

## **Terms of References (ToR)**

# **Primary survey for the study: *'VAT Reform for Graduating Bangladesh: Justice Perspective'***

Implementation  
of  
Primary Survey

**Centre for Policy Dialogue**



## Contents

1.	Background.....	3
2.	Objectives of the Primary Survey.....	4
3.	Survey Technique and Coverage.....	4
3.1	Scope of Work.....	4
3.2	Sampling frame .....	4
3.3	Survey Equipment and Software.....	5
3.4	Implementation of training to the Survey Team .....	5
4.	Survey Fieldwork.....	5
5.	Survey completion.....	5
6.	Data Entry, Format and Sharing.....	5
7.	Data Quality and Non-Participation.....	6
8.	Deliverables.....	6
9.	Confidentiality and Data Ownership .....	7
10.	Timeline .....	7
11.	Eligibility (For Office Check).....	7
12.	Application requirement (For Office Check) .....	7
13.	Finance-related special notes (For Office Check).....	8
14.	Health measures (For Office Check).....	8
15.	Submission and Contact details.....	8

# 1. Background

CPD has undertaken a study targeting reforming the VAT structure of Bangladesh in the post LDC era. The study aims to design the VAT structure from the justice perspective. The study will contribute by offering empirical evidence on how reformed VAT structure could ensure effectiveness and fairness of policies and thereby helping towards achieving equitable economic growth and reducing inequality. One of the key data collection tools that will be utilised for the **study is a comprehensive primary survey on business firms.**

The UN General Assembly has confirmed that Bangladesh will graduate from Least Developed Country (LDC) status by the end of 2026 and officially become a developing country. While this marks a significant development milestone, it also brings new macroeconomic and fiscal challenges. One of the most critical areas of concern in the post-LDC period is domestic resource mobilisation, especially as concessional finance diminishes and the country faces rising costs of external commercial borrowing. In this context, Value Added Tax (VAT), as the single largest source of indirect tax revenue in Bangladesh, emerges as a key instrument for financing public expenditure. However, its regressive nature necessitates careful reform aimed at enhancing fairness and equity within the tax system.

VAT is inherently regressive, as it disproportionately burdens lower-income groups who spend a larger share of their income on consumption. Despite this, VAT remains indispensable for revenue generation in developing economies like Bangladesh, where the base for direct taxes is narrow. The objective, therefore, should not be to eliminate VAT, but to make it as progressive as possible through thoughtful reform grounded in the principles of tax justice. This requires ensuring that the structure and enforcement of VAT are fair, efficient, and do not worsen inequality.

Currently, the VAT system in Bangladesh underperforms in terms of revenue collection. Although the standard VAT rate is 15 percent, the VAT-to-GDP ratio remains around 3 to 4 percent, which is significantly lower than global averages. This underperformance stems from a narrow tax base, widespread informality, complex regulations, a high volume of exemptions, and limited enforcement capacity. Many high-potential sectors, including retail, jewellery, and informal services, remain largely outside the VAT net. Small and Medium Enterprises (SMEs) face significant compliance burdens due to limited digital capacity, inadequate awareness, and cumbersome documentation requirements. Input tax credit and refund mechanisms are often delayed and lack transparency, undermining business liquidity and discouraging formalisation.

These structural weaknesses are further compounded by the regressive nature of VAT, which imposes a heavier burden on poorer consumers, particularly when exemptions and zero-ratings tend to benefit wealthier groups. As Bangladesh moves towards developing country status, continued reliance on a regressive VAT system without reform risks deepening social inequality and eroding public trust in the tax system.

To address these challenges, reforming VAT from a justice-oriented perspective is essential. This involves broadening the VAT base by bringing informal sectors into the fold, simplifying rates and procedures, improving refund systems, digitising compliance processes, and designing exemptions in a way that protects low-income consumers without distorting the tax structure. Strengthening the administrative capacity of the National Board of Revenue (NBR) is equally important to ensure transparent, accountable, and equitable enforcement of VAT policies.

In response to these emerging needs, the Centre for Policy Dialogue (CPD) has launched a study focused on reforming the VAT structure in Bangladesh's post-LDC era. The study aims to assess the current system's performance in terms of revenue generation, fairness, economic incentives, and justice, and to recommend reforms that promote equity, reduce compliance burdens, and support inclusive growth. Guided by the principles of tax justice, the study will draw on both primary and secondary data to propose a VAT system that not only sustains public financing needs but also contributes to reducing inequality and building a fairer, more just economy in the years following LDC graduation.

## 2. Objectives of the Primary Survey

The objective of the survey is to collect comprehensive and relevant data on various VAT-related practices and perceptions of Bangladesh's VAT system among different corporate entities.

## 3. Survey Technique and Coverage

### 3.1 Scope of Work

The selected firm will conduct field surveys to gather primary data from at **least 330 business firms**. Each survey conducted with a **top-level representative** will be considered a survey for the respective corporate entity.

### 3.2 Sampling frame

In conduction of the survey, the following frame will be maintained:

Location	Size	Food	Textiles	Wearing apparel	Other manufacturing	Retail	Hotels	Other services	Location Total
Dhaka City	Small (5-19)	2	1	7	9	3	2	22	84
Dhaka City	Medium (20-99)	1	2	8	4	2	1	7	
Dhaka City	Large (100+)	1	1	6	2	1	1	1	
Greater Dhaka	Small (5-19)	2	15	2	2	1	1	3	62
Greater Dhaka	Medium (20-99)	2	10	3	3	1	1	1	
Greater Dhaka	Large (100+)	1	2	8	2	1	0	1	
Chattogram	Small (5-19)	2	1	1	3	5	5	4	64
Chattogram	Medium (20-99)	3	1	1	3	4	11	5	
Chattogram	Large (100+)	1	1	5	3	2	2	1	
Rajshahi	Small (5-19)	8	2	1	2	1	1	2	38
Rajshahi	Medium (20-99)	4	1	1	2	2	4	2	

Location	Size	Food	Textiles	Wearing apparel	Other manufacturing	Retail	Hotels	Other services	Location Total
Rajshahi	Large (100+)	1	1	1	1	0	0	1	
Khulna	Small (5-19)	2	1	0	1	2	1	2	34
Khulna	Medium (20-99)	3	2	1	3	3	1	3	
Khulna	Large (100+)	3	1	0	3	1	0	1	
Sylhet	Small (5-19)	1	1	0	1	1	1	2	
Sylhet	Medium (20-99)	3	1	0	3	4	4	3	29
Sylhet	Large (100+)	3	0	0	1	0	0	0	
Barishal	Small (5-19)	1	1	0	1	3	2	1	
Barishal	Medium (20-99)	1	1	0	2	1	1	3	19
Barishal	Large (100+)	0	0	0	0	0	0	1	
<b>Total</b>		45	46	45	51	38	39	66	330

### 3.3 Survey Equipment and Software

As indicated earlier, the data will be electronically collected using tablet computers running on an Android platform and uploaded to a server daily, allowing for remote quality control and tracking study team. Hardware and software to be used by organisational convenient. We propose to use Survey CTO (can suggest alternatives) for conducting this survey.

### 3.4 Implementation of training to the Survey Team

For survey implementation, training will be provided to the interviewers and field officers on the pre-structured questionnaire of the field survey.

## 4. Survey Fieldwork

The survey firm bears the responsibility of drafting, obtaining approval for, and sending letters and/or emails, making phone calls, scheduling appointments, conducting in-person visits, and employing other strategies to ensure a high level of participation. Fieldwork is necessary to obtain comprehensive survey responses. Adequate effort and resources should be dedicated to preparing and organising logistics before initiating the fieldwork. CPD can offer support, including official letters from CPD if needed.

The survey firm is required to collect and validate the contact details, including phone numbers and addresses, of all respondents whenever possible. Additionally, the GPS coordinates of the addresses of the interviewed respondents must be recorded during the survey process.

## 5. Survey completion

CPD study team determines the completeness and quality of the survey data collected. To consider a survey complete, all relevant information must be gathered and accurately entered into the database. Every question should be answered, except when skip patterns are appropriately applied. Ensuring data integrity and accuracy is of utmost importance.

The Consultant will establish procedures to verify the quality of the surveys conducted. Approximately ten percent (10%) of the completed surveys will be randomly selected for back-checks via telephone by the Consultant. The proportion of callbacks may be adjusted based on the quality control feedback provided by CPD.

Representatives from CPD may accompany survey teams during fieldwork to monitor the effectiveness, maintain quality control, and assess progress. This monitoring process will contribute to ensuring the overall reliability and credibility of the survey results.

## 6. Data Entry, Format and Sharing

The survey firm will also provide the collected data at five predefined stages during the data gathering/entry process for consistency check and quality control. The first set will be delivered after ten percent (10%) of the total number of surveys have been completed and entered into a data base. The second set will be delivered after twenty-five percent (25%) of the total number of surveys has been completed. The third set will be delivered after fifty percent (50%) of the total number of surveys has been completed. The fourth set will be delivered after seventy-five percent (75%) of the total number of surveys has been completed. The final set will be delivered after completion of one hundred percent (100%) of the surveys. The survey data will be delivered to the CPD in Microsoft excel (including codebook) and STATA electronic format.

## 7. Data Quality and Non-Participation

In order to ensure data quality and consistency, a survey data quality control procedure is in place. The first checking of the data will be completed and documented by the Consultant

- There are no errors in variables codes, questionnaire flow, skip patterns, number of missing values, etc.
- There is no “double counting
- Monitoring of collected data
- Flagging implausible data
- There are no errors in data’s logical consistency or outliers
- Checking for straight-line answers, etc.

## 8. Deliverables

The selected firm will deliver all activities related to the primary survey including data cleaning and processing of the surveys.

Specific deliverables will be as follows:

- Undertaking the primary survey, in collaboration with the CPD study team;
- Provide the finalised codebook and translated questionnaire manual;
- Engage qualified enumerators for conducting the primary surveys;
- Conduct training of the enumerators based on the questionnaires prepared by CPD;

- Supervise and monitor enumerators in order to ensure quality and standard of data to be collected by the enumerators;
- Conduct pilot survey on 1-2 area prior to launching the surveys;
- Provide daily Data Quality and Non-Participation and Progress Reports that include summary of data quality, response rates differentiating between refusals and problems with the sampling frame in a format;
- Provide the survey data to the CPD in appropriate format as per data sharing mentioned above;
- Undertake repeat survey by the enumerators, if necessary, in order to ensure accuracy and authenticity of data to be collected by the enumerators;
- Provide regular Staffing Reports noting any changes in staffing;
- Design the structure of data entry by using appropriate software as suggested by the CPD study team;
- Compile and do the entry of the survey data as per the design frame and software suggested by the CPD study team;
- Undertake coding and cleaning of the data after data entry;
- Take necessary measures to ensure the accuracy of data entries and apply appropriate scrutiny tools for corrections of data as required;
- Provide CPD with a clean labelled database. The database will be in the Microsoft excel and STATA electronic database format. The database will contain all variables included in the questionnaires, following the codes included in them. Each respondent should have a unique numeric identifier including the location information of each interviewee: name, address, GPS coordinates of home location, phone number.

## **9. Confidentiality and Data Ownership**

The survey firm will ensure security and confidentiality of the completed questionnaires and safeguard the confidentiality and privacy of the collected information. The survey firm will protect the confidentiality of individuals participating in the survey at all stages. All data is confidential and the property of the CPD.

## **10. Timeline**

The tentative timeline for completing the aforementioned deliverables will be from **1 August 2025 to 19 August 2025**.

## **11. Eligibility (For Office Check)**

The applicant will have:

- At least 5 years of professional experience in academic, development and action research, analysis;
- At least 2.5 years' experience in conducting similar types of surveys applying similar methods;
- The applicant needs to have clear understanding on the issues of the research and communication ability with the participants of the survey;
- The applicant needs to have adequate number of qualified human resources;
- The applicant needs to have adequate number of Tablets or Smart Phones in order to collect accurate information;
- The applicant requires to declare that he/ she/ the firm does not have any conflicting interest/ affiliation with CPD or CPD employees in any means;



- The applicant should have competence in drafting reports in English.

## 12. Application requirement (For Office Check)

The applicant must submit a **technical** and **financial proposal** in two separate documents (along with the doc. The technical proposal should include a short **profile of the applicant, understanding of the assignment, process to be followed for the survey, list of tentative sample corporate entities** and **timeline of the whole activities**. The **financial proposal** should contain the detail breakdown of the budget requirements Proposal (including VAT and TAX).

The applicant must also submit the following documents alongside separately:

- A list of **relevant experience (max 2 page)** profile highlighting primary survey, FGDs and case studies and related assignment **along with client name, contract person and contact details**;
- **CV of the Lead Consultant (who will lead the assignment)** – Maximum 2 page highlighting related assignment completed, role in the completed assignment;
- **Short CVs (max 1 page) of other team members** (who will be involved in the assignment) highlighting related assignment completed and role;
- Firm's/Individual's **TIN and VAT registration** etc. (required only for firm);

The following financial documents (latest available) are required as well —

- **Trade License**
- **TIN certificate**
- **Acknowledgment receipt for the last annual TAX return**
- **BIN Certificate**
- **Bank Account details**

## 13. Finance-related special notes (For Office Check)

All payments for the vendor will be made through Account Payee Cheques in favour of the vendor.

- CPD will deduct TDS from the billed amount as per Section 52AA, Income Tax Ordinance 1984.
- The vendor will need to provide CPD Mushak-6.3 with the bill at 15% rate, as per Statutory Regulatory Order (SRO) 149/20.
- CPD will deduct 15% VAT from the billed amount.
- The vendor will need to produce original invoices/bills for each delivery made under ToR within this contract period.

## 14. Evaluation criteria

The submitted proposals will be assessed based on the following:

Item	Criteria	Score
Technical proposal	Understanding of the assignment	5
	Relevant experience of the applicant	10



Item	Criteria	Score
	Proposed process of the survey	15
	Quality of the proposed equipment	5
	Qualification of lead consultant	15
	Qualification of enumerators	15
	Total	<b>65</b>
Financial proposal	Competitive pricing and overall reasonable, justifiable financial proposal	<b>45</b>

## 15. Health measures (For Office Check)

The following information should be shared along with the proposal from potential applicants:

- The organisation's health policy;
- Specify if the applying organisation has a group health insurance or not. If yes, please share the relevant documents;
- Each individual affiliated with the applicant firm/individual in conducting these primary surveys should have a minimum coverage of BDT 2 lac group or personal life insurance;
- In case of individual applicant for the task, health insurance will be needed along with the application;
- If the individual applicant engages other human resources for the primary survey, health insurance of those human resources will also be needed;
- Outline the health protocol that will be observed during travelling of the consultant(s) and also for participants travelling to survey venues.
- Elaboration of how these health guidelines will be implemented;
- CPD will not be liable for any health hazard and/or accident of the primary surveys' consultants and/or participants.

## 16. Submission and Contact details

Please send your proposal to [procurement@cpd.org.bd](mailto:procurement@cpd.org.bd).

Hard copies of the proposal can be sent to CPD office to the following address:

### Centre for Policy Dialogue (CPD)

House-40/C, Road-11 (new)

Dhanmondi, Dhaka-1209, Bangladesh

### Contact:

For further official information on ToR:

### Mr Tamim Ahmed

Senior Research Associate

Centre for Policy Dialogue (CPD)

Tel: +8801834267067, Email: [tamim@cpd.org.bd](mailto:tamim@cpd.org.bd)

**Application closing date: 28 July 2025**