

# **SELECTION OF CONSULTANTS**

## **REQUEST FOR PROPOSALS**

**RFP No.: 002**

**Selection of Consulting Services for: The Procurement of Services for  
the Collection of Tax Arrears**

**Client: *Government of Barbados/ The Barbados Revenue Authority***

**Country: *Barbados***

**Project: For the Procurement of Services for the Collection of Tax Arrears**

**Issued on: *June 2019***

# **BARBADOS REVENUE AUTHORITY**

## **TERMS OF REFERENCE**

### **For the Procurement of Services for the Collection of Tax Arrears**

#### **BACKGROUND**

The Barbados Revenue Authority (hereinafter referred to as “the Authority”) was established on April 1, 2014 through the Barbados Revenue Authority Act, 2014-1 of the Laws of Barbados. The Authority was created through the amalgamation of four (4) major revenue collecting agencies namely; the Inland Revenue Department, the revenue component of the Barbados Licensing Authority, the Land Tax Department and the Value Added Tax Division. The Authority is responsible for the administration, assessment and collection of various taxes including Personal Income Tax, Corporation Tax, Value Added Tax, Excise Tax and Land Tax as well as other taxes and levies.

The Authority is seeking to engage persons/businesses to provide tax arrears collection services on delinquent accounts which would be assigned to the Collection Agents by the Barbados Revenue Authority. The Collection Agents will assist the Authority in the recovery of tax arrears due to the Authority and constantly keep the Authority updated on the recovery process as well as maintain accurate files on the financial status of the accounts of customers from whom taxes were collected.

#### **OBJECTIVE**

The objective of the procurement is to engage Collection Agents to provide debt recovery services for the collection of outstanding taxes.

#### **CHARACTERISTICS OF THE SERVICES REQUESTED**

**Type of Person/Business:** Individual Lawyers/ Law firms and Collection Agencies

**Duration of Initial Contract:** Two (2) years

**Place of Work:** Barbados

#### **Qualifications:**

The Collection Agents should have

- i. A minimum of five (5) years’ experience in the collection of debt;
- ii. Experience in collecting and processing payments;
- iii. The prospective Collection Agents shall provide information regarding their fiscal solvency, including having no outstanding obligations to the Authority.

- iv. Attorneys-at-Law/ Collection Agencies in good standing (i.e. registered with a relevant regulatory agency and exemplary debt collection and reporting track record).

All successful candidates must execute a Confidentiality Agreement with the Authority, the penalty for breach of which shall be, on summary conviction, imprisonment for a term of two (2) years and/or a fine of up to \$10,000.00 pursuant to the taxing statutes administered by the Authority.

## **SCOPE OF WORKS**

The Collection Agents will carry out the following activities:

### **General Provisions**

- i. All information gathered and used by the Collection Agents in the collection of taxes is the property of the Authority and the Collection Agents shall not use the information for any other purposes.
- ii. The Collection Agents should include in their proposals, the rate of commission to be charged on the arrears collected.
- iii. The Collection Agents must maintain records on each individual account referred by the Authority. Such records shall contain all of the collection activities made by the Collection Agents as well as any other pertinent information.
- iv. The Collection Agents shall maintain the records on each account until such time as the account is returned to the Authority. These records shall remain the property of the Authority. Upon termination or expiration of the contract, the Collection Agents shall return these records to the Authority in an electronic file within thirty (30) calendar days of the date of expiry or termination.

### **Assignment of Accounts**

- i. The Authority will provide the Collection Agents with a file containing the name, address (last known), type of tax and period, amount due as of a certain date (principal tax, penalty and current interest), and other pertinent financial and demographic information to recover tax arrears owed to the Authority.
- ii. The Collection Agents shall acknowledge receipt of the file and confirm accessibility of the data contained therein within five (5) business days after delivery date.

iii. The Authority shall retain the right to withhold and/or to request the return of accounts at its discretion.

### **Disputed Accounts**

i. If during the collection of an account the Collection Agents become aware that a taxpayer is disputing or intends to dispute his/her account balance, that account should be immediately forwarded to the Authority.

ii. The Authority will attempt to promptly verify the liability and notify the Collection Agents of its finding. During this verification period, the Collection Agents shall suspend any active contact with the taxpayer.

### **Inventory**

The Collection Agents shall provide quarterly or as requested to the Authority, an electronic file known as a Reconciliation File. The file shall contain all accounts assigned including the date/period these accounts were submitted for collection, outstanding balance, and account status.

### **Return/Update of Referred Accounts**

i. The Collection Agents shall document their efforts to collect all accounts. If the Collection Agents should discover new taxpayer demographic information, the Collection Agents must submit the updated names, addresses and phone numbers to the Authority via an electronic file formatted and named as specified by the Authority on the Collection Agent's server for receipt by the Authority. This file shall be separate and apart from the electronic payment file (as outlined in Party B. Section – Remittance of Money Collected). It shall contain only demographic updated information.

ii. The Collection Agents shall return to the Authority any account deemed to be uncollectible with an explanation why it is so rendered.

iii. In any case where an account has been assigned to the Collection Agents and that account becomes the subject of a bankruptcy proceeding, receivership, probate or other proceeding, the Collection Agents shall immediately on discovery, return the account to the Authority. No additional fee shall be generated on the remaining balance.

iv. The Collection Agents shall return any accounts referred in error by the Authority at no charge.

v. The Authority, as a result of an administrative action, decision, an offset, levy, lien and/or garnishment action by the Authority and/or a legal decision, may manually or systematically recall any and all accounts. In any such event, the Collection Agents will suspend any and all collection action either temporarily or permanently on any account referred to them for

collection upon written notification by the Authority. The Collection Agents will confirm in writing within three (3) days that the account has been recalled. There will be no collection fee charged on the uncollected portion of such accounts.

vii. If an account is cancelled for bankruptcy, death, or permanent and total disability, proper documentation acceptable to the Authority of these instances must be enclosed with the cancelled account. The Collection Agents shall provide the Authority with such additional information as it may have acquired, including but not limited to, the taxpayer's current address or employment.

### **Remittance of Money Collected**

- a. The Collection Agents shall agree to remit by the 10th of each month to the Authority, the full amount of all monies collected in the previous month, including accrued interest, on accounts placed by the Authority with the Collection Agents for collection. The contract with the Collection Agents will be terminated for late submission of monies collected.
- b. The Collection Agents shall submit an electronic payment file, formatted and titled as specified by the Authority which contains the details of the collection of money by the 10th of each month for the preceding month. This file must be accompanied by an electronic report summarizing the amount collected by tax type, date of collection, taxpayers name and Taxpayer Identification Number (TIN) along with any other documentation necessary. The payments must be subtotaled by type of tax and a grand total must be furnished.
- c. Should the Authority perform an offset, levy, lien and/or garnishment against the amount owed on an account assigned to the Collection Agents, the Authority will notify the Collection Agents of the amount of the offset. The BRA shall provide the Collection Agents with revised/updated balances once an offset has taken place. The Collection Agents shall not be entitled to a fee on the offset amount.
- d. Any amounts received by the Collection Agents that are in excess of that which is due and payable, are overpayments and shall be forwarded to the Authority in full with an explanation that the amount is an overpayment. The Collection Agents shall not be entitled to a collection fee for overpayments and shall not retain any portion of an overpayment.
- e. Under no circumstances shall the Collection Agents be paid a fee for any payment received:
  - i. resulting from administrative resolution
  - ii. arising due to offset
  - iii. after contract expiration or termination

- f. The Collection Agents shall generate monthly invoices for collection fees due to the Collection Agents and submit same directly to the Authority for payment.
- g. The Collection Agents shall prepare, maintain and provide such financial records and details of services performed as are necessary to substantiate claims for payments, to an address designated in the contract.

### **Resolved Accounts-Liability Satisfied**

- a. Under no circumstances shall the Collection Agents send notices to the taxpayer stating that the liability has been paid in full. When accounts are fully paid and returned to the Authority on the monthly automated Close/Return file, the Authority shall require the Collection Agents to provide the current address on the file. Such records shall contain all of the collection activities made by the Collection Agents and other pertinent information. The Collection Agents shall maintain the records on each account until such time as the account is returned to the Authority. These records shall remain the property of the Authority. Upon termination or expiration of the contract, the Collection Agents shall return these records to the Authority in an electronic file as specified in the Return/Update of Referred Accounts Section within thirty (30) days of the ending date.
- b. The Collection Agents shall add to each account balance, the collection fee based on the percentage rate agreed upon with the Authority. The Collection Agents shall collect the collection fee from the taxpayer. All partial payments will be considered inclusive of the amount owed to the Authority and the collection fee.
- c. The Collection Agents must agree that any and all information gathered and used in the collection of accounts is the property of the Authority and is confidential, and that such information shall not be used for any other purpose by the Collection Agents.

### **Record Retention, Account Maintenance, Audits**

- a. The Collection Agents shall preserve and make available complete and accurate records of collection service transactions and shall keep in a safe place all such financial records and statements pertaining to the collection agency service operations on behalf of the Authority for a period of six (6) years from the close of each year's operation.
- b. The Collection Agents shall prepare and maintain such financial records of services performed as are necessary to substantiate claims for payment hereunder, and shall permit the Authority to make copies. The Authority shall have the right to examine the books, records and other compilations

of data of the Collection agents, which pertains to the performance of the provisions and requirements of this contract.

c. The Collection Agents shall preserve and make available such books, records and data for a period of six (6) years from the date of final payment under this contract. The Collection Agents shall retain such documents that are pertinent to any judicatory proceedings or appeals commenced during the six (6) year period until such proceedings or appeals have reached final disposition.

d. The Collection Agents shall maintain separate records as are satisfactory to the Authority concerning the accounts referred. All monies received as a result of any activities referred by the Authority shall be maintained separately and apart from all other funds of the Collection Agents. The Collection Agents shall be responsible for any and all of its costs of the preparation for an audit of such books and records. The Collection Agents shall also maintain an electronic backup of all electronically exchanged files, reports and other significant records for the life of the contract.

### **Ownership of Data and Other Information**

a. The Authority shall retain the rights to all data, reports, programmes, designs and any other details of this contract. The Collection Agents shall not use the products of this contract without the written consent of the Authority.

b. The Authority shall reserve first publication rights to any products of this contract, and the Authority may place these products in the public domain without the permission of the Collection Agents.

### **DELIVERABLES**

The Collection Agents shall provide, including but not limited to, the following deliverables:

1. The Collection Agents shall maintain separate records satisfactory to the Authority concerning the accounts referred.

2. All monies received as a result of any activities referred by Authority shall be maintained separately and apart from all other funds of the Collection Agents.

3. The Collection Agents shall remit to the Authority by the 10<sup>th</sup> day of each month, all monies collected during the previous month.

The Collection Agents shall, by the 10<sup>th</sup> day of each month, also submit an electronic payment file, formatted and titled as specified by the Authority which contains the details of all monies collected in the preceding month. This file must be accompanied by an electronic report summarizing the amount collected by tax type, the date of collection, the taxpayers name and

the Taxpayer Identification Number (TIN) along with any other documentation necessary. The payments must also be subtotaled by type of tax and a grand total must be furnished.<sup>3</sup> The Collection Agents shall prepare and maintain such financial records and records of services performed as are necessary to substantiate claims for payments, at an address designated in the contract, and shall permit the Authority to make copies.

4. The Collection Agents shall prepare and provide Quarterly Account Status/Reconciliation Reports showing the collection activity of each account, the taxpayer/debtor identification number as assigned by the Authority, the taxpayer's name, a listing of payments, fees, accounts balances, etc., must be totaled at the end of the reports for reconciliation purposes.

The Collection Agents shall submit two (2) copies of the reports to the Revenue Commissioner, Barbados Revenue Authority in electronic format every three months by the 15<sup>th</sup> day of the third month.

#### **SCHEDULE OF PAYMENTS**

The above listed deliverables shall be submitted in the course of the contract and payment will be based on a commission agreed by the parties.

#### **COORDINATION**

Technical supervision of the Collection Agents' work shall be the responsibility of the Authority.