**NATIONAL REVENUE AGENCY**

**2016 – 2020**

**STRATEGIC PLAN**

The 2016-2020 Strategic Plan of the National Revenue Agency (NRA) has been adopted by NRA’s Managing Board as per Art. 5, Para. 5, Item 1 of the National Revenue Agency Act. The plan was approved by Ministry of Finance’s Decision No. RMF-107 of 23.11.2015 and entered into force on 01.01.2016.

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**PART 1 - Introduction**

The National Revenue Agency is a specialized state authority under the Minister of Finance for establishing, securing and recovering public receivables, as well as statutory state’s private receivables.

**Mission:**

**The National Revenue Agency administers the payment of taxes and social security contributions, while encouraging voluntary compliance and requiring from everyone to fulfill their lawful liabilities**

**Vision:**

**Modern and efficient revenue administration serving the society**

**Principles and values**

All the employees of the National Revenue Agency play an important role in achieving NRA’s goals and preserving integrity.

The National Revenue Agency aims at gaining high public trust, as well as at developing and maintaining an organizational culture based on the following principles:

* **Rule of law, equality and fairness**
* **Responsibility, honesty, transparency**
* **Effectiveness, efficiency, accessibility, reliability**

When applying the respective law and rules, the National Revenue Agency follows high standards of conduct and fundamental values, such as:

* **Quality service**
* **Honesty and trust**
* **Motivation and development of people’s potential**
* **Team work and corporate spirit**

All the employees and managers are personally responsible for the implementation of these values in their daily work, and their behaviour affects the image of the National Revenue Agency. The integral implementation of these principles and values is a key factor in all the aspects of Agency’s operation:

**For the organisation**

* In its capacity of an executive government authority
* In its capacity of an employer
* When interacting with taxpayers and their representatives
* When interacting with key stakeholders

**For the employees**

* When interacting with clients and their representatives
* When interacting with each other
* In every individual action they make, which may affect the National Revenue Agency and its reputation

The integrity in the National Revenue Agency is provided by means of ethical standards of conduct, annual priorities and annual plans, financial management and control, information security management, performance control and evaluation, internal audit, and disciplinary boards.

**Voluntary compliance model**

Taxpayers’ behaviour is influenced by multiple social, economic and psychological factors, as well as by the specific business environment in which each taxpayer operates.

The model of voluntary compliance is a structured approach enabling the NRA to use and manage the factors affecting the behaviour of the taxpayers in terms of compliance with their statutory liabilities.

The model shows the logic of the reasons causing various types of taxpayers’ behaviour in terms of compliance. The basis is formed by the persons who tend to comply with their liabilities. On the opposite side are those who have decided not to comply with. In order to fulfill its mission, the NRA is using all statutory forms of support or intervention to affect taxpayers’ behaviour.

The aim of applying the compliance model is to increase the number of taxpayers who voluntarily decide to comply with the tax legislation, thus shortening the tax gap. The selection of the most appropriate instruments for risks treatment, as well as the understanding of the reasons why certain groups of taxpayers do not comply with the tax and social security legislation, allow the NRA to use its resources efficiently. That is why the Agency is using the risk management as a model for compliance with tax and social security legislation.

**Strategic intents**

The main input of the National Revenue Agency in Bulgaria’s social and economic life is the provision of revenue to fund the social policies and country’s sustainable development.

The National Revenue Agency creates the necessary conditions for citizens and businesses to understand their statutory liabilities and to fulfill them with maximal ease and minimal expenses.

The National Revenue Agency is protecting the economic stability of Bulgaria and its citizens by identifying the taxpayers who are not fulfilling their statutory liabilities and by using all the force of the law towards such taxpayers.

The goals and the measures to implement NRA’s mission are following the idea that voluntary compliance is possible when the functions for client services, tax and social security control, and collection of arrears are being treated as a single system of interdependent elements, which is built and works based on the risk management model.

The National Revenue Agency is an active participant in the decision-making processes in the working parties of EU’s Economic and Financial Affairs Council (ECOFIN), as well as in European Commission’s working parties and committees dealing with taxation. When participating in various European forums, the NRA strives to protect the interests of the Republic of Bulgaria in the area of taxation. Being a revenue administration of an EU Member State the NRA is committed to administering the fulfillment of the liabilities resulting from the European legislation in the taxation of the trade in the EU.

The strategic intents of the National Revenue Agency for human resources, information technologies and facilities are covered by individual strategies.

The present Strategic Plan aims at achieving maximal efficiency and sustainability of the existing management and process approaches with minimal organizational changes. The Agency will strive to lower the burden on the national budget by focusing on external sources of funding, and by using tools to analyse and manage the risks related to tax and social security compliance.

Playing a major role in the administration of the state revenue, the NRA is responsible for keeping the trust of the Bulgarian society to the revenue system, so the NRA could successfully carry out its functions. In order to be trusted by the society, all the NRA employees must behave according to the principles, values and high standards declared by the Agency, since there is a direct relation between public’s trust and revenue officials’ behaviour.

Key indicators have been developed to evaluate the implementation of the present Strategic Plan.

**PART 2 – Strategic goals and how they must be achieved**

**Strategic goals**

**of the National Revenue Agency**

**2016 – 2020**

1. **Assisting the voluntary compliance**
2. **Efficient implementation of the tax and social security legislation, and tackling fraud**
3. **Organisational improvement of the NRA and human capital development**

**Strategic goal 1:**

**Assisting the voluntary compliance**

**Subgoal 1.1. Delivering quality services and reducing the administrative burden and clients’ expenses for the payment of tax and social security liabilities**

* Maintaining and developing services that correspond to the modern technologies, and facilitating the use of these services by NRA’s clients.
* Providing complete, understandable, timely and accessible information about the compliance.
* Expanding the electronic interaction between clients and NRA.
* Studying clients’ expectations and satisfaction, including with regard to the development of new services and the enhancement of client services.
* Developing services based on the needs, abilities and behaviour of various groups of taxpayers.
* Facilitating the administrative procedures and requirements for NRA’s clients, *inter alia* taking into consideration the size of enterprises, as well as simplifying the declarations and forms.
* Running awareness-raising campaigns for specific groups of clients in order to avoid errors or omissions in the implementation of the tax and social security legislation.
* Introducing and developing an approach that encourages voluntary compliance by correct taxpayers who made errors, and implementing enforcement or penal actions only against those taxpayers who intentionally do not comply with the tax and social security legislation.
* Providing NRA’s clients with access to the electronic administrative services by means of electronic identification.

**Subgoal 1.2. Providing public awareness to help developing a culture for higher voluntary compliance and understanding NRA’s role in the society**

* Training programmes related to the tax and social security culture must be developed and implemented for the secondary and higher education.
* The role of the Advisory Council at NRA’s Director General must be strengthened to assist the uniform implementation of the tax and social security legislation and to provide better services for NRA’s clients.
* Active cooperation with the media.
* Preforming continuous and targeted communication with the public and various groups of clients.
* Timely analysis of signals, proposals and media releases in order to improve the operation of the NRA.
* Reporting regularly before the public in order to have greater transparency.

**Subgoal 1.3. Applying unified methodology and practice**

* Drafting proposals for legislative changes in order to reduce the complexity of the tax and social security system. Adapting NRA’s internal rules in order to make it easier for the taxpayers to be compliant.
* Drafting and applying up-to-date and timely methodological opinions for uniform implementation of the legislation.
* Analysing the case-law related to taxation and social security in order to promote good practices and identify stable trends.
* Improving the cooperation with the administrative courts and the Supreme Administrative Court.
* Informing NRA’s employees in a timely manner about changes in the tax and social security legislation.

**Strategic goal 2:**

**Efficient implementation of the tax and social security legislation, and tackling fraud**

**Subgoal 2.1. Implementing compliance risk management strategy**

* Performing analyses and assessment of significant risks of non-compliance with the tax and social security legislation.
* Developing and implementing a Compliance Programme, and reducing the levels of risk.
* Expanding the capacities to examine data from various sources during the analysis of the risks of tax and social security non-compliance.
* Regular assessment of the levels of compliance.

**Subgoal 2.2. Developing further the tax and social security control, and tackling tax and social security fraud**

* Control actions aimed at taxpayers, risks and economic sectors that are generating considerable loss for the national budget.
* Developing the approach for electronic data analysis during control actions.
* Promoting the extensive use of electronic invoicing.
* Developing capacity for monitoring and efficient control of the electronic trade.
* Upgrading the capacity for the control on the movement of goods of high fiscal risk; introducing electronic declaring of the movement of such goods and electronic verification of the information about movements.
* Improving the quality of audits, incl. enhancing the justification of the certificates of audit and their substantiation with sufficient and relevant evidence in order to guarantee the stability of such certificates. Planning all the control proceedings in order to complete them in due time.
* Developing a capacity to tackle fraud by means of analysis and using various information sources, as well as teams profiling.
* Using an approach for fraud prevention based on continuous monitoring and communication with the taxpayers who represent a considerable share of the Bulgarian economy, in order to stimulate the timely and voluntarily correction of incorrect behaviour.
* Increasing the efficiency of the inter-institutional cooperation in the detection of tax crime. Establishing inter-institutional coordination units.

**Subgoal 2.3. Efficient and effective collection of arrears**

* Increasing the options for analysis of data from various sources when assessing the risk related to the behaviour of taxpayers with arrears.
* Segmentation of the approaches for the public arrears collection depending on the behaviour of the taxpayers and the type of liabilities.
* Early application of methods stimulating the voluntary payment of arrears in order to avoid the need of enforcement measures.
* Implementing an integrated information system for automation of the processes related to arrears collection.

**Strategic goal 3:**

**Organisational improvement of the NRA and human capital development**

**Subgoal 3.1. Applying modern methods and systems to manage the NRA**

* Enhancing strategic planning, program budgeting, operational (tactical) planning, project management and resource planning. Evaluating the results from the entire business of the NRA and analysing the administrative costs (overheads).
* NRA’s policy for sustainable development is implemented taking into account the environmental impact.
* Initiation, quality development and implementation of projects with external funding. Focus is given on EU’s financial instruments.
* Developing the Information Security Management System.
* Developing the Data Warehouse.
* Applying a Quality Management System. Running regular self-assessment based on the EFQM Excellence Model. Making improvements while following the Plan-Do-Check-Act (PDCA) cycle.
* Developing the internal communications and running initiatives to create intra-institutional allegiance among the employees.
* Sharing experience, studying and implementing good practices related to modern methods and systems for management.
* Developing and implementing a programme against the corruption risk.
* Improving the environment of the physical security by developing modern security and control systems.

**Subgoal 3.2. Motivating and developing NRA’s employees**

* Developing and implementing an efficient system for evaluation and remuneration of the employees.
* Developing and maintaining a working environment that raises employee’s trust, motivation and satisfaction.
* Improving and maintaining the material and social wellbeing of the employees.
* Implementing training programmes for newly assigned managers and experienced managers. Assessing the efficiency and effectiveness of such trainings.
* Improving the career development process and opportunities.
* Setting the leadership as an efficient management style at the NRA.
* Developing long-term programmes for employees’ professional training, career development and mobility.

**Subgoal 3.3. Maintaining optimal processes and structure of the NRA**

* Using a systematic approach to optimise structures and processes by analysing the efficiency and effectiveness of organisational changes, incl. cost-benefit analyses and measuring the effect from the changes implementation.
* Introducing a system for efficiency analysis of the structural units, incl. analysis of the areas with the highest administrative costs.
* Introducing electronic public procurements.
* Developing the systems for financial management and control, incl. annual reviewing and timely updating of the existing orders, instructions, procedures, rules for operation and other regulations of the NRA in terms of their applicability, overlapping and quality.
* Running regular and systematic analyses of the performance of NRA’s basic management and auxiliary business processes (efficiency, effectiveness and quality) in order to identify options for optimisation.
* Developing and implementing standards for the quality of the results from all the operations at the NRA.
* Improving the quality of the information in NRA’s information systems. Developing a system to validate the correctness of the data administered by the NRA.
* Transition to electronic documents management, in compliance with the legal provisions.
* Developing NRA’s computer infrastructure and information systems in order to secure accessibility, reliability and safety of data and information.

**Subgoal 3.4. Developing and maintaining partnerships**

* Applying a structured approach in reviewing, prioritising, expanding and updating NRA’s partnerships with other authorities and organisations.
* Increasing the share of electronic interaction and information exchange with other administrations, incl. with regard to the implementation of the integrated administrative services model, as well as participation in relevant national projects.
* Participation in the development of and assisting the operation of the e-governance in Bulgaria.
* Extended electronic interaction and cooperation with EU Member States, EU institutions and other countries.
* Efficient implementation of NRA’s commitments derived from Bulgaria’s membership in the EU and international organisations, and the participation in international treaties, bilateral agreements and programmes.
* Positioning the NRA on the world map of tax administrations.

**Subgoal 3.5. Modernising and renovating the facilities**

* Providing proper working conditions and modern facilities for NRA’s employees.
* Taking necessary actions for energy performance audits and issuing technical passports for NRA’s buildings. Taking the required measures to guarantee high degree of energy efficiency and reduction of the environmental impact by means of reducing the energy and resources consumption.
* Developing major regional archive depositories equipped with automated storehouse systems, which allow maximal optimisation of the archive space and increase the efficiency of the management of all the depository-related processes.

**PART 3 – Key performance indicators**

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| **No.** | **Indicator** |
| К1 | Implementation of the annual revenue plan by types of revenue |
| К2 | Revenue per 1 Bulgarian leva (BGN) spent |
| К3 | Share of declarations submitted electronically – individuals |
| К4 | Share of declarations submitted electronically – legal entities |
| К5 | NRA clients’ satisfaction with their interaction with the NRA (survey results) |
| К6 | Size of the tax gap by types of risk |
| К7а | Reducing the risk behaviour of taxpayers after risks treatment – reduced number of risk-related taxpayers |
| К7б | Reducing the risk behaviour of taxpayers after risks treatment – reduced damage |
| K8 | Number of control actions in which electronic data analysis software was used |
| K9 | Number of NRA’s participations in multilateral controls (MLCs) with other EU Member States and results from such controls |
| K10 | Relative share of taxpayers with arrears out of the total number of taxpayers |
| K11 | Relative share of taxpayers who have paid their liabilities within the statutory deadline out of the total number of taxpayers who have declared during the respective year a liability due |
| K12 | Relative share of the liabilities paid within the statutory deadline out of the total amount of the liabilities declared during the respective year |
| K13 | Employees’ satisfaction with the organisation as an employer (results from survey on basic motivational factors) |
| K14 | Relative share of the appealed certificates of audit |
| K15 | Relative share of the certificates of audit that have been fully or partially revoked by final instance |
| K16 | Number of corrective declarations submitted as a result of control actions and proceedings carried out |
| K17 | Number of control actions towards taxpayers performing electronic trade |
| К18 | Number of notifications sent to taxpayers in order to prevent fraud and stimulate timely and voluntary correction of incorrect behaviour |
| К19 | Number of meetings held with taxpayers/social security in order to prevent fraud and stimulate timely and voluntary correction of incorrect behaviour |
| К20 | Amount of the corrections made by taxpayers as a result of notifications sent and/or meetings held with them |