



MALDIVES
INLAND REVENUE
AUTHORITY

MIRA POST

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Cash Withdrawals Abroad Subject to Remittance Tax from 1 January 2017



Upcoming Deadlines

* If the deadline falls on a public holiday, then the new deadline would be the next working day

November

28

Submission of Green Tax Return for October 2016 and payment of Green Tax

December

10

Payment of Trade Fee for December 2016

November

28

Submission of GST Return and payment of GST for October 2016 and 3rd Quarter of 2016

December

15

Submission of Withholding Tax Return and payment of Withholding Tax for November 2016

December

10

Payment of duty free royalty for December 2016

December

15

Submission of Remittance Tax Return and payment of Remittance Tax for November 2016

MIRA Determines Date Remittance Tax Should Be Charged on Cash Withdrawn Abroad



**Aishath Hasna Ahmed, Senior Officer,
Technical Service**

MIRA has determined that, from 1 January 2017 onwards, it is mandatory to charge remittance tax on cash withdrawn abroad by foreigners employed in Maldives from a bank account that was opened in Maldives.

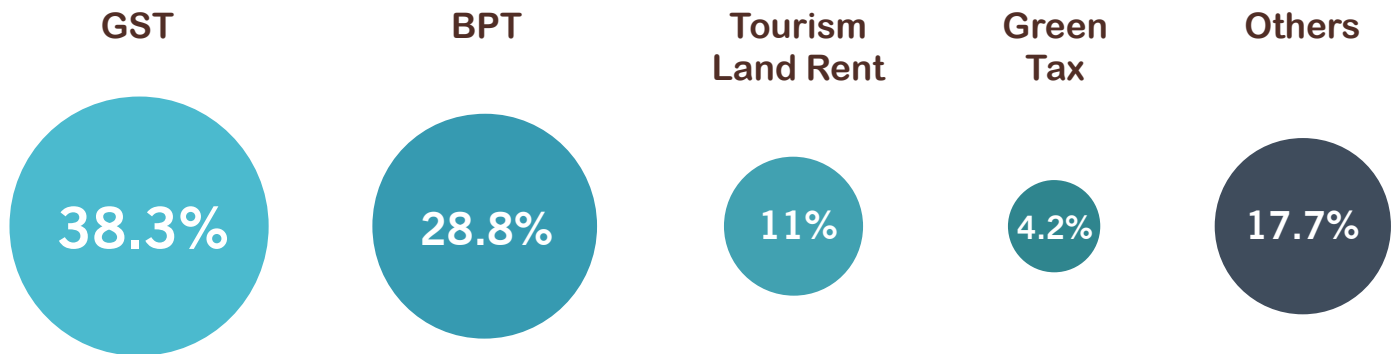
According to the Remittance Tax Regulation, the Commissioner General has the authority to determine this date and as such, the date was determined by way of a tax ruling issued on 17 October 2017. The tax ruling further specifies that although the date is set, if a mechanism is in

place to charge tax on these transactions prior to this date, remittance tax should be charged on these transactions from the date the mechanism was put in place.

Section 7 of the Remittance Tax Regulation defines “Remittance” to include two things. The first being money transferred abroad through a bank or a money transfer agency and the second, withdrawing cash from a bank account opened in the Maldives, outside the Maldives.

The Employment Act specifies that, for the purpose of remittance tax, foreigners with a work visa and foreigners who are not allowed to work in Maldives without a work visa are considered as foreigners employed in Maldives. This tax commenced on 1 October 2016.

MIRA Collects MVR 3.46 Billion in the Third Quarter



**Mariyam Juwairiyya, Senior Officer,
Planning And Statistics**

As per the statistics of Maldives Inland Revenue Authority (MIRA), revenue collection of the third quarter of 2016 totaled MVR 3.46 billion.

Major revenue contributors during this quarter were GST, BPT, Tourism Land Rent and Green Tax. While the GST revenue accounted for 38.3% of the total revenue, revenue collected as BPT and Tourism Land Rent envelopes 28.8% and 11%, respectively. 4.2% of the total revenue was collected as Green Tax.

GST has been the major revenue contributor for the past 3 quarters and it can be categorized into two major types, namely, Tourism Goods and Service Tax (TGST) and General Goods and Service Tax (GGST). During the last quarter, MVR 780.88 million was collected as TGST and this demonstrates a decline of 28.0%, compared to the second quarter of 2016. In addition to this, revenue received as TGST declined by 10.8%, when compared with the corresponding period of 2015.

Nevertheless, revenue collected as GGST increased by 13.5%, when compared with the same period. The total GGST collection during the quarter was MVR 543.02 million and the actual collection has outset the projection by 4.7%.

This increase in GGST represents an increase

in the economic and business activities in the country.

MVR 879.3 million was collected as BPT during last quarter and it was the second major revenue contributor during this period. When compared with the second quarter, BPT revenue collection has increased by 121% and the major reason for this was the shift of deadlines. Deadline for the first interim payment is 31st July, which was a public holiday and thus the deadline was extended for August. In addition to this, the actual revenue collected as withholding tax was 1.4% higher than the projection. Total revenue collected as withholding tax during the quarter was MVR 117.31 million and it accounts for 11.8% of the total BPT collection during the period.

Compared to the corresponding period of 2015, revenue collected as Tourism Land Rent increased by 49.3% as MVR 378.91 million was collected as Tourism Land Rent during the quarter. Actual collection of Green Tax, during the quarter, sums up to MVR 143.87 million and this was 2.1% higher than the projected revenue.

It is projected to collect MVR 2.67 billion in the fourth quarter of 2016 and this is 5.8% higher than the total revenue collection for the corresponding period of 2015.

MIRA projects to collect MVR 2.67 billion during the fourth quarter of 2016, which is 5.8% higher, compared to the corresponding period of 2015.



From the MOU signing ceremony between MIRA and the Tourism Ministry

MIRA Signs an MOU with the Tourism Ministry to Collect all Tourism Related Fees

Yoosuf Shiraz, Deputy Manager, Maldives Tax Academy

MIRA signed an MOU with the Ministry of Tourism, On 30 October 2016, to handover collection of all tourism related fees to MIRA. According to MIRA, this MOU, additionally will strengthen and increase the efficiency of the information exchange mechanism already in place between MIRA and the Tourism Ministry.

On behalf of MIRA, the Commissioner General of Taxation Yazeed Mohamed signed the MOU, while Minister of Tourism Moosa Zameer signed on behalf of the Ministry.

While speaking at the ceremony

Commissioner General Yazeed Mohamed said that non-tax revenue is a vital part of a tax system and as such it would be more convenient of all parties if all revenue is collected at one place. The commissioner further highlighted the extra positives it would bring to the implementation of the tax system by the decision of Tourism Ministry to collaborate further with MIRA.

During his speech at the ceremony, the Tourism Minister noted that while this change would make workload lighter for the staff and budget of the Ministry, it would be more convenient for auditing and statistical purposes when revenue is collected centrally under one roof.

Prior to this MOU, resort acquisition fee and other tourism related fees were collected at the Tourism Ministry.

Taxpayers Cannot Appeal Against Audit Notices Issued by MIRA, High Court Rules

**Mohamed Ali Waheed, Deputy Director,
Maldives Tax Academy**

The High Court has ruled that taxpayers cannot appeal against audit notices issued by MIRA, and taxpayers can appeal as per the procedures specified in the Tax Administration Act after MIRA makes an assessment in relation to the audit notice and notifies the taxpayer. This decision of the High Court came in its ruling in the case appealed by MIRA against Tax Appeal Tribunal's decision that it had the jurisdiction to hear the case filed by Travel Land Private Limited

appealing against an audit notice issued by MIRA.

When this case was initially filed by Travel Land Private Limited in the Civil Court, the Civil Court had ruled that it was not within its jurisdiction to hear first instance cases related to tax matters. This decision of the Civil Court was also upheld by the High Court.

Tax Administration Act stipulates that if a taxpayer wants to object a decision by MIRA, the objection must be lodged to MIRA within 30 days of the notification. If the taxpayer is unhappy with the decision by MIRA to the objection lodged, the taxpayer has the right to appeal at the Tax Appeal Tribunal within 30 days, after settling all the outstanding dues to MIRA.

VAARU

Pay your taxes with ease, Anytime, Anywhere



The Vaaru Card is a card by MIRA and the Bank of Maldives designed to be secure and to be used in MIRA's online portals only. The Vaaru Card application form is available from MIRA website.



MIRAconnect

Paying your taxes have never been easier

MIRAconnect has undergone a comprehensive redesign for a more user-friendly online portal, in our efforts to improve our online services provided to taxpayers. The changes brought would resolve issues that previously came up when using MIRAconnect.



Facilities available from MIRAconnect

- ✓ Submission of GST returns and payment of GST
- ✓ Submission of WHT return and payment of withholding tax
- ✓ Submission of GRT return and payment of GRT
- ✓ Submission of documents required to be submitted with returns
- ✓ Payment of company annual fee
- ✓ Payment of cooperative society annual fee
- ✓ Payment of vehicle fee
- ✓ Payment of uninhabited islands rent
- ✓ Payment of tourism land rent
- ✓ Ability to download evidence of submission of tax returns (return voucher) at any time
- ✓ Ability to download evidence of payment (receipt) at any time



Making payments through MIRAconnect

Payments through MIRAconnect would be made using the Bank of Maldives payment gateway. Payments in United States Dollar can be made through a Vaaru card linked to a USD bank account. Likewise, payments in Rufiyaa can be made through a Vaaru card linked to a Rufiyaa bank account or through a Bank of Maldives debit/credit card.

Using a Licensed Tax Agent

Aminath Sherin Habeeb, Senior Officer, Compliance

Licensed Tax Agents are, after a rigorous training program, licensed by MIRA under the Tax Agents Regulation to act as tax agents. Taxpayer may seek professional tax advice and assistance from tax agents on matters such as computing tax liability and preparing tax returns, and preparing financial statements to be submitted to MIRA. Tax agents also can prepare for the taxpayer the documents pertaining to an objection to be filed by the taxpayer pursuant to a decision made by MIRA.

Tax agents, in addition to meeting the academic and professional qualification requirements, complete a training program and

pass the tax agents exam, designed by MIRA to ensure that tax agents are sufficiently familiar with the tax system of the Maldives and well capable of assisting taxpayers within the scope of tax agents work as specified in the Tax Agents Regulation. Such measures are put in place so that taxpayers can approach tax agents with confidence.

Though it is not mandatory for taxpayers to hire or get assistance from a tax agent, assurance that the tax returns are duly filed and right amount of tax has been paid would give taxpayers peace of mind. Even if a tax agent's service incurs a cost to the taxpayer, considering the facts that any such costs are deductible for BPT purposes and tax agent's service would free up taxpayer's valuable time for other productive tasks and reduce the risk of running into avoidable fines, one could argue that hiring a licensed tax agent is money well spent.

MIRA issues third amendment to the Tax Administration Regulation

Aishath Hasna Ahmed, Senior Officer, Technical Service

On 27 October 2016, MIRA issued tax ruling TR-2016/A8 bringing changes to the Tax Administration Regulation.

The ruling brought about changes to email correspondence between MIRA and taxpayers. In this regard, tax returns and supporting documents can no longer be submitted to MIRA by email. They are either accepted over-the-counter or through MIRA online portals. In addition, documents for which MIRA has not specified an email address are now to be sent to 1415@mira.gov.mv. Moreover,

MIRA would no longer accept documents that are emailed by taxpayers through an email address that is not registered with MIRA.

Further, an amendment to the tax administration regulation now allows for MIRA to audit taxpayers who have not filed tax returns within the due date by way of a document other than an audit notice.

This document may not include the information that are required to be included in an audit notice, such as, the name, address and TIN of the taxpayer; the period to be audited; the estimated commencement date of audit; documents that officers of MIRA are likely to examine during the audit; and the name of the officer of MIRA in charge of the audit.

India Announces GST Rates



A market for fruits and vegetables in India

Aiman Ibrahim, Director General, Technical Service

The Indian government has set out the rates for India's goods and services tax (GST), which is scheduled to come into effect on 1 April 2017. The rates announced by the finance ministry on 3 November are 5%, 12%, 18% and 28%. The rates proposed earlier by the government are 6%, 12%, 18% and 28%.

There has been no announcement yet of which goods fall into which of the tax rates. Analysts believe that the 5% bracket is reserved for essential items, whereas most goods would fall into the 12% and 18% brackets. The 28% bracket appears to be reserved for consumer durables.

The committee tasked with advising the Indian government on possible GST rates initially recommended a two-rate structure during the introductory phase, with a single-rate structure preferred in the medium-term. Most experts recommend a single-rate structure during the introductory stages of a GST system to ease the burden on taxpayers and to avoid issues with

classifying certain goods under the right tax brackets, thereby complicating tax compliance. Proponents of a multiple-rate structure however point out that a multiple-rate structure is more suited to the Indian economy given its income disparity and because a multiple-rate structure would keep inflation in check more efficiently, taking into account the various sales tax rates currently in place.

Economists predict that implementation of the GST would not put inflationary pressures on the economy because GST would replace the sales taxes currently being levied at the federal and state level, and because the most commonly used goods will not be subject to GST. The Indian government has announced that more than half of the items in the consumer price index basket (which is used to measure inflation) would not be taxed.

The Indian government decided to introduce a GST to reduce the inefficiencies caused by India's current tax system by eliminating the "cascading effect" brought about by the sales taxes currently being levied at the federal and state level, to ease intra-state commerce, and to transform the economy into a single market. This is the biggest tax reform since India's independence.