

DRC

Terms of Reference (TOR)

for

TAX AND COMPLIANCE

Audit Services

1. Who is the Danish Refugee Council?

The Danish Refugee Council assists refugees and internally displaced persons across the globe: we provide emergency aid, fight for their rights, and strengthen their opportunity for a brighter future. We work in conflict-affected areas, along the displacement routes, and in the countries where refugees settle. In cooperation with local communities, we strive for responsible and sustainable solutions. We work toward successful integration and whenever possible – for the fulfillment of the wish to return home. The Danish Refugee Council was founded in Denmark in 1956 and has since grown to become an international humanitarian organization with more than 7,000 staff and 8,000 volunteers. Our vision is a dignified life for all displaced. All of our efforts are based on our value compass: humanity, respect, independence and neutrality, participation, and honesty and transparency. Operating since 2004 in Lebanon, DRC has addressed the needs and rights of vulnerable populations, working with both Lebanese and displaced communities, working initially with Palestinian refugees (since 2004), Iraqi refugees (2007-2010), Lebanese IDPs (during the 2006 conflict), migrant domestic workers (since 2009) and, since 2011, responding to the Syrian refugee crisis. DRC Lebanon is currently delivering programming in protection, basic assistance, livelihoods, and community development interventions. DRC seeks to address the immediate needs of displaced populations and concurrently support vulnerable host populations. DRC has three offices spread throughout Lebanon in, Beirut, the Bekaa and North Lebanon. For further information about DRC, please refer to our website: <https://drc.ngo/>

2. Objective of the Audit/Tax Services

The Danish Refugee Council based in **Lebanon** seeks proposals from a service provider to conduct an external audit to provide independent advisory on the taxation and NSSF contribution in the fields of National Social Security Funds services and Ministry of Finance – Payroll Tax services.

3. Scope of work and Methodology

This engagement is for the payroll services to be provided on monthly basis for the Danish Refugee Council. Payroll services to include different sheet versions that validate and include the calculation of the National Social Security Fund (NSSF), the calculation for the tax on salaries related to the Ministry of Finance (MOF).

- The engagement
 - Will be implemented on monthly basis (“Period to be agreed on”).
 - Shall cover and provide payroll calculation.
 - Shall provide proof of review and validation of the payroll calculation.

Reports:

- DRC shall submit a payroll document (Excel version)
- The payroll documents will be validated and reviewed by the Financial Auditor and related contributions and taxes to be added.
- Payroll report to be submitted back to DRC including all the needed calculation to finalize, including NSSF to be paid, Tax on salaries to be paid and other related taxations.
- The Financial Auditor to submit the payments on behalf of DRC to the NSSF department and Ministry of Finance.

The Audit firm will be required to prepare a detailed methodology and work plan indicating how the objectives of the project will be achieved, and the support required from DRC.

4. Deliverables

The Audit firm will submit the following deliverables as mentioned below:

Tasks	Indicative description tasks per category	Maximum expected timeframe
1. Payroll Preparation and Management		
1.1	To prepare the payroll on monthly basis for DRC staff (100+ staff) in accordance with the Lebanese rules and regulations.	3 days
2.1	Deliver unified sheet to be updated on monthly basis that includes all the payroll formulas for DRC.	3 days
2. Tax and Social Security		
2.1	Calculate the NSSF contribution fees for employer and employee on monthly basis and share the reviewed and approved calculation with DRC. Ensure receipt of monthly calculation to proceed with timely payment	3 days
2.2	Calculate Income tax for all DRC staff on monthly basis and share with DRC reviewed and approved version.	3 days

2.3	Responsible for updating the family allowance bordereau issued by the NSSF office monthly, upon receipt of necessary documents from DRC and ensure accurate reflection of the updates in the monthly payroll and NSSF calculations.	Continuous
2.4	Responsible for the registration of new employees with NSSF, and MoF, updating their records for changes in family status or number of dependents, and ensuring timely de-registration for employees who leave. Also following up on end-of-service indemnity procedures as requested.	Continuous
2.5	Processing the yearly declaration sheet, as well as the yearly income statement of each employee to be presented to the MoF.	Continuous
2.6	Prepare and submit the annual nominal report to the social security.	Yearly
2.7	Provide EOS provisions for DRC staff, ensuring they are accurately calculated in compliance with legal requirements	Quarterly
3. Governmental Decrees and Regulations Updates for DRC		
3.1	Responsible for updating DRC of new governmental decrees, regulations, and legislative changes affecting payroll and taxation, while providing timely English translation, detailed explanation and assess their impact on DRC.	Continuous
3.2	Quarterly provide an updated NSSF list highlighting new joiners' dates and leavers end dates.	Quarterly
4. Quarterly and Yearly Declarations		
4.1	Declaring the quarterly Non -Resident Tax	Quarterly
4.2	Declaring the yearly Annual Non- resident tax G5	Yearly
4.3	Declaring the yearly VAT report on behave of DRC with the yearly VAT refund request	Yearly
4.4	Declaring the yearly budget to the MOI	Yearly
4.5	Declaring the yearly Tax Return and M18	Yearly
5. VAT Exemption Requests for New Grants Contracts		
5.1	Requesting VAT exemption from the MOF for every new grant contract signed by DRC and a Donor.	within 3 days of DRC request

The Audit firm will provide the documentation **via email mentioned in the invitation letter enclosed with the tender file.**

5. Duration, timeline, and payment

The selected audit/tax firm will be contracted for a two-year Framework agreement /consultancy agreement of services extendable up to 12 months.

Audit fees must be reflected in the enclosed Financial Bid Form "Annex A2".

6. Eligibility, qualification, and experience required

Essential:

- Accredited by LACPA - LEBANESE ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Desirable:

- Previous experience with NGO's.
- **Eligibility:**
 - The consultant has the authorization to work in *Lebanon*
- **Experience:**
 - A minimum of **5** years of **experience in financial services including audit, tax and payroll services.**
- **Skills and knowledge:**
 - A solid understanding of *Lebanon economic* context
- **Language requirements:**
 - Working knowledge of *Arabic and English* is a must.

7. Technical Coordination

The selected audit firm will work in coordination with three contact persons as below (detailed contacted will be provided in the framework agreement to the awarded bidder)

- *Head of Support Services*
- *HR & Admin Manager*
- *Finance Manager*

8. Submission process & Evaluation of bids

Refer to the enclosed Invitation letter for more details about the tender submission and timing.
