

## EXPRESSION OF INTEREST

### (EOI)

DEPARTMENT OF REVENUE AND CUSTOMS, MINISTRY OF FINANCE

ROYAL GOVERNMENT OF BHUTAN

EOI Reference: DRC/GST/17/2018/150

#### **EOI Title: Supply, Implementation and Support of an Integrated Tax Administration System Software Product with Source Code**

1. Department of Revenue and Customs (DRC), Ministry of Finance would like to invite Expression of Interest from qualified firms to install and configure a commercial integrated tax administration software product;
  - a. which must be operating in a tax administration,
  - b. will be customized for Bhutan's requirements,
  - c. must be supplied with source code, and
  - d. not require annual licensing.

Preference is for a solution that is built on open source components.

2. The DRC is undertaking a modernization process that will result in evolving to a function based organization, incorporates risk based evaluation of taxpayers, and integrates its tax operations to allow a "whole of client" view of a taxpayer's tax situation. As a part of this process of modernization, the DRC has determined that it should replace its current Revenue Administration and Management Information System (RAMIS) that was developed in 2012 with a new product that will accommodate the change in operating methods. The acquired solution will be modified and configured to meet the requirements of Bhutan's tax laws and procedures. Firms, if awarded the Contract, must be represented by a local Agent who is able to carry out the firms maintenance, technical support, training and other obligations.

For list of tax-types currently administered by DRC refer to Annex I.

3. The objective for this acquisition is the delivery and operationalization of a modular integrated tax administration solution that consists of a number of components, subsystems and activities working together and storing data in a common open source integrated

database.<sup>1</sup> Those components must provide the following (see Annex I for background information and TOR's of key staff expected to be part of the bid):

Taxpayer and tax-type Registration (REG), including e-Registration functions	Case Management (CMF)
Payments Processing (PAY), including e-payment functions	Audit Support (AUD)
Returns Processing (RTN), including e-filing functions	Taxpayer Services (TPS)
Taxpayer and Revenue Accounting (TRA)	Revenue Reporting and Forecasting (RRF)
Events Calendar /Compliance / Enforcement (ENF)	MIS reports and Analytical Capability (ACF)
Arrears Management (ARR) Refund Management (REF)	Include a Document Management System, a Risk Management System and a Data Warehouse System.
Objections and Appeals (OBJ)	
Non-tax functions: role-based access control, system monitoring, database security, etc.	Taxpayer and tax officer help desk facility – supporting online (web-page and email) calls and telephone call recording, monitoring and reporting services
General Requirements (GEN)	

Note that the draft details in Annex I are subject to change. In the event of differences, the Tech 11 requirement published in RFP shall prevail.

The intention is that the acquired system, over the coming years, will host all taxes that DRC administers.

4. DRC, Ministry of Finance as the implementing agency for the project invites EOI from eligible Firms for the Supply, Implementation and Support of an Integrated Tax Administration System. The DRC serves as the implementing agency for the project and for the specification, customization, supply, implementation, commissioning and handover of the above solution, to include:
  - i) Confirmation/specification of user requirements and documentation of technical functionality;
  - ii) Implementation of integrated packaged software to cover the required functionality of the integrated tax administration product and components of the system;
  - iii) Sizing of the required hardware, system software, middleware and associated system management tool set;
  - iv) Development, testing, integration and implementation of the system functionality;
  - v) Linkages to other systems at external institutions;

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<sup>1</sup>DB must support medium to large enterprise databases and data integrity tools (change logs), especially proven replication capability.

- vi) A high level of consulting services to assist the Purchaser with the business aspects of introducing the systems, including activities such as developing operating rules and procedures;
- vii) Full implementation services including data conversion and data take-on, installation, testing, documentation, training, commissioning and handover, and integration with existing ICT environments at participating institutions as necessary;
- viii) On-site support of the systems for a period of at least two years after completion of warranty period.

5. EOI are solicited from all interested firms who will be shortlisted based the following **minimum qualification** criteria:

**a) The proposed solution**

The proposed solution will be a commercial software product deployed in **an existing** tax administration that will be customized for Bhutan's requirements; must be supplied with source code and not require annual licensing of the tax administration software. Preference is for a solution that is built on open source components.

**b) Manufacturer's Authorizations for the proposed solution**

Firms must certify in their EOI's that all software either is covered by a valid license or was produced by the Firm.

**c) Firm's Experience and Technical Capacity**

During the past three (3) years, the Firm must have completed at least one (1) successful contract involving the supply, implementation and support of an integrated tax administration system and components of the system, preferably in a developing country environment similar to that of Bhutan; such contract shall have the value greater than **USD 3,000,000**. The Firm shall also provide the name and contact information for the tax administration implementation they are using to meet this requirement; this installation may be contacted to confirm the specifics of the tax application that was delivered and the development process employed for its delivery.

The Firm shall also provide the name, title and contact information of the reference site(s). The references should include the CEO, Chief Information Officer, and senior users. Provide brief details for each reference site: taxes supported and actively used, taxpayer base per tax-type, number of online taxpayer users, number of tax administration users, and number of places used.

**d) Firm's Financial Capability**

The Firm shall furnish documentary evidence that it/they meet(s) the following financial requirement(s):

- average Annual Turnover within the last three (3) years of not less than **USD 5,000,000**; and
- access to financial resources such as lines of credit, etc. of at least **USD 1,000,000**.

**e) Overview of Proposed Solution**

As part of the Firms EOI response, an overview of the proposed solution must be provided; ideally it would include an overview of the structure of the proposed system (i.e.: architecture, role based security, functionality of the core modules including case / workflow management, integration of the risk engine, e-tax functions (including registration, return filing, payment) the document management facility, client facing functionality, and screen shots for each of the major functions). The purpose of this information is to provide background information on the product that will be proposed.

6. EOI's are to be delivered/submitted to the address below on or before **4th January 2019 at 23:00 hours Bhutan time**. Electronic submission is preferred. Late EOI will be rejected.

7. The purpose of this document is to pre-qualify suppliers.

Participation and/or completion of this pre-qualification stage by vendors shall not constitute an offer from DRC to the vendor to provide the System or a promise to enter into Contract(s) with the DRC. Nor will it obligate DRC in any way with regard to their final decision.

Failure to provide all the documentation and/or complete all requirements of this document at the time of submission may harm the vendor's chances for continued participation in the procurement.

Questions regarding this EOI must be submitted by e-mail to [karma@mof.gov.bt](mailto:karma@mof.gov.bt) and [gyeltshent@mof.gov.bt](mailto:gyeltshent@mof.gov.bt). Questions relating to RFP will not be responded and any verbal questions will NOT be entertained.

The details entered hereunder will be considered confidential.

DRC reserves the right to consult referees, clients or consultants, as entered in this pre-qualification document.

DRC reserves the right to require the vendor to produce evidence in support of all details entered herein.

DRC representative(s) may be required to visit the vendor's premises to verify the details contained in this document. The vendor shall allow DRC representatives to interview present and previous clients.

8. Address for EOI submission:

Attention:	<b>DIRECTOR</b>
Address:	<b>DIRECTORATE OF SERVICES, MINISTRY OF FINANCE, ROYAL GOVERNMENT OF BHUTAN, TASHICHHO DZONG</b>
City:	<b>THIMPHU, BHUTAN</b>
Telephone:	<b>+975-327762</b>

Facsimile number: **+975-333741**  
Electronic mail address: [jnamgyel@mof.gov.bt](mailto:jnamgyel@mof.gov.bt)  
Alternative email address: [karma@mof.gov.bt](mailto:karma@mof.gov.bt) and [gyeltshent@mof.gov.bt](mailto:gyeltshent@mof.gov.bt)

## ANNEX I

*The following information is provided to provide context to the RFI requirements. The DRC reserves the right to make changes in this information in the subsequent publication of the RFP. In the event of differences, the requirements in the RFP shall prevail.*

### A. BACKGROUND AND INFORMATIONAL MATERIALS

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#### 0.1 The Purchaser

0.1.1 The Department of Revenue and Customs (DRC) of Ministry of Finance is the institution responsible for the administration of taxes and customs in Bhutan.

It currently administers the following taxes:

- Personal Income Tax
- Business Tax
- Corporate Tax
- Tax Deducted at Source
- Sales Tax and Goods and Services Tax (planned)
- Revenue Accounting for the above taxes

In addition the DRC administers the Customs Act.

0.1.2 The scope of this project and the resulting contract deals only with the Tax Administration components and specifically with the introduction of the new Goods and Services Tax (GST) with conversion of the other taxes to the new tax administration software over a two-year period.

0.1.3 The DRC will have responsibility for the overall implementation of the project. For this purpose, the DRC has established a project team to ensure the timely and efficient project preparation, coordination and implementation.

#### 0.2 Business Objectives of the Purchaser

The objective of the Project is to modernize Bhutan's tax administration in order to (i) increase voluntary tax compliance, (ii) reduce tax evasion, (ii) reduce compliance costs and; (iv) increase the administrative efficiency.

These objectives will be achieved by:

- introducing new progressive tax measures (e.g. replacing the sales tax with a GST);
- introduction of a function based model for its operations along with a change to a risk based operating model for enforcement and compliance activities;
- increased focus on taxpayer service to help taxpayers understand their obligation;
- introducing modern, integrated information technology to support DRC operations;
- improving taxpayer on-line services;
- improving data exchange between the DRC and other agencies to enhance better risk management and targeting of compliance activities ("third party information");

- improving system reliability and responsiveness.

As part of this process of change, the DRC has determined that it should replace its current Revenue Administration Management Information System (RAMIS) that was developed in 2012 with a new the proposed solution system that will accommodate the change in operating procedures resulting from the move to a function based organization, incorporates risk based evaluation of taxpayers, and integrates its tax operations to allow a “whole of client” view of a taxpayers tax situation.

## **B. BUSINESS FUNCTION AND PERFORMANCE REQUIREMENTS**

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### **1.1 Business Requirements to be met by the System**

The purpose of this procurement is to allow DRC to engage a supplier to deliver a turnkey proposed solution implementation with the initial deployment of a GST tax component. Turnkey means the Supplier is responsible for the delivery of the entire software product. The Supplier will therefore be responsible for its implementation and operationalization of the proposed solution within DRC with DRC’s intensive collaboration.

As stated previously, DRC has determined that the proposed solution will be a software product based on **an existing** tax administration implementation that will be customized for Bhutan’s requirements. The basis of the proposed solution will be modified and configured to meet the requirements of Bhutan’s tax laws and procedures. In addition, the procured product **must supply up-to-date source code** and system engineering documentation (database design, requirements specification, design specifications, and integrated system development toolset) to the DRC and not require annual licensing. A preference for open source components is also expressed in the technical requirements that follow.

It has been decided that the DRC’s acquisitions in relation to the proposed solution will be a single procurement with sub-components as follows:

- **Component A:** Software and Software Configuration/Customization Services for the proposed solution to be known by the name ***Bhutan Integrated Taxation System (BITS)***
- **Component B:** Project Management Support to DRC
- **Component C:** Hardware and system software, Data communications, Data Center physical infrastructure

The Supplier will be responsible for components A and B as well as for sizing and specifying whatever supplementary technical infrastructure the Supplier feels is necessary for their solution to meet all expected functionality and performance specifications identified in this procurement for both production and pre-production environments.

Regarding the Component C, hardware and other technical infrastructure will be provided separately by DRC or its hosting service based upon the requirements identified by the supplier of the integrated tax solution. Configuration of the application system and database will be the responsibility of the supplier.

The current standard hardware/software environment that this tax administration software is to operate in racks that hold 20 core Blade Servers, direct SAS storage, a SAN, switches, tape backup, Internet Service Providers modems for the optical fiber connection, patch panel, intrusion detection equipment, and firewalls. The servers will support x86 architecture Linux (Centos), virtualized servers, network administration, anti-virus software distribution, and My-SQL and MariaDB relational database software.

Activities are divided into phases and are summarized as follows:

**Release 1: GST and EXCISE**

Phase No.	Summary Description of the Phases
<b>Phase 1:</b>	Mobilization, inception reporting, planning and analysis and customization of functionality within the context of the Supplier’s proposed solution
<b>Phase 2:</b>	<p>The proposed solution implementation by configuration and customization of the Supplier’s solution, embodying best practice processes and professional level support services including requisite “on-the-job” knowledge transfer to counterparts of the required functionality of the proposed solution the Supplier.</p> <p>The proposed solution product will be delivered in a staged release, which is summarized below. The supplier may propose alternate release arrangements.</p> <p>The Supplier will develop User Acceptance Testing (UAT) including regression testing procedures, support the DRC’s UAT and integration tests in order obtain sign off for Operational Acceptance Testing (OAT)</p> <p><b>Stage 1:</b> Tax Payer Registration for GST, Taxpayer Services</p> <p><b>Stage 2:</b> Payments Processing, Return Processing, Tax Accounts, Refunds</p> <p><b>Stage 3:</b> Events Calendar, Arrears Management, Case Management, Audit Management, Reporting and Forecasting, Analytical Capability and Simplified Risk.</p>



### **Release 2: REMAINING MONTHLY TAXES**

The remaining monthly taxes includes payment of Tax Deducted at Source (with-holding taxes) and and non-tax such as daily/regularly payment of fees and charge.

<b>Phase No.</b>	<b>Summary Description of the Phases</b>
<b>Phase 1:</b>	Configuration to meet the 2 <sup>nd</sup> set of taxes in the proposed solution. Data migration (if any) will be handled by the DRC staff with assistance from the supplier. This includes testing and technical and user training.

### **Release 3: ANNUAL TAXES**

The annual returns include filing and payment of Personal Income Tax, Business and Corporate taxes.

<b>Phase No.</b>	<b>Summary Description of the Phases</b>
<b>Phase 1:</b>	Configuration to meet the last set of taxes in the proposed solution. This includes testing and technical and user training. Data migration (if any) will be handled by the DRC staff with assistance from the supplier.

## **1.2 Related Information Technology Issues and Initiatives**

There are a number of other ICT centric initiatives currently under development within the Government, which will “touch” this initiative:

- Establishment of a primary and disaster recovery Government data center under the Department of Information Technology and Telecom. The DRC system will be hosted within these centers.
- E-payment option development to allow e-payment through the integrated banking system that is being coordinated by the Royal Monetary Authority of Bhutan.
- Department of Public Accounts provided information on withholdings to DRC for matching to amounts claimed by their suppliers.

## C. TOR FOR BIDDER’S PROJECT TEAM COMPOSITION

The Project Manager (who will assume overall responsibility for the implementation of the project and coordinate all activities related to the BITS implementation) and all other team members must have substantial experience in their specific areas.

The number in brackets in the position column is the **minimum** number of anticipated staff that the Bidder would provide. Negative deviations from these values **MUST** be explained.

Number	Requirement
<b>BIDDER PROJECT TEAM (BPT)</b>	
BPT-01	Staff Qualifications Professional qualifications will be obtained from the submitted resumes.
BPT-02	At a <u>minimum</u> the following staff should be proposed as part of the Bidders staffing plan: <i>i) Key positions:</i> <ul style="list-style-type: none"> <li>• Project Manager</li> <li>• Subject Matter Expert</li> <li>• Lead Business Analyst</li> <li>• Lead Programmer</li> <li>• Lead Quality Assurance</li> </ul> <i>ii) Support positions:</i> <ul style="list-style-type: none"> <li>• Business Analyst (2)</li> <li>• Programmer (2)</li> <li>• Quality Assurance (2)</li> <li>• Trainers (2)</li> </ul>
BPT-03	Staff members must be fully dedicated. In case of replacement of a team member, the Bidder <b>MUST</b> propose the new member to the Purchaser’s Manager’s for approval.
BPT-04	Relevant experience identified for proposed staff must be within the past ten (10) years (i.e.: 2009 thru 2018)
BPT-05	To ensure that there is an opportunity for DRC/DITT staff to acquire the skills needed to customize the proposed solution, it is preferable that at least 80% of the customization and configuration of the proposed solution occur within Bhutan.