arrangements, as appropriate. However, subcontractors may only participate in the bid of one short listed consultant. Foreign Consultants shall seek the participation of Filipino Consultants by entering into a JV with, or subcontracting part of the project to, Filipino Consultants.
- 2.5. If a prospective bidder has previously secured a certification from the Procuring Entity to the effect that it has previously submitted the above-enumerated Class "A" Documents, the said certification may be submitted in lieu of the requirements enumerated in Clause 2.1 above.

### **3. Format and Signing of Eligibility Documents**

- 3.1. Prospective bidders shall submit their eligibility documents through their duly authorized representative on or before the deadline specified in Clause 5.
- 3.2. Prospective bidders shall prepare an original and copies of the eligibility documents. In the event of any discrepancy between the original and the copies, the original shall prevail.
- 3.3. The eligibility documents, except for unamended printed literature, shall be signed, and each and every page thereof shall be initialed, by the duly authorized representative/s of the prospective bidder.
- 3.4. Any interlineations, erasures, or overwriting shall be valid only if they are signed or initialed by the duly authorized representative/s of the prospective bidder.

### **4. Sealing and Marking of Eligibility Documents**

- 4.1. Unless otherwise indicated in the **EDS**, prospective bidders shall enclose their original eligibility documents described in Clause 2.1, in a sealed envelope marked "ORIGINAL – ELIGIBILITY DOCUMENTS". Each copy of shall be similarly sealed duly marking the envelopes as "COPY NO. \_\_\_\_ - ELIGIBILITY DOCUMENTS". These envelopes containing the original and the copies shall then be enclosed in one single envelope.
- 4.2. The original and the number of copies of the eligibility documents as indicated in the **EDS** shall be typed or written in indelible ink and shall be signed by the prospective bidder or its duly authorized representative/s.
- 4.3. All envelopes shall:
  - (a) contain the name of the contract to be bid in capital letters;
  - (b) bear the name and address of the prospective bidder in capital letters;
  - (c) be addressed to the Procuring Entity's BAC specified in the **EDS**;
  - (d) bear the specific identification of this Project indicated in the **EDS**; and
  - (e) bear a warning "DO NOT OPEN BEFORE..." the date and time for the opening of eligibility documents, in accordance with Clause 5.

- 4.4. If the eligibility documents are not sealed and marked as required, the Procuring Entity will assume no responsibility for its misplacement or premature opening.

## **5. Deadline for Submission of Eligibility Documents**

Eligibility documents must be received by the Procuring Entity's BAC at the address and on or before the date and time indicated in the Request for Expression of Interest and the **EDS**.

## **6. Late Submission of Eligibility Documents**

Any eligibility documents submitted after the deadline for submission and receipt prescribed in Clause 5 shall be declared "Late" and shall not be accepted by the Procuring Entity.

## **7. Modification and Withdrawal of Eligibility Documents**

- 7.1. The prospective bidder may modify its eligibility documents after it has been submitted; provided that the modification is received by the Procuring Entity prior to the deadline specified in Clause 5. The prospective bidder shall not be allowed to retrieve its original eligibility documents, but shall be allowed to submit another set equally sealed, properly identified, linked to its original bid marked as "ELIGIBILITY MODIFICATION" and stamped "received" by the BAC. Modifications received after the applicable deadline shall not be considered and shall be returned to the prospective bidder unopened.
- 7.2. A prospective bidder may, through a letter of withdrawal, withdraw its eligibility documents after it has been submitted, for valid and justifiable reason; provided that the letter of withdrawal is received by the Procuring Entity prior to the deadline prescribed for submission and receipt of eligibility documents.
- 7.3. Eligibility documents requested to be withdrawn in accordance with this Clause shall be returned unopened to the prospective bidder concerned. A prospective bidder may also express its intention not to participate in the bidding through a letter which should reach and be stamped by the SBAC before the deadline for submission and receipt of eligibility documents. A prospective bidder that withdraws its eligibility documents shall not be permitted to submit another set, directly or indirectly, for the same project.

## **8. Opening and Preliminary Examination of Eligibility Documents**

- 8.1. The Procuring Entity's SBAC will open the envelopes containing the eligibility documents in the presence of the prospective bidders' representatives who choose to attend, at the time, on the date, and at the place specified in the **EDS**. The prospective bidders'

representatives who are present shall sign a register evidencing their attendance.

- 8.2. Letters of withdrawal shall be read out and recorded during the opening of eligibility documents and the envelope containing the corresponding withdrawn eligibility documents shall be returned unopened to the withdrawing prospective bidder. If the withdrawing prospective bidder's representative is present during the opening, the original eligibility documents and all copies thereof shall be returned to the representative during the opening of eligibility documents. If no representative is present, the eligibility documents shall be returned unopened by registered mail.
- 8.3. A prospective bidder determined as "ineligible" has seven (7) calendar days upon written notice or, if present at the time of the opening of eligibility documents, upon verbal notification, within which to file a request for reconsideration with the BAC: Provided, however, that the request for reconsideration shall not be granted if it is established that the finding of failure is due to the fault of the prospective bidder concerned: Provided, further, that the BAC shall decide on the request for reconsideration within seven (7) calendar days from receipt thereof. If a failed prospective bidder signifies his intent to file a request for reconsideration, in the case of a prospective bidder who is declared ineligible, the BAC shall hold the eligibility documents until such time that the request for reconsideration or protest has been resolved.
- 8.4. The eligibility documents envelopes and modifications, if any, shall be opened one at a time, and the following read out and recorded:
  - (a) the name of the prospective bidder;
  - (b) whether there is a modification or substitution; and
  - (c) the presence or absence of each document comprising the eligibility documents vis-à-vis a checklist of the required documents.
- 8.5. The eligibility of each prospective bidder shall be determined by examining each bidder's eligibility requirements or statements against a checklist of requirements, using non-discretionary "pass/fail" criterion, as stated in the Request for Expression of Interest, and shall be determined as either "eligible" or "ineligible." If a prospective bidder submits the specific eligibility document required, he shall be rated "passed" for that particular requirement. In this regard, failure to submit a requirement, or an incomplete or patently insufficient submission, shall be considered "failed" for the particular eligibility requirement concerned. If a prospective bidder is rated "passed" for all the eligibility requirements, he shall be considered eligible to participate in the bidding, and the SBAC shall mark the set of eligibility documents of the prospective bidder concerned as "eligible." If a prospective bidder is rated "failed" in any of the eligibility requirements, he shall be

considered ineligible to participate in the bidding, and the BAC shall mark the set of eligibility documents of the prospective bidder concerned as “ineligible.” In either case, the BAC chairperson or his duly designated authority shall countersign the markings.

## **9. Short Listing of Consultants**

- 9.1. Only prospective bidders whose submitted contracts are similar in nature and complexity to the contract to be bid as provided in the **EDS** shall be considered for short listing.
- 9.2. The BAC of the Procuring Entity shall draw up the short list of prospective bidders from those declared eligible using the detailed set of criteria and rating system to be used specified in the **EDS**.
- 9.3. Short listed consultants shall be invited to participate in the bidding for this project through a Letter of Invitation to Bid issued by the BAC of the Procuring Entity.
- 9.4. Only bids from short listed bidders shall be opened and considered for award of contract. These short listed bidders, whether single entities or JVs, should confirm in their bids that the information contained in the submitted eligibility documents remains correct as of the date of bid submission.

**Section III. Eligibility Data Sheet**

## Eligibility Data Sheet

Eligibility Documents	
1.2	PROCUREMENT OF A CONSULTANCY SERVICES FOR THE TAX INCENTIVES DATABASE BUILD-UP AND ANALYSIS (TIDBA) FOR TAX EXPENDITURE ESTIMATION AND POLICY ANALYSES PURPOSES.
1.3	No further instructions.
(i)	No additional requirements.
(iv)	The statement of all ongoing and completed government and private contracts shall include all such contracts within <i>CY 2012 – 2016</i> prior to the deadline for the submission and receipt of eligibility documents (September 2012 – September 2016).
(iv.7)	Proof of completed government and private contracts must be submitted: <ul style="list-style-type: none"> <li>1. Certificate of completion, or satisfactory performance from the client and/or official receipt; and</li> <li>2. Contract/Agreement</li> </ul>
4.2	Each prospective bidder shall submit <i>one (1) original and two (2) copies</i> of its eligibility documents.  Copies of documents for Copy 1 and Copy 2 should be marked, stamped and signed as “Certified True Copy”.
4.3(c)	DOF Bids and Awards Committee.
4.3(d)	No further instructions
5	The address for submission of eligibility documents is BAC Secretariat c/o General Services Division, 7 <sup>th</sup> Floor EDPC Building, BSP Complex, Roxas Blvd., Malate, Manila  The deadline for submission of eligibility documents is 9:45 a.m., November 7, 2016 (Monday).
8.1	The place of opening of eligibility documents is DFG Conference Room, 4 <sup>th</sup> Floor DOF Bldg.  The date and time of opening of eligibility documents is 11:30 a.m., November 7, 2016.
9.1	No further instructions.

9.2	Please refer to the attached form.
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**CRITERIA FOR SHORT-LISTING PROSPECTIVE PROPONENTS  
FOR THE PROCUREMENT OF A CONSULTANCY SERVICES FOR THE TAX  
INCENTIVES DATABASE BUILD-UP AND ANALYSIS (TIDBA) FOR TAX  
EXPENDITURE ESTIMATION AND POLICY ANALYSES PURPOSES**

NAME OF PROPONENT \_\_\_\_\_

CRITERIA	WEIGHT
<b>I. APPLICABLE EXPERIENCE (25%)</b>	
A. Company's number of years operational	5%
B. Prior years consulting experience in the area of public finance, economic and fiscal policy	10%
C. Number of completed Consultancy Services of size, complexity and technical speciality comparable to job under consideration, including quality of performance	10%
<b>II. QUALITY OF PERSONNEL TO BE ASSIGNED (60%)</b>	
A. Personnel work experience/involvement in projects relating to tax incentives, tax micro simulation and statistical projects.	30%
B. Personnel work experience/involvement in projects relating to planning, development and management of database related projects and implementation of business intelligence solutions	10%
C. Know cases of prior performance of personnel, including quality of work handled locally or abroad in private firms or public agencies	10%
D. Education and Training	10%
<b>III. CAPACITY TO EXECUTE THE PROJECT (15%)</b>	
A. Number of On-going Consultancy Services of size, complexity and technical speciality comparable to job under consideration, including quality of performance	10%
B. Number of On-going other than those similar to the project under consideration	5%
<b>TOTAL</b>	<b>100%</b>

***SECTION IV. CONSULTANT'S SHORT-LISTING FORM***

## **Checklist of Eligibility Requirements for Consulting Services**

### **Class “A” Documents**

#### **LEGAL DOCUMENTS**

- Registration Certificate from SEC, DTI for sole proprietorship, or CDA for cooperatives, or any proof of such registration as stated in the Bidding Documents;
- Mayor’s/Business permit issued by the city or municipality where the principal place of business of the prospective bidder is located. In cases of recently expired Mayor’s/Business permits, it shall be accepted together with the official receipt as proof that the bidder has applied for renewal within the period prescribed by the concerned local government unit, provided that the renewed permit shall be submitted as a post-qualification requirement in accordance with Section 34.2 of the IRR; and
- Tax Clearance.

#### **TECHNICAL DOCUMENTS**

- Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within the relevant period as provided in the Bidding Documents.
- Statement of the consultant specifying its nationality and confirming that those who will actually perform the service are registered professionals authorized by the appropriate regulatory body to practice those professions and allied professions, including their respective curriculum vitae.

#### **FINANCIAL DOCUMENT**

- The consultant’s audited financial statements, showing among others, the consultant’s total and current assets and liabilities, stamped “received” by the BIR or its duly accredited and authorized institutions, for the preceding calendar year, which should not be earlier than two (2) years from the date of bid submission.

### **Class “B” Documents**

Valid joint venture agreement (JVA), in case a joint venture agreement is already in existence. In the absence of a JVA, duly notarized statements from all the potential joint venture partners that they will enter into and abide by the provisions of the JVA, in the instance that the bid is successful, shall be included in the bid. Failure to enter into a joint venture in the event of a contract award shall be ground for the forfeiture of the bid security. Each partner of the joint venture shall submit the legal eligibility documents. The submission of technical and financial documents by any of the joint venture partner constitute compliance.

**LETTER OF INTENT AND APPLICATION FOR ELIGIBILITY**

(Date of Issuance)

Secretary Carlos G. Dominguez  
Department of Finance  
Roxas Blvd., Malate, Manila

Attention : The Chairman  
Bids and Awards Committee

Dear Sir / Madame:

In response to the Invitation to Bid for the **PROCUREMENT OF A CONSULTANCY SERVICES FOR THE TAX INCENTIVES DATABASE BUILD-UP AND ANALYSIS (TIDBA) FOR TAX EXPENDITURE ESTIMATION AND POLICY ANALYSES PURPOSES** of the Department of Finance which appeared at the (name of newspaper or website or G-EPS) on (date of advertising / posting), we would like to express our intention to apply for eligibility to participate in the said bidding.

If found eligible and subsequently shortlisted, we commit to purchase the bid documents for the said project and to submit a bid.

In this regard, we would like to purchase the set of eligibility forms for the project.

Very truly yours,

Name of Representative of the Bidder

Position

**Name of the Bidder**

Received by the BAC:

\_\_\_\_\_

Date: \_\_\_\_\_

## STATEMENT OF ONGOING PROJECTS

**List of Ongoing Government and Private Contracts, including those awarded but not yet started**

Name of Consultant : \_\_\_\_\_

Business Address : \_\_\_\_\_

Name and Location of Project	Description of the Project	Classification (Government / Private)	Date of Contract	Type of Consulting Services	Amount of Contract	Contract Duration

Attachments (any of the following, as may be applicable):

1. Notice of Award and Notice to Proceed; or
2. Contract; or
3. Purchase Order.

Submitted by:

Name of Representative of Bidder

Position

**Name of the Bidder**

Date: \_\_\_\_\_

## STATEMENT OF SIMILAR COMPLETED PROJECTS

**List of Completed Government and Private Contracts, within the (period specified in the ITB)**

Name of Consultant : \_\_\_\_\_

Business Address : \_\_\_\_\_

<b>Name and Location of Project</b>	<b>Description of the Project</b>	<b>Classification (Government / Private)</b>	<b>Date of Contract</b>	<b>Type of Consulting Services</b>	<b>Amount of Contract</b>	<b>Contract Duration</b>

Attachments:

1. Certificate of satisfactory completion or satisfactory performance from the client and/or official receipt; and
2. Contract/Agreement.

Submitted by:

Name of Representative of Bidder

Position

**Name of the Bidder**

Date: \_\_\_\_\_

**STATEMENT ON OWNERS / PRINCIPALS / PARTNERS AND KEY STAFF**

Date of Issuance

Secretary Carlos G. Dominguez  
Department of Finance  
Roxas Blvd., Malate, Manila

Attention : The Chairman  
Bids and Awards Committee

Dear Sir / Madame:

In compliance with the requirements of the Name of Procuring Entity for the bidding of the (Name of Project), we certify that (Name of Bidder) has the following owners / principals / partners and key staff:

Name and Title	Degree	Years with Firm	Age
1.			
2.			
3.			
4.			
5.			
...			
.			
n			

Attached are their bio-data.

Very truly yours,

Name of Authorized Representative  
Position  
Name of the Bidder



**STATEMENT ON TECHNICAL COMPETENCE**

Date of Issuance

Name of the Procuring Entity

Position of the Head of the Procuring Entity

Name of the Procuring Entity

Attention: The Chairman  
Bids and Awards Committee

Dear Sir / Madame:

In compliance with the requirements of the Department of Finance Bids And Awards Committee for the bidding of the **PROCUREMENT OF A CONSULTANCY SERVICES FOR THE TAX INCENTIVES DATABASE BUILD-UP AND ANALYSIS (TIDBA) FOR TAX EXPENDITURE ESTIMATION AND POLICY ANALYSES PURPOSES**, we certify that (Name of the Bidder) has the technical competence, relevant experience and qualified staff to successfully implement the project, if awarded the contract.

Very truly yours,

Name of Authorized Representative

Position

Name of the Bidder

## STATEMENT ON CITIZENSHIP & PROFESSIONAL REGISTRATION

Date of Issuance

Name of the Procuring Entity

Position of the Head of the Procuring Entity

Name of the Procuring Entity

Attention: The Chairman  
Special Bids and Awards Committee

Dear Sir / Madame:

In compliance with the requirements of the Department of Finance BAC for the bidding of the **PROCUREMENT OF A CONSULTANCY SERVICES FOR THE TAX INCENTIVES DATABASE BUILD-UP AND ANALYSIS (TIDBA) FOR TAX EXPENDITURE ESTIMATION AND POLICY ANALYSES PURPOSES**, I hereby certify that:

- I am a (Nationality) citizen wishing to participate in the bidding.
- I have the technical and financial capabilities to satisfactorily render the required services.
- I possess the required professional license issued by the Professional Regulation Commission or other appropriate regulatory body (name of other regulatory body).

Very truly yours,

Name of Authorized Representative

Position

Name of the Bidder

## FINANCIAL DOCUMENTS FOR ELIGIBILITY CHECK

Name of Consultant : \_\_\_\_\_

Business Address : \_\_\_\_\_

Summary of the Bidder's assets and liabilities on the basis of the attached income tax return and audited financial statement, stamped "RECEIVED" by the Bureau of Internal Revenue or BIR authorized collecting agent, for the immediately preceding year and a certified copy of Schedule of Fixed Assets particularly the list of the construction equipment:

		Year 20 __
1	Total Assets	
2	Current Assets	
3	Total Liabilities	
4	Current Liabilities	
5	Net Worth (1-3)	
6	Net Working Capital (2-4)	

Attachment:

1. Income Tax Return and Audited Financial Statement

Submitted By:

Name of the Representative of Bidder

Position

Name of the Bidder

Date: \_\_\_\_\_

**NOTE:**

1. If Partnership or Joint Venture, each Partner or Member Firm of Joint Venture shall submit the above requirements.

# ***TERMS OF REFERENCE***

## Terms of Reference

### **Consultancy for the Tax Incentives Database Build-up and Analysis (TIDBA) for Tax Expenditure Estimation and Policy Analyses Purposes**

Approved by the PH-EITI MSG on \_\_\_\_\_

#### **I. Background**

##### **Tax Incentives (TI) and Tax Expenditures (TE)**

Tax incentives are financing instruments that mitigate tax liabilities of taxpayers through reduced tax rate, tax incentives/expenditures, deferrals, exemptions, special deductions, tax credits or allowances to promote or assist specific economic activities or groups of taxpayers. These are often legislated to reduce the cost of production or consumption of certain goods/services or to generate more economic activities through incentives. Investment promotion agencies (IPAs) have been granting tax incentives to stimulate physical investment in the country since the 1960s. Over the years, granting tax incentives, such as tax credits and tax deductions, to encourage investment has become an important tool in industrial policy. The practice is widespread, as most countries legislate such perks. A wide variety of such investment perks exist, such as income tax holidays, tax deductions and tax credits.

Tax expenditures, on the other hand, are a quantitative measure of the government's exposure to tax incentives and other similar tax concessions. They generally reflect tax revenues forgone by government. Tax expenditures often represent the equivalent of a major share of the discretionary expenditures of a government. Without the inclusion of tax expenditures in the budget process, the tradeoffs in allocations across functions, sectors, regions and other target groups are limited to expenditures financed by the available revenues after being reduced by tax expenditures arising from a range of tax incentives and preferences. The inclusion of tax expenditures in the budget in the budget process allows these policies to get the same level of strict budget scrutiny as normal budget expenditures. To make the budget process more complete, all expenditures should be accounted for and allocated to the functions, sectors, or regions benefiting from the tax expenditure. Accounting for tax expenditures also highlights the tradeoffs that need to be recognized in awarding or enhancing tax privileges. A key tradeoff is that the enhancement of a tax expenditure favoring a specified group or sector has to be offset by increased tax burdens on the rest of the economy to sustain existing direct expenditure supported programs. The tradeoffs required to be considered include lowering (raising) the benchmark tax rates and incentives/expenditures for most taxpayers in exchange for decreasing (increasing) the tax privileges for some taxpayers. Alternatively, tax expenditure support for a sector could be considered a better (worse) delivery mechanism than assistance through direct expenditure programs.

In recent years, efforts to bring to greater light the social costs and benefits of tax incentives for investment have prompted the Department of Finance of the Philippines to exert greater effort to conduct activities to analyze tax incentive data from and administrative policies of investment promotion agencies. The efforts have

yielded the passage into legislation of the Tax Incentives Management (TIMTA) and the development of the Tax Expenditure Account of the Philippines and more advanced metrics and methods for analyzing tax expenditures and the tax incentives that give rise to them. The TIMTA aims to enhance the transparency of tax incentives by institutionalizing data-sharing among government agencies administering and monitoring them and by mandating the NEDA to analyze their costs and benefits.

## **II. Legal Basis**

The promulgation of Republic Act No. 10708 or the Tax Incentives Management and Transparency Act (TIMTA) on December 9, 2015 provided the legal basis for the creation of an incentives database for the government. In particular, Section 5 of the law states that *“The DOF shall maintain a single database for monitoring and analysis of tax incentives granted”*.

This is in line with the objective of the law to promote fiscal accountability and transparency in the grant and management of tax incentives by devising means to measure the fiscal exposure of the government and provide tools to monitor, review and analyze the economic impact of the grant of tax incentives.

## **III. Scope of Work**

The project aims to provide the DOF with sufficient capacity in supporting the further development of the Tax Expenditure (TE) accounts, their applications and uses of these accounts in the crafting of related legislation and administrative laws, and analyzing the overall impact of tax incentives/expenditure on the national budget, the macroeconomy, investments, various sectors of industry, government’s exposure to various tax incentives and the fiscal accounts of the government.

In particular, this project shall entail a quantitative analysis of tax expenditure data to be used as a tool for monitoring tax incentives and as a reference effective policy analysis and design. The following are the specific objectives of the project:

- A. Measure the fiscal impact of tax incentives, to include:
  - 1. Revenue loss from the grant of tax incentives;
  - 2. Elasticity or the behavioral response to incentives;
  - 3. Other indirect fiscal impacts (e.g. prices)
  
- B. Measure the magnitude of resources that are required to replace the tax expenditures with explicit subsidies or transfers from the national budget while maintaining taxpayers’ welfare.

For the purpose of this TOR, the Tax Consultant shall refer to the Tax Incentive or Tax Expenditure Expert.

The Tax Consultant shall utilize the tax incentives/expenditure data from the BIR tax returns and BOC import entries as well as information from the annexes of the Implementing Rules and Regulations (IRR) of the TIMTA law (ANNEX ATTACHED),

as baseline information. The tax consultant is expected to identify or provide other data sources which he/she deems useful in his/her tax incentive/expenditure study. Identified data sources must be readily obtainable so as not to delay project engagement, otherwise provide recommendations for alternative data source.

The Tax Consultant Team's deliverables shall be divided into two major components:

**A. Database Build-Up:**

The Tax Consultant team shall be composed of the Database Developer and the Business Intelligence Tool Modeler who shall be tasked to create and develop databases and warehouse that will meet the following objectives and provide its corresponding working/running output in the data warehouse system. Specifically, this includes the following tasks:

1. Build databases drawing from the existing TI/TE information/data from the BIR tax returns (BIR 1702 Forms), BOC import entries which will be provided to the DOF by the BIR and BOC; TIMTA Law Annexes and other data sources to be identified useful for the project, in accordance with the data requirements dictated by the TI/TE Expert/Consultants who shall perform the policy portion needed for the Project.
  - a. Build, install and configure the mechanism to extract the above-cited data from its original sources and be able to reformat them into a database that will be specifically used for TI/E policy analyses. The database should be in a logical format to be utilized and manipulated to simulate proposals pertaining to simple policy changes.
    - Develop tax calculators, logics and data dictionaries in the databases/data warehouse as required by the TI/E Expert/Consultants.
  - b. Provide that the database will accommodate future addition of any external information covering tax exemptions, incentives and expenditures.
  - c. Provide set-up to allow these databases to be linked with other databases that can be identified in the future, for the purpose of enriching the tax incentives/expenditure database system useful for current and future policy studies/analyses.
2. The developed database must be integrated into a single TIMTA Data Warehouse system, which must be accessible for developing policy analyses.

3. Build a database or warehouse for the inventory of administrative and legislative laws on tax incentives or tax expenditures. The database must have to capacity to be updated, or accommodate new information/data or issuances related to tax expenditures, when necessary.

**B. Tax Incentives/Expenditure Policy Tool Analysis**

The Tax Consultant/s shall:

1. Compile an inventory of administrative and legislative laws that create or potentially create Tax incentives/expenditures. Assist in the identification of benchmarks and assess the impact of deviations from the benchmarks.
2. Ensure that complete information from the inventory of laws and issuances on tax incentives and expenditures are lodged in the database such that the database is validated and useful for possible simulations and policy analysis.
3. Compile detailed data on taxpayers availing of tax incentives, by firm and by sector and by type of tax. This includes task to compile and update previous data on Tax incentives/expenditures and ensure inclusion in the database and warehouse.
4. Develop tax calculators and logics required to estimate incentives availed and possible revenue impacts:
  - i. Identify the amount of tax incentives availed by registered business entities, by type of tax, by firm and by sector.
  - ii. Provide mechanism to estimate claims of annual tax incentives availed.
  - iii. Provide mechanism to give an estimate of how much tax incentives can be programmed for a certain year and projections for the following year.
5. Utilize existing or develop new methodologies for estimating tax incentive/expenditures.
6. Ensure continuous improvement in the quality of data used to estimate tax incentive/expenditures by obtaining the appropriate statistics required to facilitate TI/E estimation.
7. Obtain data from sources other than the taxpayer's returns, import entries and TE reports that will enable or facilitate TE estimation or verification. In this regard, the tax consultant shall identify or provide other data sources which he/she deems



useful in his/her tax incentive/expenditure study. Identified data sources must be readily obtainable so as not to delay project engagement.

- a. Submit an Assessment Report on the need and usefulness of the currently available data and other additional information/data;
  - b. Submit recommendations on how the additional data can be integrated with the existing database;
  - c. Submit studies and propose potential policy directions which can be derived from the current data and additional information such as sensitivity analysis and behavioral analysis of IPAs and corresponding investments and its impact to the revenue generating capacity of the government.
8. Define the tax expenditure benchmark for **all** Tax incentives/expenditures (TI/E) and be aware of other TI/E benchmarks from other comparative countries. The consultant shall ensure that the tax expenditure benchmark is up to date and that (TI/E) formulas and estimation methodologies developed are consistent with the (TI/R) benchmark.

The benchmark is the basis for identifying tax policy deviations and estimating the revenue impact of such tax policy deviations from this benchmark. The tax benchmark may reflect decisions that take into account considerations of the ability of persons to pay the tax, and the economic, administrative and compliance costs of the tax.

9. Identify ways to enhance transparency of tax incentives/expenditures and always ensure of TI/E data accuracy.
10. Come up with studies and analyses of the micro data sources identified in this Project and develop tax incentive/expenditure models for fiscal purposes, making use of, but not limited to, the available tax incentives/expenditure data specific to this Project. The TI/E Expert/Consultants shall come up with analysis to simulate proposals pertaining to simple policy changes such as but not limited to the following:
- a. **Potential tax incentives redundancy.** The consultant shall create a model that will determine the present and estimated revenue impact of tax expenditures as against the country's GDP. The purpose of identifying tax

incentives and tax expenditures is to measure the revenue impact to the government.

- b. **Adjusting preferential tax rates as incentives.** The model will provide “scenario” analysis in terms of adjusting the preferential tax rate incentives on income, VAT and Excise, and the number of years for the grant, or non-grant, of Income Tax Holidays, etc, among others, to see revenue impact.
- c. Other recommendations and analysis obtained from tax incentives/expenditure which can be useful for the DOF to help come up with other policies.

The model must provide aging process, if applicable, and the database system must be able to accommodate additional new information given the data are updated in a yearly basis.

- 11. The consultant shall conduct user-training and provide workshops on the developed system and analyses including the use of models and database access.

#### **IV. Budgetary Requirement**

Under the 2016 General Appropriations Act (GAA), the DOF was granted a budget of P10 million for the consultancy services and the purchase of technological infrastructure for the database build-up and analysis of the tax incentive/expenditure program.

The Tax Incentives Database Build Up Analysis (TIDBA) Consultancy is allotted P7M for this particular Project.

#### **V. General Qualifications of the Tax Consulting Firm**

The following are the qualifications of the local tax consultancy firm/company, which will be headed by the designated Tax Consultant with extensive experience in providing advisory services in government setting.

- a. Firm must be operational for at least five (5) years and holds office in the Philippines.
- b. Must be familiar with DOF, BIR and BOC procedures especially on tax-related processes and systems.
- c. The fiscal expert and modeler must have at least 10-15 years experience in developing database and microsimulation models for fiscal policy analyses for the government.

- d. The fiscal expert must have excellent knowledge of tax policies and tax schemes in the Philippines. Expert/s must have excellent knowledge of theories of taxation and tax incentives/expenditure.
- e. The Tax Incentive/Expenditure Expert must have a minimum of 5 years of experience working on and analyzing taxation, tax incentives and tax expenditure data.
- f. The IT Expert, under the tax consultancy firm, must have a minimum experience of 5 years knowledgeable and with experience on database language such as Structured Query Language (SQL), Visual Basic for Excel (for developing Excel programs and Macros) and other programming languages that may be deemed necessary by the Tax Consultant. He/she must be well aware of proper evaluation process and procedures of data warehouse and database management systems in government.

## **VI. Composition of the Tax Consultancy Services Personnel**

The team of the Consultancy shall compromise of the following:

1. Tax Consultant as the Lead
2. Fiscal or Tax Modeler or Econometrician, or Statistician;
3. Database Develop/Administrator
4. Business Intelligence tool modeler;
5. Project coordinator/technical writer

For the Tax Consultant and the Tax Modeler:

- The Consultant and the Modeler must be economists with minimum 10 years of experience working on and analyzing taxation, tax incentives and tax expenditure data, with familiarity as to the definition and measurement of tax expenditures, institutions providing them, their impact on tax revenues, potential redundancy, social costs and benefits to society.
- Must be knowledgeable in the creation of microsimulation models for tax/fiscal policy purposes.
- The modeler shall ensure accuracy of the model by providing a logical database and validation process.

For the Statistician:

- At least 5 years of experience in running statistics and econometric programs to support the requirements of the Tax Consultant in the statistical analysis of TI and TE data. Knowledge of Stata, EViews and experience in taxation is preferred.
- For the Database Developer/Administrator and Business Intelligence Tool Modeler
- The database developer and BI tool modeler should have a minimum 5 years of experience developing and managing databases and providing business solution models. The developer must possess knowledge of the following programs essential to developing databases and managing and processing data: Structured Query Language (SQL), Visual Basic for Excel (for developing Excel programs and macros) and other programming languages, as deemed necessary by the Tax Consultant. BI Tool Modeler must be an expert with the use of well-known and highly functional BI Tools.
- The responsibility of the Tax Incentives database developer is to develop, build, maintain and update the database and to monitor trends in Tax incentives/expenditures and to develop ideas and design an interface for studying Tax incentives/expenditures. Another responsibility is to make the data available to researchers wishing to analyze the data further.
- The responsibility of the business solution expert is to electronically translate the econometric or fiscal models that the Tax Consultant and Fiscal modeler shall develop. His tasks include linking different databases developed for policy analysis purposes and the report generation.

For Project Coordinator / Technical Writer

- Responsible for the technical documentation and project coordination of the Tax Incentives Database Build-up and Analysis (TIDBA).

## **VII. Duration of the Project**

The consultancy service for the TIDBA for this phase of the project is one year from the official engagement per date of contract.

Note that in the TIMTA IRR, the submission date of the tax incentives report from the locators and registered enterprises shall be on September 2016.

## **VIII. Reporting**

The Consultant will report to the DOF-DFG Director/Undersecretary to provide timely Project status.

**IX. Confidentiality of Data**

- a. The DOF system, its components, parts and all products, product samples and specifications, data, ideas, technology, and technical and non-technical materials, all or any of which may be derived from any of the foregoing (all of which, individually and collectively, referred to as “Proprietary Information”) are confidential and proprietary to the DOF.
- b. The Consultant agrees to hold the Proprietary Information in strict confidence. The Consultant and its employees, furthermore, agree not to reproduce, transcribe, or disclose the Proprietary Information to third parties without prior written approval of the DOF.
- c. To ensure the confidentiality of all information that will come to the knowledge of the Consultant/Firm and its employees detailed with the DOF, the Consultant and its employees assigned therein shall be considered agents of the DOF. The contract that will be executed heretofore shall categorically provide that the Consultant and its employees, as agents of the DOF, shall uphold strict confidentiality any information regarding the business, income or estate of any taxpayer. All project staff of the Consultant shall be required to sign a non-disclosure agreement.
- d. The penalty for violating this confidentiality agreement shall consist of monetary and proprietary damages, as well as, the penalties under Section 270 of the National Internal Revenue Code of 1997, as amended, when appropriate. The contractors shall also be disallowed for other and future engagements with the DOF and its attached agencies.

**X. Major Deliverables and Terms of Payment**

The Consultancy Firm shall be paid according to the following schedule, subject to necessary taxes.

Activity Description/Deliverables	Weights (%) of the Contract	Duration	Requirements
1. Construction of the over-all project plan, time table and general framework of the Tax Incentives Analyses and Modeling	5%	1 month	<ul style="list-style-type: none"> <li>- Submission of initial project analysis, plan and framework</li> <li>- Data definitions</li> <li>- Model(s) Structure</li> </ul>
2. Development of a database under	20%	3 months	Populated and Working

<b>III. A Database Build-up Scope</b>			Database
3. Tax incentives/expenditure (TI/E) policy analyses and building of TI/E Models under <b>III. B Tax Incentives/Expenditure Policy Tool Analysis</b>	20%	6 months	Inventory of laws/issuances related to tax expenditures  - Complete tax expenditure data  - Tax expenditure benchmarks  - Tax calculators, logics and models  - Reports
	20%		- Policy analyses and studies from the TI/E data and other relevant sources of information and recommendations
4. Conduct workshops and end-user technical training on database and model process under Scope of Work (B), No. 11	20%	2 months	Studies/Recommendations Training Outputs and Documents
5. Project closing and Final Completion Report for User Acceptance Sign-Off and Turn-Over	15%	2 weeks	Final Complete Document Report and Acceptance Certificate