



The Next 50 Years: Broad Prospects for a Promising Future

2021

Annual Report of the
Federal Tax Authority (FTA)

The 4th edition of the Federal Tax Authority annual report reviews the FTA's most prominent achievements in 2021.

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“We think ahead and plan for the next 50 years for the benefit of generations to come, we strive to build a diversified, solid, and sustainable economy.”

His Highness Sheikh Mohamed bin Zayed Al Nahyan
President of the UAE



“It is our right to dream for our country to be one of the best countries in the world.”

His Highness Sheikh Mohammed bin Rashid Al Maktoum
Vice President and Prime Minister of the UAE and Ruler of Dubai

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Board of Directors of the Federal Tax Authority

H.H. Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum
Chairman of the Board of Directors of the Federal Tax Authority

H.E. Mohammed bin Hadi Al Hussein
Deputy Chairman of the Board

H.E. Abdul Rahman Saleh Al Saleh
Board Member

Sheikh Mohammad bin Abdullah Al Nuaimi
Board Member

H.E. Younis Haji Al Khouri
Board Member

H.E. Sultan Ahmed bin Salim
Board Member

H.E. Mohammed Khalifa Al Nuaimi
Board Member

H.E. Rashid Lahej Al Mansouri
Board Member

H.E. Waleed Ibrahim Al Sayegh
Board Member

H.E. Mohammed Saif Al Talay
Board Member

H.E. Yousef Ali Al Balushi
Board Member

H.E. Yousef Ali Al-Balushi
Board Member

H.E. Saeed Rashid Al Yateem
Board Member

H.E. Ali Murshid Al Marar
Board Member

Ms. Maryam Abdullah Al Matroushi
Board Member

Mr. Ali Khalfan Al Dhaheer
Board Member

Ms. Azza Mohammed Al Suwaidi
Board Member

Mr. Ahmed Jamal Al-Noman
Board Member



Introduction to the Federal Tax Authority

According to Federal Decree-Law No. (13) of 2016, the Federal Tax Authority was established as an independent federal public authority with the legal capacity to act in financial and administrative independence. This is part of the UAE strategy to expand its policies to diversify sources of income, achieve sustainable development, and reduce reliance on hydrocarbons as a major source of income, thus enhancing the strength and efficiency of the national economy.

The Authority is supervised by a Board of Directors headed by His Highness the Minister of Finance. The Authority's headquarters is located in the Emirate of Abu Dhabi, with another branch in the Emirate of Dubai.

The FTA's primary tasks include implementing legislation, regulations, and procedures related to the federal taxes in the UAE, in addition to managing, collecting, and implementing federal and related taxes, and distributing revenues.



Vision, mission, and values



Vision

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



Mission

Collect and administer federal taxes, in addition to implementing tax regulations in accordance with high standards and international best practices, striving for innovation and efficiency, and focusing on stakeholders needs and customer expectations.

Core Values



Integrity

Provide our tasks and services with clarity, consistency and transparency in accordance with tax laws and procedures.



Leadership and Excellence

Apply the best tax standards and practices and work on sustainable development and improvement.



Innovation

Continuously innovate in our policies, procedures and services to make a quantum leap.



Professionalism

Provide our services professionally in accordance with policies, laws and tax procedures.



Team spirit

Work as a team to provide the best services and accomplish tasks and business.



Year of the 50th: Solid Achievements, A Promising Future

The year 2021 is considered a milestone in the history of our young country; it is the year of the 50th, where we celebrated the 50th anniversary of the founding of the United Arab Emirates in 1971. It is also the year that marked the beginning of preparations for an effective and sustainable transformation for the next 50 years. Building on the solid achievements that have been made in all fields over half a century, our wise leadership has begun the process of shaping the promising future of our country by issuing directions to launch ambitious strategies that set the stage for new successes that will be achieved with the minds and hard work of the Emirati people to enhance the UAE's position among the best countries in the world.

The principles of the United Arab Emirates for the next 50 years that were adopted during the Year of 50th, along with the new methodology for government work, constitute a roadmap for building a more prosperous future, keeping up with rapid developments, overcoming regional and global challenges with the highest levels of efficiency, and sustaining the national development process.

The Federal Tax Authority is developing its plans around these principles and this ambitious methodology, and we aspire to lead our country to new levels of prosperity and global leadership.

The FTA continues to play a leading role in achieving the strategic objectives of the tax system, foremost of which is promoting economic diversification by providing sustainable income sources to finance projects, such as infrastructure development and high-end public services to citizens, residents, and visitors.

Maktoum bin Mohammed bin Rashid Al Maktoum

Deputy Ruler of Dubai

Deputy Prime Minister, Minister of Finance

Chairman of the Board of Directors of the Federal Tax Authority



Pioneering Initiatives

Over the first four years since its establishment, the Federal Tax Authority, in collaboration with its strategic partners in the public and private sectors, has been able to lay the foundations of a balanced tax system in an ideal legislative environment that encourages compliance and adheres to the highest standards of governance and transparency.

Furthermore, the FTA launched hi-tech systems to facilitate registration, filing Tax Returns, and processing payments, in an effort to encourage self-compliance among taxpayers.

The Authority has implemented a full digital system that allows taxpayers or their representatives to complete all procedures in a few quick and easy steps without physical interaction or paperwork.

The year 2021 marked the beginning of a new phase for the FTA with the launch of a comprehensive improvement plan aimed at enhancing its services with added speed, accuracy, and ease, to meet the aspirations of taxpayers, in line with the National Digital Government Strategy.

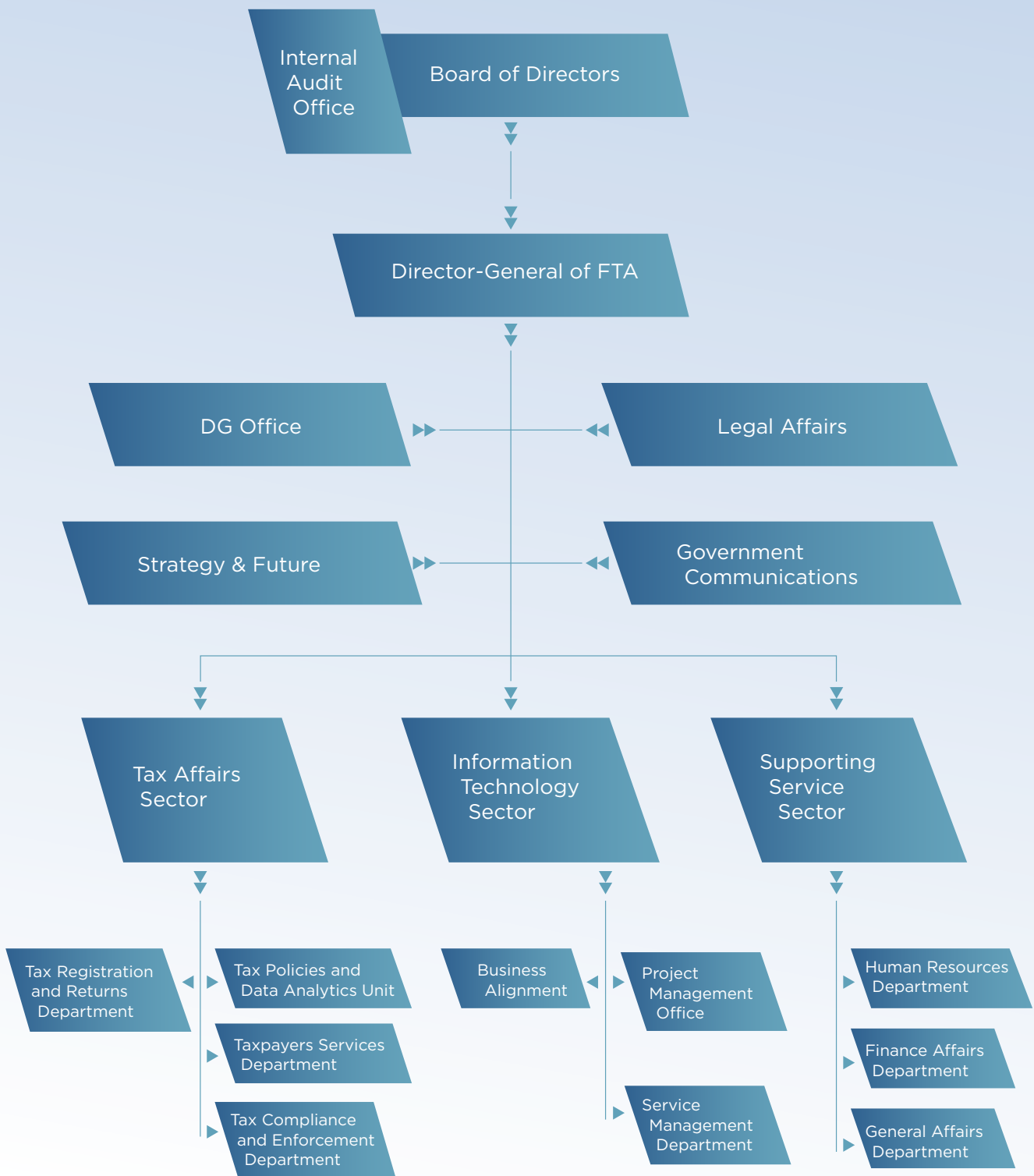
The Authority continues to develop its processes, applying the latest mechanisms to enhance the efficiency of the tax system and maintain high performance rates.

This report highlights the FTA's most notable results and achievements in 2021.

Khaled Ali Al Bustani

Director General of the Federal Tax Authority

Organisational Structure



The FTA's Journey



2019

- Implementing the Digital Tax Stamps system for cigarettes and tobacco products.
- Developing the electronic tax management system and the FTA website
- Extending Excise Tax to include sweetened beverages and electronic smoking devices.



2020

- Launching the electronic issuance of tax residency and commercial activities certificates.
- Launching an advanced platform to refund VAT incurred by UAE citizens on the construction of new residences.
- Expansion of the self-service kiosks system for refunding VAT to tourists.
- The FTA joins third-generation e-dirham system to be used for tax payment.



2021

New facilities for registrants to fulfill their tax obligations, including:

- Amending the Federal Law No. (7) of 2017 on Tax Procedures and the Executive Regulations of Federal Decree-Law No. (8) of 2017 on Value Added Tax.
- Decision to re-determine administrative penalties imposed before June ,28 2021, to be equal to 30% of the total amount due, if specific conditions are met.
- Decision on requirements and procedures for filing a request to pay administrative penalties on tax violations in instalments, or request a waiver or refund on penalties.



2018

**VAT is implemented
Several schemes are launched, including:**

- VAT Refund for UAE Nationals Building New Residences.
- VAT Refund Scheme for Tourists.
- VAT Refund for Business Visitors.



2017

- Establishing the legislative and procedural structure of the UAE tax system.
- The FTA begins operations.
- Excise Tax is implemented on tobacco and tobacco products, as well as energy drinks and carbonated drinks.



2016

Issuance of Federal Decree-Law No. (13) on the Establishment of the Federal Tax Authority

The FTA's Strategic Objectives



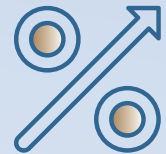
First objective: To develop an integrated and effective tax environment in accordance with international best practices and regulations.

Description: Develop and implement efficient tax systems that enable taxpayers to easily and seamlessly pay their taxes, while also allowing the FTA to collect them effectively and support the UAE's economic development.



Third objective: To ensure the delivery of all administrative services to the highest quality, efficiency, and transparency standards.

Description: Develop and implement programmes and activities that support departments in their efforts to complete the FTA's tasks.



Second objective: To achieve the highest levels of tax compliance and promote self-compliance among taxpayers.

Description: Develop and implement tax compliance, returns, disclosures, audit, and enforcement systems, in addition to effectively dealing with cases of non-compliance. The Authority also aims to develop and implement programmes and activities that help taxpayers understand their tax obligations, in an effort to create an environment that encourages compliance with tax laws and procedures.



Fourth objective: To enhance the culture of innovation and creativity in the work environment.

Description: Develop and implement programmes and activities that encourage stakeholders to innovate in service, processes, and systems, driving significant progress in tax laws and procedures. The FTA also aims to prepare future plans to keep pace with local, regional, and global developments.



Customer happiness, achievements, and development

The national economy continued to recover in light of the UAE's success in combating the spread of COVID-19 and strengthening its global leadership by implementing effective measures to contain the outbreak and its effects on all sectors with diverse and comprehensive package of government initiatives to stimulate economic growth.

In 2021, the UAE celebrated its golden jubilee, the 50th anniversary of the founding of the nation, looking back on commendable achievements that surpassed what many other countries accomplished over the course of centuries.

The UAE's 'Principles of the 50' document outlined the core tenets of the new methodology for government work, which sets the UAE's strategic path over this upcoming stage of development and across all fields, acting as a reference for all government entities to strengthen the union, build a sustainable economy, and harness all resources for a more prosperous society.

The Federal Tax Authority (FTA) is working to develop its strategy for the next phase based on these principles and in line with the new methodology for government work. In 2021, the Authority maintained high performance rates across all of its activities, and continued to implement development plans to upgrade its services, ensure customer happiness, and strengthen relations with all relevant authorities in the public and private sectors. This, in turn, contributes to the implementation of policies to diversify the national economy through the management and collection of federal taxes, in accordance with the best standards.

The fourth edition of the Federal Tax Authority's annual report highlights the FTA's most prominent results and achievements for 2021, which set the stage for achieving the Authority's main and supporting strategic objectives.

Part One

Effective tax systems



Chapter One

Sustainable Awareness

With continued developments to legislative and procedural processes, along with the modernisation of digital systems, the FTA has intensified its awareness campaigns to inform relevant groups of these updates, so that they are constantly informed of updates and developments at the FTA. This, in turn, boosts efficiency when dealing with the tax system and further increases tax compliance rates.

The Authority organised a large number of seminars and workshops about the tax system, with a total of 74 events taking place. It also continued to issue new guidelines and public and private clarifications, respond to inquiries from taxpayers, run advertising and media campaigns, and respond to media enquiries.

1 Tax awareness activities

- To establish a self-compliant tax environment, the FTA launched its Tax Awareness Events, including 15 events and four workshops, most notably:
 - Tax Residency Certificate: An event to guide users on how to register, create a new application for a Tax Residency Certificate (for a natural person and/or a legal entity), in order to combat tax evasion in collaboration with authorities in the UAE and abroad. The commercial activities certificate was also presented along with the terms and conditions for the certificates, fees, payment mechanisms, and how to download the certificates.
 - Emirati Entrepreneurs Sessions: They focused on tax transactions related to Emirati entrepreneurs, introducing them to mechanisms, procedures for compliance with VAT and Excise Tax, and responding to queries raised by the participants.
 - Sectoral Workshops: Implemented to raise taxpayers' awareness in specific business sectors. The workshops included the gold, automobile, clothing, and building materials sectors, where goods subject to zero-rated tax were addressed, and procedures were introduced related to voluntary declaration, tax registration, and deregistration.
 - Excise Tax workshops: Implemented to familiarise relevant groups with the mechanisms and procedures for registration and deregistration for Excise Tax, import declarations, tax returns, tax payments, registering warehouse keepers and designated areas, and other issues related to the application of Excise Tax, during which inquiries were answered.

2 Small and Medium Enterprises

- The Authority launched the Tax Clinic initiative to spread tax awareness among all business categories, respond to their inquiries, support them to overcome challenges, and provide them with direct access to information through sustained remote communication with the FTA's team of experts.
- In its fourth year, the Tax Clinic initiative followed a new awareness strategy, focusing on specific sectors, given the increase in queries by small and medium-sized enterprises (SMEs), which make up the largest segment of companies registered in the UAE. The majority of sessions were devoted to communicating with representatives of the SME sector, as well as other sectors when required.
- In 2021, 18 interactive Tax Clinic sessions took place with significant participation from SME representatives. A large number of topics were explained and clarified, including the procedures and documents required for registration and canceling tax registration, submitting requests for review, submitting permit applications, required documents to submit tax refund requests, as well as matters relating to common errors and ways to avoid them.

3 Your Voice Is Heard

- To introduce citizens to the e-Services allowing them to recover VAT on the construction of their new residences, the Authority launched several awareness initiatives, the most recent of which is called 'Your Voice is Heard'. The initiative includes various awareness channels to ensure access and direct communication with citizens to answer questions, receive feedback, and meet their aspirations for continuous service improvement. Eight interactive sessions were organised under this initiative in 2021:
 - The Virtual Council: A weekly remote online meeting with concerned citizens, representatives of the housing authorities, building contractors, engineers, and experts, during which consultations and clarifications were provided regarding VAT refunds for construction of new residences by UAE citizens.
 - The Personal Assistant: A service that allows citizens to book an appointment for direct in-person contact with an employee at a competent authority to facilitate the completion of legal requirements and complete refund requests as soon as possible.

- Remote Interactive Sessions: The remote online sessions reviewed and monitored comments, suggestions, and preferences submitted by citizens about the VAT refund for UAE citizens on the construction of new residences, with the aim of continuously improving the service.
- 'Refund Your Home Tax Easily' brochures and videos: Social media collateral were developed and shared on SMS text messages, as well with a link to a newsletter that explains the VAT refund steps.
- Six new remote interactive sessions have been implemented in coordination with Housing Departments and Municipalities across the country, as part of the My Residence campaign, carried out by the FTA, which aimed to spread awareness regarding VAT refund procedures for UAE citizens on the construction of new residences through the e-Services platform on the FTA website.

4 Raising Awareness for Tax System Advocates

- With the expansion of the tax system's customers base, awareness campaigns were intensified, focusing on supporting groups like tax agents, freight agents, and customs clearance agents.
 - The Authority conducted two workshops where 268 accredited tax agents participated. Several topics were covered including the conditions and procedures to re-determine unpaid administrative penalties imposed on tax registrants to be equal to 30% of the full amount, as well as amendments to the Federal Law No. (7) of 2017 on Tax Procedures, tax treatment in designated areas, new designs for Digital Tax Stamps on tobacco and tobacco products. Furthermore, agents were briefed on the extension of the application period to 12 months from the date of completion for VAT refunds for UAE citizens on building new residences, as well as tax refund requirements through mobile devices, and call minutes and data packages obtained for business purposes.
 - Two workshops were implemented for the freight and customs clearance agents, with the participation of 130 companies in the sector. The workshops presented updates and outlined the processes carried out by the FTA to simplify tax procedures.

5 Digital Tax Stamps

- A system whereby Digital Tax Stamps are placed on tobacco products was introduced to prevent the trade and possession of all tobacco products that did not bear said Stamps in local markets. The Authority implemented an awareness campaign that included 15 workshops, during which the importance of Digital Tax Stamps were clarified. The new design was set according to the best standards and was placed on all types of cigarette and tobacco product packages, replacing the previous digital tax stamps that were introduced in 2019.
- Participants were briefed on a transitional timetable to adhere to the new Stamps, which started on October 1, 2021. It was emphasised that this update came as part of the continuous development plans carried out by the FTA to enhance the quality and efficiency of its procedures, including measures for consumer protection from commercial fraud, as well as procedures to protecting against tax evasion, by tracking tobacco products from the manufacturing facility and until they reach the end-consumer. The system electronically tracks the process to ensure compliance with the approved standard specifications, and full commitment to paying the due Excise Tax.

6 Tax Hour

- To raise the level of tax awareness among new registrants in the tax system, the FTA launched a new awareness campaign titled 'Tax Hour', directed primarily at this category. Six workshops took place that dealt with registration procedures, amending registration for VAT, registering a tax group, and amending registration for a tax group, as well as deregistration and change of email address.

7 Your Tax Invoice, Your Right

- In 2019, the FTA launched a campaign under the slogan 'Your Tax Invoice, Your Right', which communicates directly with suppliers and consumers in the local markets to raise awareness of the legal requirements that a tax invoice must adhere to and the importance of issuing it by all businesses registered in the VAT system to preserve consumer rights.
- 15 awareness workshops were implemented as part of the campaign, in collaboration with Departments of Economic Development across the UAE, along with other relevant authorities. The campaign aimed to increase the level of tax compliance in local markets, emphasise the mandatory requirement of issuing tax invoices by tax registrants to protect consumer rights and prevent tax evasion.

8 Enhancing media visibility

- To highlight activities and developments in accordance with the approved communications strategy and in coordination with the relevant authorities, the FTA issued 43 press releases in Arabic and English.
- 12 TV and radio interviews were carried out for officials and spokespersons to achieve the targeted media presence and to clarify matters related to the tax system, its evolution, and development processes.
- Effective integrated media plans have raised the Authority's media visibility, with 2,270 coverage clippings about the national tax sector in 2021. The coverage was dominated by positive sentiments, 77% (1,740 positive reports), compared to 22% neutral sentiment coverage (511 neutral reports), while the percentage of negative sentiment coverage was less than 1% (19 negative reports).
- The Authority expanded its reach on social networking sites, bringing the number of awareness posts on these sites to 1,539.
- To increase interaction and direct communication with the tax community, the FTA sent 445 text messages via mobile phones and e-mail to educate registrants and inform them of all developments.

9 Guidelines to boost transparency

- To develop an integrated and effective tax environment, 9 guidelines for taxpayers were issued and updated, along with 5 guidelines for the work team in order to enhance service quality, in addition to e-learning programmes.
- To encourage self-compliance among taxpayers and based on requests for clarifications, the FTA issued 320 special clarifications and 4 new clarifications for tax agents.
- 9 public clarifications and 87 administrative exemption decisions were issued via the Authority's website to help develop an effective tax environment and achieve the highest levels of tax compliance.

Ongoing awareness



74

awareness campaigns were carried out in 2021 for sectors affected by the tax system.



15

workshops were held under the 'Tax Awareness Activities' initiatives covering 4 categories to encourage self-compliance.



18

interactive Tax Clinic sessions focused on SMEs were conducted.



8

remote sessions on VAT refunds for UAE citizens on the construction of new residences were held as part of the 'Your Voice is Heard' campaign.



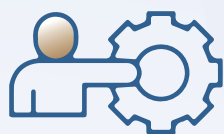
1539

awareness posts on social media and 445 text and messages emails.



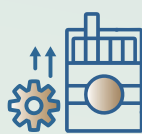
329

specific and public clarifications were issued to encourage taxpayer self-compliance.



268

tax agents benefited from tax awareness workshops.



15

workshops to introduce the new Digital Tax Stamps on tobacco products.



The 'Tax Hour' initiative is an updated mechanism to raise the level of tax awareness for new registrants.



Chapter Two

Strengthening Strategic Partnerships

The authority continued to strengthen and develop its strategic partnerships with stakeholders in the public and private sectors in the UAE, the region, and the world, with the aim of sharing knowledge to ensure the efficient and smooth implementation of tax legislation and procedures.

- 2021 witnessed a large number of meetings with representatives from various authorities in the UAE. Over 419 coordination meetings took place, including:
 - 140 meetings with various entities by H.E. the FTA Director-General to ensure the provision of high-quality, efficient, and transparent services, in addition to developing an integrated and effective tax environment.
 - FTA departments participated in 255 meetings with major companies and strategic partners in the UAE, while 3 meetings were held by the Consultative Business Group and 3 by the Consultative Group for Excise Tax, as part of efforts to find channels for continuous communication and consultation with taxpayers, involve them, gauge their views, and keep them informed of the latest developments in the tax system.
 - Meetings to develop an integrated tax environment with government entities operating in the financial sector, audit, tax enforcement, registration, and tax returns. These include the Ministry of Finance, Ministry of Interior, Ministry of Foreign Affairs and International Cooperation, Ministry of Industry and Advanced Technology, UAE Central Bank, and the Audit Bureau, as well as the Federal Authority for Identity and Citizenship, Customs and Port Security, Federal Authority for Human Resources, Department of Economic Development in Abu Dhabi, Economic Security Center of Dubai, Emirates Development Bank, Office of the Integrated Platforms for Expo 2020 Dubai Services, United Arab Emirates University, and the National Library and Archives.
- Regionally, the FTA participated in 12 coordination meetings of the committees and teams concerned with the Unified Tax System for GCC Countries, which explored tax-related developments in the GCC region, and discussed ways to strengthen knowledge exchange and joint coordination.
- The FTA maintained its international presence, participating in many prominent events and meetings of the World Bank, among other notable international bodies, the most important of which are:
 - The meetings of the second Belt and Road Initiative Tax Administration Cooperation Forum, which was held in September 2021 with 57 countries represented, and discussed strengthening tax cooperation and taking advantage of opportunities available in the digital field to develop the tax sector and improve its systems.
 - A delegation from the UAE participated in the Meeting of the Supervisory Board of the Belt and Road Initiative, which was held online and saw the president and vice-presidents of the Forum elected, including the UAE being elected for the second consecutive session as vice-president of the Forum.
 - The Authority presented its experiences and projects at the Forum and reviewed experiences presented by other member states.

Effective cooperation locally, regionally, and internationally



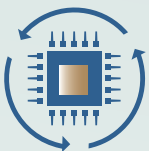
419

coordination meetings between representatives of the FA and Government entities in the UAE.



12

meetings with GCC committees on the Unified Tax System for GCC Countries for coordination and knowledge exchange.



57

countries, including the UAE, discussed opportunities for tax digital transformation at the second Belt and Road Initiative Tax Administration Cooperation Forum.



For the second consecutive session, the UAE was elected vice-president of the Belt and Road Initiative Tax Administration Cooperation Forum.



The virtual exhibition of the Forum highlights with the FTA's experience and successful projects.



Chapter Three

Promising Digital Environment

The Federal Tax Authority has continued to implement its strategy to drive digital transformation in all of its operations, enable the tax system to utilise the advanced infrastructure available in the UAE, and ensure the sustainable development of the national economy in line with the National Digital Government Strategy, which aims to lead the smart transformation of all services provided by the federal and local governments. Many achievements have been made in that regard, most notably:

- Coordination with the Telecommunications Regulatory Authority (TRA) and the Digital Government regarding the inclusion of the FTA's approved services on the unified digital platform (UDP), and setting a timetable for it.
- In an effort to provide administrative services that meet the highest standards of quality, efficiency, and transparency, the Authority implemented more than 57 policies and procedures for the management of information technology services and information security.
- The FTA's systems have earned the ISO20000 and ISO27001 certificates for the information technology service management system and the information security management system.
- The FTA developed and expanded the scope of the VAT Refund Scheme for Tourists, which is one of its most important innovative digital systems that uses smart connectivity and paperless transactions. The number of self-service kiosks deployed to allow tourists to carry out tax refund procedures – through a fully automated process that took no more than two minutes – was increased to 84 at the end of 2021, compared to 71 at the end of 2020, marking an increase of 18.31%. The kiosks are deployed throughout many major commercial centers (malls) and hotels, as well as tourist exit points across the country.
- The number of retail stores around the country that are linked to the system reached 13,880, up from 10,260 at the end of 2020, an increase of 35.28%.
- The total number of tax refund transactions for tourists increased to 2,697,171 in 2021, compared to 1,510,648 transactions in 2020, an increase of 78.54%.
- The daily average number of tax refund transactions for tourists reached 7,390, up from a daily average of 4,127 transactions in 2020.
- The disaster recovery data centre moved to a new headquarters and its capacity has been increased to ensure utilisation does not exceed 76%. This, in turn, helps guarantee business continuity and facilitates planning for unforeseen events, risk management, and asset protection.
- The FTA launched the live chat system on its website, which recorded an average of 100 chats per month.
- The service allowing taxpayers to submit a request to reconsider to the tax system has been moved, while the service to receive golden residency applications has been developed.

Digital infrastructure development



57

policies and procedures for providing administrative, information technology, and information security services in accordance with best practices.



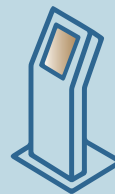
ISO20000

The FTA earned the ISO 20000: The International Standard for Service Management, as well as the ISO 27001: The International Information Security Standard



100

chats per month through the live chat system, launched to encourage taxpayer engagement.



18.31%

increase in the number of smart self-service kiosks to 84.



13,880

stores connected to the electronic system of the VAT Refund Scheme for Tourists – a 35.28% increase.



%78.54

number of tax refund transactions to tourists increased by 78.54% to 2,697,171 transactions in 2021.



Chapter Four

Improved Operational Performance

The FTA has maintained high performance levels with its development plans designed to enhance customer happiness and strengthen relations with all public and private entities involved in the tax system. The Authority recorded tangible results in productivity, as well as a significant improvement in the timeliness of task completion.

These positive indicators are a reflection of the development plans being implemented on an ongoing basis, which aim to advance services provided through digital systems to ensure ease, speed, and accuracy.

As part of the strategy to develop an integrated and effective tax environment, the FTA has intensified its efforts to ensure that high rates of efficiency are maintained across the tax system, that the vision of the wise leadership is fulfilled, and that future forecasting is embedded into strategies and initiatives aimed at continuously developing the government work system, increasing quality of life, and developing government services that spread happiness in society.

Several initiatives were implemented in that regard, including a service implementation system to improve performance, governance, and quality monitoring. Interactive campaigns were also implemented in an effort to enhance engagement between the Authority and its customer base.

Operational results show that these initiatives have contributed to all areas of the Authority's work.

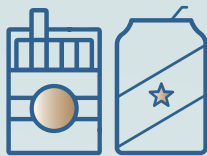
- Total number of registrants for Value-Added Tax increased to 346,278 by the end of 2021, compared to 320,491 by the end of 2020. This amounts to 25,787 new registrants, marking an increase of 8.05%.
- Registrants for Excise Tax reached a total of 1,357, an increase of 10.15%.
- 107,986 applications were completed through the registration department.
- Average application time reduced from 8.5 working days to 4.8 working days.
- The number of requests submitted to the Registration Department grew to 20,777 requests in the first quarter, then 20,582 requests in the second quarter, 32,386 requests in the third, and 34,241 requests in the fourth.
- 28,942 VAT refund requests reviewed with 17,630 approved, marking a tangible enhanced performance driven by the development of tax refund mechanisms for legally eligible groups.
- The Authority has implemented the Refund of VAT Paid on Goods and Services Connected with Expo 2020 Dubai in collaboration with relevant authorities to ensure the smooth implementation of procedures, direct daily communication, and quick processing of requests from official participants in the exhibition. This includes requests from participating countries to register for Value-Added Tax (VAT), redemption requests, and inquiries from countries participating in the major event, which launched in the third quarter of 2021.
- 133 VAT refund requests by tourists at Expo 2020 Dubai approved.
- 362 tax refund requests by visiting foreign businesses reviewed, which enhances the investment-friendly environment in the sectors where businesses visiting the UAE are active.
- 4,596 deregistration requests approved through the VAT deregistration service for Tax Registration Numbers (TRNs) and tax groups, while 11,536 requests were reviewed.
- Due to continuous improvements to procedures and services, the time needed to process cancellation requests was reduced by 44% in 2021, compared to the previous year.
- Registration of 425 diplomatic missions and processing 2,555 VAT refund requests, all of which were completed on time.
- Average completion time for approving VAT refund requests for diplomatic missions improved by 67% compared to previous years.
- New facilities introduced to simplify and speed up procedures for VAT refund requests (made through the e-Services platforms) for citizens on the construction of new residences, which helped reduce average service time by 7% from 9.2 days to 8.5 days.
- 6,786 applications were received for VAT refunds for citizens construction of new homes were in 2021, 6,013 of which were approved, with a total value of AED469,075,189.
- To ensure that all administrative services are provided in accordance with standards of quality, efficiency, and transparency, the Enterprise Risk team documented and assessed risks, closing 57.3% of them.
- Evaluation of 72 practical institutional opportunities to cover the requirements of the global star system. The FTA updated work models for the management of institutional opportunities, raised awareness of the mechanisms to implement the process, tracked the percentage of completion, and provided continuous technical support.
- Determining the FTA's performance requirements and evaluating them, enhancing results on indicators by setting short and long-term work plans, and following up on each organisational unit's commitment to meeting performance standards for evaluating the tax administration 'Tadat' in order to achieve the requirements of the assessment tool.
- Issued 38 operational policies for the authority, applying the assessment tool requirements to various systems and following up on corrective initiatives, in addition to overseeing the process of identifying gaps in accordance with standards, and determining initiatives and development activities to close these gaps.
- 60 processes and manuals related to the Authority's work mechanisms have been updated to ensure all administrative services are provided in accordance with standards of quality, efficiency, and transparency.
- The FTA was able to win the Leading Practices Award in Internal Auditing in the Governance, Risk Management, and Compliance at the Government Sector category. The award is presented by the UAE Internal Auditors Association.

Operational Indicators



346,278

new registrants in the FTA system, up from 320,491 – an 8.05% increase in 2021.



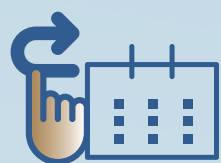
1,357

Excise Tax registrants, marking a 10.15% increase.



107,986

applications completed by the registration department in 2021



4.8

Significant reduction of the average processing time for registration applications from 8.5 days to 4.8 working days



6,013

new approved applications for VAT refunds to citizens on the construction of their new homes



8.5

Average completion time for VAT refund requests from UAE citizens for the construction of new residences dropped from 9.2 days to 8.5



28,942

VAT refund applications reviewed



133

approved requests for Refund of VAT Paid on Goods and Services Connected with Expo 2020 Dubai, while 362 refund requests for foreign business visitors were reviewed



44%

reduction in approval time for cancellation requests

Part Two

Encouraging and enforcing
self-compliance



Chapter One

Consolidating the Elements of Tax Compliance

As part of its strategy to provide the best ecosystem to encourage compliance with tax laws and procedures, the Authority expanded its improvement plans by placing Customer Happiness at the forefront of its priorities.

The FTA aims to enhance the services provided to taxpayers with fast, accurate, and easy-to-use digital systems. Furthermore, mechanisms are being provided to implement proactive services that improve customer experience, promote governance, and continuously update the knowledge database at the FTA call centre.

Monitoring the quality of services provided is key, as is diversifying the channels of communication between the Authority and customers to drive up compliance rates.

The implementation of these plans reflected positively on the performance of the tax sector in general, increasing productivity and efficiency of performance, reducing the time needed for service delivery, and increasing customer satisfaction, as evidenced by the results and index scores recorded in 2021.

- Total number of Tax Agents registered in the FTA's 'Tax Agents Register' increased to 436 tax agents, while the number of approved Tax Accounting Systems increased to 83.
- The Authority is developing its automated phone response services to answer customers' enquiries, in line with the standards of the global star system for classifying services. This provides taxpayers with all the required information and necessary assistance through quick and clear steps, in an effort to increase tax compliance rates.
- The new system narrows down the list of options for customers by 43%, offering callers 4 options that be can listened to in a few seconds. All information services are provided at the Federal Tax Authority call centre, and available through the automated response and clearly classified, making it easier for callers to access the required service directly, in three languages (Arabic, English, and Urdu), instead of the two languages previously.
- The FTA's call centre team processed 164,097 telephone queries in 2021, where the average time to pick up incoming calls was 29 seconds, and the average response time for incoming calls was 6 minutes. Compliance with response time for calls was registered at 85 %.
- 174,525 e-mail enquiries about tax registration, refunds and returns, payment of dues, and general inquiries were processed.

- The Customer Support Centre received 8,579 customers, where the average response time for inquiries and comments was 87%. Meanwhile, transactions completed within the specified timeframes accounted to 95%, whereas the rate of compliance with average waiting times was 95%.
- 12,293 conversations were conducted via the instant messaging bot Tara, which is an artificial intelligence tax assistant that answers questions from visitors on the FTA website.
- Tara received 46,336 entries with an accuracy of 83.5% in Arabic and 83.4% in English.
- 6,238 appeal requests processed for infractions, representing more than 83.6% of the total requests received. This included 269 decisions by the Main Committee, 1955 decisions by the Technical Committee related to registration applications, 851 decisions by the Admissions and Payment Committee, and 268 decisions by the Technical Committee related to requests for voluntary disclosure, in addition to applications that did not meet the requirements.
- 760 requests for exemption and reduction completed at a rate of more than 96.6% of total requests, as the operational performance indicator shows that transactions were completed within the specified time.
- Resolution of over 3,500 enquiries and observations from major corporations.
- Resolution of 446 inquiries and observations from government entities, supporting self-compliance.
- Resolution of 1,668 inquiries from accredited tax agents, supporting in the development of an integrated and effective tax environment in accordance global best practices and international regulations.
- 1,463 grievances received, 86.33% processed, 200 requests under study by the competent committee. 756 inquiries processed, with a 100% completion rate.
- The Authority has taken the necessary measures in its capacity as the national body mandated to evaluate the regulations of real economic activities in the country, to ensure compliance among UAE establishments and companies with tax requirements, and to test real economic activity. Numerous companies were audited and the FTA held a series of coordination meetings with other bodies, issuing a set of guidelines within the scope of its duties as a national authority to assess obligations related to realistic economic activities.

Performance efficiency, reducing service delivery time



164,097

telephone enquiries handled by the call centre, with 29 seconds as average wait time to pick up, and 6 minutes to respond



4

audio options in 3 languages at the call centre developed with international star system



95%

of transactions completed within the time specified for the service at the Customer Support Centre



174,525

enquiries processed via email



12,293

conversations were received by the instant chat bot Tara to answer questions from visitors to the FTA website



6,238

applications for review were processed relating to registration, declarations and reimbursement, and voluntary declarations



96.6%

of the total requests received for exemptions and reductions completed



3,500

inquiries processed for major companies



Chapter Two

Development Projects

The FTA continued to update and develop its work mechanisms in line with local, regional, and international developments in the tax sector.

It launched several new projects in parallel with developing its existing one, in an effort to maintain high performance levels, increase the operational efficiency of the tax system, facilitate transactions, and ensure the management, collection, and implementation of federal taxes, offering taxpayers transparent, easy, hi-tech, and high-quality mechanisms.

- The Enhanced Tax System (e-CTS) project has been initiated and planned with the aim of continually developing and activating the electronic tax management system in accordance with international best practices. Work has been done to meet the requirements of operating with the integrated tax system, testing the system and its special connectivity requirements and data transfer needs.
- A project was initiated to implement about 40 improvements to the tax system, most notably: a feature to transfer funds outside the UAE, improve the payment mechanisms for land sales, mystery shoppers, reconsideration requests, and multiple added improvements and reports to the system. Furthermore, mosque tax refund requirements were developed, supporting system users after the launch of new services, and preparing a user guide for the new improvements.
- Launching the Tax Residency Verification Project, and updating the tax residency certificates issuing electronic service. The certificate is a document that allows applicants to benefit from the double taxation avoidance agreements that the UAE is party to.
- The services of issuing Tax Residency and Commercial Activities Certificates through the FTA website have received a noticeable response from investors, with the Authority issuing 6,762 Tax Residency Certificates and 67 Commercial Activities Certificates by the end of 2021.
- To ensure all services are provided in accordance with standards of quality, efficiency, and transparency, the happiness index has been linked with website services and Tax Residency Certificate services.
- Implementation of the service card development project on the Authority's website for easy access to all information about services.
- Project to enhance tax compliance in the real estate sector was initiated in cooperation with the real estate sector departments in all emirates. Joint meetings took place discussing the electronic link system with the FTA and other relevant departments. The meetings also discussed the payment system for commercial sales for non-registered entities, and ways to receive real estate lists on a regular basis.

- Tax registration number verification service launched in the virtual market, as part of the digital transformation of the UAE, where the “Virtual Market” platform, through the Government Services Application Programming Interface “API” contributes to enhancing the efficiency of government agencies services to achieve ease, speed and efficiency in performance.
- Implementation and planning of the ‘Tax Violations and Evasion Whistleblowers’ project to encourage community oversight over local markets, raise tax compliance, and reduce tax evasion.
- Development of an automated response system that is compatible with the international star system requirements of service classification and government excellence. The system provides taxpayers with required information and assistance in quick and clear steps in order to increase tax compliance. Service is available in three languages, and offers 4 options to the caller. All information services are provided at the call centre via an automated response, which makes it easier for the caller to access the required service directly. Options to report complaints and suggestions, as well as to communicate directly with a call centre representative were also added.
- Update and development of the tax registration amendment system for efficient processing of amendment of registration requests, in addition to the introduction of the PPM project management system; the launch of the smart data management and analysis system; and the development of the business continuity project according to the International ISO certification, ISO 22301.
- Final steps of the second phase of the Digital Tax Stamps on Tobacco Products was initiated, which led to a ban on trade in all types of waterpipe tobacco (shisha tobacco) and electrically heated cigarette rolls that are not marked with Digital Tax Stamps in the UAE as of January 1, 2021.
- Implementation of the Digital Tax Stamps with a new design that meets the highest standards as of October 1, 2021. The Digital tax Stamps are installed on all types of cigarettes, electrically heated cigarettes, and waterpipe tobacco, instead of the previous tax stamps introduced at the start of 2019. The new stamps support inspections and controls at customs outlets and markets. With the new digital tax stamps, tobacco packages and products are tracked electronically from production until they reach the final consumer to ensure their compliance with the approved standard specifications and full payment of Excise Tax.
- Launch of the Digital Shopper Portal, which informs tourists visiting the UAE about purchases that are eligible for a tax refund through the electronic tax refund system for tourists, implemented in collaboration with ‘Planet’ – the company authorised to operate the system based on the latest digital technology. The portal provides advantages for tourists to obtain accurate and instant information through a quick and easy process available around the clock, as well as to track the status of refunds.
- Activating the link between Planet’s system and the retail network when issuing tax stickers, and linking the Authority’s system to the Planet tax refund system so that amounts refunded to tourists based on the tax refund system are made automatically.
- 97% of the Tax Administration Performance Assessment Tool completed at the Federal Tax Authority to ensure the provision of all administrative services in accordance with standards of quality, efficiency, and transparency.
- The update and development of internal procedures and processes related to the Declarations and Payments Department, in addition to the project related to the National Archives and Library.
- Implementing a project to develop an enquiries and suggestions feature on the website, as well as another project to improve the customer service system.
- 11 guidelines and policies have been implemented to ensure provision of all administrative services in accordance with standards of quality, efficiency, and transparency. A Corporate Governance Manual was developed, as well as an Institutional Compliance Framework that includes the Institutional Compliance Manual, and 5 processes for institutional compliance. An anti-fraud framework has been developed, including anti-fraud policy, whistleblowing policy, internal investigation procedures manual, as well as a fraud risk assessment manual.

Constant upgrades to efficiency and streamlining transactions



40

upgrades implemented in 2021 to boost efficiency and enhance service quality.



97%

of the Tax Administration Performance Assessment Tool (Tadat) project completed.



11

guidelines and policies implemented to ensure provision of all administrative services in accordance with standards of quality, efficiency, and transparency.



6,762

Tax Residency Certificates issued and the Tax Residency Verification Project launched.



Happiness index linked with website services and Tax Residency Certificate services.



Enhanced Tax System (e-CTS) project has been initiated in accordance with international best practices.

Part Three

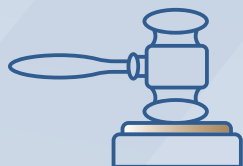


Legislative flexibility to support taxpayers

In the context of ensuring the provision of an ideal tax legislative environment that encourages compliance – one that is flexible, up to speed with developments, and continuously issuing regulatory decisions tailored to requirements, the year 2021 marked the issuance of numerous important decisions and the establishment of tax policies aimed at providing more facilities and supporting business sectors to encourage tax compliance, enhance investment attractiveness, and increase competitiveness.

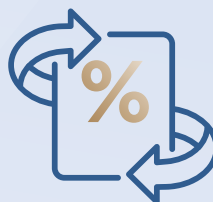
- To develop an integrated and effective tax environment in accordance with best practices and global systems, 28 tax legislations were enacted and reviewed, decisions were issued regarding 42 requests related to changing the input tax breakdown mechanism, and 20 studies and memoranda related to developing and updating operational policies and tax legislation were completed.
- 23 articles related to tax policies, including training materials, were prepared including materials for external events.
- The year 2021 witnessed the issuance of a large number of decisions to develop tax legislation and procedures, as well as to support and assist tax registrants to fulfill their tax obligations. These include:
 - Federal Decree-Law No. (28) of 2021 amending some provisions of Federal Law No. (7) of 2017 on Tax Procedures; New procedures have been implemented to provide more facilities to tax registrants regarding reconsideration requests, filing objections to the Authority's decisions, implementing the decisions of the Dispute Resolution Committee, and appeal procedures.
 - Cabinet Decision No. (49) of 2021 amending provisions of Cabinet Decision No. (40) of 2017 on Administrative Penalties for Violations of Tax Law in the UAE, as a large number of those registered with the Authority benefited from this decision, which included many amendments on administrative penalties, as well as a mechanism for re-determining penalties that were imposed in accordance with Cabinet Resolution No. (40) of 2017 before June 28, 2021, to be equal to 30% of the total unpaid fines due until June 28, 2021, provided that specific conditions outlined in the Decision are met.
 - Cabinet Decision No. (108) of 2021 amending provisions of Cabinet Decision No. (40) of 2017, which extended the deadline to benefit from facilities to re-determine penalties on violating tax legislation to be equal to 30% of the total fines that were not paid before June 28, 2021, to December 31, 2022, provided that specific conditions outlined in the Decision are met.
 - Cabinet Decision No. (88) of 2021 amending Article (51) of Cabinet Decision No. (52) of 2017 regarding the Executive Regulations of Federal Decree-Law No. (8) of 2017 on Value-Added Tax (VAT), which protects goods imported from designated zones from being subject double the VAT rate. It also provides facilities for non-resident suppliers of goods in the designated zones, where these goods are treated in certain cases as outside the scope of the tax, and suppliers are therefore not required to pay taxes.
 - Cabinet Decision No. (105) of 2021 regarding the controls and procedures for the installment of administrative fines, exemptions and their reimbursement.
 - Federal Tax Authority Decision No. (1) of 2021 regarding the mechanism for calculating the average retail sale price in the market for Excise Goods.

Flexible regulatory environment to encourage compliance



28

tax legislations reviewed and enacted to develop an effective integrated tax environment



42

requests to pay input tax in instalments processed



20

studies related to the development and updating of operational policies and tax legislation



23

training materials and external activities on tax policies were implemented

Decisions to support tax registrants



New procedures regarding requests for reconsideration, objections, decisions of the Dispute Resolution Committee, and appeals.



Amendments to tax penalties, allowing fines to be re-determined to be equal to 30% of the total amount due until June 2021 ,28, provided that certain conditions are met.



Amendments to avoid double taxation with VAT on imported goods from designated zones.



Controls for paying administrative penalties in instalments, exemption from them, and VAT refund.



Mechanism for calculating the average retail price in the market for Excise Goods.

Part Four



Human capital and institutional development

Based on the importance of quality in the administrative and financial environment and the role it plays in raising productivity and performance, the FTA sought to provide all the necessary conditions to ensure work is done in line with the highest standards of innovation and in full coordination between departments.

The financial affairs sector, administrative and public services, and other sectors were of special importance to ensuring the flow of work at the FTA and provide the appropriate climate for institutional excellence.

The Authority also adopts a comprehensive strategy to manage the available human resources, and drive the continuous development of work teams, which bring together distinguished professionals. The strategy consists of a series of training programmes.

Priority is given to expanding the available pool of national tax experts and professionals who are highly knowledgeable and capable of continuous professional development. The provision of job incentives is also used to attract more UAE nationals to work in this promising strategic sector. The strategy has already achieved positive results.

Human Competencies

The human resources sector recorded numerous achievements and positive indicators, which contributed to the development of functional and training procedures. The most important achievements and indicators are:

- Automating the services of the Employee Relations Department across various procedures, including issuing, renewing, and signing contracts electronically.
- Issuing and approving decisions electronically, providing COVID-19 tests for outsourced employees, recording the results of the tests, attaching COVID-19 vaccination certificates,
- and creating a COVID-19 page via the electronic portal of the UAE Ministry of Interior. Additionally, registering outsourced candidates in an accreditation service; issuing “to whom it may concern” letters; activating the messaging service for the department’s employees; updating the job card request system; activating the employee relations section page through the internal electronic portal; and activating the 100% Bayanati system.
- The Emiratisation rate has reached 77%, with a gender balance of 54% females and 46% males.

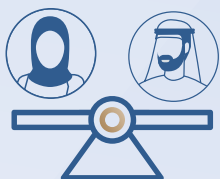
- The average number of training hours for the FTA team increased to 33 hours per employee in 2021, compared to 29.7 hours in 2020.
- 97% of all job categories were trained, with a total number of 10,060 training hours.
- Despite the COVID-19 pandemic, the process of talent acquisition continued, where the FTA conducted job interviews remotely, appointing 55 new employees to the Authority in 2021.
- The percentage of women in leadership increased to 36.36%, compared to 33% of the total leadership of the Authority in the previous year.
- The percentage of women working in the specialised and technical occupational categories reached 56.43% of the total staff of the Authority.
- 21 FTA employees were nominated for a Value-Added Tax diploma, and the LinkedIn platform was launched.
- 13 employees have graduated from the Miles Leadership Development Training Programme, in the team leaders and officials category.
- Several important projects in the field of human resources have been implemented, among them is the preparation and implementation of leadership programmes (miles - elite - leaders); the development of the strategic plan for human resources management; the automation of the training impact process on the OLM platform; and the preparation of the remote work plan. The FTA is currently working to set the general framework for implementing the succession planning project.

Financial and Administrative Achievements

The Authority continued to maintain high levels of financial performance through the development and modernisation of its financial systems and procedures, which was reflected in its indicators and achievements, the most important of which are:

- Updating and analysing data in collaboration with the consulting company regarding the revenue forecast system, adding new elements to the report and updating historical data.
- Working on the revenue management project in the phased tax system, closing the gaps in the financial management risk register, and reducing the remaining risk index to "low risk - very low risk".
- Updating the business continuity plan for the Finance Department and launching the department's approved calendar.
- Opening a bank account for international refunds and carrying out international refunds.
- Completing 140 projects within the approved procurement plan and achieving a noticeable reduction in procurement expenditures in consulting and non-consulting projects.
- Executing the targeted plan for managing and maintaining the Authority's assets with high efficiency.

Quality of the administrative environment - human resource development



77 %

Emiratisation rate; gender balance achieved with 54% of employees being women and 46% men.



33

average of training hours per employee in 2021, up from 29.7 hours in 2020.



10060

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



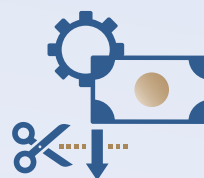
36.3%6

of leadership positions are assumed by women, up from 33% of the total leadership of the Authority.



56.4%3

is the percentage of women working in specialised and technical occupational categories.



140

projects have been completed with a significant reduction in procurement expenditures.



Attracting talent continued despite the COVID-19 pandemic, where the FTA conducted remote interviews.



Updating the revenue forecast system data and closing the financial risk gaps.



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