

Indirect Tax Alert

April 19, 2022



'Raqeeb' – UAE's Whistle-blower Program for Tax Violations and Evasion

Introduction

The Federal Tax Authority ('FTA') has recently published a guide introducing Raqeeb (*derived from an Arabic word meaning 'overseer'*), it's a Whistle-Blower Program for reporting Tax Violations and Evasion.

This program aims to bring awareness amongst the communities (individuals and businesses) to comply with tax legislation and report tax irregularities. With this program, the FTA seeks to achieve a higher level of compliance by the taxable person.

Under this program, the informant has to submit a whistleblowing form on the FTA website. Once the form is submitted, the FTA will evaluate the lead based on the information provided and decide to close or peruse the case. The informant will be rewarded in monetary terms if the conditions specified in the guide are met and fulfilled.

Dhruva Comments:

The whistle-blower program is commonly used by the tax authorities globally to encourage the general public to report non-compliant businesses engaged in tax violations/evasion.

With the introduction of this program, we expect the businesses in the UAE to become more prudent in being tax compliant with appropriate disclosures wherever required.

The informant must also be equally responsible for raising an issue and should have adequate evidence to support the allegations.



We have summarised the program and the process required to be followed by the informant below:

Key Highlights of the Program

Whistleblowing

- A new mechanism introduced by the UAE's Cabinet of Ministers
- FTA to receive and process leads relating to the non-compliance

Informant

A natural person who informs FTA that a natural legal person is

- conducting illegal tax-related activity
- did not fulfill tax obligations

Confidentiality

- Not permitted to submit anonymous leads to the FTA
- The identity of the informant will remain confidential and protected by the FTA
- Informant is required to sign an NDA

Eligibility for Monetary Reward

- The information provided is credible, accurate, and not previously obtained by the FTA
- The whistleblowing form is filled out accurately, completely, and sufficiently
- The tax amount collected by FTA exceeds AED 50,000
- The reported person exhausted all forms of objections and appeals



Purpose

Generate the community's awareness to comply with tax legislation and report tax irregularities

Eligible leads / information

- Suspected tax evasion
- Suspected non-compliance with tax laws and procedures

Monetary rewards

The reward is directly proportionate to the amount of tax collected by the FTA because of the information submitted by the lead. Reward percentage is not defined in the guide

Non-eligibility

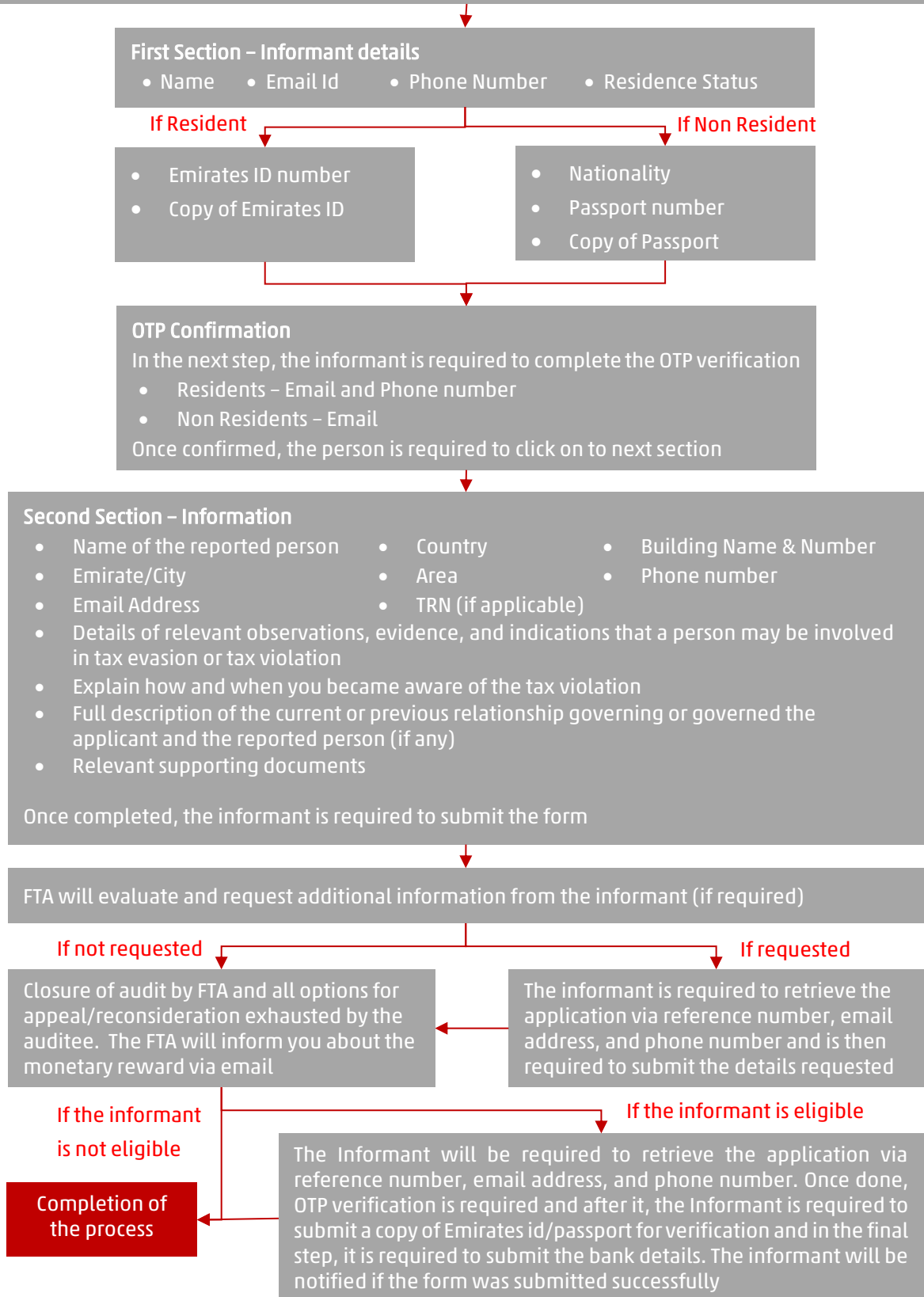
- FTA employees and their relatives up to a fourth degree of relationship
- Persons who obtained information through their position in or connections with the FTA



Process of Whistleblowing

The following steps are required to be followed by the informant

- 1) Visit the FTA website (www.tax.gov.ae) and click on RAQEEB icon on the left panel of the website
- 2) Click on start service to fill the Whistleblowing form and accept the NDA





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