ANNEX-3

(1) Requirement for Proposed System for Tax Information Database Based on Third Party Information

Requirement for the proposed system for " Taxpayer Information Database based on Third party Information"

Prepared by: Data processing and Statistics division
Supported by: JICA study team

Ulaanbaatar
May 2002

Contents

One. Introduction

Tax auditors in Mongolia undertake audits of the appropriateness of tax returns relying solely on their skill and the financial documents and other relevant materials collected and disclosed by the taxpayers. Tax auditors would scarcely know whether the financial documents and necessary materials compiled and submitted by the examinee are incomplete or amended and so the audit eventually may fail to be comprehensive and qualitative. Assuming that data information related to the business operation of a taxpayer who is the target of the tax examination could have been gathered from all his/her business partners or from other administrative agencies and then can be forwarded to the tax auditor, the efficiency of the tax audit would certainly get improved. For set purposes, the GDNT has embarked on building up a taxpayer information database based on third party information that one could rely as effective data.

Based on this perspective, the GDNT has identified some types and sources of the information and in furtherance, the number thereof will obviously be increased. As determined, this has reached 20 whilst the way of collection is varied from one to another. Depending on the processing capabilities of those who provide such information, the taxpayer information can be two types: paper-based or computer-based. The GDNT expects all these information get computerized and to build up a third party information database. Depending on available time and financial resources, the project aims at the initial stage to set up a "taxpayer data information database based on third party information" taking following areas of information into consideration as there are:

- Value-Added Tax (VAT) Invoice information
- Third party information sheet
- Spirits distribution information
- Spirits sales information
- Customs clearance information

During the course of the project, the establishment of "Paper-based information database", which is separate from the PC information database, will also be performed. Assuming that the paper based system will be PC processed in the near future, the current computer database should be organized and managed as a prerequisite for a such system.

Two. System objectives

Objectives of the “Taxpayer information database system based on third party information” can be divided into a near target to achieve during the course of the project and a future target to achieve after the project (post-project).

The near target to achieve during the course of the project is to provide the tax officers with accurate information that supports in verifying the correctness of the following tax returns and to support decision making of the managers at all tax offices throughout the country:

- Verification of VAT assessment
- Verification of excise tax assessment
- Verification of corporate tax assessment
- Verification of Self-Assessment form assessment

The future target to achieve after the project is to provide the tax officers with additional information that supports in checking the assessment of the tax returns filed by the taxpayers and to grasp tax obligors who perform business operation without registration to the tax administration or who possess taxable items other than income.

“The taxpayer information database system based on third party information” contains the following functions in order to achieve the set objectives:

- to input the both paper information from the tax officers and the PC-based information from the Customs General Administration (CGA) into Database by typing or converting
- to undertake a trial use of OCR processing in order to ease off the manual function to input a large volume of paper-based data transmitted to the GDNT
- to verify jurisdictional tax administration of a taxpayer to whom the processed information relates and update the entries
- to create a central taxpayer database based on the information processed in above referred ways
- to sort out the information stored in the central taxpayer database by each tax office and transmit them thereto
- to offer possibility to utilize the database to its following users:
    - at the GDNT: to retrieve statistical data from the third party information database and disclose them to the managers
    - at tax offices: to share information, work with local taxpayer database, retrieve information and print out necessary inputs
- supervise over utilization of database information at different level of tax administration:

- over GDNT users: to maintain and process the Information user records, and report to the managers on the use of local taxpayer database by the local tax offices itself
- over other tax offices: to maintain, process and deliver to the GDNT the Information user records, and grant a possibility to the managers of the tax offices to control over the utilization of database information.

Three. General outline of the system

3.1 Information to be processed

3.1.1. Types of information

The information subject to processing may be classified into three types:

- Third party information on taxpayers:
    - VAT invoice information (see appendix 1)
    - Third party information sheet (see appendix 2)
    - Spirits distribution information (see appendix 3)
    - Spirits sales information (see appendix 3)
    - Customs clearance information (according to agreement on mutual exchange of information between GDNT and CGA)
- Taxpayer registration file to be transmitted to the GDNT (according to agreement on mutual exchange of information between GDNT and CGA)
- Information utilization records (a separate form is no longer used, but each access to the database requires the user to complete the table and then record is automatically stored)

3.1.2. Structure and size of the information to be processed

- Appropriate appendixes show the structure and size of the third party information on taxpayers by each category (see appendixes 4,5,6,7,8).
- Information shown in appendix 9 can not only be processed by each items but also can be imported from the Central taxpayer database to Third party information database and stored. (see appendix 9)
- At the completion of processing and storing every single information, following two information are automatically produced from and saved in the system:
    - Information number - consisting of 13 digits: MMOODDDDDDDDD

    MM-type of information; OO-last two digits of the year in which the data is processed; DDDDDDDDD-consecutive number following the type and year of the information.
    - Date of processing - date on which the information was processed. This will automatically be calculated and stored in the system.
- Information relating to registration of taxpayers is produced from the “Central taxpayer registration database” and transmitted from the GDNT to the CGA by computer file. /see appendix 10/
- Information utilization records contain the following items:
    - Information number /system itself represents and saves the number of the selected information/
    - Code of tax office which utilized the information /inputted by typing/

- Code of tax officer who used the information /inputted by typing/
- Date of utilization /date on which the information was retrieved,/

3.1.3 Procedures for processing of information inputted into the "third party information database"

Following appendixes illustrates the routing procedure (flow) for each type of information contained in "Third party information database" /see appendixes 11,12,13,14/

Procedures for processing of each type of information can be summarized as below:

- VAT invoice and Third party information form

These forms are inputted into computers at the GDNT by typing or using optimal character recognition line (OCR). However, a use of OCR processing of VAT invoices is tested at the prototyping stage.

- Information on distribution and sale of Spirits

The information will be stored in a database by typing to computers at the GDNT.

- Customs clearance information

The information will be stored in a database by converting computer files received from the CGA.

- Information relating to Taxpayer registration

The information will be imported by computer file from the Central taxpayer registration database and sent to the CGA.

- Information utilization records

The record will be typed each time upon utilization of information by users from the third party information database.

3.1.4 Timing and procedure for delivering processed information

3.1.4.1 Principle and time required for transmission of information

The sender will choose the time to transmit processed information and the system shall be guided by principles to send out new and additional entries made within the selected period. The software enables the system to prepare in a file form the new and additional entries made within the selected period.

3.1.4.2 Routing procedure for transmission of information

The information shall be transmitted in the following 3 routine:

- from the GDNT to other tax offices

The inputs made in the "third party information database relating taxpayers" will be sorted out by relevancy to each tax offices and sent thereto.

- from the tax offices to the GDNT

The inputs (entries in Information utilization records) created in the local database of third party information will be sent.

- from the GDNT to the CGA

Information relating to the taxpayer registration will be imported from the Central database.

3.1.5 Maintenance and Retention of the processed information

- "The third party information database" will be located at the GDNT and the right to make new inputs, amendments and deletion is given to the assigned officers.
- Each tax office shall have a local database of third party information on taxpayers within the jurisdiction. It is not allowed for the tax offices, in case other than Utilization records, to make new inputs and changes to the database.
- Where the jurisdiction of a taxpayer is changed, the new jurisdictional tax office is entitled to keep third party information held by the previous tax office.
- Information inputted into the third party information database will be retained for 5 years of having processed. Information retained in third party information database for more than 5 years shall be separately archived storing them in CD-R or other facilities. As envisaged the system enables to automatically delete inputs kept for more than 5 years in local database of third party information. /deletion of the data is separately explained here later on/

3.2 The system image of Third party information database

The appendix illustrates the general image of the system./see appendix 15/ This can be explained as follow:

- The system contains the following 2 essential systems:
    - Central database of third party information
    - Local database of third party information
- Within the system two systems are connected with WAN network based on dial-up regime. A file is a main form for exchange of information.
- Within the system the WAN network on dial-up basis is also used in exchanging data with the CGA.
- Within the system a cross check is performed between the two databases that are taxpayer registration database stored centrally and the third party database and let them periodically updated with tax office code or other relevant items.
- Within the system prototyping of OCR processing of VAT invoice and the third party information form will be initiated.
- The both central and local databases will be operated in a client server environment using LAN network based HUB exclusive rack.

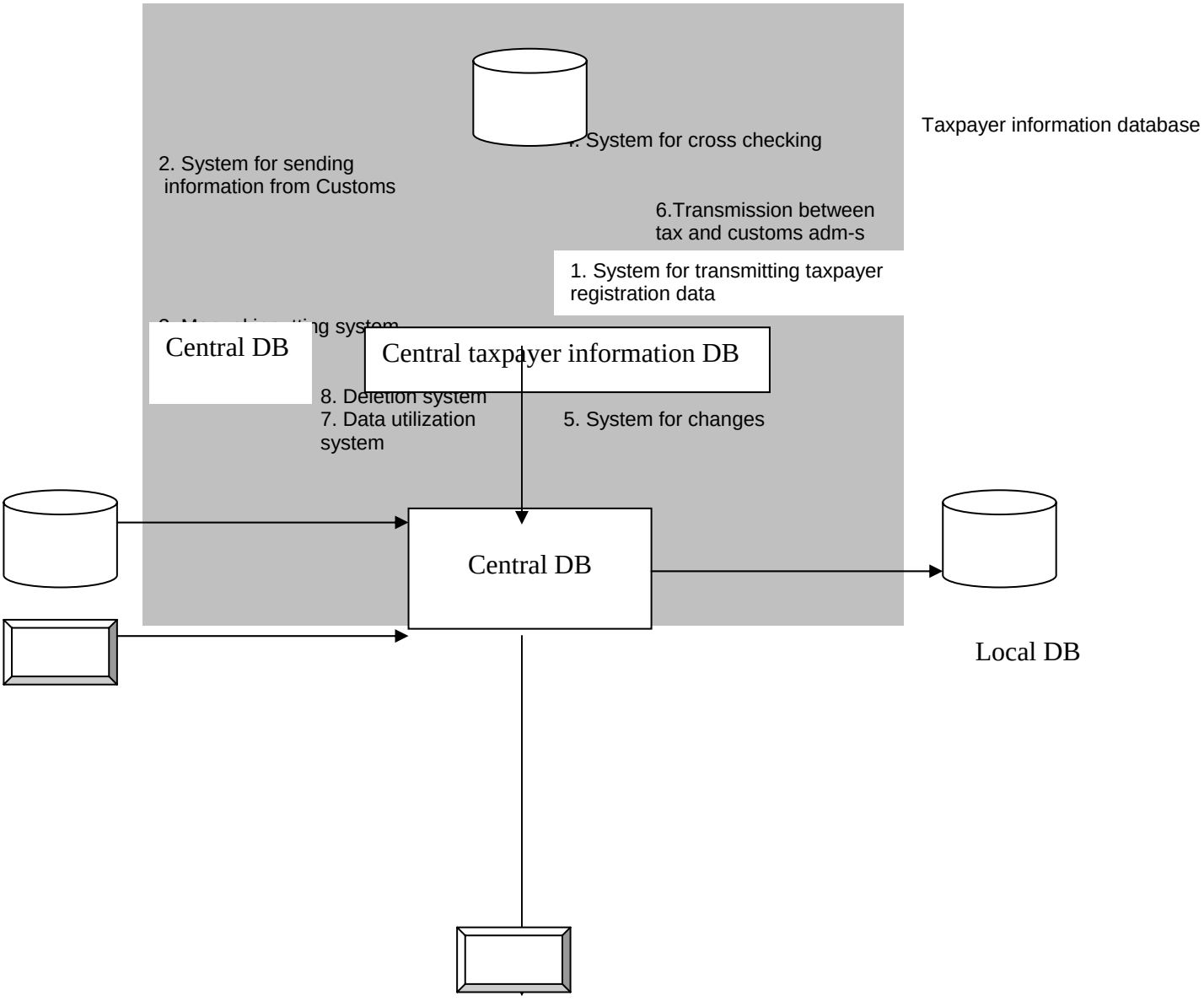
3.2.1 Operation of Central database of third party information

Picture 1 illustrates operation of central third party information database.

Depending on way to create central database and its distribution process, the following sub-systems are put into operation:

1) System for importation of taxpayer registration information

The system allows to prepare new and additional inputs made after the most recent importation from the Central database of taxpayer registration and to import them into the Third party information database. On-line system connected via LAN network will be used.



2) Data transmission system from the CGA

Using dial-up WAN network all inputs relating to customs clearance information collected during the year concerned will be received by a file and converted as a prerequisite for making further inputs into the third party information database. New entry into the database will be effected as having done cross-checking of converted files against "customs declaration number". Data number is assigned to each imported entry and the date of processing will be stored as of day of last imported entry.

3) System for manual inputting of data

Paper-based information delivered by the transport facilities will be manually inputted into database from the client PC located at the GDNT using LAN network. Data number is assigned to each typed entry and the date of processing will be a day on which the information was inputted manually. Some the paper based information delivered by the transport facilities will be computerized into central database using OCR processing. OCR prototyping of data is explained in 3.2.4.

4) System for cross checking of information

Information imported from the taxpayer registration database will be matched with the entries made to the third party information database. A key indication for checking will be the Taxpayer Identification number. Upon completion of the cross-checking, each entry is supported by the following identifications:

- tax office code
- code for type of ownership
- date of a cross-check

5) System for making amendments and changes

Inputs made into the third party information database shall be read only- no deletion is allowed. In case where the inputs in the third party information database are identified as erroneous, the system enables to correct the wrong entry stored in the database. Changes will not affect the original entry. The system will display the date of change upon its completion. A limited number of persons are permitted to effect changes into the system whereas no changes are allowed from the client PC.

6) System for exchanging information between tax offices and the GDNT

New and amended entries made since the most recent deliver to the tax administration will be sorted out by each office and formatted in a file. Furthermore, the said entries are also arranged by both dates: date of cross checking and the date of changes.

7) Information utilization system

Along with inputting the data into the database and sending them to the appropriate tax offices, the system offers to the authorized officers at the GDNT some possibilities such as to retrieve, explore and print the data out of the third party information database. Information is transmitted from the client PC via LAN network.

8) System for deletion of information

The system allows the inputs retained for more that 5 years since the processing date get separated from the central database and eventually formatted in a file.

3.2.2 Operation of local database of third party information

Picture 2 illustrates operation of local third party information database.

PICTURE

1) System for receiving the information from the GDNT

The system allows to receive the files exported from the Central database of third party information and to import them to the local database. The GDNT sends the files by dial up WAN or CD-R.

2) System for exploring and retrieving the information

Users of the tax administration will be able to explore and retrieve the information from the client PC with assistance of LAN network.

3) System for information utilization records

The system requires the users of the tax administration to maintain the utilization record every time they print out the information from the local database. The utilization record insists to provide with information:

- Data number (the system will assigns)
- Date of utilization (the system will display)
- Code of tax office which utilized the information
- Code of tax inspector who utilized the information

4) System for transmitting the information to the GDNT

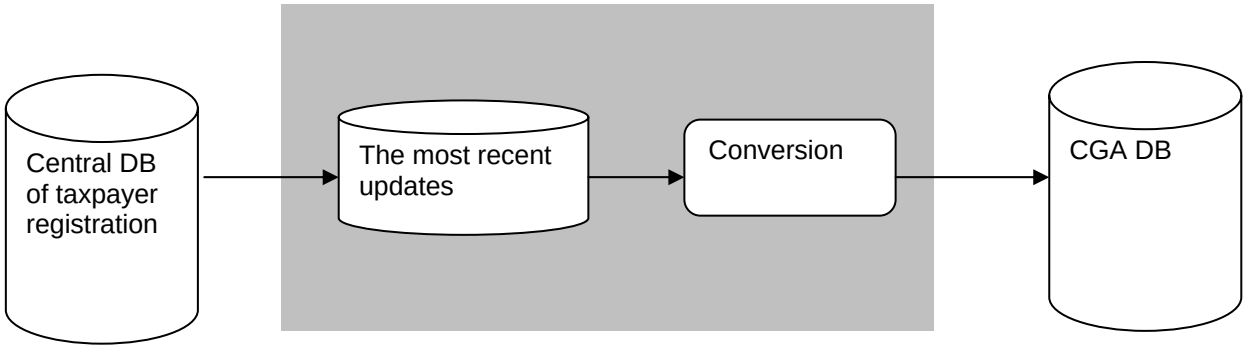
The system allows the records of the information that were used after the last transmission to the GDNT get separately prepared in files and sent thereto. Timing of such information produced from the date of utilization.

5) System for deleting the information

The system allows the inputs retained for more that 5 years of processing get deleted from the local database.

6) System for transmitting the information to the CGA

Newly inputted, amended or deleted entries made since last exportation to the CGA will be sorted out and converted, formatted in a file and sent to the CGA. The information is transmission by dial up WAN network. Picture 3 illustrates the system for transmitting the information to the CGA.



Picture 3. System for transmitting the data to the CGA

3.2.4. Requirements for operation of information system

3.2.4.1 Functionality of client server

The third party information database will function in client server architecture environment and organized to meet following conditions:

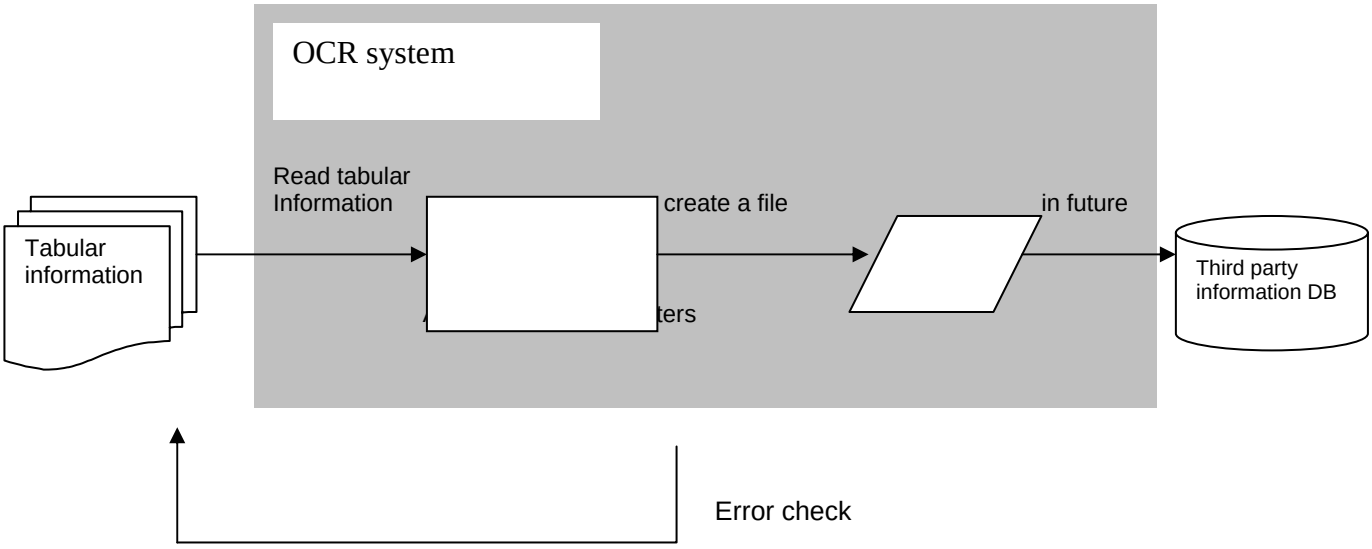
- Each client is provided with a password to log in the server
- Clients are not allowed to access to the original entry of the database and application programs
- The central server shall have two different passwords to access to. The server becomes available when two persons who keep the password entered the passwords simultaneously.
- Time setting shall be adjusted in the system and the third authorized body will have a password to change the time set up.
- The system should be designed to use simplified operation so that the system operator is able to change database or application programs according to the instruction of alternative version, not necessarily program designers to come.
- The system should be developed so that the time used by the clients is automatically recorded. This will give possibilities to do statistical analysis over the clients' attitude towards the server operation.

3.2.4.2 Server security

- The server shall produce back-up copy.
- The GDNT should arrange in advance all other issues pertaining to security of the system.

3.2.5 OCR prototyping

Picture 4 illustrates the operation of the OCR



Picture 4. OCR processing

System requires to initiate OCR prototyping and it is aimed at finding a solution to the following issues:

- what kind of tabular information can the OCR Image server process?
- How much information can the OCR process at a fixed level?
- How to amend the information at a particular level?
- What kind of constraints may have operation upon introduction of OCR processing, and how is this realistic?

OCR processing should have arranged as below:

1) Read tabular information

Reads tabular information through scanner and transmits them to the system converting into picture information. Since this is for office use, the table must be formatted in certain type so that similar packages of information are processed at once.

2) Acknowledge characters

Acknowledges picture images read through the scanner as a character. In order to acknowledge tabular information, at the initial stage the OCR should be able to recognize information inside the selected table. However, as an overall objective of the prototyping pilot, selection of table that should be read through the OCR should be free formatted, not necessarily rely on the concrete specifications.

3) create files

OCR will create a file of data recognized as a character and send into the appropriate application. As the project envisaged, the OCR processing will be used in a future as a core

system to input data into the third party information database. Therefore, the database system should create the file formats that could have been imported.

3.3 System configurations for HARDWARE, SOFTWARE AND NETWORK

"Database system of third party information" will be structured in open client server architecture environment running on Windows 2000.

HARDWARE:

The GDNT and all tax offices will have client servers that uses Pentium IV PC as the core. A basic configurations for the Server PC is attached hereto.

SOFTWARE:

The database will be developed in ORACLE 9 management system and the programs are designed within the ORACLE developer programs.

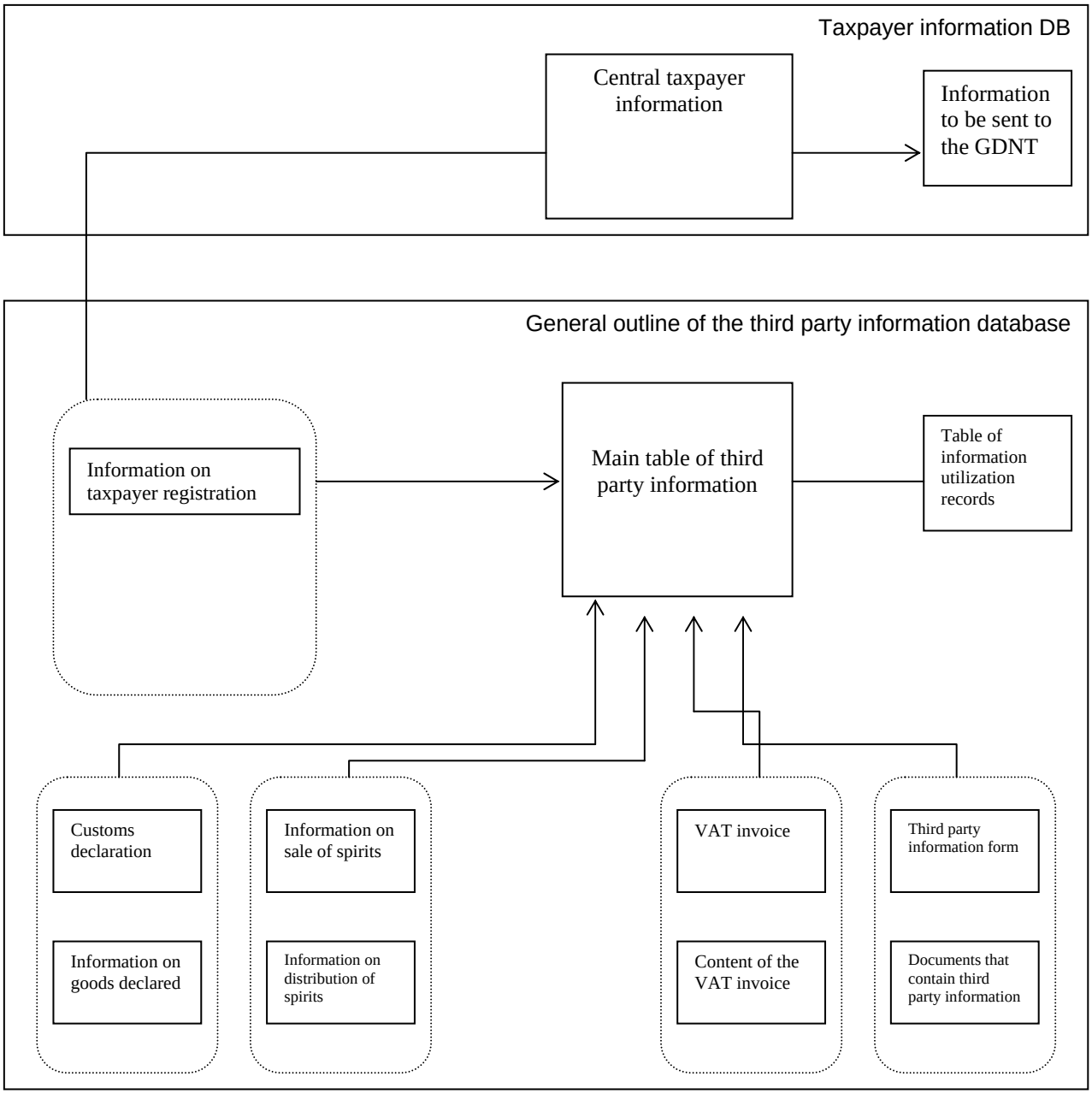
NETWORK:

Both WAN and LAN to be used between / inside the Tax offices and the GDNT will be structured on the basis of Database and Application server with Windows 2000. WAN uses dial up connection./see appendix 17/

3.4 General structure of the third party information database

The third party information database will have a same structure at both level regardless of being central or local.

General structure of the third party information is shown in picture 5.



Picture 5. General structure of the third party information database

3.5 Design of the application programs

The development of design of the third party information database and the modules (supplementary applications) to be developed within its application programs are illustrated in appendix. /see appendix 18/. Each model will have an algorithm. The following package of application programs are defined for the exemplary prototype implementation upon completing the modules and putting them into the Menu:

- Programs to create third party information database
- Programs to utilize local database
- Programs to prepare for taxpayer registration
- Programs to create third party information database using OCR prototyping
- Programs to convert customs clearance information

Four. Project implementation

4.1 Project management

Project implementation team consists of the following members:

- Supervisor /Director of the Monitoring and Information division, GDNT/
- Supporting team who control over the implementation performance steps, verification and order of algorithm /staff in the M&I division/
- Implementation team /members of vender agency who perform the order/

The implementation team shall, on a weekly basis, evaluate the implementation process supporting with a Minutes of meeting and discuss to find a solution to the problem encountered during the course of the project and identify future improvement tasks of the problems that are lagging behind others and so on. /Evaluation sheet for performance of tasks is shown in appendix 19/. When it needed to make changes to the implementation schedule, an official written report should be given to the Director General of the GDNT who will later make decision on adding the changes to the order.

4.2 Work schedule

The study schedule in the Inception report will be followed. The general schedule of the system is attached hereto. /see appendixes 20,21/

A detailed plan should be developed by the implementation team and be approved by an authorized body.

4.3 Training

The two training are provided in connection with the introduction of the new system:

- Training for system operators /staff in the Information department of the GDNT who are in charge of daily maintenance and supervision of the system /
- Training for system users /tax officers/

Prior to conducting end-user training, the following documents should be delivered to the GDNT on:

- Principles of the system operation
- System security
- Database design and program source
- Code for regular database, its explanation
- Data dictionary
- Source for application programs
- Utilization instructions for application programs

Furthermore, the following materials should be provided as a preparation to the end-user training:

- Some constraints that may occur during the operation and instruction to solve the problem
- Instruction for developing local database
- Instruction for utilizing application programs
- Hand- outs necessary to the training etc

List of appendixes:

1. Forms to be processed:
    - VAT Invoice /appendix 1/
    - Third party information form /appendix 2/
    - Information on sale and distribution of the spirits/appendix 3/
2. Structure and size of the information to be processed
    - Size of information to be collected by the tax administration /appendix 4/
    - Size of information to be stored in the database /appendix 5/
    - Structure and size of customs clearance information /appendix 6/
    - Structure and size of VAT information /appendix 7/
    - Structure and size of third party information form /appendix 8/
    - Structure and size of information to be imported from the taxpayer registration database /appendix 9/
    - Structure and size of information on taxpayer registration to be sent to the CGA/appendix 10/
3. Flow of information to be processed
    - Flow of VAT invoice /appendix 11/
    - Flow of Third party information form /appendix 12/
    - Flow of Spirits information /appendix 13/
    - Flow of Customs clearance information /appendix 14/
    - 4. System image of the third party information database /appendix 15/
    - Configurations for Central and Local servers/appendix 16/
    - Structure for automatization of tax offices throughout the country /appendix 17/
    - Structure of modules to be developed within the package of application programs /appendix 18/
    - Form 01-01 (Progress of the project /appendix 19/
    - Schedule for designing programs /appendix 20/
    - Schedule for designing programs /appendix 21/

Appendix 1

Approved by the resolution No 122 of the Minister of Finance
dated on August 3, 1999

VAT INVOICE

Invoice №

Date

Name of seller:
Taxpayer Identification Number:

Name of purchaser
Taxpayer identificaton number

№	Name goods, works and services	m/u	quantity	unit price	total price

- VAT exclusive price of goods, works and services
- VAT
- Total price

Issued by:

received by:

to be completed by the tax officer only:

Financial year month

Date of receipt

Signature: code

to be completed by the system operator only

Data number

Date:

to be completed by central system operator only

Data number: ☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Date: ☐☐☐☐☐☐☐☐☐☐

THIRD PARTY INFORMATION FORM №

A.The person to whom the information concern:

1.Name: _____ 2.TIN ☐☐☐☐☐☐☐☐☐☐

3.Type of information: ☐☐☐ _____

Content of the information: _____

_____

4.Document that contain the inf-n: type ☐☐ _____ date: ☐☐☐☐☐☐

If it refers to the bank account: bank: ☐☐☐☐☐☐ _____ number ☐☐☐☐☐☐☐☐☐☐

number ☐☐☐☐☐☐ total ☐☐☐☐☐☐☐☐☐☐☐☐☐☐

B.Bearer of the information:

1.Name: _____ 2.TIN ☐☐☐☐☐☐☐☐☐☐

C.The informant:

1.tax office: ☐☐☐☐ _____ 3 If any attachments ☐

2.Tax inspector: ☐☐☐ _____ number of attachments ☐☐

(name)

Date: ☐☐☐☐☐☐☐☐ Signature: _____

Appendix 3

Information relating to the distribution of Spirits

Document number ______________ Date:

Name of Tax office	Taxpayers:		Spirits distributed (in tonn)
	TIN	Name	

Information relating to the sale of Spirits

Name of a taxpayer: ______________ TIN ________________
Document number ______________ Date ________________

Date of sale of spirits	Taxpayers:		Volume of spirits sold	Price per litre	Total price
	TIN	Name			

Total volume of the information to be stored in DB

№	Type of information	Volume of information		
		2003	**2004**	**2005**
1	VAT invoice	480,426,324	619,392,438	774,240,614
2	Third party information form	27,720,000	46,200,000	73,920,000
3	Information relating to distribution of sp	small	small	small
4	Information relating to sale of spirits	small	small	small
5	Customs clearance information	37,800,000	47,250,000	55,755,000
6	General information	9,120,000	20,900,000	40,280,000
Total		**555,066,324**	**733,742,438**	**944,195,614**

Volume of information to be gathered at the tax administration

№	Type of information	Information frequency	One-time processing			Number of pages to be processed annually	Proposed increases		
			average number from on source	Total number of sources	Gross total		2003	2004	2005
1	VAT return:	12	198	3,185	124,388	1,492,656	1,806,114	2,328,543	2,910,679
	from large taxpayers		184	578	106,352	1,276,224			
	from medium taxpayers		10	1,268	12,680	152,160			
	from small taxpayers		4	1,339	5,356	64,272			
2	Third party information form	12			65	780	100,800	168,000	268,800
3	Information on spirits distributi	2	2	1	2	4	4	4	4
4	Information on spirits sale	12	2	3	6	72	72	72	72
5	Customs information	12				175,000	200,000	250,000	295,000
	imports					150,000	170,000	200,000	220,000
	exports					25,000	30,000	50,000	75,000

Proposed increases are estimated as below:

VAT invoice:

1 As envisaged, number of taxpayers will be increased by 10 percent whereas the purchases by 10 percent in 2003
2 As envisaged, number of taxpayers will be increased by 10 percent whereas the purchases by 10 percent in 2004
3 As envisaged, number of taxpayers will be increased by 30 percent whereas the purchases by 50 percent in 2005

** Estimates based on rough calculation made by specialists. No detailed research was done.*

Third party information form:

1 It is assumed that in 2003 a tax auditor collects 3 information while conducting tax audit
The auditor perform 4 audits per month
2 It is assumed that in 2004 a tax auditor collects 5 information while conducting tax audit
The auditor perform 4 audits per month
3 It is assumed that in 2005 a tax auditor collects 8 information while conducting tax audit
The auditor perform 4 audits per month

** Assumption based on the proposed changes to be made to the Procedure for collecting third party information database*
There are 700 tax auditors throughout the country and this number expected to be constant for the time being.

Customs clearance information:

1 As expected in 2003 the import transaction will be 170000 whilst the export transaction 30000
2 As expected in 2004 the import transaction will be 200000 whilst the export transaction 50000
3 As expected in 2005 the import transaction will be 220000 whilst the export transaction 75000

** The increase based on the average of past several years, and forecasting for economic growth*

Structure and size of the customs clearance information

№	Indications	Specification mark	numeral	Explanation for indications	Annual volume		
					2003	2004	2005
					200,000	250,000	295,000
1	Type of information	code	2	"customs information" type	400,000	500,000	590,000
2	Type of customs transaction	code	2		400,000	500,000	590,000
3	Number of customs declaration	numeral	11		2,200,000	2,750,000	3,245,000
4	Date of customs declaration	numeral	8		1,600,000	2,000,000	2,360,000
5	Declarant's:						
	- TIN	stamp	10		2,000,000	2,500,000	2,950,000
	- Name	stamp	30		6,000,000	7,500,000	8,850,000
	- Identifcation number of individual	numeral	13	Taxpayer certifcate number to be issued from the tax administration. It is used as a key when the TIN is unclear	2,600,000	3,250,000	3,835,000
6	Goods':						
	- kind	code	5	No limits to the volume of goods	1,000,000	1,250,000	1,475,000
	- assigned name	stamp	20		4,000,000	5,000,000	5,900,000
	- measure unit	code	2		400,000	500,000	590,000
	- quantity	numeral	6		1,200,000	1,500,000	1,770,000
	- unit price	numeral	12		2,400,000	3,000,000	3,540,000
	- kind of currency	code	2		400,000	500,000	590,000
	- currency rate	numeral	4		800,000	1,000,000	1,180,000
	- total price	numeral	12		2,400,000	3,000,000	3,540,000
7	Customs duty paid	numeral	12		2,400,000	3,000,000	3,540,000
8	VAT paid	numeral	12		2,400,000	3,000,000	3,540,000
9	Customs border/checkpoint	code	2		400,000	500,000	590,000
10	Clearance procedure	code	5		1,000,000	1,250,000	1,475,000
11	Processed information:						
	- data number	numeral	13		2,600,000	3,250,000	3,835,000
	- date	numeral	8		1,600,000	2,000,000	2,360,000
Total					**37,800,000**	**47,250,000**	**55,755,000**

Structure and size of the VAT invoice

№	Items	Specification mark	numeral	Explanation to items	Annual amount		
					2003	2004	2005
					1,806,114	2,328,543	2,910,679
1	Type of information	code	2	Kind of VAT return	3,612,228	4,657,086	5,821,358
2	VAT invoice number	numeral	9	It is used as a key when the consecutive numbers to be issued by the GDNT are unclear	16,255,026	20,956,887	26,196,111
3	Date of receipt	numeral	8		14,448,912	18,628,344	23,285,432
4	Seller's name	stamp	30		54,183,420	69,856,290	87,320,370
	TIN	stamp	10		18,061,140	23,285,430	29,106,790
5	Purchaser's name	stamp	30		54,183,420	69,856,290	87,320,370
	- TIN	stamp	10		18,061,140	23,285,430	29,106,790
	- Tax office	code	4	tax office which inputs the data manually	7,224,456	9,314,172	11,642,716
6	Items of the invoice:						
	Name of G&S	stamp	50	No limits to the quantity of the goods	90,305,700	116,427,150	145,533,950
	measure unit	code	2		3,612,228	4,657,086	5,821,358
	quantity	numeral	4		7,224,456	9,314,172	11,642,716
	- unit price	numeral	13	Tg	23,479,482	30,271,059	37,838,827
	- total price	numeral	13	Tg	23,479,482	30,271,059	37,838,827
7	Total price of the G&S	numeral	13	Tg	23,479,482	30,271,059	37,838,827
8	VAT imposed	numeral	13	Tg	23,479,482	30,271,059	37,838,827
9	Total amount	numeral	13	Tg	23,479,482	30,271,059	37,838,827
10	VAT return:	numeral					
	financial year	numeral	4		7,224,456	9,314,172	11,642,716
	financial quarter	numeral	2		3,612,228	4,657,086	5,821,358
11	Invoice received by:						
	- Tax office	code	4		7,224,456	9,314,172	11,642,716
	- tax inspector	numeral	3		5,418,342	6,985,629	8,732,037
	- date	numeral	8		14,448,912	18,628,344	23,285,432
12	Invoice processed on:						
	- date	numeral	8		14,448,912	18,628,344	23,285,432
	data number	numeral	13		23,479,482	30,271,059	37,838,827
TOTAL					**480,426,324**	**619,392,438**	**774,240,614**

Structure and size of the third party information database

№	Items	Specification marks	numeral	Explanation	Annual amount		
					2003	2004	2005
					100,800	168,000	268,800
1	Type of information	code	2	Third party information	201,600	336,000	537,600
2	Page number of the form	numeral	7	first 2 digitsstand for tax office code, last 5 digits will be consequitive number	705,600	1,176,000	1,881,600
3	A person to whom the information refers						
	- name	stamp	30		3,024,000	5,040,000	8,064,000
	- TIN	stamp	10		10,080,000	1,680,000	2,688,000
4	Classificaton of information	code	3		302,400	504,000	806,400
5	Content of the information	stamp	100		10,080,000	16,800,000	26,880,000
6	A document which contains information:						
	- kind	code	2		201,600	336,000	537,600
	- date	numeral	8		806,400	1,344,000	2,150,400
	A bank account:						
	- name of a bank	code	6		604,800	1,008,000	1,612,800
	- account number	numeral	10		1,008,000	1,680,000	2,688,000
	currency	code	2		201,600	336,000	537,600
	total amount	numeral	13		1,310,400	2,184,000	3,494,400
7	Name of an information bearer						
	- name	stamp	30		3,024,000	5,040,000	8,064,000
	- TIN	stamp	10		1,008,000	1,680,000	2,688,000
	- Tax office	code	4	tax office when typing was done	403,200	672,000	1,075,200
8	Informant:						
	- tax office	code	4		403,200	672,000	1,075,200
	- tax inspector	code	3		302,400	504,000	806,400
	- date	numeral	8		806,400	1,344,000	2,150,400
9	Date of slip	numeral	8		806,400	1,344,000	2,150,400
	data recognization number	numeral	13		1,310,400	2,184,000	3,494,400
10	Attachments	numeral	2	Number of attachments	201,600	336,000	537,600
	Total amount				**27,720,000**	**46,200,000**	**73,920,000**

Structure and size of the information to be imported from the taxpayer registration database

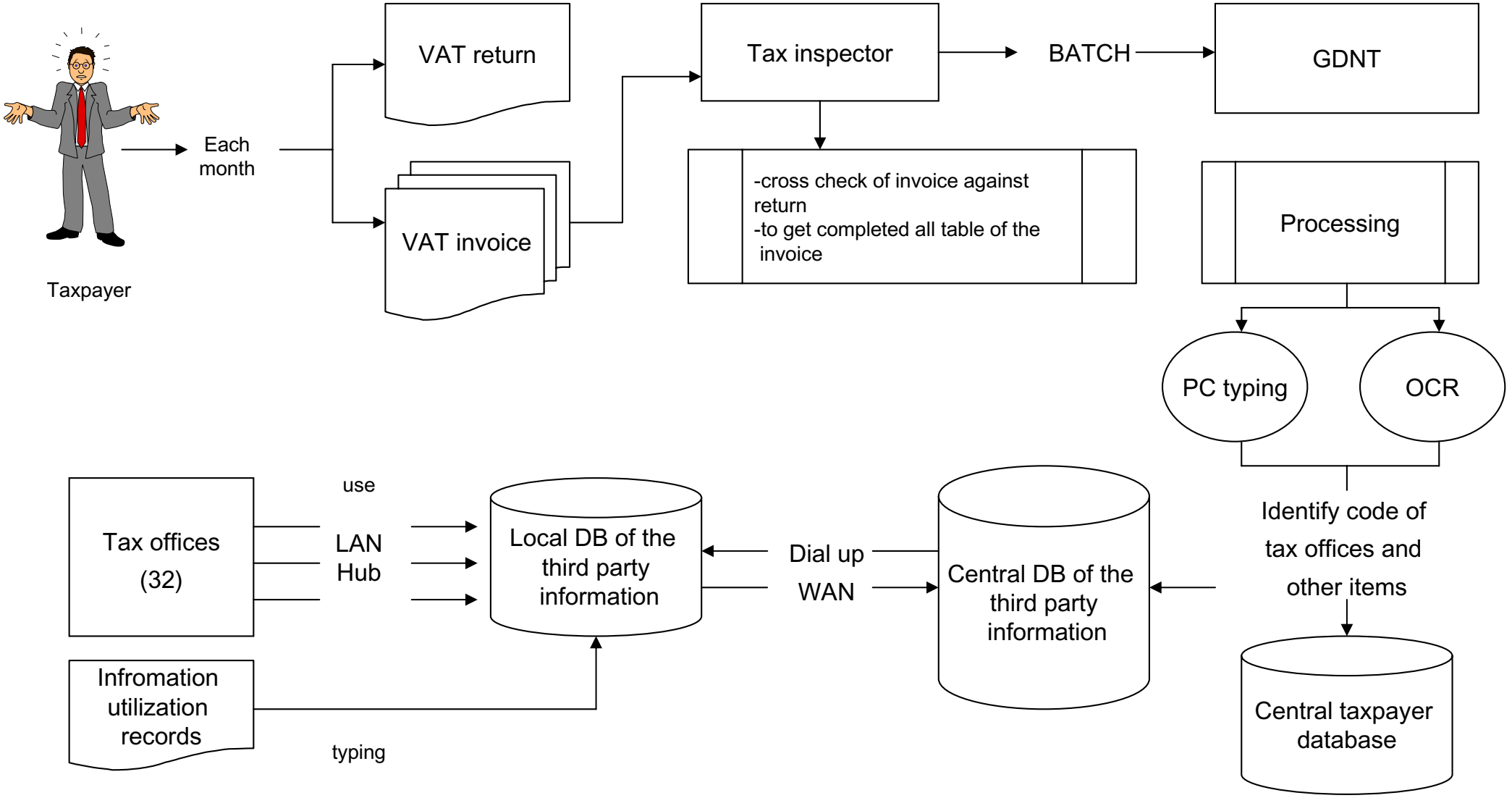
№	Items	Specification mark		Explanation	Annual amount		
		mark	numeral		2003	2004	2005
	Economic enterprises				20,000	25,000	30,000
	Individuals				100,000	250,000	500,000
	Total number of taxpayers				120,000	275,000	530,000
1	- TIN	stamp	10		1,200,000	2,750,000	5,300,000
2	- Name of a taxpayer	stamp	30		3,600,000	8,250,000	15,900,000
3	Number of identification card	numeral	13		1,560,000	3,575,000	6,890,000
4	tax office	code	4	Any number	480,000	1,100,000	2,120,000
5	Date of registration with tax office	numeral	8	Any number	960,000	2,200,000	4,240,000
6	Date of de-registration	numeral	8		960,000	2,200,000	4,240,000
10	Type of ownership	code	3		360,000	825,000	1,590,000
Total					**9,120,000**	**20,900,000**	**40,280,000**

Appendix 10

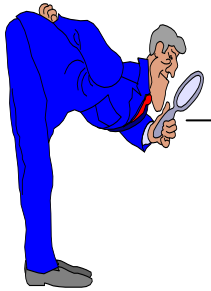
Structure and size of the information to be sent to the CGA

№	Items	Specification		Explanation	Annual amount		
		mark	numeral		2003	2004	2005
	Economic enterprises				20,000	25,000	30,000
	Individuals				100,000	250,000	500,000
	Total number of taxpayers				120,000	275,000	530,000
1	- TIN	stamp	10		1,200,000	2,750,000	5,300,000
2	- Name of a taxpayer	stamp	30		3,600,000	8,250,000	15,900,000
3	Number of identification card	numeral	13		1,560,000	3,575,000	6,890,000
4	tax office	code	4	Any number	480,000	1,100,000	2,120,000
5	Date of registration with tax office	numeral	8	Any number	960,000	2,200,000	4,240,000
6	Date of de-registration	numeral	8		960,000	2,200,000	4,240,000
8	Address:			New address			
	aimag and district	code	2		240,000	550,000	1,060,000
	soum, khoroo	code	2		240,000	550,000	1,060,000
	Street name, number	code	4		480,000	1,100,000	2,120,000
	building name, number	stamp	40		4,800,000	11,000,000	21,200,000
	apartment of fence number	stamp	40		4,800,000	11,000,000	21,200,000
	telephone number 1	stamp	15		1,800,000	4,125,000	7,950,000
	telephone number 2	stamp	15		1,800,000	4,125,000	7,950,000
	Facsimile number	stamp	15		1,800,000	4,125,000	7,950,000
	e-mail address	stamp	50		6,000,000	13,750,000	26,500,000
	Type of ownership	code	3		360,000	825,000	1,590,000
10	**Total**				**31,080,000**	**71,225,000**	**137,270,000**

Flow of VAT invoice



FLOW OF THIRD PARTY INFORMATION FORM



Tax auditor

In all tax autits

conducting tax audit

Third party information forms

BATCH

GDNT

Processing

PCtyping

OCR

Identify code of tax offices and other items

Central taxpayer database

Central DB of the third party information

Dial up WAN

Local DB of the third party information

use

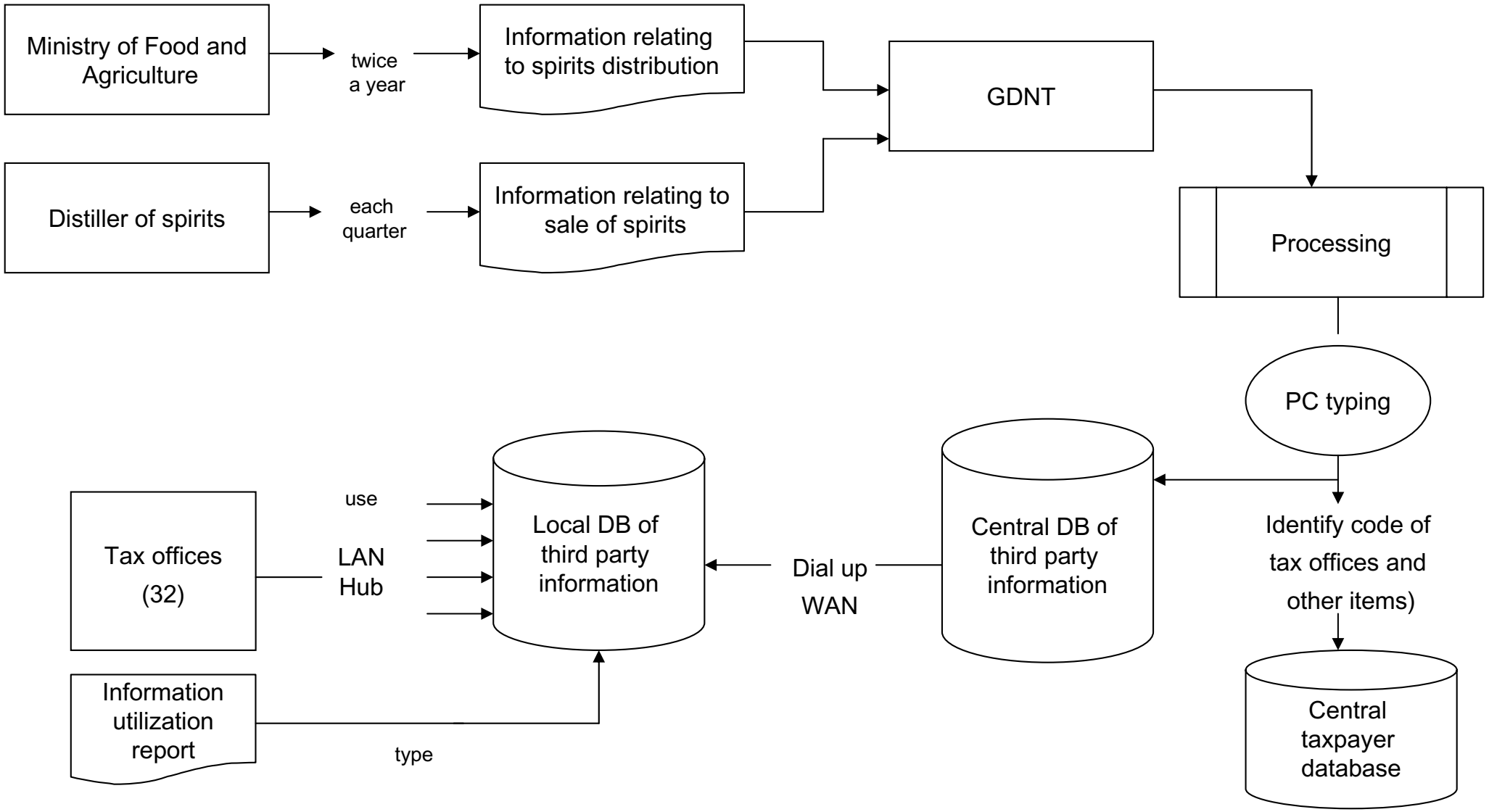
LAN Hub

Tax offices (32)

Information utilization records

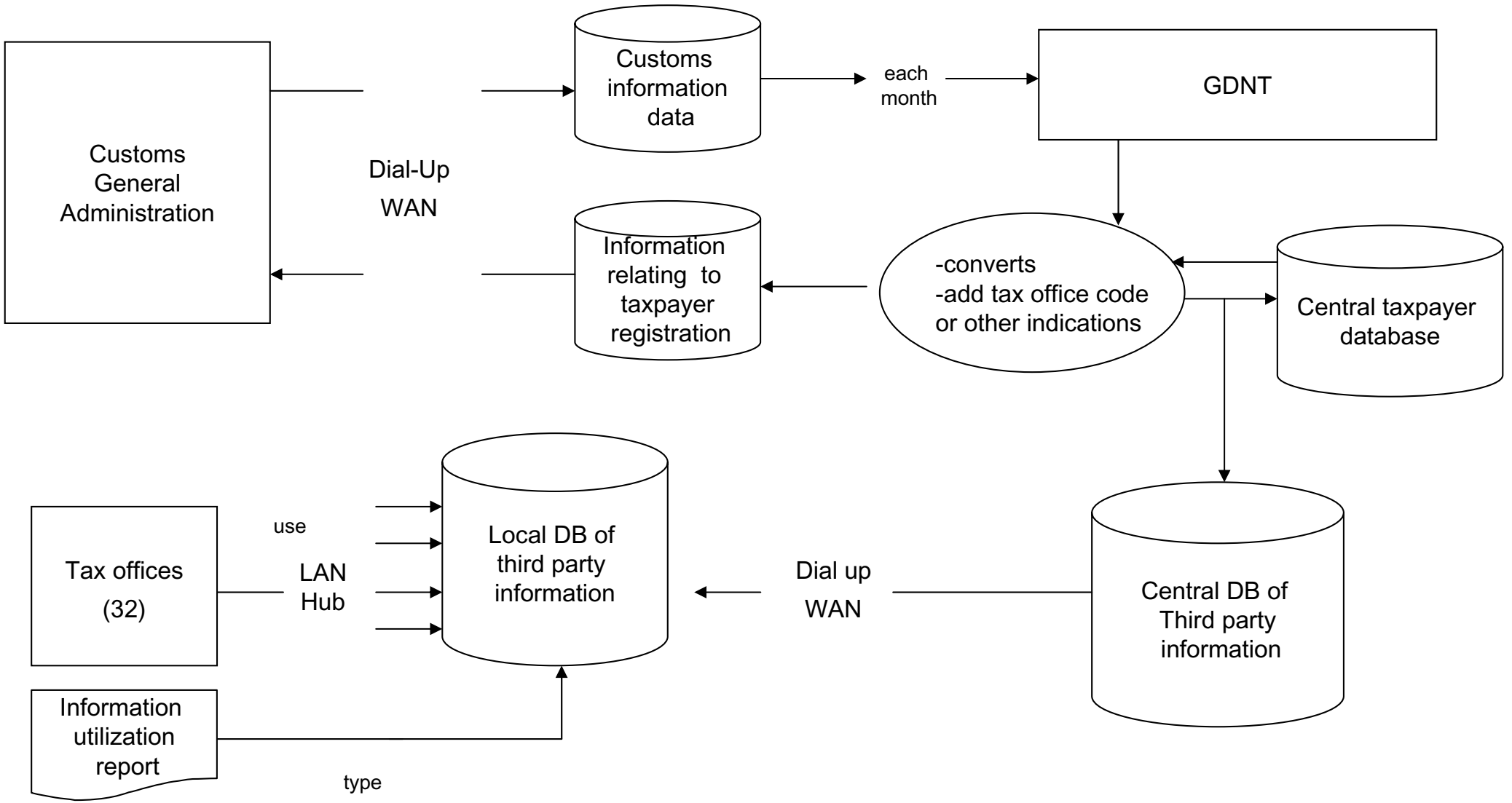
type

FLOW OF INFORMATION ON SPIRITS



Appendix 14

FLOW OF INFORMATION RELATING TO CUSTOMS CLEARANCE



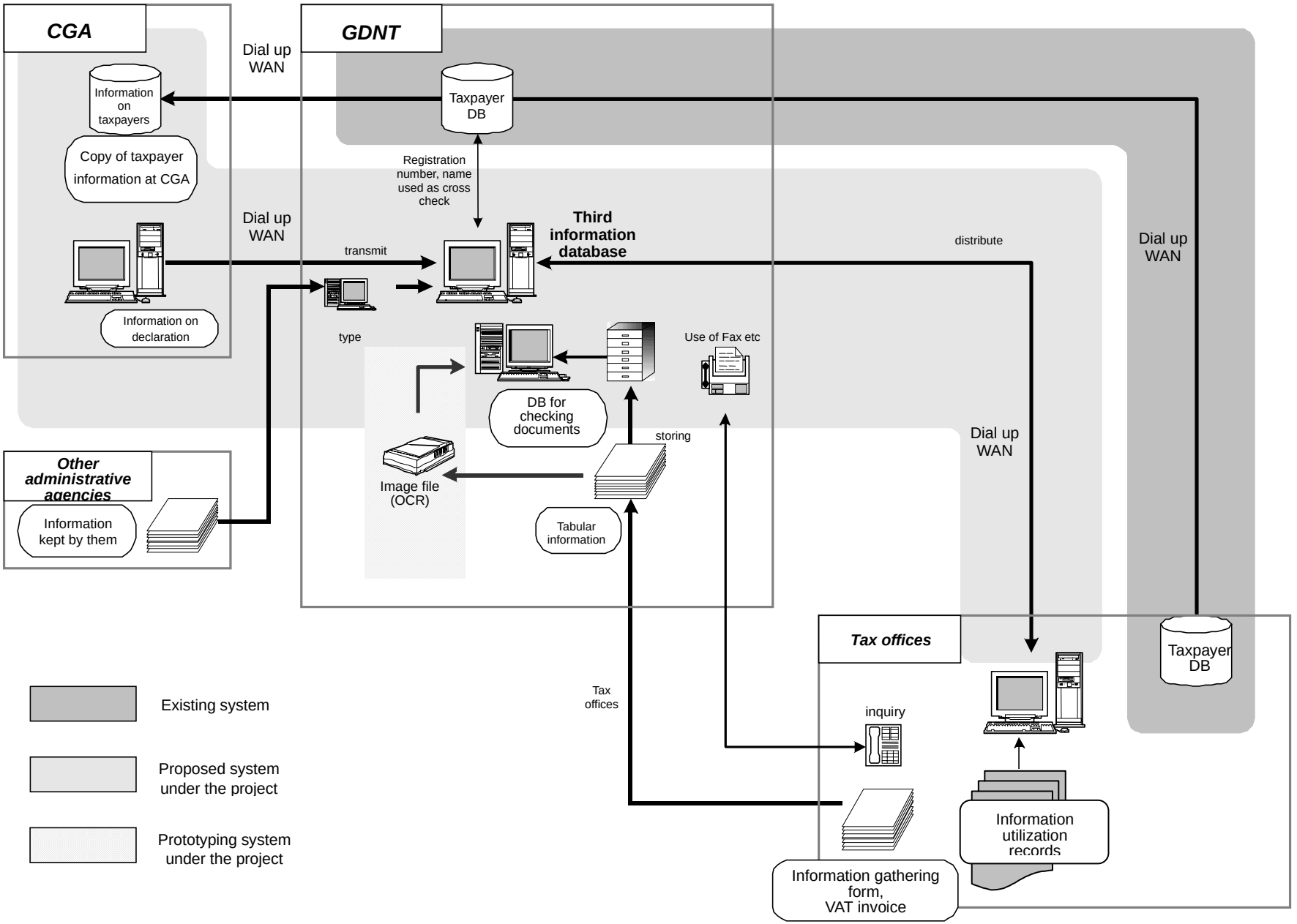
Computer /at local level/

GX-400 SMT-Dell Optiplex Gx400

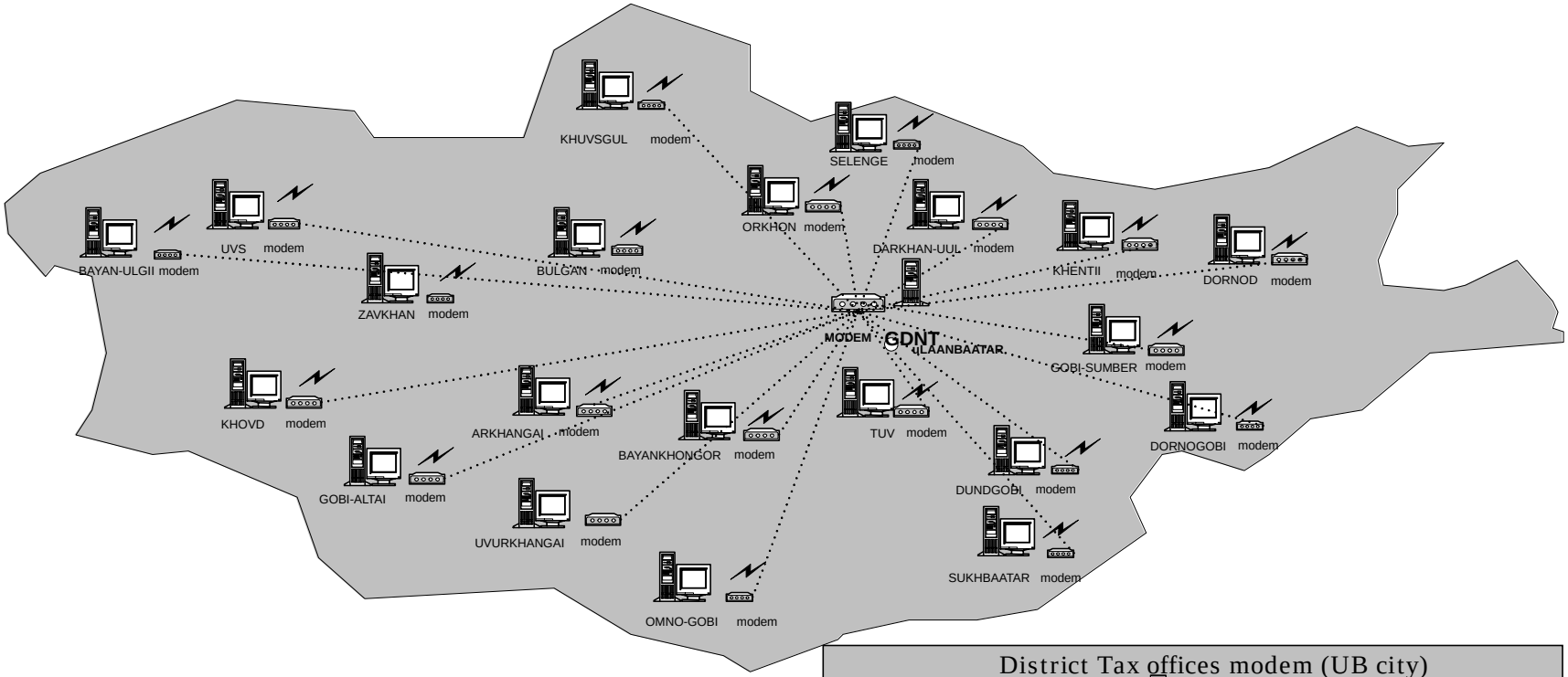
- P-IV, 1.4 GHz CPU
- 256 KB CACHE, INTEL 850 CHIPSET
- INTEGRATED NETWORKING 10/100MB/S 3 COM FAST
- MEMORY 256MB (2X128) PC600 RDRAM
- GRAPHICS CARD, 32 MB
- HARD DRIVE, 60 GB
- MODEM 56KBPS INTERNAL
- CD-ROM DRIVE, 48X
- DISKETTE DRIVE, 3.5'' 1.44 MB
- MONITOR, 17''

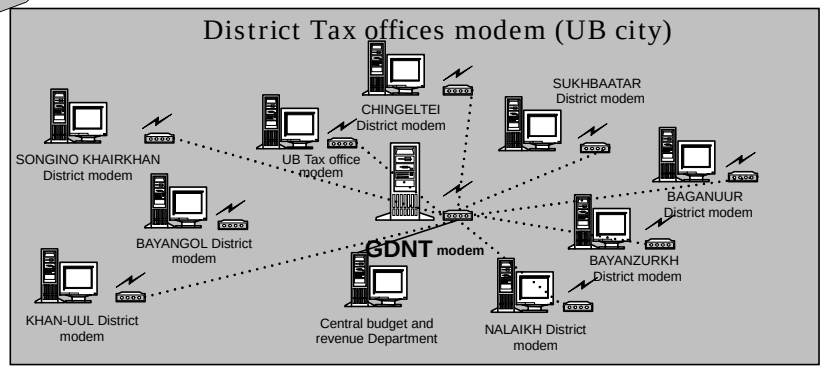
Oracle 9I Database certified configuration for Dell power edge 6400 server/ at GDNT level/

- P-IV, XEON® processor 1.6 GHz with up to 512 of Cache
- MEMORY 2GB ECC RDRAM
- PERC3/DC (2-int channels)
- HARD DRIVE RAIDS
- Hard drive backplane 8-bay Splittable hot plug backplane
- Hard drive for database storage 4x73 GB 1'' drives (DB depend) 10K PRM SCSI
- Network adapter Onboard Intel Pro 100+NIC
- Cables Cat5E-Qty 1
- Tape backup External 35/70GB, DLT-700 auto loader pack amount, tape backup software
- Power supply Redundant
- Software Oracle 9I Database & Application Server with Windows® 2000 Advanced server (50 client licenses) factory installed
-


CGA
GDNT
Dial up WAN
Information on taxpayers
Taxpayer DB
Copy of taxpayer information at CGA
Registration number, name used as cross check
Dial up WAN
Third information database
transmit
distribute
Dial up WAN
Information on declaration
type
Use of Fax etc
DB for checking documents
storing
Dial up WAN
Other administrative agencies
Information kept by them
Image file (OCR)
Tabular information
Tax offices
Taxpayer DB
Tax offices
inquiry
Information utilization records
Information gathering form, VAT invoice
Existing system
Proposed system under the project
Prototyping system under the project

Automation process of tax offices





Appendix 10

Structure and size of the information to be sent to the CGA

№	Items	Specification		Explanation	Annual amount		
		mark	numeral		2003	2004	2005
	Economic enterprises				20,000	25,000	30,000
	Individuals				100,000	250,000	500,000
	Total number of taxpayers				120,000	275,000	530,000
1	- TIN	stamp	10		1,200,000	2,750,000	5,300,000
2	- Name of a taxpayer	stamp	30		3,600,000	8,250,000	15,900,000
3	Number of identification card	numeral	13		1,560,000	3,575,000	6,890,000
4	tax office	code	4	Any number	480,000	1,100,000	2,120,000
5	Date of registration with tax office	numeral	8	Any number	960,000	2,200,000	4,240,000
6	Date of de-registration	numeral	8		960,000	2,200,000	4,240,000
8	Address:			New address			
	aimag and district	code	2		240,000	550,000	1,060,000
	soum, khoroo	code	2		240,000	550,000	1,060,000
	Street name, number	code	4		480,000	1,100,000	2,120,000
	building name, number	stamp	40		4,800,000	11,000,000	21,200,000
	apartment of fence number	stamp	40		4,800,000	11,000,000	21,200,000
	telephone number 1	stamp	15		1,800,000	4,125,000	7,950,000
	telephone number 2	stamp	15		1,800,000	4,125,000	7,950,000
	Facsimile number	stamp	15		1,800,000	4,125,000	7,950,000
	e-mail address	stamp	50		6,000,000	13,750,000	26,500,000
	Type of ownership	code	3		360,000	825,000	1,590,000
10	**Total**				**31,080,000**	**71,225,000**	**137,270,000**

To the Director General of the

Project operation

Form 01-01

No	Date: dd/mm/yy	

Reference：

Type

Content::

Dd/mm/yy/

From:

Attachments ：

Measures taken：

dd/mm/yy/

Attachments:

Attachments ：

Signature:	Signature:

Schedule for development of the programs

Prior tasks	Tasks	Performer	Performance result
R F P	Rough design	Vender user	Draft and rough outline of the design
Draft and rough outline of the design	External design	User, vender	External design: Interface design (inputting and retrieval display layout, explanations for inputting and retrieval display layout, routing diagram of the inputting and retrieval display),logical database design, infrastructure design (hardware structure scheme, network structure scheme, software structure scheme, detailed instruction thereof), operation design(operations in ordinary and extraordinary circumstances, server operation, client operation) testing plan, conversion plan, training schedule
External design	Internal design	Vender, user	Database design, detailed instruction of the programs, detailed operation plan, operation manual, user manual
Detailed instruction to the programs	Production	Vender,	Program Report on the segmented testing
Schedule for making tests, programs	Unified testing	Vender,	Preparation of the report on the unified testing Report on the progress of the testing Program of the unified testing Report on the result of the unified testing
Schedule for making tests, detailed operation design, programs	General testing Inside GDNT Between GDNT & CGA	Vender, user	Preparation of the report on the general testing Report on the progress of the testing Program of the unified testing Report on the result of the general testing Results of the cross checking
Conversion plan Conversion program	Conversion	Vender, user	Conversion results Report on the results of the conversion
Training schedule Complete design of the operation (operation manual, user manual)	Training Training on system administration, end-user training	Vender, user	Efficiency of the training Report on the conducted training
Infrastructure design	Develop infrastructure	Vender, user	Report on development of infrastructure

Schedule for developing programs

Tasks	May	June	July	Aug	Sep	Oct	Nov	Dec
	▼ RFP	▼ start				▼ Exemplary operation		▼ Main
External design			← →					
Internal design - program design - detailed operation design				← →	← →			
production				← →				
Unified testing				← →				
General testing - intra- GDNT - between GDNT&CGA					← →	← →		
Conversion							← →	
Training - system administration - end-user					← →			
Development of infrastructure				← →	← →	← →	← →	
OCR prototyping Evaluation		← →	← →	← →	← →			

As envisaged by this schedule ,sub-systems(sub-system for transmitting the information system for transmission of information by the CGA, system for manual inputting of information , system for cross-checking and information utilization sub-system) to be developed under the “the third party information database” will be finalized by August this year.

ANNEX-3

(2) Third Party Information System Operation Manual

Third Party Information System Operation Manual

Contents

1.Purpose

1.1. Purpose of manual
The purpose of the «Third party information system administration manual» is to enable monitoring from center run with accuracy. Therefore the system operation manual is written to give general information of the system, scope of influence, the monitoring procedure during normal and emergency situations, structure of the system.

1.2. Objective of the system

TPI system is required to be reliable, productive and highly secured in order to strengthen tax collection by tax officials.
The main objective of the system is to continuously meet and monitor the requirements above.

1.3. Conditions given to the manual

- To match with systems external and internal design
- Security issues must be based on “Information security regulation”

2.Sphere of influence

2.1. Users

The users are:
/1/ The users who are using output information such us
- Director of GDNT
- …of custom office
- Tax officials

/2/ Person in charge of system control and management
- System administrator

/3/ Individuals who are directly using the system
- Central operator
- Local operator

2.2. Input data

The following data would be imported and inputted into the TPI system

№	Name of information	Source of information	Collector	Time schedule	Type of collect
1	Customs data	General custom office	GDNT	Monthly	Network
2	Spirit distribution document	Ministry of agriculture	GDNT	Quarterly	Paper
3	Spirit sales document	Spirit manufactures	GDNT	Monthly	Paper
4	VAT invoice		Tax official	Monthly	Paper
5	Withholding tax return TT11 /2/		Tax official	Quarterly	Paper

6	Withholding tax return TT11 /3/		Tax official	Quarterly	Paper
7	Collection paper	Tax official	Tax official	Monthly	Paper

2.3. System background

On the table below, relation between authority users and system operation

№	System operation	System administrator	Central operator	Local operator
1	File		O	X
2	File change		O	X
3	Data list	O	O	O
4	Reports	O	O	O
5	Documents	O	O	X
6	Utilities	O	O	O
7	Import	O	O	X
8	Central administration	O	O	O
9	Local administration	X	X	O
10	Help	O	O	O

/1/File

Input collected data (paper information) to the central database.
At the present we are inputting collected data such us:

- VAT invoice
- Withholding tax return TT11 (2)
- Withholding tax return TT11 (3)
- Spirit distribution document
- Spirit sales document
- Collection paper

/2/ File change

Changing inputted data on the central database.
At the present we can change data on the central database such us:

- Customs data
- VAT invoice
- Withholding tax return TT11 (2)
- Withholding tax return TT11 (3)
- Spirit distribution document
- Spirit sales document
- Collection paper

/3/ Data list

Output information from central database
Software can print out information depending on requirements

/4/ Reports

To print out statistics based on the information of the central database

/5/Documents

Prepared files in the “Documents” folder should be imported into the central database.
At the present we can import DB files from customs office.

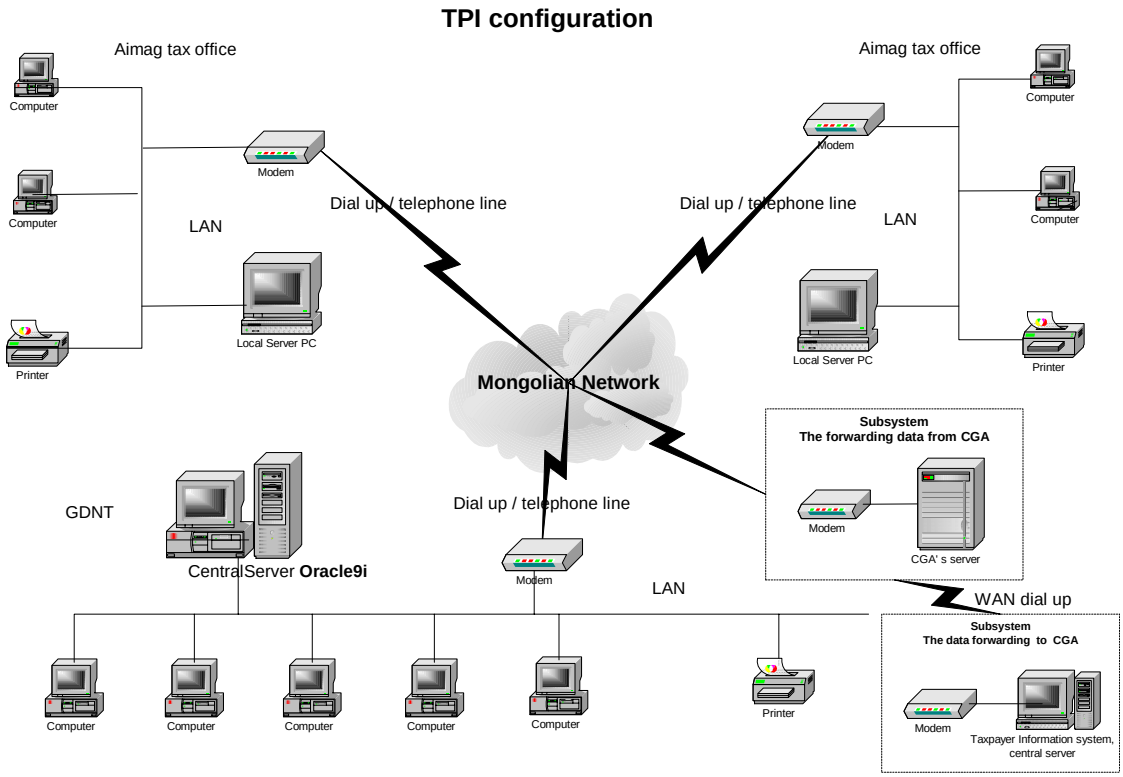
/6/ Utilities
By using this option users can change users password

/7/ Import
By using this option system automatically imports custom data into the central database

/8/ Central administration
/9/ Local administration
/10/ Help
Necessary help information of monitoring the system will be shown on the display.

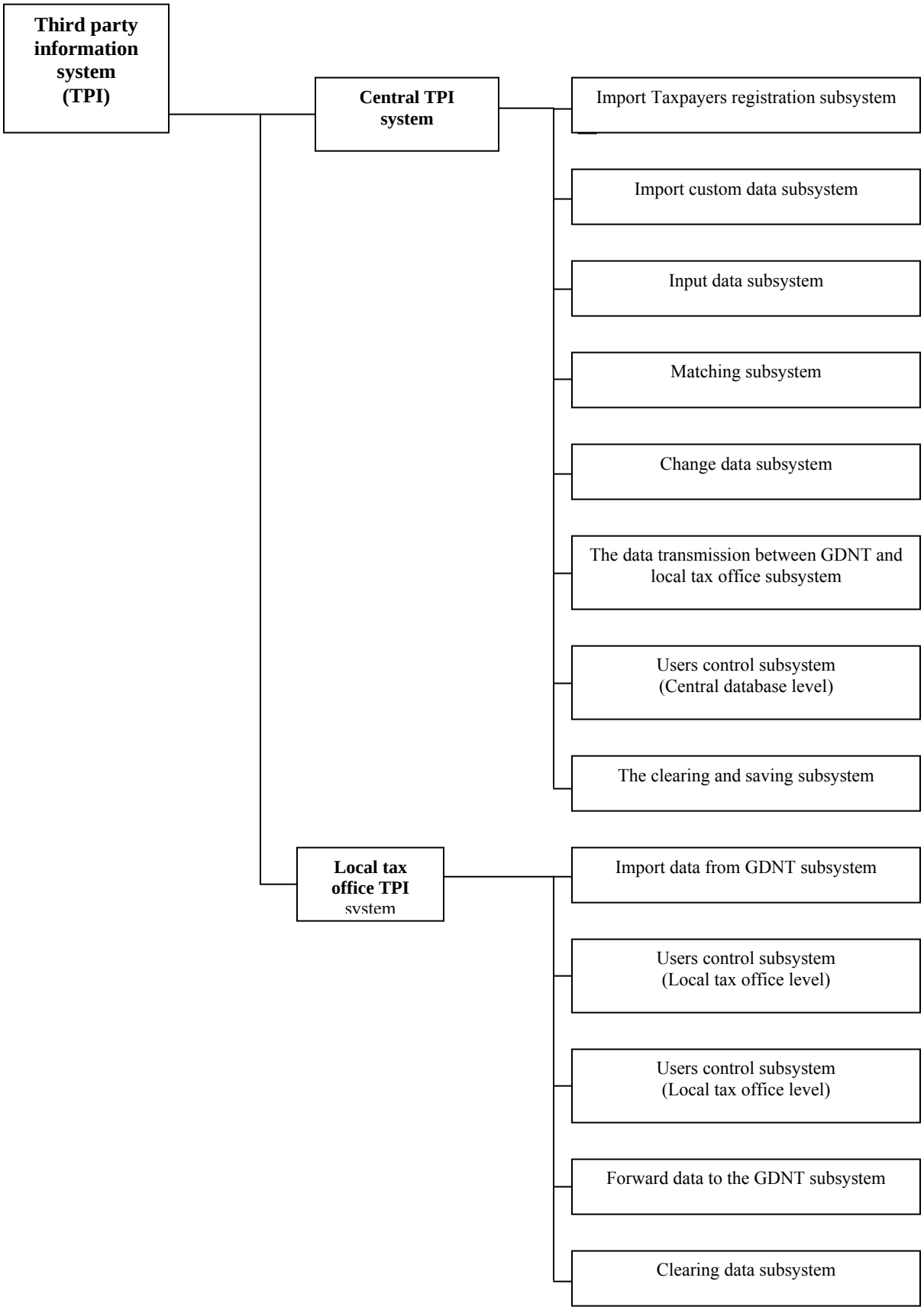
3. System structure

3.1 Subsystem structure



(1) About Subsystem structure see on Appendix 1

3.2. Software


Third party information system (TPI)
Central TPI system
Import Taxpayers registration subsystem
Import custom data subsystem
Input data subsystem
Matching subsystem
Change data subsystem
The data transmission between GDNT and local tax office subsystem
Users control subsystem (Central database level)
The clearing and saving subsystem
Local tax office TPI system
Import data from GDNT subsystem
Users control subsystem (Local tax office level)
Users control subsystem (Local tax office level)
Forward data to the GDNT subsystem
Clearing data subsystem

4. System management in normal situation.

4.1. Starting and ending the system

(1) Schedule of starting and ending the system

(1.1) Schedule of starting and ending the database server

(Exp.) From 8.30 a.m. first working day of the year till 18.30 p.m. last working day of the year

Starting and ending the server will be use on power cat in according with plan, long time vocation period

(1.2) Schedule of starting and ending the system

(Exp.) From 9.00 a.m. Monday till 18.00 p.m. Friday every week

№	System background	Starting time	Ending time	The ways (!1)
1	File			
2	File change			
3	Data list			
4	Reports			
5	Documents			
6	Utilities			
7	Import			
8	Central administration			

(1) The ways will be regulate by the system and procedure

(2) The order of starting and ending the system

(2.1) The order and procedure of start the server

1.

2.

3.

(2.2) The order and procedure of starting the system

1.

2.

3.

(2.3) The order and procedure of ending the system

1.

2.

3.

(2.4) The order and procedure of shut down the server

4.2. System management from the central administration

(1) New user – see appendix 3-1

(2) User administrator – see appendix 3-2

(3) Delete a data – see appendix 3-3

(4) Set standalone tables – see appendix 3-4

(5) Matching and export local DB – see appendix 3-5

(6) Import local data utilization – see appendix 3-6

(7) Clear expired data – see appendix 3-7

(8) Export full local DB – see appendix 3-8

4.3 Data back-up

№	Type of Information	"Back-up" time schedule	Ways of "Back-up"	Time of collecting the information	Clearing data
1	Custom data	Monthly (After importing the data from custom office)	"Back-up" all data monthly, keep last 4 "Back-up"-s	To collect last 7 years data in database	Clearing out the data older than 7 years
2	Spirit distribution document	Monthly (After inputting data)	"Back-up" all data monthly, keep last 4 "Back-up"-s	To collect last 7 years data in database	Clearing out the data older than 7 years
3	Spirit sales document	Monthly (After inputting data)	"Back-up" all data monthly, keep last 4 "Back-up"-s	To collect last 7 years data in database	Clearing out the data older than 7 years
4	VAT invoice	Monthly (After inputting data)	"Back-up" all data monthly, keep last 4 "Back-up"-s	To collect last 7 years data in database	Clearing out the data older than 7 years
5	Withholding tax return TT-11 (2)	Per quarter (After inputting data)	"Back-up" all data monthly, keep last 4 "Back-up"-s	To collect last 7 years data in database	Clearing out the data older than 7 years
6	Withholding tax return TT-11 (3)	Per quarter (After inputting data)	"Back-up" all data monthly, keep last 4 "Back-up"-s	To collect last 7 years data in database	Clearing out the data older than 7 years
7	Collection paper	Monthly (After inputting data)	"Back-up" all data monthly, keep last 4 "Back-up"-s	To collect last 7 years data in database	Clearing out the data older than 7 years

5. System management in critical situation

5.1 Measurements of failure

(1) Hardware failure:

- With server
- With client computer

(2) Software failure

In the case of Windows 2000 or ORACLE system broking down

The Windows 2000 system will be installed newly by the GDNT staff.

At the GDNT level, the central server should have a backup system and the backup central database will be copied after the installation.

At the Tax office level, the system administrator will do the exporting of full local database and the local database will be imported after the installation.

(3) Network failure

- LAN
- WAN

(4) Software failure

- In the case of procedures and views broking down

The TPI central system has to have an option of preparing the recompiling sql files, which could be sent to the local tax office. By using this option, the broken procedures and views could be recovered.

- In the case of module's scripts destroying

The modules scripts should be sent by the GDNT staff to tax office.

- In the case of local database are missing out

In the local tax office missed out the local database which was sent from the GDNT, the local tax office has to ask for exporting of full local database. In this case, the central TPI system has to have an option of exporting a full database and send it to the tax office which missed out the local database.

5.2 Recording of failures

Failures and taken measurements must be accurately recorded on special "Failure record book". The record book must contain query sheet (see appendix 4) and measurements taken on the query sheet (see appendix 5). Local administrator mists give a monthly report on failures and taken measurements to a central administrator and to a head of DPAD.

5.3 Error message

№	Error message	Reason	Measures were done

6. Structure of system operation

6.1. Receiving and sending queries

(1) Users queries
-About systems general operation
Person or working team in charge of receiving queries (GDNT)
Phone: 01-976-11-324101
Email:
-About systems operation from Help desk
Person or working team in charge of receiving queries (GDNT)
Phone: 01-976-11-324101
Email:
-In the case of system failure
Person or working team in charge of receiving queries (GDNT)
Phone: 01-976-11-324101
Email:

(2) Queries from GDNT

-Problem with hardware
Person or working team in charge of receiving queries (TTT Co.Ltd.)
Phone: B.Tuguldur 01-976-99112878
Email:
-Queries about Oracle DB
Person or working team in charge of receiving queries (TTT Co.Ltd.)
Phone: B.Tuguldur 01-976-99112878
Email:
-Queries about systems application
Person or working team in charge of receiving queries (TTT Co.Ltd.)
Phone: B.Tuguldur 01-976-99112878
Email:

6.2. Users queries time schedule
-About systems general operation
(Exp.) 9.00 a.m.–18.00 p.m.
-About systems operation from Help desk
(Exp.) 9.30 a.m.–17.30 p.m.
-About system failure
(Exp.) 9.30 a.m.–17.30 p.m.

APPENDIX

Appendix 1

HARDWARE products

No	Description	Component
1.	Central server	1
	2nd processor, Intel Xeon 1.8 GHz with up to 512 of cache Memory 2GB DDR SDRAM 8x256MB 1st HARD DRIVE 73GB 10K RPM Ultra 160 SCSI Primary controller: PERC3/Di 128 MB (2 internal channels)-Embedded RAID Diskette drive: 3.5 in, 1.44 MB Floppy drive 2nd HARD DRIVE 73 GB 10K RPM Ultra 160 SCSI 2nd controller and Fiber channel host bus adapters: PERC3-DC Card, 128 MB, 0-Internal, 2-External channels SW: CA, ArcServe SRV Pro, Pwr-Ste Chassis Orientation: Rapid Rails for Dell Rack Hard drive configuration: Embedded RAID 5, No drives in Media Bay (Min of 3 drives required) Hard drive backplane 8-bay Hot plug backplane 3rd HARD DRIVE: 73 GB, 10K RPM, 1 in Ultra 3 (Ultra 160) SCSI Hot-plug Network adapter: Broadcom Nextreme 10/100/1000 Copper Tape backup External PV 110T, DLTVS80, 40/80, half height, Controller included Power supply Redundant CD-ROM drive 24xIDE Monitor 15 in (13.8 in Viewable) Monitor Gray, E551 Standard windows keyboard, gray Logitec system mouse, gray 3Yr GOLD Support, 4Hr Onsite, S/W Support, TAM Service Tape media, DLIV type, For DLVS80/DLT4000/DLT7000, 5Pack Windows 2000 SVR, 5 CAL, ENG, 4GB PRTN	
2	Local server	0
	P-IV, 1.4 GHz CPU 256 KB Cache, Intel 850 Chipset Integrated networking 10/100 MB/S 3 Com fast Memory 256 MB (2x128) PC 600 RDRAM Graphics card, 32 MB Hard drive, 60 GB Modem 56K bps internal CD-ROM Drive, 48X Diskette drive, 3.5'' 1.44 MB Monitor, 17'' Keyboard Mouse	The local tax office's server computer will provide by them self.
3	Client computer	7
	P-IV, 1.4 GHz CPU 256 KB Cache, Intel 850 Chipset Integrated networking 10/100 MB/S 3 Com fast Memory 256 MB (2x128) PC 600 RDRAM Graphics card, 32 MB Hard drive, 60GB Modem 56Kbps internal CD-ROM Drive, 48X Diskette drive, 3.5'' 1.44 MB Monitor, 17'' Keyboard Mouse	The local tax office's client computer will be provided by them self.
4	Printer HP Laser Jet 2200 DN	1
5	8 port switch HUB	1

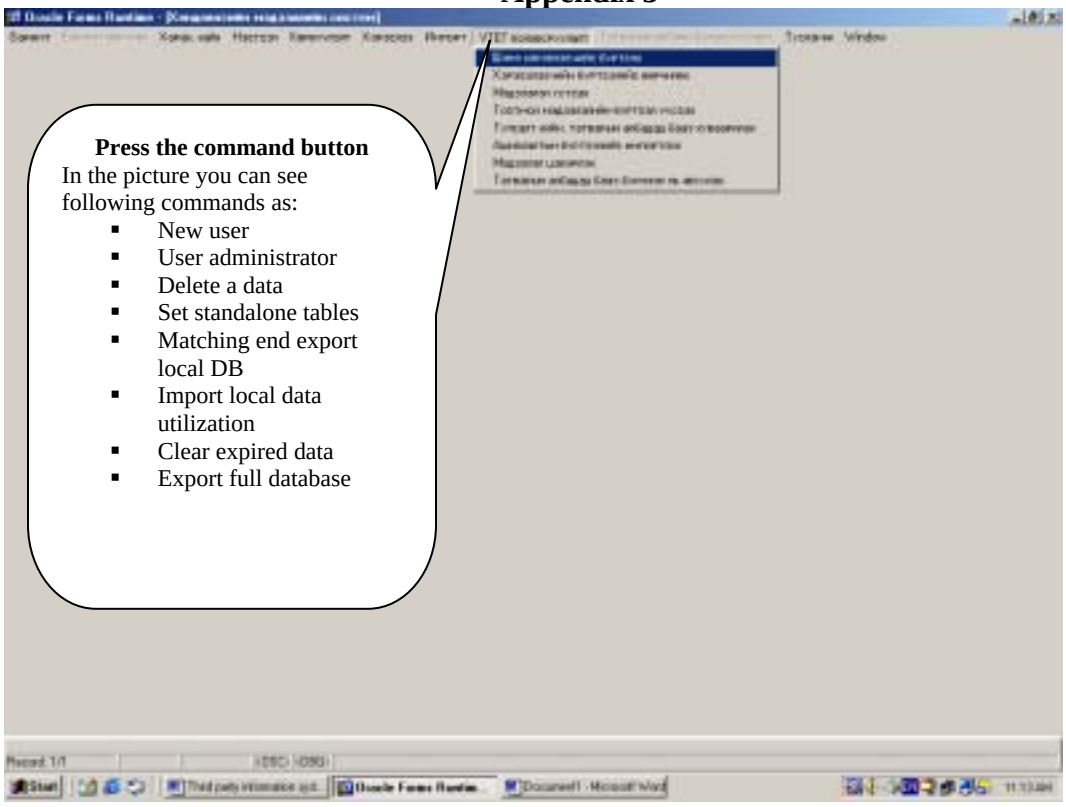
Appendix 2

System	Sub-system	No	Modules
Design of third party information database	Develop design of third party information database	1	Development of third party information database design
		2	Developing and encoding of regular information database
Designing of information database (70 man/day)			
Taxpayer information database system	Export information from the taxpayer information database	3	Exportation of taxpayer registration information
		4	Exportation of taxpayer registration information to the CGA
Importation of information from the CGA	ceive information from the C(	5	Conversion of information to be sent from the CGA
Third party information database	Input information manually to the third party information database	6	Inputting of VAT invoice information
		7	Inputting of third party information form
		8	Inputting of information relating to spirits distribution
		9	Inputting of information relating to sale of spirits
	Make changes to the third party information database	10	Changing VAT invoice information
		11	Changing third party information form
		12	Changing information relating to spirits distribution
		13	Changing information relating to sale of spirits
		14	Changing Customs clearance information
	import information into the third party information database	15	OCR processing: - VAT invoice - Third party information form
		16	Importing files converted by CGA
		17	Importing Information utilization records stored in local DB
	Sort the inputs out by the tax offices	18	Cross-checking of inputs against taxpayer registration database
	Transmit information from the Central database	19	Exporting information to the tax offices
	Receive and transmit information from and to the Local database	20	Exporting information utilization records from the Local database
		21	Importing information sent by GDNT
		22	Printing out customs clearance information
		23	Printing out VAT invoice information
		24	Printing out third party information form
Third party information database	Retrieve, explore and print out the information stored in the third party information database	25	Printing out information relating to spirits distribution
		26	Printing out information relating to sale of spirits
		27	Printing out information utilization records
		28	Printing out statistical data

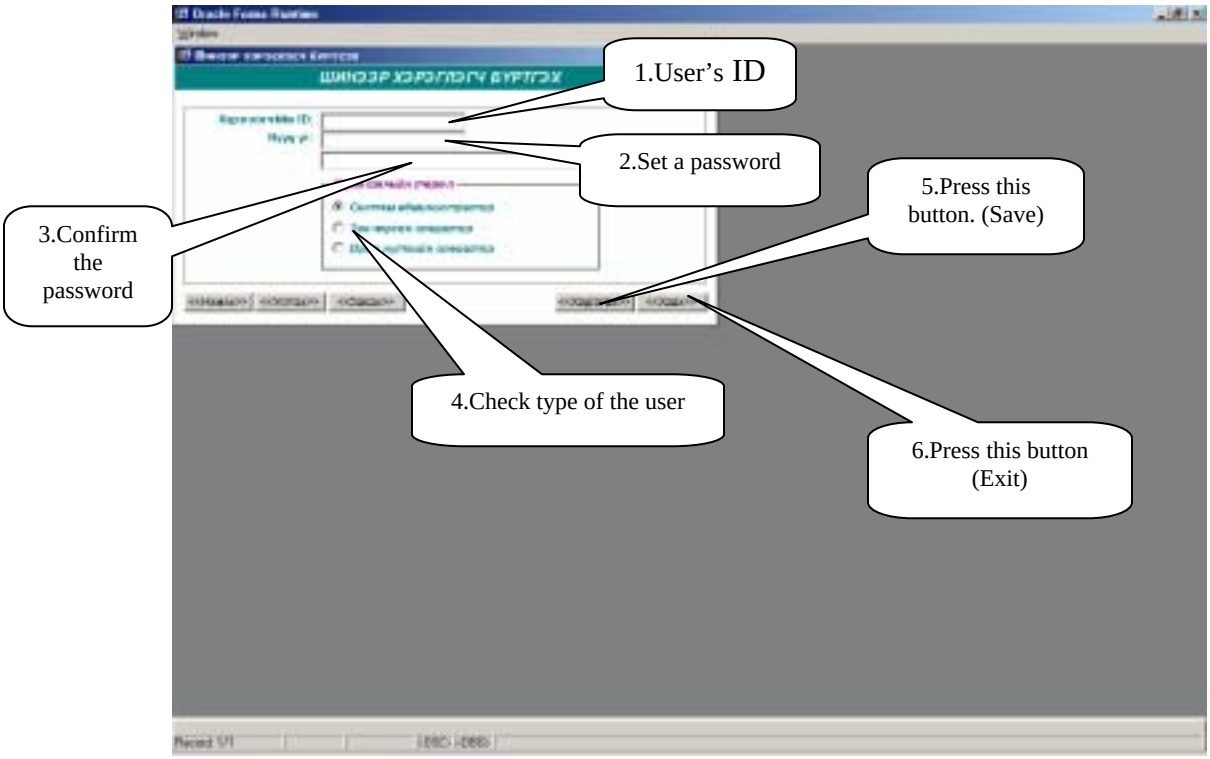
Appendix 2

System	Sub-system	No	Modules
Third party information database	delete the information	29	Storing separately the information kept in central DB more than 5 years
		30	Deleting the information stored in DB for more than 5 years
	test OCR prototyping	31	OCR processing and storing the VAT invoice data in files
		32	OCR processing and storing the third party information in files
	perate application program	33	create general menu of application programs
Development of database and application programs (25 man/day)			
Pilot	Making manual inputs	34	Manual inputs
		35	Identifying and checking errors
Inputting data into the database, testing the programs (25 man/day)			
TOTAL (120 man/day)			

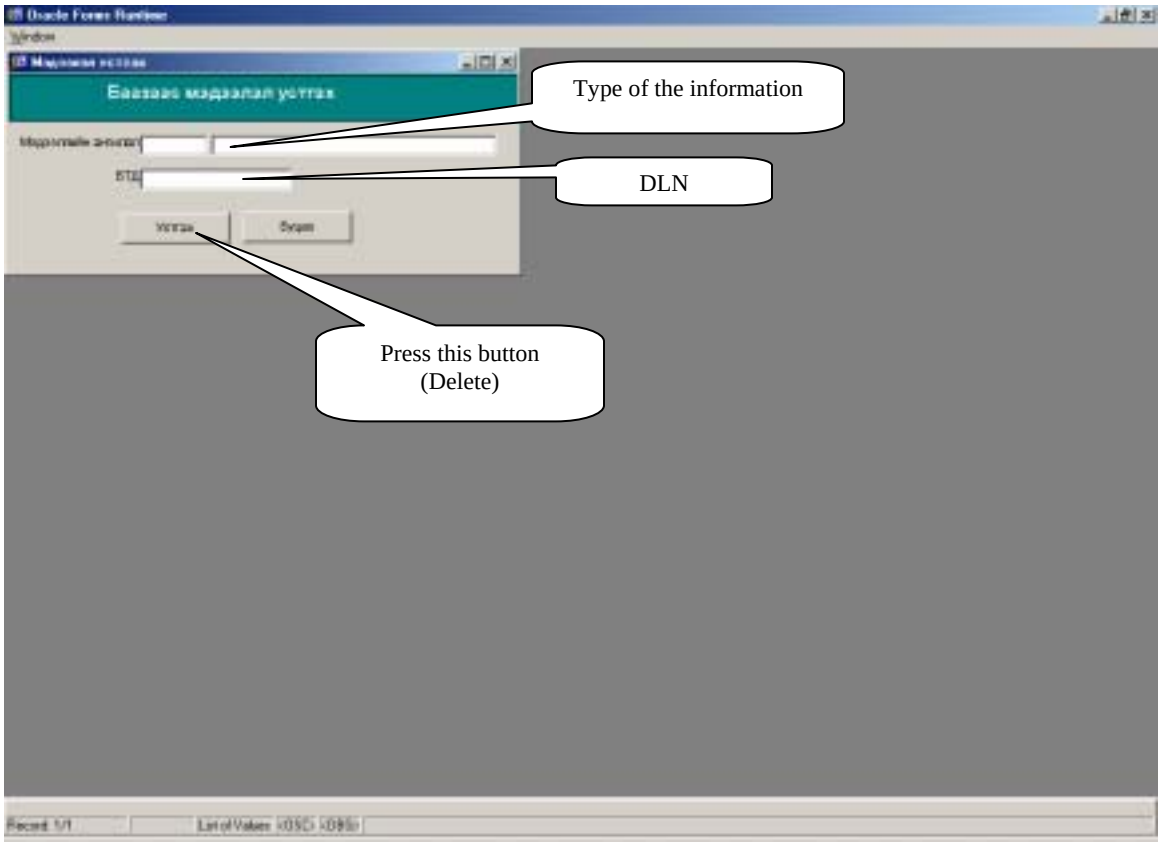
Appendix 3



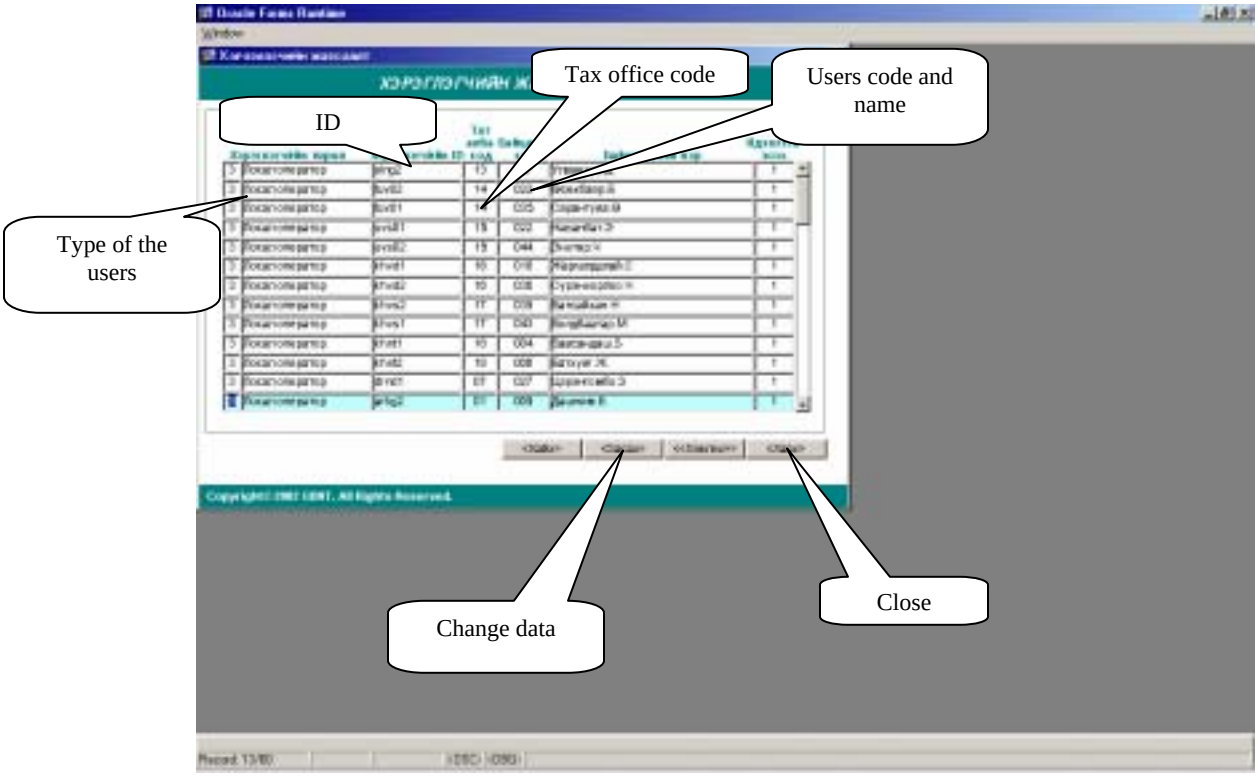
Appendix 3-1
New user



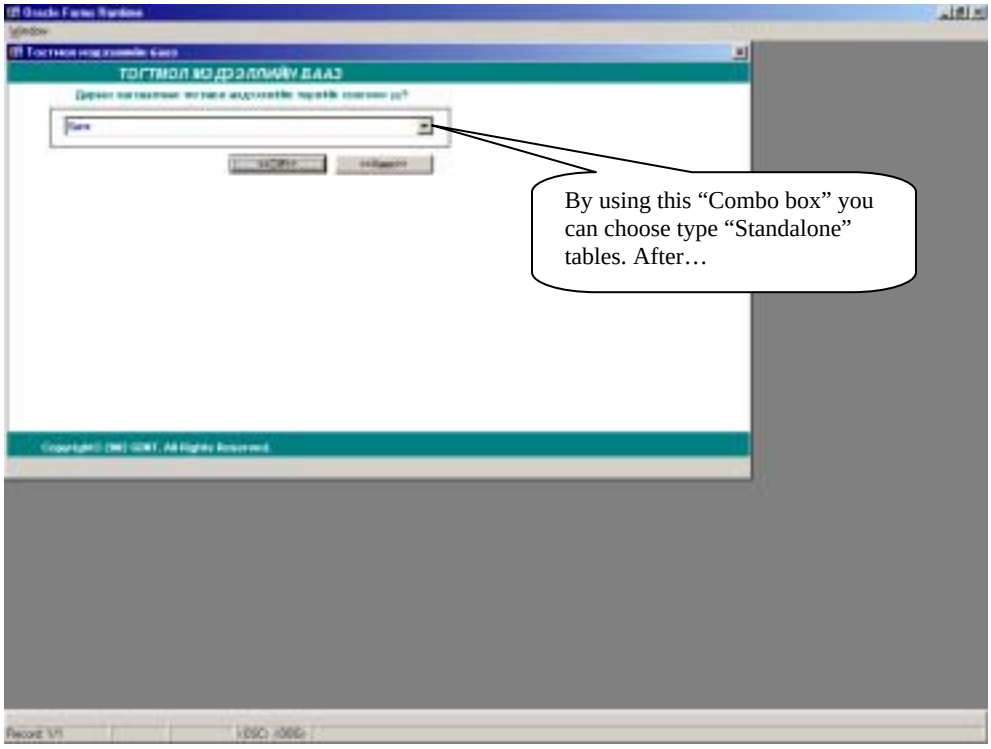
Appendix 3-3
Delete a data

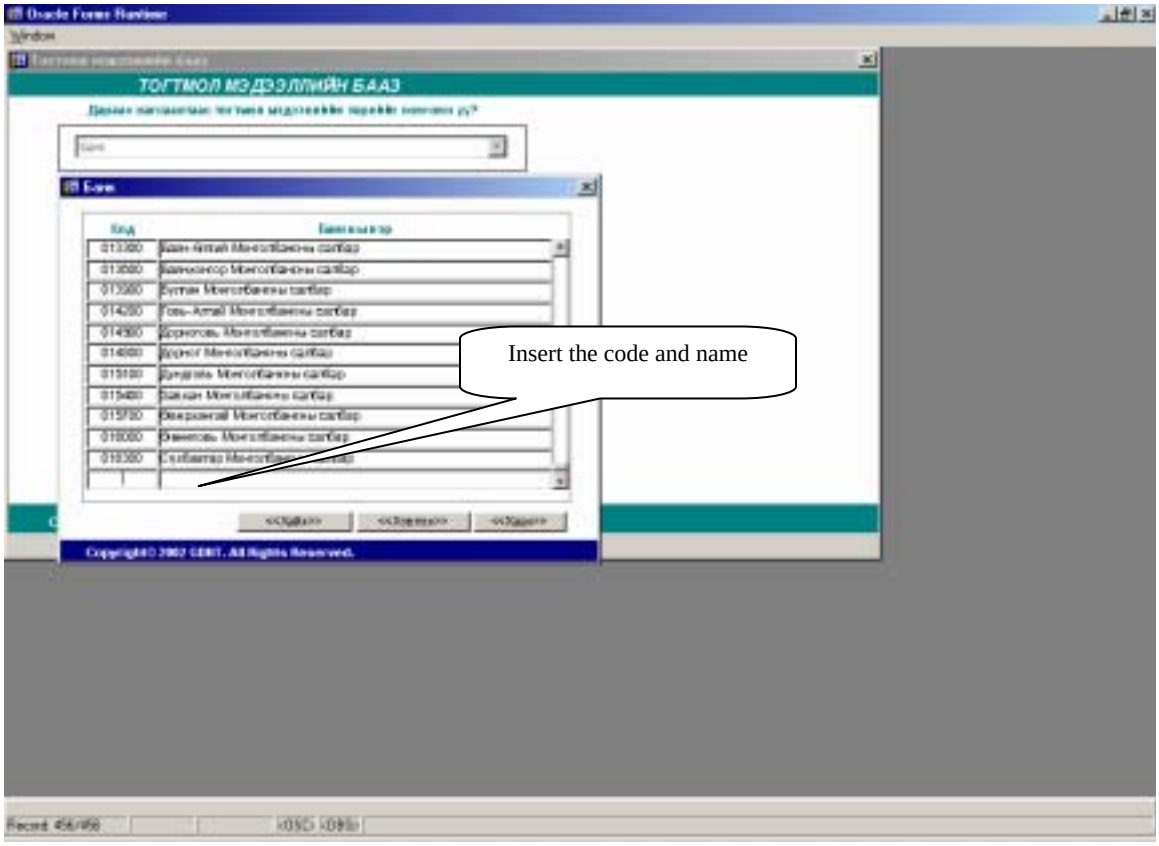


Appendix 3-2
User administrator

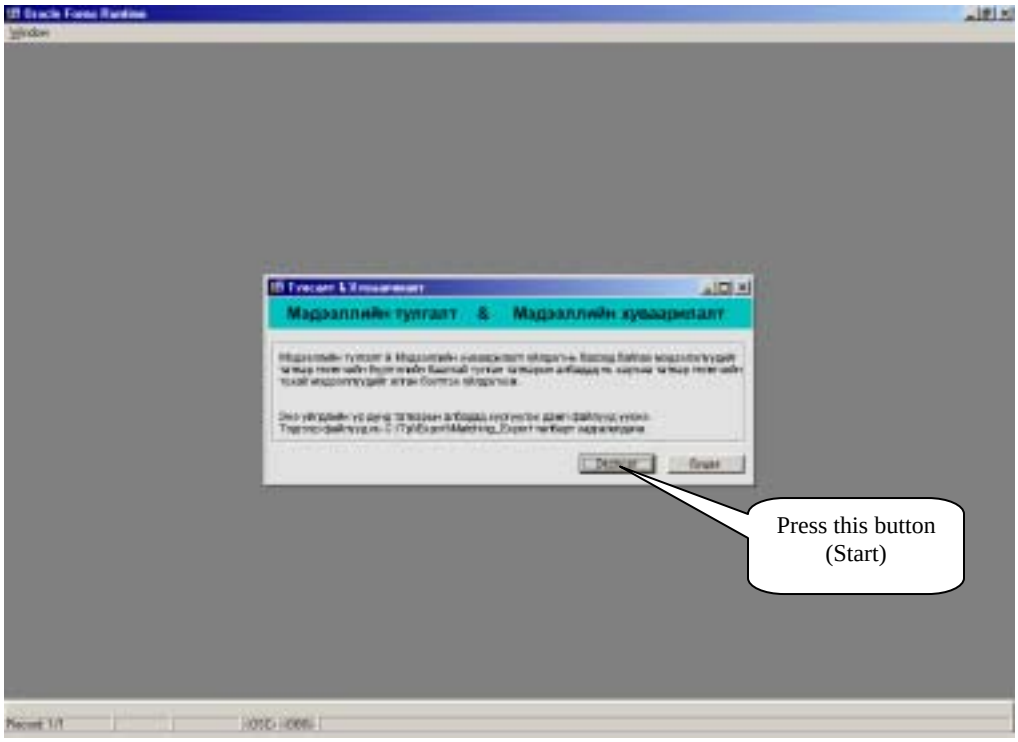


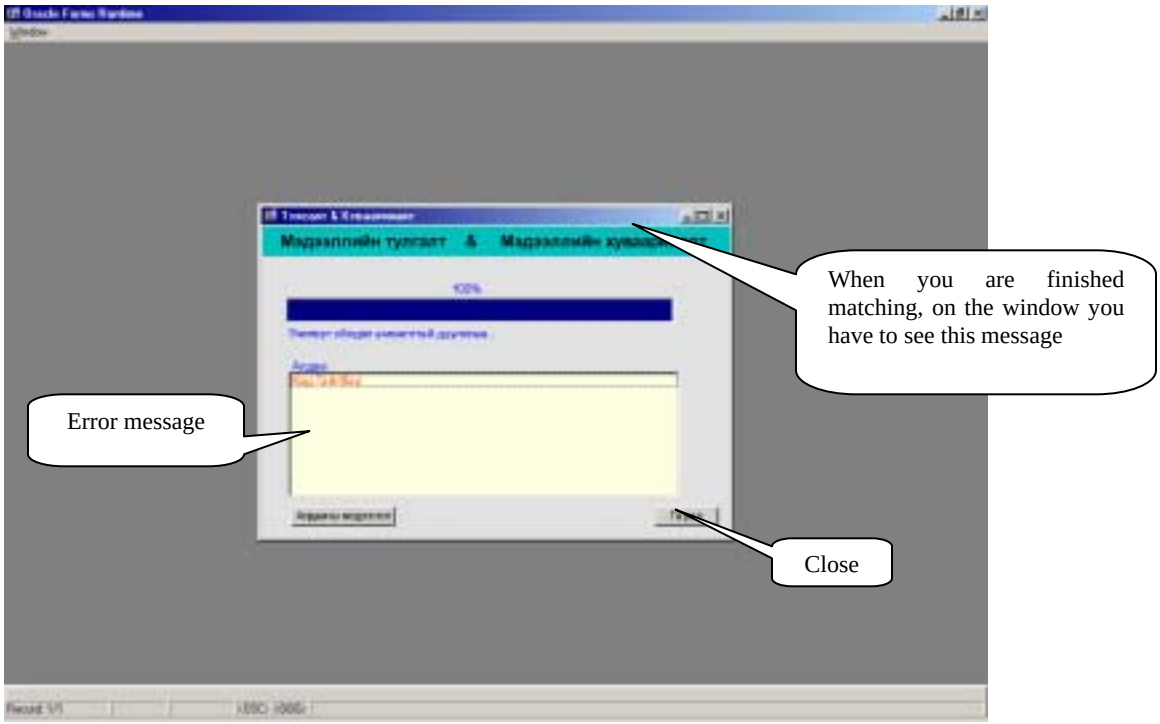
Appendix 3-4
Set standalone tables



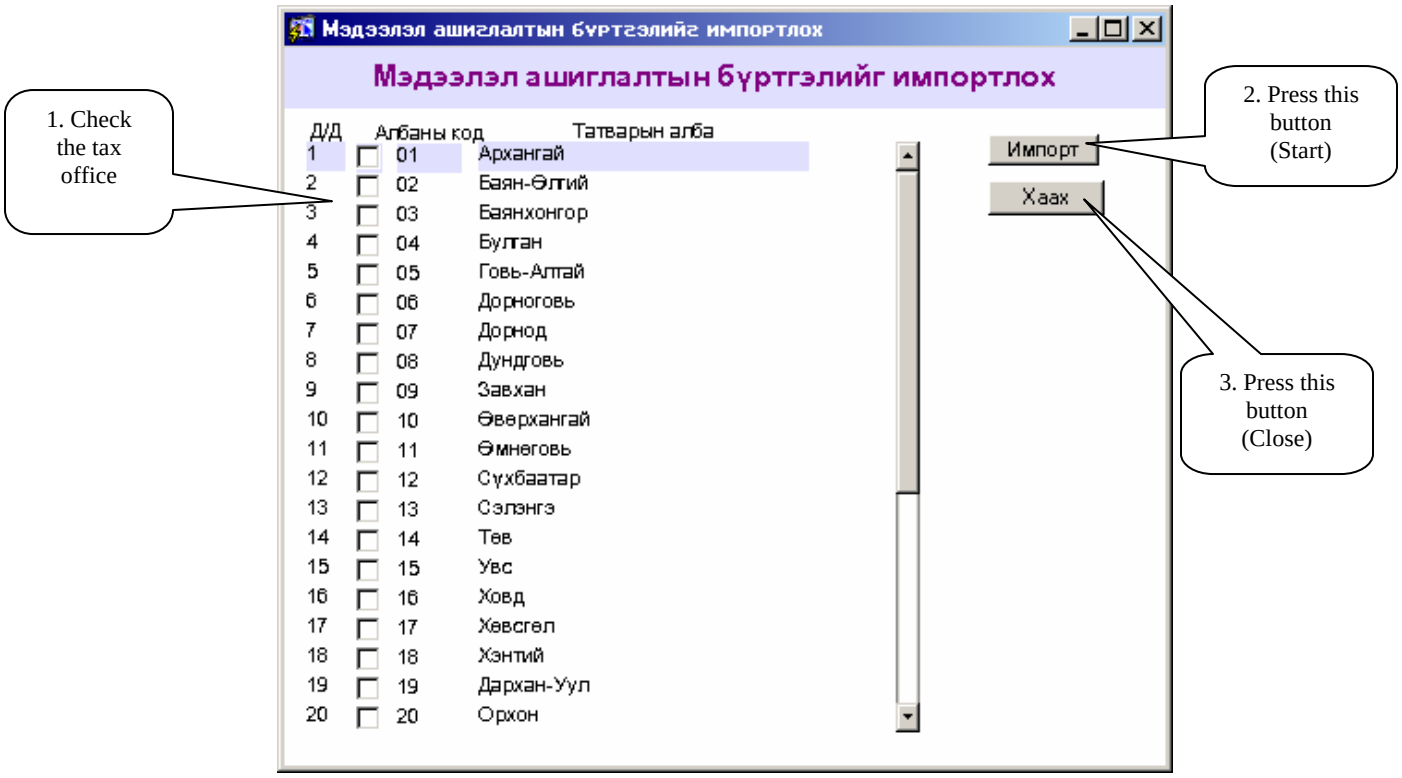


Appendix 3-5
Matching and export local database

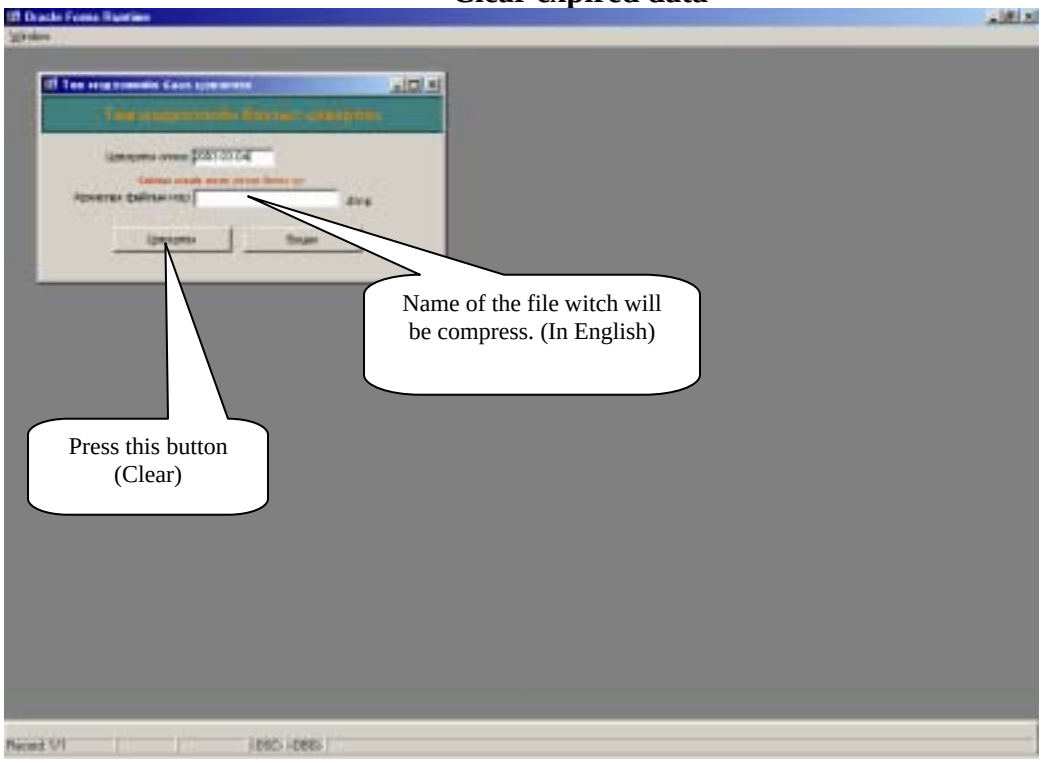




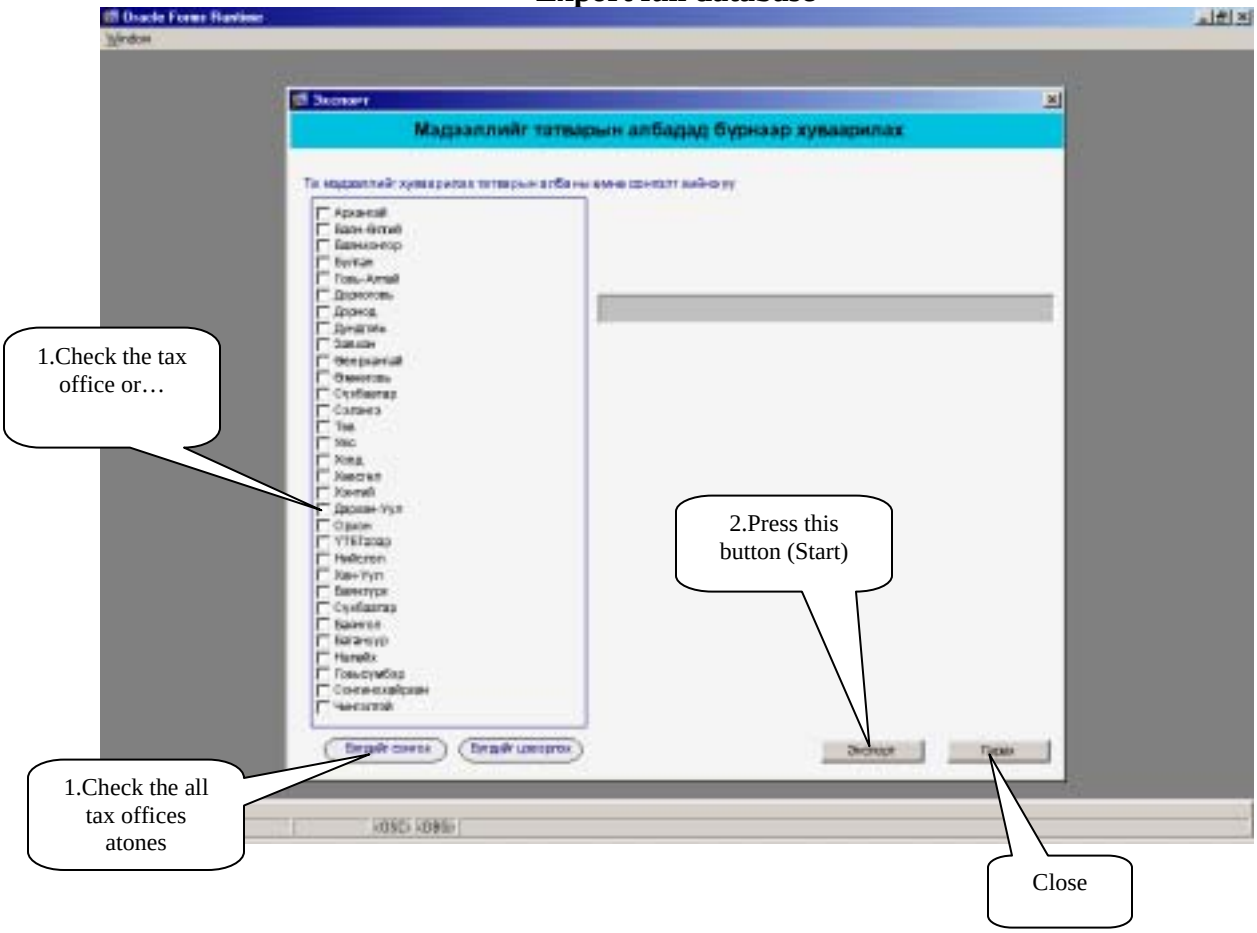
Appendix 3-6
Import local data utilization



Appendix 3-7
Clear expired data



Appendix 3-8
Export full database



ANNEX-4

Results of a Questionnaire Survey Regarding Tax Staff Training Conducted by the GDNT Training Center and JICA

Results of a Questionnaire Survey Regarding Tax Staff Training
Conducted by the GDNT Training Center and JICA

This questionnaire survey was conducted on 310 GDNT and Ulan Bator National Tax Bureau tax staffs in 12 prefectures and 6 districts. Of the 310 questionnaire responses, 88 were rejected due to insufficiencies in responses. Remaining 228 questionnaire responses were collated together as the questionnaire subjects by prefectures and districts were limited. (for questionnaire information by prefectures and districts, refer to the attached tables)

1. ***Of the training subjects listed below, which subject do you wish to receive most? (Place priority rankings)***

Number	Tax Theory	%	Tax Laws	%	Financial Examination Methods	%	Collection Methods	%	Taxation	%	Investigation	%	International Accounting Standards	%
1	68	29.2	24	10.6	24	10.6	13	5.7	8	3.5	1	0.5	92	40.5
2	40	17.6	69	30.4	41	18.0	28	12.3	21	9.2	6	2.6	21	9.2
3	30	13.2	36	18.8	42	18.5	30	13.2	56	24.6	7	3.1	23	10.1
4	8	3.52	30	13.2	42	18.5	61	26.8	47	20.7	14	6.2	20	8.8
5	30	13.2	32	14.8	34	15.0	50	22	47	20.7	20	8.8	13	5.7
6	24	10.6	25	11	36	15.8	26	11.2	40	17.6	54	23.8	19	8.3
7	25	11.0	7	3.1	6	2.4	18	7.9	7	3.1	123	54.1	36	15.8

From this table, it can be seen that International Accounting Standards is regarded as the most important subject with 92 staffs (40.5%) selecting the subject.

From this table, if we weight the first priority subject with 7 points and second highest priority subject with 6 points et cetera and summing the points, the following results are achieved.

Taxation Theory	Tax Laws	Tax Examination Methods	Collection Methods	Taxation	Investigation	International Accounting Standards
983	953	866	771	751	297	1027
17.4%	16.9%	15.6%	13.9%	13.5%	5.3%	18.5%
2	**3**	**4**	**5**	**6**	**7**	**1**

2. What format of tax examiner training would suit you best?

57.2% of the respondents to this question answered:

- Specialized training regarding their functions (collection, tax examination, etc.)
  35.2 % responded
- Training program ran jointly with an educational institution
  while 18.5% responded,
- On-site training (prefecture • regional tax staff training, district tax bureau staff training, etc.) and others also showed preferences for correspondence courses

3. Of the participants, 70.8% have received training provided by GDNT.

4. Do you consider the training that you received to be efficient? (Maximum score – 6)

1	**2**	**3**	**4**	**5**	**6**	**Number of Participants**
3	7	19	49	41	45	164
1.8%	4.3%	11.2%	30%	25%	27.5%	

5. In your opinion, how should the training that you received relate to your job function in the future? (Rank in priority order)

Number	Use as Condition for Salary Increase	%	Use as condition for promotion	%	Enhancement of knowledge	%
1	26	11.5	2	0.1	199	87.6
2	159	70.0	47	20.7	20	8.8
3	41	18.5	176	77.3	8	3.6

In a similar fashion to question 1, prioritizing these responses produces the following:

Use as Condition for Salary Increase	437	32%	2
Use as condition for promotion	276	20%	3
Enhancement of knowledge	645	47%	1

6. Do you wish to participate in foreign training program? (Place points ranging from 1 – 6)

1	**2**	**3**	**4**	**5**	**6**	**Number of Participants**
4	3	3	26	18	173	227
1.8%	1.3%	1.3%	11.4%	7.9%	76.1%	

7. In your opinion, what is the desirable period for training?

1 week	2 weeks	3 weeks	1 month	2 months	3 months	Other
13	92	59	64	12	27	
4.8%	34%	21.8%	23.7%	4.4%	10%	

(For responses to questions 5 – 6, refer to the attachment)

Comment: Judging from the contents of the questionnaire responses, there were some among the participants who had not actively and whole-heartedly responded to the questions. This survey did not cover all tax staff in the country, but it covered one quarter of the total staff, thus, it should provide some useful information. The training system will be reviewed based upon the result of the questionnaire survey.

In the future, when this type of survey is conducted, preparation of the questionnaires in order to enrich the content of the training and to facilitate participants to voice their opinions from multi-faceted perspectives and a methodology for processing the data acquired from the survey and accurately evaluating the results need to be examined.

GDNT Training Center

Chief Examiner G. Batsaikhan

Questionnaire Survey Questions

GDNT and JICA in cooperation will be conducting this Questionnaire Survey as a part of the "Enhancement of Tax Collection" Study. Opinions expressed regarding improvements to the tax staff training system, particularly regarding the need for training, format, contents and organization will provide necessary information for the Study.

Your accurate responses to the following questions would be appreciated.

2. Of the training subjects listed below, which subject do you wish to receive most? (Place priority rankings)

- Taxation Theory, Taxation Methods Theory
- Tax Laws
- Tax Examination Methods
- Tax Collection Strategy
- Taxation
- Tax Investigation
- International Accounting Standards

2. What format of tax examiner training would suit you best?

- Training related to job functions (taxation, examination, specialists, etc.)
- OJT（by Aimag, districts)
- Training in cooperation with an educational institution (Mongol National University, Administrative Academy, and the like)
- Correspondence Education

3. Have you ever received training by the GDNT? (other than foreign language training)

*

*

4. Do you consider the training that you received to be efficient? (Maximum score 6)

1 2 3 4 5 6

5. Comments regarding the training programs

6. What, in you opinion, should be improved in the training organization?

7. In your opinion, how should the training that you received relate to your job function in the future? (Rank in priority order)

- Highest priority – to be a tool for increase in salary
- Highest priority – provide opportunity for promotions
- Highest priority – useful in raising the level of knowledge

8. Do you wish to participate in foreign training program? (Place points ranging from 1 – 6)

9. Enter the period of training that you feel to be the most desirable.
⋯week(s), ⋯days,⋯month(s)

Thank you for your cooperation

GDNT Training Center
January 2001

5. Please provide opinions regarding educational programs		Explanation
1 Implementation of training by functional areas (by function departments)	Ubulhungai Prefecture	
2 Implementation of intensive type of training	Holhon Prefecture	
3 Away from lecture oriented format training to implementation of realistic and practical training	Holhon Prefecture	
4 Include many people as targets for advanced training	Holhon Prefecture	
5 Constant training should be provided to enhance the knowledge and expertise of national tax examiners	Alhungai Prefecture	
6 Training should be implemented that are efficient and fulfills high-level requirements	Subhan Prefecture	
7 Issues principally relating to International Accounting Standards should be inserted into the Tax Laws	Central Prefecture	
8 Regarding Tax Law Reforms	Central Prefecture	
9 Training should be implemented for each Tax Law	Central Prefecture	
10 Practical training in accounting (Tax Returns, completing forms, etc.)	Central Prefecture	
11 Take up actual issues that arise in execution of Tax Laws and provide methods of resolution	Central Prefecture	
12 Cover both theory and practice	Central Prefecture, Hobud Prefecture	
13 Learn through experience and implement workshops	Central Prefecture	
14 Implement tax examinations on enterprises during the training	Central Prefecture	
15 Detailed explanation of Tax Law provisions	Central Prefecture	
16 Economics • Control • Marketing • Micro Economics •	Central Prefecture	

Economic Analysis		
17 Computer Training	Central Prefecture, Suf-Bator Prefecture	
18 Prepare a program by themes and implement examinations each time	Central Prefecture	
19 Foreign Language Training	Central Prefecture	
20 Preparation of training programs by specialization and stages	Central Prefecture	
21 Determine in advance the necessary demand for training and implement training	Central Prefecture	
22 Focusing the training program into one will improve efficiency	Hobd Prefecture	
23 Theoretical knowledge up to the international standards should receive more emphasis	Hobd Prefecture	
24 Expense Accounting	Hobd Prefecture	
25 Recording methods for updated accounting and preparation of original records	Hobd Prefecture	
26 Foreign Language Training	Hobd Prefecture	
27 Learning by sharing mutual experiences	Hobd Prefecture	
28 Training by functional areas and lengthening the time allocated to accounting subjects	Hobd Prefecture	
29 Implement training by disciplines (tax examination, tax collection, investigation, and the like)	Hobd Prefecture、Gobi-Sunber Prefecture	
30 Tax Examiners should be enrolled annually into training programs commensurate with their level	Hobd Prefecture	
31 Permanent training relating to theories and methodologies in this region	Hobd Prefecture	
32 Implement seminars relating to methods for public relations for taxpayers	Hubsugur Prefecture	
33 New rules, legal revisions, theories and methodology for resolution of controversial issues	Hubsugur Prefecture	
34 Preparation of a training program to be implemented in the regions	Hubsugur Prefecture	
35 Taxation, examination methods, legal amendments	Hubsugur Prefecture	
36 Include practical items as subjects for training programs	Hubsugur Prefecture	
37 National tax examiners specialized in intermediate levels should be required to receive higher education	Hubsugur Prefecture	
38 Resolution methods for real-life problems	Suf-Bator Prefecture	
39 Regarding tax policies, theories and methodologies used in foreign countries	Suf-Bator Prefecture	
40 Implement joint examination in the regions during training	Suf-Bator Prefecture	
41 Computer software	Suf-Bator Prefecture	
42 Computer, foreign language training	Suf-Bator	

	Prefecture	
43 Theories and methodologies, taxation system in the market economy	Suf-Bator Prefecture	
44 Implement training on Tax Laws and Accounting separately	Suf-Bator Prefecture	
45 Implement discussions based on reality	Suf-Bator Prefecture	

6 Please provide your opinions on what should be emphasized with regard to the training organization in the future.		
1 Detailed introductions to the operations in district tax offices during training held in Ulan Bator and learn from the experience	Holhon Prefecture	
2 Organize prefectures and towns whose estimated tax incomes and operational contents are similar into a cooperative unit and implement training by the regions. For example, Daln-Or, Serege, Holhon Prefectures	Holhon Prefecture	
3 Receive lectures from lecturers who is knowledgeable and well-versed	Alhangai Prefecture	
4 Provision of manual and materials	Alhangai Prefecture	
5 Implementation of training by responsible functions	Zabhan Prefecture, Gobi-Sunber Prefecture	
6 Implementation of semi-annual training	Tobu Prefecture, Hobd Prefecture, Hubsugur Prefecture	
7 Training period should be short using a rational training program	Tobu Prefecture	
8 A training completion ceremonies with a jurisdictional authority from GDNT in attendance should be implemented	Tobu Prefecture	
9 Implement discussions regarding Tax Laws	Tobu Prefecture	
10 Implement regional training in regions	Tobu Prefecture、Suf-Bator Prefecture	
12 Implement by prefectures	Tobu Prefecture	
13 National tax examiners should be obligated to attend training once every two or three years	Tobu Prefecture、Hobd Prefecture	
14 Implement training by instructors who are highly specialized and experienced	Tobu Prefecture、Hobd Prefecture	
15 Provision of manuals and training material	Tobu Prefecture	
16 Evaluation of training participants and conferring of completion certificates	Tobu Prefecture	
17 Implement regular annual training in the prefectures	Tobu Prefecture	
18 Should be implemented during time periods when task volume is light and all examiners should participate	Tobu Prefecture	
19 Short term program for limited number of people to develop trainees to become instructors	Tobu Prefecture	
20 Training should be well prepared	Tobu Prefecture	

21 Information should be provided and a bulletin board should be instituted	Tobu Prefecture	
22 An examination should be implemented at the completion of the training and the knowledge level of the participants should be evaluated	Hobd Prefecture	
23 Should be implemented in stages	Hobd Prefecture	
24 Training materials should be provided following the training program	Hobd Prefecture	
25 Practical review of course subjects	Hobd Prefecture	
26 Specialized training should be implemented every year and should learn from experience	Hobd Prefecture	
27 Implement training related to functional areas in Ulan Bator (due to high level of quality)	Hobd Prefecture	
28 Conduct training by regions once or twice a year.	Hobd Prefecture, Suf-Bator Prefecture	
29 Model training at a tax bureau with an exemplary record should be implemented	Hobd Prefecture	
30 Learn from experiences of exemplary staff	Hobd Prefecture	
31 Results of the training should be evaluated daily	Hobd Prefecture	
32 Grouping of examiners who are included as subjects for training	Gobi-Sunber Prefecture	
33 Exchange of experiences relating to methods of performance of tasks between tax examiners in prefectural tax bureaus and metropolitan tax bureau	Hubsugur Prefecture	
34 Realize practical training	Hubsugur Prefecture	
35 A training program that foster motivation should be implemented for all examiners	Hubsugur Prefecture	
36 Practical training using real life cases should be implemented	Hubsugur Prefecture	
37 A training using an enterprise as a case should be implemented, and should be productive	Suf-Bator Prefecture	
38 Should be conducted in a special location (e.g. sanatorium)	Suf-Bator Prefecture	
39 Training expenses should be budgeted in advance	Suf-Bator Prefecture	
40 Distribute manuals to tax examiners and taxpayers at training	Suf-Bator Prefecture	
41 Features of taxation and period of business tasks should be taken into consideration	Suf-Bator Prefecture	
42 Implement training by foreign projects	Suf-Bator Prefecture	
43 Based on the level of knowledge, training by groups should be implemented	Suf-Bator Prefecture	