



CALL FOR TENDER N° TAXUD/2014/AO-01

PROVISION OF ECONOMIC ANALYSIS IN THE AREA OF TAXATION

1. BACKGROUND, SCOPE AND OBJECTIVES OF THIS CALL FOR TENDERS

A call for tenders is launched by the European Commission for the signature of a framework contract for the supply of economic analysis which would be carried out with the help of various economic tools.

The tenderer should be able to carry out a number of economic analyses per year on specific topics as identified by the Commission. The topics to be examined are related to current EU and Member States' tax policies as well as to new policy proposals and to important tax issues on the national, European and international level. The economic analysis would involve a modelling framework based on reliable economic data and supported by studies and comparative analysis in various tax areas. The topics of the economic analyses will be set in a perspective of, inter alia, the smooth functioning of the internal market, the reduction of administrative burden as well as the objectives of the Europe 2020 strategy¹.

2. NATURE OF THE CONTRACT AND AWARDING AUTHORITY

The tender will be awarded to a single contractor by the European Commission, hereinafter referred to as 'The Commission'.

The services to be rendered will involve data collection and analysis, econometric estimations, macro and micro-economic modelling as well as case studies.

External support is sought for such services in order to ensure a quality modelling framework based on a high level of expertise and availability of extensive, accurate, reliable and up-to date information.

DG TAXUD carries out annually on average 5 tax-related studies. The main users will be the Commission services which carry out tax-related work. It is estimated that around 20 assignments of an average duration of 9 months will be ordered during the lifetime of the contract.

3. LEGAL BACKGROUND FOR ESTABLISHING THE CONTRACT

- According to the Treaty on the Functioning of the European Union (TFEU) and in particular Articles 113 and 115 thereof, the Commission has the competence of preparing legislative acts in the field of taxation.
- According to the Treaty on the Functioning of the European Union (TFEU) and in particular Article 207(2) in conjunction with Articles 289(1), 294(2) thereof, the Commission has the competence of preparing and presenting to Council and EP proposals for EU policy and legislation in the field of customs.
- According to the TFEU, the Commission has the competence of monitoring the compatibility of inter alia national tax legislation with the EU law.

¹ http://ec.europa.eu/europe2020/index_en.htm

- The Commission priorities in the field of taxation²
- The Commission work programme and priorities in the field of taxation can be found on the TAXUD web site:
http://ec.europa.eu/taxation_customs/common/about/work_program/index_en.htm

4. DESCRIPTION OF SERVICES TO BE COVERED BY THIS CALL FOR TENDERS

On request from the Commission, the contractor shall conduct studies and economic analyses with the assistance of various economic tools. The exact topics to be covered and the delivery date of the studies and analyses are determined by the Commission following a request for service sent to the contractor.

The tenderer will be requested to take charge of the following tasks: collection and supply of economic information, provide macro-economic and micro-economic analysis using econometric methods and a modelling framework.

The contractor is expected to provide the following services:

4.1. Economic analysis

Depending on the studies, the contractor could be requested to provide an economic analysis of the following types:

4.1.1. *Macro-economic analysis*

Econometric analysis

The econometric analysis will be used to explore the interactions between taxes and the economy (ex-post analysis). Specifically, it should examine the mechanisms within a Member State which affect the relationship between the level of taxation and prices, cost, demand, supply, employment etc. on various markets. The analysis needs to address the (short-term and long-term) effects of such policies.

The econometric analysis shall be based on the data as specified under section 4.2 and be able to deal with sectorial splits and developments over several years. The variables used in the analysis will – depending on the study - be of the following type: macroeconomic indicators, sector-specific indicators, trade indicators, direct and indirect taxes, social security benefits and contributions, government expenditures, etc.

General Equilibrium Model

² Inter alia COM(2001)260, COM(2003)726, COM(2005)532, COM(2006)728, COM(2006)823, COM(2006)824, COM(2006)825, COM(2007)71, COM(2007)140, COM(2007)785, COM(2008)807, COM(2009)20, COM(2009)201, COM(2009)325, COM(2009)472, COM(2010)769, COM(2010)2020, COM (2011)85, COM(2011)121, COM(2011)714, COM(2011)851, COM(2011)864, COM(2012)206, COM(2012)428, COM(2012)465, COM(2012)516, COM(2012)722, COM(2013)71, COM(2013)800, SEC(2010)1576

For the analysis of the macroeconomic effects of taxation, the European Commission is interested in using a General Equilibrium Model able to produce detailed tax policy scenarios, including budgetary and macroeconomic aspects of specific tax reforms in the Member States.

The ideal model is a General Equilibrium Model that includes individual countries and sectors effect and which is specifically designed to study the economy-wide effects of different tax policies/legislation based on datasets as specified under section 4.2.

The ideal model must capture the links between the different sectors of the economy and allow for an economy-wide assessment of different tax policies. Specifically, the model is to capture both the direct effects on sectors targeted by the specific policy and indirect effects on their suppliers, consumers and competitors. It will take into account spill-over effects. The model shall also provide indications on short-term versus long-term effects and possible differentiated effects on different generations of economic agents. Moreover, the ideal model needs to be able to measure e.g.: the economic output, economic welfare, redistribution, real wages for low-skilled and high skilled workers, return on capital, total employment, unemployment, economy-wide value added, as well as prices, output, foreign trade, value added and investment per sector. The model is expected to cover the major aspects of public finance including all substantial taxes, social policy subsidies, public expenditures and deficit financing, as well as policy instruments specific for the environment/energy system. The most common policy instruments affecting economy, energy and environment are to be included in the model.

4.1.2. Micro-economic analysis

The European Commission is interested in the microeconomic analysis of the impact of taxation on the economic behaviour of individuals and market operators. Such analysis will aim at examining the patterns of supply and demand and the determination of price and output in individual markets in an attempt to understand the decision-making process of firms, households and individuals. The analysis will focus, in particular, on the design of tax policies and economic effects of these policies.

4.1.3. Analysis of costs and benefits

The European Commission is interested in a framework for assessing the cost and benefits of various tax policy initiatives. The framework has to cover both direct costs to individuals, businesses and administrations, and indirect or social costs (externalities). Similarly the benefits must be assessed from the perspective of individuals, businesses and the society as a whole. The cost estimates are used either in the cost-effectiveness analysis, in which relative costs of different policy alternatives to achieve given policy objectives are compared, or in the cost-benefit analysis, which weighs total

expected cost to total expected benefits. The latter analysis requires measuring the costs and benefits in comparable, monetary terms.

4.1.4. *Distributional and incidence effects*

The European Commission is interested in the analysis on how the households in different socio-economic groups and income levels are affected by tax policies. Such analysis requires covering the effects of both direct and indirect taxation. Distributional and incidence effects can be analysed with the help of micro-simulation models, which contain data on income, taxes and benefits at the household level. Also data on the consumption shares of different types of commodities are required to assess the effects of indirect taxation. An alternative strategy is to include in the framework of a general equilibrium model a consumption and income distribution module, which allows modelling the effects of policies for different household types and also takes into account the links between household behaviour and macro-economic developments.

4.1.5. *Case studies*

The European Commission is interested in economic analyses on specific topics (or specific countries/ sectors) based on limited, statistically not necessarily representative data. Case studies are either independent from or a complement to macro- and/or micro-economic analysis.

4.2. **Collection and supply of economic information**

It is important for the European Commission to ensure a high level of quality and availability of data for the economic analysis as described in section 4.1.

This data can be collected from existing (publically available or private; free of charge or chargeable) economic and statistical databases for various sectors and countries, and be easily adapted for use in studies related to the Commission priorities in the field of taxation. Alternatively, the database can be constructed from readily available information from various publications, reports, handbooks, etc. The data collection will be limited to what is necessary for the purpose of the economic analysis and it is not intended to request the set-up of new databases at firms' or individuals' level with non-publicly available data.

The geographical coverage of the data will at absolute minimum include all EU-28 Member States and the candidate countries³ as well as all OECD Member countries⁴.

It is not envisaged under the contract to have individual requests for data collection only (i.e. 100% data collection study). The data collection is only

³ http://europa.eu/about-eu/countries/on-the-road-to-eu-membership/index_en.htm

⁴ <http://www.oecd.org/about/membersandpartners/list-oecd-member-countries.htm>

intended for the requirements of the economic analysis as described under section 4.1 for which they will serve as input.

4.3. Literature surveys

The economic analysis needs to be complemented by an overview of the (academic) economic (theoretical and empirical) literature.

4.4. Quality assurance

The tenderer needs to have access to the services of independent study/economic analysis reviewers. The Commission may foresee in its requests for service that the final deliverable needs to be evaluated by up to two independent reviewers per study/economic analysis. Reimbursement of the cost for such potential reviews is explained in chapter 7 of this document.

4.5. General considerations

All services are to be provided in English. The tenderer assures that the staff appointed has sufficient knowledge of this language.

5. DURATION

The framework contract will cover the activities to be carried out over a maximum period of 4 years with a minimal duration of 2 years with 2 possible extensions of 1 year each.

6. REPORTS/MEETINGS/DELIVERABLES/DEADLINES/ORDERS

6.1. Indicative study/analysis timetable template

An indicative timetable template with possible deliverables and deadlines for a typical tax-related study is given below. However, it has to be noted that the definition of the individual project timetables as well as deliverables and deadlines will be made only at the level of each individual study/economic analysis and can substantially differ from below indicative timetable template.

The contractor shall convene a start-up meeting with the Commission services within 15 working days from signature of the specific contract for the individual study/economic analysis.

Within one month from the signing of the contract, the contractor shall present an Inception Report to the Commission services with the detailed work programme agreed with the Commission, and shall convene a meeting with the Commission.

This report must be approved by the Commission services. The approval procedure is as follows: within 15 days following the meeting on the inception report, a new version will be submitted, taking into account the comments which have been received before and during the meeting.

Before the end of the 4th month following the signing of the contract, the contractor shall present an Interim Report and convene an interim meeting. This Interim Report should set out the state of progress of the work.

The procedure for adopting the Interim Report is identical to that described above for the Inception Report.

Before the end of the 7th month after the signing of the contract, the contractor will submit to the Commission a draft final report and convene a meeting. This draft report must be approved by the Commission services. The adoption procedure is identical to that described above for the Inception Report.

Before the end of the 9th month after the signing of the contract: The contractor will submit the Final Report to the Commission. The Final Report must be approved by the Commission services.

This report will be accompanied by an executive summary in English and French in accordance with the visual identity guidelines of the European Commission.

The annexes will show all the technical elements (questionnaires, survey results, overview etc.). These documents must be available in electronic version (latest Word and pdf formats).

The reports mentioned above shall be submitted in English.

Meetings will be held in the premises of the European Commission in Brussels.

The indicative timetable for a typical study/economic analysis is as follows:

Time	Stage
T0	Specific contract signed
T0 + 15 working days	Start-up evaluation meeting with Commission services
T1 (= T0 + 1 month)	Inception Report
T1 + 15 days	Meeting with Commission services
T2 (= T0+4 months)	Interim report
T2 + 15 days	Meeting with Commission services
T3 (= T0+7 months)	Draft final report
T3 + 15 days	Meeting with Commission services
T4 (= T0 + 9 months)	Completed final report

6.2. Visual identity of the final deliverables

All studies produced for the European Commission and Executive Agencies shall conform to the corporate visual identity of the European Commission by

applying the graphic rules set out in the European Commission's Visual Identity Manual, including its logo⁵.

The Commission is committed to making online information as accessible as possible to the largest possible number of users including those with visual, auditory, cognitive or physical disabilities, and those not having the latest technologies. The Commission supports the Web Content Accessibility Guidelines 2.0 of the W3C.

For full details on Commission policy on accessibility for information providers, see: http://ec.europa.eu/ipg/standards/accessibility/index_en.htm.

Pdf versions of studies destined for online publication should respect W3C guidelines for accessible pdf documents. See: <http://www.w3.org/WAI/>

6.3. Content of the final deliverables

6.3.1. Final study report

The final study report shall include:

- an abstract of no more than 200 words and an executive summary of maximum 6 pages, both in English and French;
- the following standard disclaimer:
- “The information and views set out in this [report/study/article/publication...] are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission’s behalf may be held responsible for the use which may be made of the information contained therein.”
- specific identifiers which shall be incorporated on the cover page provided by the Contracting Authority.

6.3.2. Publishable executive summary

The publishable executive summary shall be provided in both in English and French and shall include:

- the following standard disclaimer:
- “The information and views set out in this [report/study/article/publication...] are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person

⁵ The Visual Identity Manual of the European Commission is available upon request. Requests should be made to the following e-mail address: comm-visual-identity@ec.europa.eu

acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein."

- specific identifiers which shall be incorporated on the cover page provided by the Contracting Authority.

7. PRICES

Tenders will specify a price per man-day for each of the categories of experts described in Annex 1 - Questionnaire. The price per man-day is unique per category of experts and includes all types of overheads (e.g. administrative costs, cost of copies, etc.).

Prices for access to external databases owned by third parties should not be included in the price per man-day as described in the previous paragraph. Such prices will be the subject of separate reimbursement of costs incurred provided that the expenses are directly linked to the services requested under a specific contract concluded under the framework contract and duly justified by invoices issued by the third-party granting access to the database.

The Commission has allocated a provision for access to external databases for a value of EUR 300,000 in the price table (Annex 3).

The Commission also allocated a provision for the services of independent study/economic analysis reviewers for a total value of EUR 40.000 in the price table (Annex 3). This provision will be used for the reimbursement of up to two independent reviewers per study/economic analysis as explained in point 4.4 Quality assurance of this document and provided that the expenses are directly linked to the services requested under a specific contract concluded under the framework contract and duly justified by invoices issued by the third-party providing those services.

Prices must be quoted in EUR using, when needed, the conversion rates published in the C series of the Official Journal of the European Union on the day when the notice of invitation to tender was published.

Prices should be quoted free of all duties, taxes and other charges, including VAT, as the Union is exempt from such charges under Articles 3 and 4 of the Protocol on the privileges and immunities of the European Union; if any, the amount of VAT should be shown separately.

8. TENDERS FROM CONSORTIA

Contractors or suppliers must specify and quantify the role, qualifications and experience of each member of the consortium. A prime contractor must be designated.

In case of consortia, the criteria have to be met by the consortia as a whole. Nevertheless, the declaration of honour with respect to the exclusion criteria and absence of conflict of interest has to be provided by each member of the consortium. In addition, the evidence of professional risk indemnity insurance, valid at the time of submission of the offer as well as the balance sheets and results for at least the

last three financial years for which accounts have been closed, have to be provided by each member of the consortium.

9. ASSESSMENT OF THE TENDERERS AND OFFERS

The assessment of the tenderers and offers will be conducted on the basis of the rules as set out in in section 9 of the guidebook for tenderers "Submitting an offer in response to a call for tenders issued by the Directorate-General for Taxation and Customs Union".

9.1. Exclusion criteria

Please refer to Annex 4 – Guidebook for Tenderers, section 9.1.

Tenderers have to fill in the Annex 1 – Questionnaire, section 2 and provide the supporting documentation.

9.2. Selection criteria

9.2.1. Economic and financial capacity

Please refer to Annex 4 – Guidebook for Tenderers, section 9.2.1:

Tenderers have to fill in the Annex 1 – Questionnaire, section 3 and provide the supporting documentation.

9.2.2. Technical and professional capacity

Please refer to Annex 4 – Guidebook for Tenderers, section 9.2.2.

Tenderers have to fill in the Annex 1 – Questionnaire, section 4 and provide the supporting documentation.

Tenderers are required to prove that they have sufficient technical and professional capacity to perform the contract. To that end they must fill in the attached questionnaire (Annex 1) and provide documentation which confirms that they meet the following criteria:

- (1) Tenderer manpower and qualification of staff relevant to the requested services;
- (2) A statement of the service provider's average annual manpower (in the field of the requested profiles) and the number of managerial staff for the last three years;
- (3) CVs
- (4) A list of references in relation to similar services provided for the last three years, including the client references, the number of consultants provided, the associated volumetric, dates and duration, financial amounts, and certification of the services provided by the recipients, public and private;

- (5) A description of the tenderer's quality assurance and control mechanisms including access to external reviewers;
- (6) A declaration of honour on the minimum geographical coverage of data
- (7) A declaration of honour on sufficient English language knowledge
- (8) An indication of the proportion of the contract which the service provider may intend to sub-contract and a description of the tasks that will be subcontracted.

By submitting an offer, tenderers accept that the Commission may carry out a check on their capacity to provide consultants with the requested requirements.

Detailed explanations for the selection criteria are given in Annex 1 – Questionnaire.

9.3. Award criteria

9.3.1. Technical evaluation

Please refer to Annex 4 – Guidebook for Tenderers, section 9.3.1.

Please refer to Annex 1 – Questionnaire, section 5.

The technical evaluation of the offers will be based on a rating of the quality criteria below, with the indicated weighting:

Award criteria	Weight	Max. Points	Min. points to qualify
1) Quality and relevance of the replies to the tasks proposed in the mock study (Annex 2)	40%	400	200
2) Quality of the methodologies and economic tools as well as the degree to which the methodologies can cope with the assessment of the variety of topics covered by the present call for tender.	25%	250	125
3) Quality of the collection and supply of economic information.	25%	250	125
4) Clarity, completeness and overall coherence of the proposal	10%	100	50
Total	100%	1000	600

The technical evaluation will be carried out by establishing an overall technical score for the technical proposal that takes into account the individual scores for the award criteria listed above.

The quality of the offers will be evaluated by the degree to which they fulfil the requirements specified for the work and supply adequate solutions to the tasks to be implemented. The importance given to each award criterion is stated in weight (percentage) and points. The maximum overall score is 1000 points.

Selected companies will have to score at least 50% for each award criterion.

An overall score of 600 points or more is also required.

Offers for which the technical quality assessment score is less than 600 points or offers for which less than half the points are scored on an individual criterion will not be considered for the price assessment and for the award of the contract.

The offer found to be of the best quality will receive a normalised quality indicator of 100 points. The remaining offers will receive lower normalised quality indicators in proportion to their quality.

9.3.2. *Financial evaluation*

Please refer to Annex 4 – Guidebook for Tenderers, sections 9.3.2 and 6.3.6.

The financial evaluation will be performed on the basis of the prices stated in the Annex 3 – Price Table which constitutes the financial offer

Your attention is drawn to the fact that these figures do not constitute any formal obligation for the Commission to procure any amount of services.

Prices must be inclusive of all additional costs. Please be aware of Article 151 of the Rules of Application of the Financial Regulation on abnormally low price offers.

Any assumption, hypothesis or condition in the formulation of the financial offer shall cause rejection of the whole offer.

The basis for the price assessment is the total price for evaluation.

The offer found to be the cheapest will receive a normalised price indicator of 100 points. The remaining offers will receive lower normalised price indicators in proportion to their prices.

9.3.3. *Award*

Please refer to Annex 4 – Guidebook for Tenderers, section 9.4.

The offer presenting the best value for money will be identified in the following way:

A weighting factor of 70% will be applied to the normalised quality indicator and a weighting factor of 30% will be applied to the normalised price indicator. The highest result will indicate the offer presenting the best value for money:

$$\text{(Normalised quality} \times 70\%) + \text{(Normalised Price} \times 30\%) = \text{Normalised result}$$

The highest normalised result will establish the offer presenting the best value for money.

10. PREPARING AND SUBMITTING THE OFFER

Please refer to Annex 4 – Guidebook for Tenderers, sections 6 and 7.

In order to facilitate the clarity of the offers, the tenderers have to make clear reference in each question of the questionnaire where the answers are given in the offer. Please note that an electronic copy of the elements as indicated in section 6.3.5.2 of the Guidebook for Tenderers shall be provided on separate hard supports, which must also be clearly labelled.

All documents of the call for tenders are:

- the sole property of the Commission (unless otherwise specified), are provided without prejudice and for the exclusive use of the tendering parties to prepare their tenders, to the exclusion of any other usage;
- provided "as is", without guarantee of any sort. The Commission disclaims any responsibility in case of damage incurred when using the provided information.

In case of problems to access and/or read the information provided, contact the following address by e-mail: taxud-tenders@ec.europa.eu.

11. RESULTS

See Article I.8 of the Model Framework Contract (Annex 9).

12. LIST OF ANNEXES

Annex 1	Questionnaire
Annex 2	Mock study
Annex 3	Price Table
Annex 4	Guidebook for Tenderers
Annex 5	Declaration of honour on exclusion criteria and absence of conflict of interest
Annex 6	Legal Entity Form
Annex 7	Financial Identification Form
Annex 8	Power of attorney
Annex 9	Model Framework Contract