

Federal Tax Authority Annual Report 2020



Achievement continuity



Overcoming challenges

The third edition of the Federal Tax Authority annual report reviews the most significant achievements in 2020, including the most prominent statistical indicators related to these achievements.

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“Our main goal in the United Arab Emirates is to build the country and develop the citizen. The major part of the country’s income will be dedicated to making up what we missed, as part of our endeavour to join the developed nations that are ahead of us and in an attempt to build our country”.

His Highness Sheikh Khalifa bin Zayed Al Nahyan
President of the United Arab Emirates
“May God bless him”



“Preparing for post-Covid-19 is preparing for a new future that no one predicted a few months ago... education, health, government work, investment, trade and our electronic infrastructure... all will witness new developments to keep pace with a future full of different opportunities”.

His Highness Sheikh Mohammed bin Rashid Al Maktoum
Vice President and Prime Minister of the UAE and Ruler of Dubai
“May God bless him”

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FTA's Board of Directors

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The Chairman

H.E. Obaid Humaid Al Tayer
Deputy Chairman

H.E. Abdulrahman Al Saleh
Board Member

**Sheikh Mohammed bin Abdullah
bin Sultan Al Nuaimi**
Board Member

H.E. Younes Haji El-Khoury
Board Member

H.E. Sultan Ahmed bin Sulayem
Board Member

**H.E. Ahmed Abdullah bin Lahej
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Board Member

**H.E. Rashid Lahej Nasser Saeed
Al Mansouri**
Board Member

H.E. Mohammed Khalifa Al Nuaimi
Board Member

H.E. Walid Ibrahim Al-Sayegh
Board Member

H.E. Mohammed Saif Al-Talay
Board Member

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Board Member

H.E. Saeed Rashid Al Yateem
Board Member

**Mrs. Maryam Abdullah Muhammad
Al Matroushi**
Board Member

Mrs. Azza Mohammed Al-Suwaidi
Board Member

Mr. Ali Khalfan Al Dhaheri
Board Member

Mr. Ali Morshed Al Marr
Board Member

Mr. Ahmed Jamal Al-Numan Al-Shamsi
Board Member



Federal Tax Authority

The Federal Tax Authority was established by Federal Decree-Law No. (13) of 2016 as a federal public Authority. It has an independent legal Authority, the necessary legal capacity to act, and financial and administrative independence. The Authority is managed by a board of directors chaired by His Highness the Minister of Finance, with the board drawing up the Authority's general policy and supervising its implementation.

The Authority is in charge of managing and collecting federal taxes and related penalties, distributing tax-generated revenues and applying the tax-related procedures in force in the UAE. The Authority's headquarters is located in the city of Abu Dhabi with a branch in Dubai.



Vision, Mission and Core Values

Vision

A pioneering, world-class tax Authority that supports sustainable financial diversification.

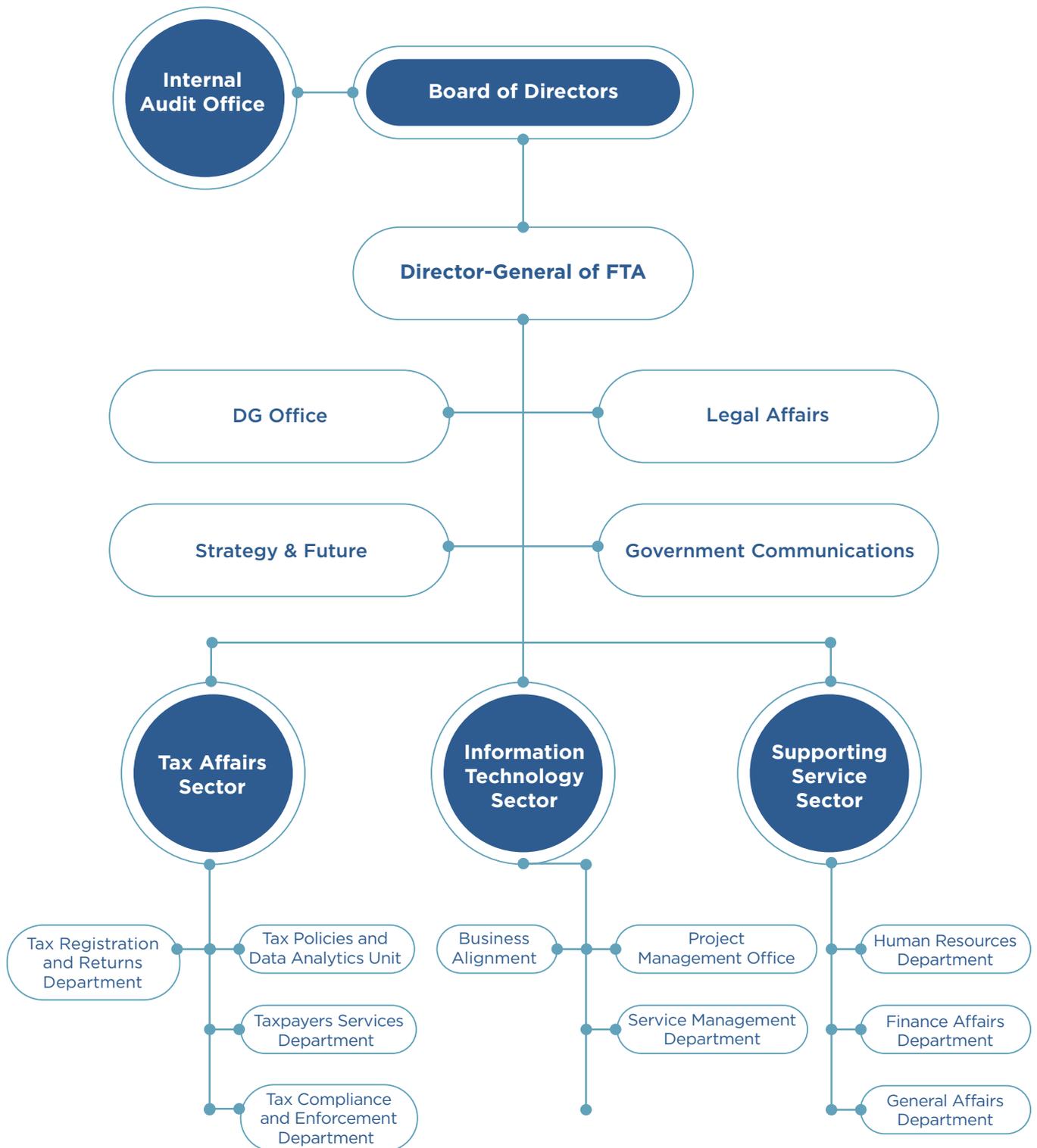
Mission

To collect and administer federal taxes and implement tax regulations in accordance with high standards and international best practices while striving for innovation and efficiency and focusing on stakeholders' needs and customer expectations.

Core Values



The organizational Chart of the Federal Tax Authority according to the UAE Cabinet's decision of 2018.



Our strategic objectives



To develop an integrated and effective tax environment in accordance with the best international practices.

Develop and implement efficient tax systems that enable taxpayers to pay their taxes smoothly and easily. Also, the objective will allow FTA to contribute to the National economic development as it enables the collection of taxes effectively.



To achieve the highest levels of tax compliance and to promote self-compliance among taxpayers.

The strategic objective aims for the Authority to develop and implements tax compliance, returns, disclosures, audit and enforcement systems, and deal with cases of non-compliance. It also sees the Authority developing and implementing programmes that help taxpayers understand their obligations in order to create an environment that encourages compliance with tax laws and procedures.



To ensure the delivery of all administrative services based on quality, efficiency and transparency.

The strategic objective aims for the Authority to develop and implement task programmes that support departments in achieving the Authority's tasks.



To enhance the culture of innovation and creativity in the organisation.

The strategic objective aims for the Authority to develop and implement programs that encourage stakeholders to innovate in service processes and systems to make strides forward in tax laws and procedures and prepare plans to keep pace with local, regional and global developments.



Facing challenges by accomplishing achievements

2020 witnessed many challenges facing the world in light of the Covid-19 outbreak, with the pandemic hitting in the first quarter of the year. The UAE was one of the fastest countries in the world to develop and implement comprehensive plans at all levels to prevent the spread of the virus and mitigate the repercussions resulting from it. The economic challenges were addressed with many programmes and initiatives launched to support and stimulate the national economy.

Thanks to the wise leadership's directives, the UAE, as usual, was able to turn challenges into opportunities and gained the world's appreciation for how to deal professionally with the pandemic.

The Federal Tax Authority was able to improve performance rates despite the challenges faced, and continued to implement its development projects in all areas of its work in accordance with its targeted plans. Thanks to its advanced digital infrastructure, the Authority was able to provide all its services remotely with complete efficiency. These included registration, submission of declarations and payment of taxes owed by registrants, as well as refunds for those legally qualified to retrieve tax electronically. These fast and easy digital procedures obviated the need for personal contact or paper dealing, thereby strengthening physical distancing measures and maintaining public health, which is a top priority.

The Authority provided various facilities to support registrants in the tax system to fulfil their tax obligations and ensure business continuity in light of the precautionary measures taken by the concerned authorities to prevent the spread of Covid-19.

The third edition of the Authority's annual report monitors the most important results and achievements of the Federal Tax Authority based on its main and supporting strategic objectives in all areas of its work during 2020.



Part One

Integrated tax environment

Chapter One

Remote Awareness

Despite the global Covid-19 pandemic challenges, the Authority continued its awareness efforts by organising seminars and workshops virtually for those concerned with the tax system to ensure the tax environment's continuity and raise tax awareness. The Authority has also issued many new guidelines and clarifications, responding to inquiries from taxpayers, advertising and media campaigns, responding to media inquiries, and creating other means of awareness.

1 Self-introduction workshops:

- As part of the strategic objectives supporting raising tax awareness among those concerned with the government sector, a new awareness tool of 'self-introduction workshops' was devised. These workshops are directed at specific segments and rely on specially prepared booklets to introduce tax procedures appropriate for each segment. In 2020, eight self-introduction workshops were held at financial departments in the country.

3 Interactive video conference sessions:

- The Authority intensified its efforts to interact with those concerned with the tax system by organising seminars, workshops and meetings with its partners in the public and private sectors through video conferencing technology. Topics included the improvement of performance and the avoidance of common errors that were observed since the beginning of the implementation of the tax system.
- Although the precautionary measures to avoid the spread of the Covid-19- pandemic prevented the implementation of the "Tax Clinic" campaign tours launched by the Federal Tax Authority in 2018 in cooperation with local economic development departments and municipalities,

the Authority was able to hold 11 interactive sessions during 2020 via video conferencing technology, including three awareness workshops for land departments, and six meetings with other departments in the UAE, in addition to two workshops for citizens on the facilities to recover value-added tax on their newly constructed residences.

2 Tax Invoice Questionnaire:

- Before the emergence of the Covid-19 pandemic, the Authority continued its campaign for direct communication with merchants and consumers in local markets. The campaign raised awareness of the procedures and legal standards related to the tax invoice, and its mandatory issuance by those registered in the tax system to preserve consumers' rights and prevent tax evasion at the same time. Four market tours were carried out, including 61 stores, as part of the 'Tax Invoices' awareness campaign during the first period of 2020 before the outbreak of the pandemic.
- As part of the Authority's strategy for the continuous development of its awareness tools and the measurement of their impact, a questionnaire was carried out during the four market tours that formed part of the 'Tax Invoice Campaign.' A total of 61 stakeholders participated in the questionnaire, which assessed the level of participants' knowledge of the standards and importance of issuing tax invoices. The market tours were implemented in cooperation with the Departments of Economic Development and other concerned authorities in the country, to increase the level of tax compliance in the local markets.

4 Business awareness outside the main cities:

- As part of ensuring the comprehensive spreading of knowledge of tax procedures throughout the country, the Authority implemented an awareness plan directed mainly to educate business sectors in areas outside the main cities in the UAE. In this context, seven interactive sessions were held via video conferencing technology to raise awareness and increase tax compliance in these areas, to reach the business sectors concerned with the application of the tax system.
- The sessions emphasised the importance of registration for Value Added Tax (VAT) and Excise Tax. All queries raised to support businesses were answered to overcome any challenges they might face, and to provide them with information without wasting time and effort. The Authority's specialists clarified many topics, including the procedures and documents required to cancel tax registration, the procedures for submitting voluntary declaration requests, reconsideration requests and the documents required to submit refund requests. They also emphasised the importance of complying with the requirements of the approved forms provided by the Authority. Other issues addressed included matters related to common errors that can occur during registration, filing tax returns and paying taxes due, with full explanations given on how to avoid these errors.

6 Media and social communication:

- The Authority issued 56 press releases in Arabic and English, as part of its plan to develop and implement programmes and activities that help taxpayers understand their tax obligations.
- A total of 2,978 media monitoring reports related to the UAE tax sector were issued. The positive coverage rate was 75.66% (2,253 articles) and the neutral coverage was 23.84%. The negative coverage did not exceed 0.5%. The results indicate the effectiveness of the awareness activities of the Authority and its role in helping taxpayers understand their tax obligations.
- Fourteen media inquiries were received by the Authority via the e-mail designated to respond to media inquiries, with 100% answered.
- Seventy-one posts broadcast by the Authority in Arabic and English through social media.
- Fifty-five infographics were issued in Arabic and English, with 14 awareness videos published in Arabic and English.

5 Sectoral Awareness:

- To ensure the provision of all administrative services in the tax sector in accordance with the highest standards of quality, efficiency and transparency, the Authority held three workshops via video conferencing technology to educate the supporting sectors on the implementation of the tax system, with an average of 188 participants per workshop
 - The Authority held two workshops for authorised tax agents. The first was on the timeframe for input tax refund and refund procedures with 213 authorised agents attending. The second was on the tax treatment of supplying goods and services provided through electronic means with 225 authorised agents attending.
 - The third workshop was directed to the freight and customs clearance agent sector, with 125 companies participating. The session dealt with the updates and processes for developing electronic services carried out by the Authority to provide more facilities and simplify tax procedures in general, and the activities and fields of work of shipping and customs clearance companies in particular.

7 Awareness Publications:

- Issuing and updating 10 guidelines and 18 e-learning programs for stakeholders to provide the necessary knowledge support with the aim of ensuring an effective tax system.
- Issuing 408 special clarifications in response to requests from stakeholders within the agreed timeframe to enhance awareness about the application of tax legislation.
- Issuing 11 public clarifications on the Authority's website to simplify and explain specific topics to increase tax awareness, contribute to the development of the tax environment, and promote self-discipline.
- Continuing to issue tax awareness publications for the business sectors with two new publications and responding to eight inquiries from authorised tax agents.
- Issuing 101 internal clarifications, auditing 53 tax content for the Authority's projects, and issuing six internal guidelines for developing an effective tax system.
- Issuing 73 administrative exception decisions regarding tax invoices, tax credit notes, extension of the period required for export, proof of export for VAT, and proof of export for Excise Tax.

Our strategic objectives



2,253

Positive articles relating to the tax sector in 2020, indicating the evolution of the tax environment.



61

Stakeholders participated in a questionnaire to measure the knowledge return of the Tax Invoice Campaign.



11

Interactive sessions via video conferencing technology for land departments and citizens.



188

The average number of participants in the sectoral awareness workshop for agents.



7

Workshops for business sectors in areas outside the main cities were conducted.



408

Total specific explanations and 11 public explanations to promote self-discipline.



10

Guidelines and 18 e-learning programs for an effective tax system knowledge support.



56

Press releases were issued by the Authority to assist taxpayers to comply with the tax legislation.



Chapter Two

Local and foreign cooperation

The Authority was keen to strengthen effective cooperation with its strategic partnerships with the public and private sectors. In addition to its strong ties with the concerned Authorities in GCC countries and at the regional and international levels. The Authority aims to exchange information and experiences to further improve the tax environment according to the best international practices through these partnerships.

- **At the local level, the Authority held more than 246 coordination meetings - most of them virtually - during 2020, with many agencies in the public and private sectors, including:**
 - A total of 102 meetings with the participation of His Excellency the Director General of the Authority, in order to enhance the objectives of ensuring that the services of the Authority are provided in accordance with standards of quality, efficiency and transparency.
 - More than 114 meetings with major companies, six meetings with strategic partners and three meetings with the Business Advisory Group for the continuous improvement of the Authority's services to taxpayers.
 - Coordination meetings with 21 government agencies concerned with tax enforcement and registration, with the aim of developing the tax environment.
- **At the regional level, the Authority participated in eight coordination meetings with the teams concerned with the unified tax system for the GCC countries. The outcomes of these meetings were documented to activate their objectives.**
- **The Authority's presence at the international level continued with its participation in many events held virtually, including:**
 - The conference of the Belt and Road Initiative Tax Administration Cooperation Forum, which was held in June 2020, with the participation of the UAE among 178 participants from 38 countries and organisations from all over the world. At the conference the participants discussed ways to enhance tax cooperation mechanisms between the countries and regions along the 'Belt and Road' and ways to coordinate the efforts of member states to reduce the negative effects of the Covid-19 pandemic.
 - The International Conference of the International Monetary Fund on the effects of the Covid-19 pandemic spread on the performance of tax systems, which was held in November 2020, and discussed the measures taken by tax authorities in the world to deal with the repercussions of the crisis, lessons learned and prospects for tax work after the pandemic.

Cooperation to further improve the tax environment



102

Meetings with local authorities to ensure the provision of services in accordance with quality, efficiency and transparency standards.



123

Meetings with major companies, strategic partners and the Business Advisory Group for the continuity of upgrading taxpayer services.



21

Government agencies that the Authority held coordination meetings with in the areas of tax enforcement and registration.



8

Consultative meetings with the teams of the unified tax system for the GCC countries to activate its goals.



178

A total of 178 countries, including the UAE, attended the Belt and Road Initiative Tax Administration Cooperation Forum.



Chapter Three Electronic initiatives

To encourage self-compliance in an advanced work environment, the Authority has been continuing its launch of new electronic initiatives, in line with the general strategy of the UAE to expand its reliance on digital services provided by government agencies. More initiatives and projects aimed at continuously improving the electronic tax management system have been implemented, providing an easier and faster experience in the services provided to taxpayers. A total of 13 initiatives were instigated in 2020, a number of which follow:

- Implementing ISO20000 International Information Technology System Management Standards to improve IT services and management policies and Implementing ISO20000 International Information Technology System Management Standards to improve IT services and management policies and procedures, identify and mitigate risks related to its activities and identify opportunities to improve service delivery.
- Implementing ISO27001 International Information Security Standards based on effective information security policies and procedures and continuously and proactively improving the working mechanism to keep pace with the current and future challenges.
- Implementing ISO 22301 standards in business continuity management to ensure business continuity management, planning to face unexpected events, risk management and asset protection.
- Providing laptops as a standard during the activation of the Authority's business continuity plan during the precautionary measures to combat Covid-19.
- Provide a communication mechanism through video conferencing technology for internal and external meetings to facilitate the communication process and apply the remote work mechanism to maintain productivity levels and ensure the flexibility of workflow with full commitment to precautionary measures.
- Upgrading the customer relationship management system, which achieved tangible savings in spending on operational processes. The upgrade was carried out smoothly without any impact on the electronic business of the Authority.
- Launching the developed internal website with easier and clearer operational features. The website was self-developed with the competencies of the Authority's specialists, which contributed to achieving savings in expenses.
- Operating a new electronic correspondence system with more distinctive features and a lower cost than the previous version.
- Consolidate databases within a high-efficiency, low-risk environment, while increasing the effectiveness and ease of monitoring databases.

Continuous improvement in the quality of electronic services



13

New initiatives to continuously upgrade the electronic tax management system to facilitate and speed up services.



3

International specifications



ISO 20000

The Authority has applied the international ISO standards related to the improvement of information technology services and procedures.



ISO27001

An international standard applied by the Authority to keep pace with the current and future challenges of information security.



ISO27001

The latest international standard for business continuity management and risk planning.



Chapter Four Increase efficiency

The Authority continued to develop its systems to facilitate and expedite its procedures and increase the efficiency of managing, collecting, and implementing federal taxes to enhance the quality, transparency and ease of use in the tax procedures. It also expanded its scope of services scope and continued to implement its plans to improve tax refund mechanisms for groups legally eligible for VAT refunds.

- **A developed platform for VAT Refunds for UAE Nationals Building New Residences**
 - 2020 witnessed the launch of the developed electronic platform to recover VAT on citizens' newly constructed residences, as part of the Authority's strategy to provide the best services in light of the continuous review of the executive procedures of tax legislation to facilitate procedures for customer satisfaction.
 - The FTA, in coordination with the housing programme, which implements the procedures required by the Authority and provides the required expenditure data, has worked to reduce the audit requirements on the refund requests submitted by citizens based on the concerned authorities, to provide the necessary confirmations to support the refund requests.
 - The guide has been updated on the Authority's website and includes a simplified explanation of the steps to be followed to access and submit a VAT refund request form for a new house, and how to track the status of an application.
 - It was clarified that refund requests with expenditure certificates from housing programmes that apply the procedures required by the Authority are processed promptly.
- **Launching service for issuing Taxation Residency and commercial activity certificates**
 - As of November 2020, the Authority commenced providing electronic services for issuing Taxation Residency and commercial activity certificates, whose issuance tasks were transferred from the Ministry of Finance to the Authority under Cabinet Resolution No. 65 of 2020 regarding fees for services provided by the Federal Tax Authority.
 - Through the Authority's website, two types of tax certificates are issued to natural and legal persons; the Taxation Residency Certificate which is a document issued by the Authority upon an application submitted to it to enable the applicant to benefit from the double taxation avoidance treaties to which the UAE is a party (or ratified by the State); and the 'Commercial Activity Certificate.' which is a document issued by the Authority to enable the applicant to recover the imposed value added tax in different countries of the world that allow VAT returns for business.
 - These services provide advantages and facilities for issuing certificates to those registered in the tax system, due to the availability of all their data in the database of the Federal Tax Authority, so they can apply for tax certificates through direct and quick electronic procedures.

- **Developing a refund system for registrants to ensure efficient processing of refund requests through**
 - Setting up an automatic notification to inform the applicant of the status of their application review.
 - Developing the detailed disclosure of input and output tax to facilitate communication with the applicant and increase the efficiency of analysing information and details of the tax declaration.
 - Accelerating the validation of bank data for refund applicants.
 - Improving the payment system for banks outside the country and regulating the rejection of applications that have been returned for more than seven days.
- **Increasing 'Self-Service Kiosks' to boost the VAT Refund Scheme for Tourists**
 - Twenty-two 'Self-Service Kiosks' have been activated with the electronic tax refund system for tourists, with a number located at major shopping centres (malls) and hotels, and others at tourist exit points.
 - The 'Self-Service Kiosks' allow the tax refund procedures to be automatically completed in approximately two minutes, with the tourist submitting their tax invoices for their purchases from registered sales outlets, accompanied by their passport and credit card to recover the tax without a maximum by transferring the refundable value to his credit card account, with the maximum cashback AED 7,000 per day.
- **Join the third generation of the e-dirham system to pay tax dues**
 - The Authority joined the third generation of the e-dirham system launched by the Ministry of Finance to provide more options for paying government fees with the latest technologies and security standards.
 - The Authority allowed registrants to pay their tax obligations and complete their transactions directly by downloading the e-dirham application 'Mubasher' on their smartphones without the need for bank cards, by linking the account of the registrant with one of the banks participating in the system with the application to be able to conduct his financial transactions related to the Authority.
 - 3G payment channels include three cards. The 'Hala Card' is suitable for new customers who wish to pay for one time; the prepaid 'Golden Card' is suitable for multiple and regular payment transactions, and the prepaid 'Premium Card' is customisable and suitable for those with high balances without a maximum recharge.
- **'Marking Tobacco and Tobacco Products Scheme'**
 - From the beginning of March 2020, the Authority commenced banning the import of all types of waterpipe tobacco (molasses) and electrically heated cigarette rolls that are not identified with the country's 'Digital Tax Stamps.' This came within the second phase of the application of the 'Marking Tobacco and Tobacco Products Scheme' after the successful implementation of the first phase. The system prohibits the sale (trading) and possession of all types of cigarettes that do not bear Digital Tax Stamps in the local markets, as of the beginning of August 2019.
 - The implementation of the final step of the second phase of the system to prevent (trading) of all types of waterpipe tobacco (molasses) and electrically heated cigarette rolls that are not identified with Digital Tax Stamps within the country was postponed from the beginning of June 2020 to the first of January 2021. This came as part of the facilities provided by the Authority to support registrants to fulfill their tax obligations and ensure business continuity in light of the precautionary measures to prevent the spread of Covid-19.
- **A smart application to detect non-certified tobacco products**
 - As part of its efforts to contribute to the protection against commercial fraud and the fight against tax evasion, the Authority launched an innovative smart application that allows consumers to discover non-certified tobacco products by scanning Digital Tax Stamps on cigarette packages, tobacco and tobacco products, to ensure that they comply with standard specifications, are not smuggled, and that the tax due on these goods has been paid.
 - The smart application is easily downloaded on smart mobile phones through the Apple and Google Play electronic stores, where the application bears the name: 'FTA DTS.'
 - Using the application, the consumer can scan the stamp installed on the package of cigarettes or tobacco and tobacco products to ensure that it is a certified stamp from the Authority. After scanning, it becomes clear whether the stamp is certified or not. If it is not certified, the consumer can submit a report through the application so that the Authority, in cooperation with the concerned authorities, takes the necessary legal measures regarding the violators.

Ongoing development to facilitate and expedite procedures

A developed platform for VAT Refunds for UAE Nationals Building New Residences



Reducing the requirements for auditing citizens' requests for refunds.



Updating the guide via the website to clarify the steps of submitting and tracking the application.

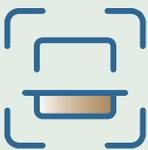
New electronic services



Issuing a 'Taxation Residency Certificate' to benefit from the double taxation avoidance treaties to which the UAE is a party (or ratified by the State)



Issuing a 'Commercial Activity Certificate' for tax refunds in countries that allow VAT returns for business.



Launch a smart application to detect non-certified tobacco products



22 new 'Self-Service Kiosks' in shopping centres, hotels and country exit points have been activated to refund tourist taxes.



3 new cards made available by the Authority for the payment of tax obligations through the third generation of the e-dirham.



Part Two

Stimulate business continuity

Chapter One

Taxpayer support

The Authority was keen to provide support and assistance to taxpayers to help them fulfil their tax obligations according to the highest quality standards to ensure business continuity within an advanced legislative and procedural environment that stimulates tax compliance with ease and flexibility, especially in light of the precautionary measures taken by the concerned authorities in the country to prevent the spread of Covid-19.

The tax period that began on March 1 for Excise Tax registrants was exceptionally extended to include the months of March and April 2020. An alternative date was exceptionally set for the maximum limit for submitting VAT tax returns and paying the tax due for tax periods that coincided with the closing procedures of some areas for precautionary sanitisation. The Authority also postponed the start of implementing the final step of the second phase of the Marking Tobacco and Tobacco Products Scheme for seven months.

The processing of tax refund procedures for groups legally eligible for refunds was accelerated to maintain liquidity levels in the business sectors, while the Authority was keen to achieve the highest level of balance to increase the efficiency of risk management and to maintain accurate tax compliance through documents and evidence for all the Authority's transactions. A provisional zero-rating of VAT has been implemented for some medical equipment.

Among the most noticeable results and achievements related to registration, declarations and related operations during 2020 in light of the quality of services and support for taxpayers:

- Despite the challenges posed by the requirements of addressing the Covid-19 pandemic, the total number of those registered with the Authority increased to 332,392 at the end of 2020, compared to 320,440 at the end of 2019.
- A total of 70,389 applications were processed through VAT registration services. Taxpayers' comments regarding registration were processed and their inquiries answered.
- A total of 22,081 refund requests were completed, while 1,334 voluntary permits related to refund requests were reviewed to ensure the efficiency and accuracy of the refund requester's credit balance.
- A total of 4,989 UAE nationals' requests to refund value-added tax on the construction of their newly constructed residences were approved.
- A total of 1,834 registered returns were settled by matching the amounts submitted in the return with the amounts refunded by tourists.
- Processing 4,228 requests for deregistration and accelerating the processing mechanism by reducing the application completion rate to a maximum of two days.
- A total of 26,577 VAT-related amendment requests were completed and the amendment procedures improved and developed in the interest of the Authority to complete transactions on time.
- Reviewing requests for review of penalties related to submitting tax returns and paying and issuing decisions on 2,083 tax registration numbers.
- Fifty-seven tax registration certificates were issued, with the implementation procedures reviewed on a daily basis to continuously increase service efficiency.
- Processing 2,832 requests to register tax groups and 3,589 requests to amend tax groups. Several initiatives implemented to improve the tax group registry and amendment requests by asking taxpayers to cancel the registration of registered branches that are supposed to use the same tax registration number as the parent company.
- Process recurring registrations from all new requests during 2020. The same approach is implemented daily to analyse and act on these registration/modification requests.
- Improving financial security procedures by adding a feature that makes it impossible for the registrant to complete the application without it being a supplier, exporter or storer.
- Amending the VAT registration application form for natural persons, especially heirs, to facilitate the submission of applications by them.
- Processing 23 exhibition registration requests. The pace of completion of exhibition registration requests was accelerated by reducing the application completion rate to a maximum of two days.
- A total of 267 requests for tax agents were approved. The number of approved tax agencies in the tax agencies registry reached 189, while 84 requests for electronic linking between tax agents and tax agencies were processed.
- The Authority responded to the inquiries and requests received in the tax agents' e-mail. The time required to issue a tax agent's certificate was reduced to 15 working days.
- Discussing the mechanism for implementing the plan to complete the registration of eligible businesses and strengthening the commitment to VAT in cooperation with the concerned authorities.
- Studying the electronic link with the licencing authorities via an electronic platform to enable the Authority to extract the required reports, and facilitate the company registration procedures, contributing positively to reducing the effort and time to do the registration in the tax system.
- A total of 842 requests for excise tax registration were processed. Financial security procedures were improved to support business continuity. Requests for price updates and inquiries related to registration of goods were managed via email RSP@tax.gov.ae.
- Implementation of registration data quality checks by reviewing the prices of registered excise beverages and removing duplicate commodity data.
- Approval of the excise goods registration service provider and coordination with the Emirates Authority for Standardisation and Metrology to approve certificates of conformity related to sweetened drinks with added sugar, drinks containing 75% milk or alternatives, and energy drinks.
- Introducing an additional procedure for the registration of designated zones for Excise Tax where the inspection of the designated zones is carried out by an official from the tax registration in addition to a tax registration analyst.

Continuous improvement in the quality of electronic services



332,392

Registrants with the Federal Tax Authority, with a growth of 3.73% during 2020, despite the challenges of the Covid-19 pandemic.



22,081

Refunds were processed, and 1,334 voluntary declarations were reviewed to ensure efficiency and accuracy.



1834

Tax returns were settled for those registered under the tax refund system for tourists.



23

Applications were completed to register for exhibitions. The pace of completion was accelerated by reducing the application completion rate to two days.



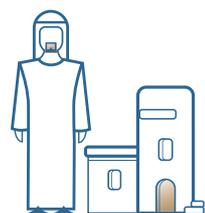
842

Applications for Excise Tax registration were processed and financial security procedures for business continuity were improved.



70,389

Applications were processed within the VAT registration services.



4,989

UAE nationals were approved for tax refunds on the construction of their new residences.



2,832

Applications were processed to register tax groups and 3,589 applications to amend tax groups.



267

Applications were approved for tax agents, and 84 applications to link with tax agencies were processed.



Chapter Two

Effective customer service communication

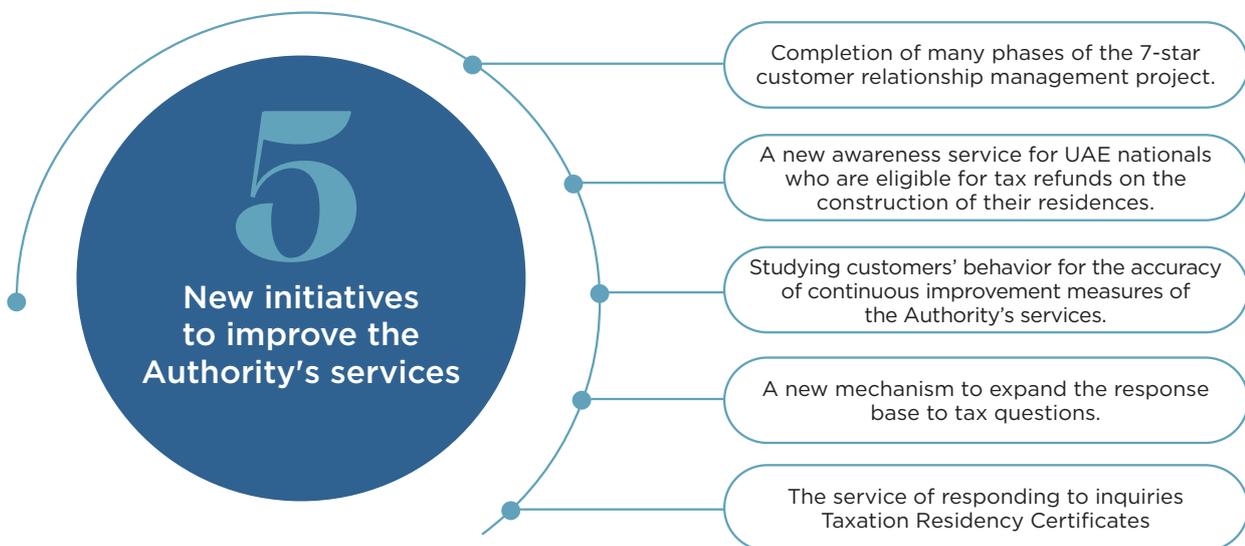
The Authority has strengthened its efforts to increase interaction and communication with taxpayers to provide the necessary assistance and technical support to deal with its integrated electronic tax management systems efficiently and easily. This comes as part of its strategy to provide compliance requirements with tax laws and procedures that have been designed according to the best standards, helping taxpayers to avoid exposure to errors while carrying out their tax obligations.

Development efforts continued to improve the level of services provided to the Authority's clients to meet their aspirations and happiness in line with the standards of excellence and enhance the tax work environment. Among the most prominent steps that have been implemented in this field were:

- Completing several stages of implementing the customer relationship management system in accordance with 7-star standards and the Excellence Project, through which further improvement measures will be taken for all services provided to customers, including proactive services.
- Improving the mechanisms of communication with UAE nationals who are eligible to refund VAT paid on their newly constructed residences. A new option has been created with the services available through an automated telephone response that allows citizens to inquire about information related to refunding the tax of their newly built residences. The number of telephone inquiries that were processed through this option numbered 2,083 inquiries during the last quarter of 2020 - the period that saw the start of this new service.
- In order to increase the accuracy of the continuous improvement procedures for the Authority's services, a customer behaviour study project was implemented within the customer relationship management system via phone calls or by visiting the taxpayer support centre, where the behaviour of 45,201 customers was documented during 2020 through the system.
- Expanding the response base to frequently asked questions by adding 12,560 answers to new inquiries that were included through the Customer Relationship Management System, which was provided with a feature that allows recording customers' questions via phone calls, sending an email, or visiting the Taxpayer Support Centre, providing a new mechanism to expand the response base to frequently asked questions to provide more tax knowledge facilities to customers.
- Creating a new option with the services available through the automated telephone response that allows inquiry about the procedures for obtaining tax domicile certificates. The number of telephone inquiries that were processed through this new option reached 1,706 during the second half of November and December 2020 with the start of this new service.
- The total number of of inquiries processed by the Authority during 2020 through four main channels available to customers to communicate (call center, e-mail, Tara smart chat system and two taxpayer support centres came to 199,981.

- A total of 140,793 telephone inquiries were answered through the Authority's call centre during 2020.
- A total of 37,148 inquiries were handled via e-mail, related to registration, refund and tax returns, payment of tax dues, and general inquiries.
- A total of 10,867 is the number of visitors to the taxpayer support centres in Abu Dhabi and Dubai, regarding registration, submitting tax returns and payment, tax refunds and other inquiries.
- A total of 4,400 requests have been completed to address inquiries and comments submitted by representatives of major companies, while 114 meetings were held with major companies with the aim of developing the tax environment in a way that supports taxpayers' self-discipline.
- A total of 1,565 applications submitted by tax agents were processed quickly and efficiently.
- A total of 11,173 inquiries were processed through the smart chat system (the tax assistant with artificial intelligence technology to answer questions from visitors to the Authority's website).

Customer Happiness Services



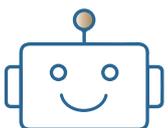
199,981

Inquiries were processed through four customer communication channels.



140,793

Telephone inquiries and 37,148 mail inquiries were responded to.



11,173

Inquiries were processed through the smart chat system 'Tara.'



4,400

Requests by representatives of major companies have been completed to encourage taxpayer self-discipline.



Chapter Three

Tax environment development

As part of its ongoing development strategy of the tax environment in line with local and external changes, the Authority continued to prepare and implement legislative policies and issue regulatory decisions with the aim of maintaining high performance rates and managing tax affairs with the highest levels of efficiency and accuracy, while providing the necessary procedural facilities for the continuous improvement of the Authority's services in line with standards of governance and transparency. Among the most important achievements in the field of tax and regulatory policies:

- Formation of 21 committees and work teams and the issuance of 53 decisions by the Director-General, including 46 administrative decisions and seven tax decisions. A total of 3,283 correspondences were implemented, including 1,804 incoming and 1,479 outgoing within the Authority's strategy to ensure the provision of all administrative services in accordance with standards of quality, efficiency and transparency.
- As part of its efforts to develop an effective tax system, the Authority prepared a revenue forecasting model by designing the forecasting methodology for VAT and Excise Tax, by conducting simulations and developing a methodology based on historical analysis and macroeconomic drivers. A guidebook was prepared on how to use the model, update it and extract information from it, and prepare a revenue forecast study report, including the most important revenue forecasts according to their various sources.
- Implementation of 19 studies and policies, including five operational policies related to taxation, implementation and collection of tax revenues and 14 studies for developing and updating tax policies and legislation that include comparative studies and studies of international best practices.
- Reviewing 26 documents and processing 192 requests in accordance with the requirements of tax regulations, where the Authority responded to 98 requests to change the input tax division mechanism without division into sectors, 45 requests to change the input tax division mechanism with division into sectors and 49 requests for legal support.
- Preparing 18 articles related to tax policies, including six training materials that include notes and guides for trainers, presentation materials and 12 materials for events, seminars, workshops, meetings, conferences, and more.

• **Among the tax decisions issued during 2020, which were listed on the Authority's website:**

- Cabinet Decision No. (1) of 2020 on the Refund of Value Added Tax paid on goods and services connected with Expo 2020 Dubai.
- Cabinet Decision No. (9/12) of 2020 on certain medical equipment subject to tax at zero rate.
- Cabinet Decision No. (65) of 2020 on fees for services provided by the Federal Tax Authority.
- Cabinet Decision No. (57) of 2020 concerning economic substance requirements.
- Ministerial Decision No. (100) of 2020 on the issuance of directives for the implementation of the provisions of Cabinet Decision No. (57) of 2020 concerning economic substance requirements.
- Federal Tax Authority Decision No. (5) of 2020 on the amendment of Federal Tax Authority Decision No. (2) of 2019 on the implementation of 'Marking Tobacco and Tobacco Products Scheme'.

Tax policies with standards of efficiency and transparency



6

Tax decisions issued during 2020 were listed on the Authority's website.



21

Committees and working groups were formed and 53 resolutions were taken to ensure that services are provided with quality and transparency standards.



5

Operational policies and 14 studies to develop and update tax policies and legislation.



26

Documents were prepared, and 192 applications were processed in accordance with the requirements of tax regulations.

Forecasting VAT and Excise Tax Revenues

Designing a methodology for forecasting a simulation model

Developing methodology based on historical analysis and macroeconomic drivers.

A guidebook has been prepared on using the simulation model, updating it, and extracting information from it.

Preparing the revenue forecast study report according to its sources.



Chapter Four Supporting sectors

The Authority has been keen to continuously improve its internal sectors supporting the tax system to ensure that all administrative services are provided in accordance with quality and transparency standards, through the implementation of programs and activities to enhance the supporting tasks for the Authority's departments to carry out their tasks efficiently and smoothly, including:

Human Resources:

To enhance corporate excellence and increase competitiveness on an ongoing basis, the Authority is developing its people through training programs, encouraging and stimulating academic development in many areas within its strategy to manage its human competencies to obtain the best of its employees, and to build and refine the competencies of its work team. The outputs and results achieved during 2020 included:

- The Emiratisation rate increased to 78%, an increase of 3.7% over the previous year.
- Achieving a gender balance ratio of 57% for females and 43% for males.
- Women leaders represent 33% of the total leadership of the Authority.
- 97% of all job categories were trained, with a total number of 7,500 hours of training.
- Women working in the specialized and technical job categories are 59% of the total staff of the Authority.
- 15 training courses and job shadowing activities related to knowledge transfer were implemented with an average of 1076 training hours.
- The employees' happiness about education and training opportunities was 93%.
- Despite the challenges of the Covid-19 pandemic, the Authority continued to attract talent by carrying out evaluation interviews virtually.
- 26 specialized training programs were implemented to enhance future skills and competencies. The e-training platform was used more effectively with 1,110 training hours.
- The training hours average increased to 29.7 hours per employee, compared to 24 hours in 2019.
- Employee relations services have been automated, shifting from paper transactions to fully electronic procedures through Bayanati system.
- 105 employees were assigned to various training programs, including the value-added tax diploma.
- 50% is women participation in the Authority leadership development programs, an indication of excellence in empowering women in leadership positions.

Financial Performance:

As part of its efforts to continuously improve the efficiency of financial performance, the Authority continued to update and develop its electronic financial and accounting systems in accordance with international standards, and to develop its qualified employees that ensure the application of these standards. Among the achievements and measures that have been taken in this regard throughout the year:

- Complete the automation of the Oracle system in coordination with the Ministry of Finance in line with the transformation plan to the accrual accounting principle in accordance with the International Public Sector Accounting Standards (IPSAS), which contributes to enabling the Authority to carry out its obligations and tasks with the highest levels of transparency and accuracy.
- Recording a rate of 99.93% on the measurement indicators for the performance of financial management operations for the year 2020.
- Complete a business continuity plan for the financial affairs.
- Preparing the ISO 90001 file and presenting the results of documenting the financial management procedures for the Authority to obtain the ISO 90001 certificate.
- Creating a new financial system for the services of tax domicile and commercial activity certificates, and linking it with the e-dirham system, which contributed to standardizing and automating the procedures for services provided by the Authority.

Corporate Governance:

- Developing the corporate governance framework in the Authority in line with the foundations of governance, transparency and accountability.
- Issuing the corporate governance guide in addition to documenting the related processes.
- Assessing institutional risk to update the risk register and develop an audit plan for the next five years.
- 7 audit tasks were implemented according to the approved plan in this regard, and 12 monthly follow-ups were carried out.
- 222 internal audit recommendations issued to support fulfilling the Authority's goals and strategies.
- 18 introductory workshops and awareness materials were implemented to consolidate audit concepts in the Authority's work methodology.
- The employees of the Internal Audit Office became certified auditor for the ISO 22301 standard, the development of 7 work guides and the application of processes and procedures related to the ISO 9001 standard.

Continuous improvement in the quality of electronic services



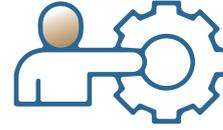
78 %

Emiratisation, an increase of 3.7% over 2019.



33 %

Of the total leadership of the Authority is women leaders.



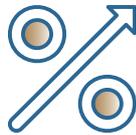
7500

Training hours were implemented for 97% of all job categories.



1076

Training hours related to knowledge transfer were implemented through 15 training courses.



7.93 %

is the recorded rate on the measurement indicators for the performance of financial management operations for the year 2020.



222

Audit recommendations issued to support fulfilling the Authority's goals and strategies.



59 %

of women are working in specialized and technical job categories.



93 %

Of employees are happy about education and training opportunities in the Authority.



7

Audit tasks were implemented according to the approved plan in this regard, and 12 monthly follow-ups were carried out.



18

Introductory workshops and awareness materials were implemented to consolidate audit concepts in the Authority's work methodology.



Part Three Tax enforcement

In order to ensure the effective application of compliance systems in accordance with clear standards for auditing and tax enforcement, the Authority has strengthened its oversight role by carrying out audits and ensuring that all taxpayers carry out their duties and tax procedures accurately. It also continued its inspection campaigns in the UAE markets in cooperation with the concerned authorities to protect consumers' rights and increase the level of tax compliance. During the year 2020, many regulatory achievements were completed, including:

- The Authority's inspection teams carried out 14,004 field inspection visits in local markets during 2020, to protect consumers' rights, control tax evasion and increase the level of tax compliance, as part of the Authority's plans to contribute to strengthening market control to ensure compliance with tax legislation and procedures.
- Implementation of 35 joint campaigns in cooperation with 21 concerned parties in all emirates of the country.
- 1,642 value added tax violations were seized.
- 409 excise tax violations were seized.
- Seizing more than 450 excise products not registered in the tax system.
- Seizing 9.7 million violating tobacco packages that do not carry "digital tax stamps" and are not registered in the Authority's electronic system.
- Seizing 805,000 violating packages of other excise goods (other than tobacco), which include carbonated drinks, energy drinks and sweetened drinks.
- Adding 78,000 new registrants to pay tax dues as a result of communication with them by representatives of the Tax Compliance and Enforcement Department in the Authority.
- Adding more than 51,000 registrants to submit tax returns as a result of communication with them by the Authority specialists.
- 104,000 tax returns were submitted as a result of tax enforcement follow-ups.
- Implementation of a number of projects to continue upgrading audit and inspection processes, including projects to stop paying tax upon import according to the reverse calculation mechanism, reallocating payments to cover tax entitlements first, and preparing an inspection guide.

Regulatory Achievements



14,004

Visits in the inspection campaigns during 2019 to ensure tax compliance.



9.7

Million violating tobacco packages that were seized without "digital tax stamps" are not registered in the Authority's electronic system.



409

Excise tax violations were seized.



4

Projects have been completed to continue upgrading the audit and inspection processes.



35

Joint campaigns were implemented in cooperation with 21 concerned parties in all emirates of the country.



1,642

Value added tax violations were seized.



450

Excise products were seized and not registered in the tax system.



Part Four

Meeting quality requirements

As FTA's vision to be a world-class tax Authority, and with the aim of achieving continuous development of the tax environment, the Authority has intensified its strategic efforts to promote a culture of institutional excellence and adopt the latest quality systems to improve its services and achieve further development and documentation of its performance mechanisms in all areas of its work. Many procedures and achievements have been implemented in this field, including:

- Documenting the Authority's operations for the year 2020 in order to comply with "ISO" quality requirements and maintain a smooth and effective workflow. A series of internal meetings were held in conjunction with the Strategy and Future Department and all the Authority's departments to document operations, and 320 processes were prepared and approved in this regard.
- Launching a knowledge initiative indicator to determine the level of tacit and explicit knowledge held by employees, as well as the percentage of knowledge initiatives completed. The percentage of spreading a knowledge culture among employees was 40%, inventorying explicit and implicit knowledge assets, documenting them, and making them available for use was 40%, and developing and strengthening the infrastructure of information management systems knowledge management was 67%, according to the indicator.
- The knowledge maturity level of the Authority reached 65% according to the indicator measuring this level, and 40 internal questionnaires were implemented to ensure the provision of administrative services in accordance with standards of quality, efficiency and transparency.
- **Questionnaires were implemented to measure the level of happiness and awareness of employees, and the level of awareness and happiness of customers, to improve and develop the services provided, with the following results:**
 - Employees' happiness about the remote work experience (68.7%)
 - Happiness towards the Liked In educational platform (70%).
 - Happiness towards the innovation strategy workshop (70%).
 - Awareness of employees with the international star rating system for services (49%).
 - Awareness of employees of the concepts and requirements of the quality management system (70.7%).
 - Awareness of employees of the vision, mission and core values of the Authority (77.3%).
 - His Excellency the tax agents towards the e-commerce tax treatment forum organized by the Authority (80%).

- The stakeholders concerned with the Authority's services were identified, and the impact and relative importance of the categories of employees and entities dealing with the Authority were determined, to ensure the provision of administrative services in accordance with standards of quality, efficiency and transparency.
- The number of partners - according to an inventory carried out by the Authority - (105) partners; Of them, (48) are strategic partners and (57) are operational partners, and it is intended to conclude memoranda of understanding and cooperation agreements with these parties.
- Starting to list the global competitiveness indicators that the Authority contributes to within the national agenda, with the aim of designing and identifying the best ways to promote progress towards achieving a global leadership position for the Authority.
- Implementation of surveys that included 1666 samples of customers by monitoring their evaluation of 14 services provided by the Authority. The mystery shopper experiment was conducted through 4 channels of the Authority with a total of 60 phone calls, 30 emails, 20 visits to the service center and 60 visits to the website.
- Holding two introductory workshops to educate employees about the mechanism for implementing the future foresight operations manual, and future foresight studies are being carried out for the Authority in various sectors.
- Issuing a set of operational policies to provide all administrative services related to the ISO 9001:2015 project, with the aim of providing high quality services that achieve the happiness of the Authority's customers, and managing operations risks efficiently to ensure the continuity of providing the best services.

Regulatory Achievements



320

Processes have been documented to meet ISO quality requirements to ensure smooth and accurate workflow.



40

Internal questionnaires to ensure the provision of administrative services in accordance with standards of quality, efficiency and transparency.



4

Service channels for the Authority included in the mystery shopper experience test.



65 %

Of the organization's knowledge maturity level.



1666

Sample of customers included in surveys to evaluate 14 services provided by the Authority.



105

strategic and operational partners were included in a survey carried out by the Authority to document cooperation with them.

