

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BARBADOS/CCB - Caribbean Group
▪ TC Name:	Strengthening the Digitalization of Tax Administration in Barbados
▪ TC Number:	BA-T1098
▪ Team Leader/Members:	REYES-TAGLE, GERARDO (IFD/FMM) Team Leader; ASTUDILLO, KAREN (IFD/FMM) Alternate Team Leader; ROMAN SANCHEZ, SUSANA (IFD/FMM); YERY PARK (IFD/FMM); JIMENEZ MOSQUERA, JAVIER I. (LEG/SGO); LUIS RECALDE RAMIREZ (IFD/FMM)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	13 Apr 2023
▪ Beneficiary:	Barbados
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$200,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	IFD/FMM - Fiscal Management Division
▪ Unit of Disbursement Responsibility:	IFD/FMM - Fiscal Management Division
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The objective of this Technical Cooperation (TC) is to support the Barbados Revenue Authority (BRA) in strengthening its institutional capacity to effectively implement efficient tax measures in the digital economy. This TC is designed to assist tax authorities in: (i) identifying any existing challenges in digital tax administration in Barbados and laying the groundwork for necessary modernization through the identification of national and/or international best practices; (ii) analyzing and evaluating institutional capacity and governance in Tax Administration in Barbados; and (iii) disseminating knowledge and providing training to facilitate capacity building in the BRA. By achieving these objectives, the TC will contribute to enhanced institutional governance, expansion of the technological capabilities of the BRA, identification of fiscal policy solutions to address tax issues in the Barbados economy and improve revenue collection effectiveness, and improved responsiveness in risk management.
- 2.2 Digitalization can play an important role in helping tax authorities by lowering compliance and administrative costs, increasing revenue collection efficiency, improving transparency and service to taxpayers, and accommodating large data flows. Recognizing this, the Barbados Revenue Authority (BRA) has been working to strengthen the digitalization of its Tax Administration. In 2018, the government of Barbados launched the integrated Tax Administration Management Information System (TAMIS) portal, which offers a range of online services that are fast, convenient, simple, free, and secure. These services, available to both businesses

and individuals through TAMIS, include registering with BRA, filing returns, querying payments and obligations, checking the status of tax refunds, and more. However, the transition from a non-digital environment has led to technical issues and obstacles, resulting in criticism of the system's efficiency and effectiveness in achieving its goals.

- 2.3 In order to strengthen the digitalization of the tax administration system in Barbados and address any obstacles that may arise during the process, this TC will focus on developing and implementing appropriate measures to enhance the efficiency, security, and effectiveness of the system. Through a comprehensive diagnostic of the current state of the digital tax administration system, the TC will identify areas for improvement and modernization. Moreover, the TC will provide training to BRA staff on the latest trends in new technologies and data security protocols, and disseminate knowledge on best practices in digital tax administration, both nationally and internationally. By enhancing the digital tax administration system in Barbados, this TC will improve the BRA's capacity to collect revenue efficiently, increase transparency and accountability, and provide better service to taxpayers.

III. Description of Activities and Outputs

- 3.1 **Component I: Diagnostics update of the current state of digitalization of the Tax Administration.** This component will fund: i) mapping of current digital tax administration system, data integration and security policies, and services provided by BRA; ii) analysis of their efficiency and effectiveness; iii) research of national and international best practices for implementing a digital platform and data security technologies; and iv) design of a policy roadmap for modernizing Barbados' tax administration.
- 3.2 **Component II: Analysis and evaluation of institutional capacity and governance in Tax Administration.** This component will finance i) a comprehensive diagnostic analysis of the current institutional capacity and governance of the Tax Administration, ii) identification of key gaps and challenges hindering the effective digitalization of tax administration services, and iii) development of a policy roadmap for strengthening the institutional capacity and governance of the Tax Administration in Barbados, including recommendations for improving talent management, transparency, and accountability.
- 3.3 **Component III: Production of knowledge products, dissemination of results, and training.** This component will finance (i) preparation, publication and dissemination of knowledge products pertaining the previous components; (ii) trainings in the areas of intervention proposed in previous components.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Diagnostics update of the current state of digitalization of the Tax Administration	US\$100,000.00	US\$0.00	US\$100,000.00
Analysis and evaluation of institutional capacity and governance in Tax Administration	US\$60,000.00	US\$0.00	US\$60,000.00
Production of knowledge products, dissemination of results, and training	US\$40,000.00	US\$0.00	US\$40,000.00
Total	US\$200,000.00	US\$0.00	US\$200,000.00

V. Executing Agency and Execution Structure

- 5.1 At the request of the Government of Barbados, this TC will be executed by the IDB. The IDB's Country Office in Barbados (CCB – Caribbean Group) in close collaboration with the Fiscal Management Division (IFD/FMM) will have technical responsibility for the execution of the TC. The designated focal point with responsibility for executing this TC will be the Lead Sector Specialist in IFD/FMM. The IDB team will lead the implementation and oversight of TC activities, as well as ensure that the results are effectively communicated and shared with the relevant authorities in Barbados. The procurement of required services will be the responsibility of IFD/FMM.
- 5.2 All activities will be executed in accordance with the Bank's established procurement policies as follows: (a) AM-650 for Individual consultants; (b) GN-2303-28 for logistics and other related services.
- 5.3 The Bank will supervise consulting services and Barbados Revenue Authority (BRA) will be able to provide technical inputs to the consultants' reports. Ownership of intellectual property rights of products resulting from the execution of the TC belongs to the Bank. However, a license to use these products will be granted to the Government of Barbados, when applicable.

VI. Project Risks and Issues

- 6.1 The main risk associated with this TC is the possibility of delays in implementation due to unforeseen technical challenges or capacity constraints within the Barbados Revenue Authority (BRA). Additionally, changes in leadership or shifts in government priorities could also pose a risk to the continuity of the project. However, by prioritizing capacity building and investing in robust and scalable technological solutions, the project team can mitigate these risks and ensure the sustainability of the digitalization efforts. Close collaboration and regular communication with BRA leadership will also be key to identifying and addressing any potential issues in a timely manner.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".