

TERMS OF REFERENCE (TORs)

Hiring of Tax Advisory Firm For IFRAP – Integrated Flood Resilience and Adaptation Project

1. Background

The Integrated Flood Resilience and Adaptation Project (IFRAP) is being implemented under the Ministry of Planning, Development and Special Initiatives with financial assistance from the World Bank.

The Project operates through a Federal Project Management Unit (FPMU) in Islamabad and Provincial Implementation Units (PIUs), primarily in Balochistan. Due to its multi-tier implementation structure and cross-jurisdictional operations, IFRAP is subject to complex tax obligations under Federal and Provincial tax regimes.

The Project undertakes payments to consultants, contractors, vendors, and staff, and executes procurement and service contracts financed through donor funds. These transactions attract withholding tax under the Income Tax Ordinance, 2001 and Sales Tax on Services under applicable Federal and Provincial laws.

Given that the primary operational footprint is in Balochistan, compliance with laws administered by the Balochistan Revenue Authority is critical. Simultaneously, compliance with Federal tax laws administered by the Federal Board of Revenue is mandatory for the FPMU in Islamabad.

Frequent amendments in taxation laws, audit exposure, and the need for strict compliance with donor requirements necessitate the engagement of a professional and experienced Tax Advisory Firm.

2. Objective

To engage a qualified Tax Advisory Firm to ensure complete compliance with applicable Federal and Provincial tax laws, provide ongoing advisory support, minimize tax risks, and represent IFRAP before relevant tax authorities.

3. Scope of Services

A. Income Tax Advisory

- Advisory on applicability of the Income Tax Ordinance, 2001.
- Computation and advisory on advance tax liability (if applicable).
- Preparation and e-filing of monthly and annual withholding tax statements.

- Advisory and computation of withholding tax on salaries, consultants, contractors, rent, and services.
- Review of contracts and procurement documents for tax implications.
- Assistance in obtaining exemption certificates, where applicable.
- Reconciliation of tax deductions with project financial records.

B. Sales Tax on Services (Balochistan & Islamabad)

- Registration and compliance under Balochistan Revenue Authority.
- Advisory on applicability of Sales Tax on Services in Balochistan (primary jurisdiction).
- Preparation and e-filing of monthly Sales Tax returns.
- Advisory on Sales Tax matters in Islamabad under Federal Board of Revenue.
- Reconciliation of sales tax with project accounts and financial statements.
- Advisory on cross-jurisdiction tax implications and withholding requirements.

C. Representation & Compliance

- Preparation of replies to notices issued by tax authorities.
- Representation during audit, assessment, rectification, and related proceedings.
- Assistance in appellate matters, if required.
- Quarterly tax compliance review and advisory updates.
- Issuance of an annual tax compliance certificate.

4. Deliverables

The Firm shall provide:

- Monthly withholding tax filing confirmation.
- Monthly Sales Tax return filing confirmation.
- Quarterly advisory note on compliance status and legal updates.
- Annual tax compliance certificate.
- Documentation and responses related to tax audits and notices.

5. Duration of Contract

The contract shall be effective from the date of signing of the agreement and shall remain valid up to **31 December 2028**, unless terminated earlier in accordance with the terms of the contract.

6. Qualification Criteria

The Firm/Joint Venture must:

- Have a minimum of ten (10) years of relevant tax advisory experience.
- Have completed at least two (02) contracts of comparable nature in the past five years.

- Have experience working with the public sector and/or donor-funded projects.
- Have qualified tax professionals on its panel.

7. Reporting & Contract Administration

- The Firm shall report to the **Project Director (PD), IFRAP,**

8. Selection Method:

- The Consultant will be selected in accordance with the Consultant's Qualification-based Selection (CQS) method set out in the "World Bank Procurement Regulations for IPF borrowers", dated February 2025