

# Responding to Covid-19: BRITACOM Perspective

## June 2020

H.E. Khalid Al Bustani

Director General – Federal Tax Authority (FTA)

Federal Authority | هيئة اتحادية






BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# UAE – Overall Covid-19 Response



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# UAE – Overall Covid-19 Response


-  Amongst the world's highest per capita testing rates (over 1.5 million tests conducted as of 18 May 2020)
-  Comprehensive preventative measures including:
  - The launch of the National Sterilization Programme to disinfect streets and public facilities across the UAE
  - The introduction of a permit system to monitor movement during disinfection hours
  - Electronic communications and dedicated public awareness platform on combatting and curbing Covid-19
  - Temporary closure of all public gatherings including places of worship, parks, beaches, shopping malls, cinemas and restaurants
-  Re-opening of the economy with historic fiscal stimulus – Federal and Emirates Governments



# UAE – Overall Covid-19 Response

 The introduction of a number of initiatives to support the community including:

- Speedy introduction of distance learning for schools and universities (since the start of March 2020) across the UAE
- A range of charitable initiatives have been launched including a Community solidarity fund against Covid-19; “ten million meals” to ensure food security
- The launch of the ‘National Campaign for Mental Support’ with participation from more than 50 experts to help UAE residents overcome the psychological impact resulting from the spread of COVID-19
- International initiatives including sending critical medical supplies to a number of countries with the collaboration of the World Health Organisation
- Repatriation / evacuation of UAE nationals and residents of various nationalities back to the UAE




 Setting a clear and realistic strategy and comprehensive plan for post-Covid-19 recovery for all business sectors

# UAE Fiscal Monetary policy Response






BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT




# UAE Fiscal Monetary policy Response

-  AED 16 billion (USD \$4.4bn) – Value of stimulus package adopted by the Federal Government
-  AED 256 billion (USD \$70bn) – UAE Central Bank Comprehensive Economic support scheme including new loan eligibility policies
-  Labor Market - UAE support of the labor market – automatic renewal of visa and work permits and validity extension to December 2020; extension of visas of foreigners and residents whether in/outside of the UAE

## UAE Fiscal Monetary policy Response

-  Government of Abu Dhabi – AED 50 billion (USD \$13.6bn) development plan with the launch of 16 dynamic initiatives: including exemptions; waivers & rebates; support to people/SMEs and start ups e.g. subsidizing utilities payments; and supporting the tourism industry
-  Government of Dubai – AED 1.5 billion (USD \$408.4M) economic stimulus package for 3 months in particular to enhance liquidity and support affected industry sectors
-  Government of Sharjah – 47-point stimulus package supporting private entities, business and individuals with waiver of penalties/charges; extending exemptions for renewal of licences; grace period for settling rents
-  Ajman Government – Postponement of fines and penalties; cancelling traffic fines for front line workers (doctors, nurses); targeting foreign trade/customs; real estate and tourism

# UAE Fiscal Monetary policy Response

-  Government of Ras Al Khaimah – Targeted reliefs for support of the tourism and real estate sectors
-  Governments of Umm Al Quwain and Fujairah – A number of exemption initiatives including the renewal of lease fees and penalties plus a reduction in Government fees until the end of 2020
-  Free Zones – Stimulus package with 5 key elements including
  - Postponement of rent periods for six months
  - Facilitating installment payments
  - Refunding security deposits and guarantees
  - Cancelling fines for companies and individuals
  - Permitting temporary contracts for the movement of labour







# UAE Tax Measures







BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

## UAE Tax Measures - Tax Administration

-  VAT and Excise Tax – These are the only Federal taxes that exist in the UAE and were only introduced in 2018 and 2017 respectively. Therefore only limited targeted measures.
-  UAE taxpayer register – The Federal Tax Authority's (FTA) system has been implemented as a fully online tax administration system (e-Services). e-Services had always been designed to support Taxpayers remotely, to ensure business continuity and that Taxpayers are not affected
-  Taxpayer support – Taxpayer Support Center capable of fully supporting taxpayers remotely to avoid any direct contact and ensure Taxpayer / employee safety
-  Comprehensive employee support – Measures and initiatives taken to support the mental wellbeing of FTA employees, raise health awareness and facilitate the smooth transition into working from home (e.g. access and training on online tools)

## UAE Tax Measures – Tax Policy

-  Tax period for Excise Tax extended due to restrictions on movement for individuals and vehicles 24 hours a day, changing deadline for filing returns and payable tax for Excise Tax Registrants from 15 April to 17 May 2020
-  VAT return filing and payment date deadline changed due to restrictions on movement for individuals and vehicles 24 hours a day, from 28 April to 28 May 2020.
-  Penalties – The FTA carefully considering reduction and waiver of penalties where Covid-19 restrictions specifically impacted the ability for tax obligations to be fulfilled
-  Tax Refunds – The following measures have been implemented:
  - Enhanced refund process to assist businesses' cashflow whilst ensuring no tax risk loss especially for key segments
  - Temporary extension of certain submission deadlines.

# Thank you



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT