



MALDIVES  
INLAND REVENUE  
AUTHORITY

Quarter 2, 2016

QUARTERLY REPORT

## ABBREVIATIONS

14Q2	2014, Second Quarter
15Q1	2015, First Quarter
15Q2	2015, Second Quarter
15Q4	2015, Fourth Quarter
16Q1	2016, First Quarter
16Q2	2016, Second Quarter
16Q3	2016, Third Quarter
ACCA	Association of Chartered Certified Accountants
BPT	Business Profit Tax
BnPT	Bank Profit Tax
CPD	Continuing Professional Development
GGST	Goods and Services Tax (Non-Tourism Sector)
GST	Goods and Services Tax (refers to both TGST and GGST)
MIRA	Maldives Inland Revenue Authority
MOU	Memorandum of Understanding
MVR	Maldivian Rufiyaa
TGST	Goods and Services Tax (Tourism Sector)
USD	United States Dollar
WHT	Withholding Tax

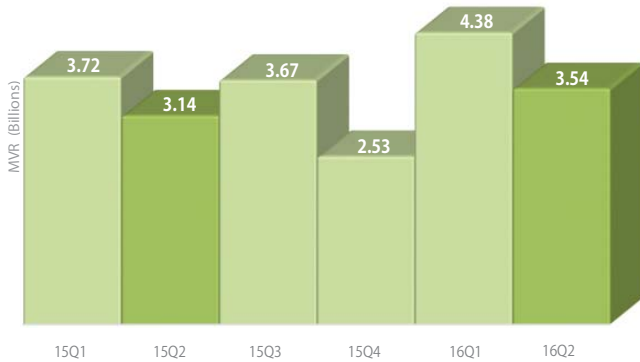
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# A. REVENUE COLLECTION

## 1. TOTAL REVENUE COLLECTION

### 1.1 TOTAL REVENUE COLLECTION



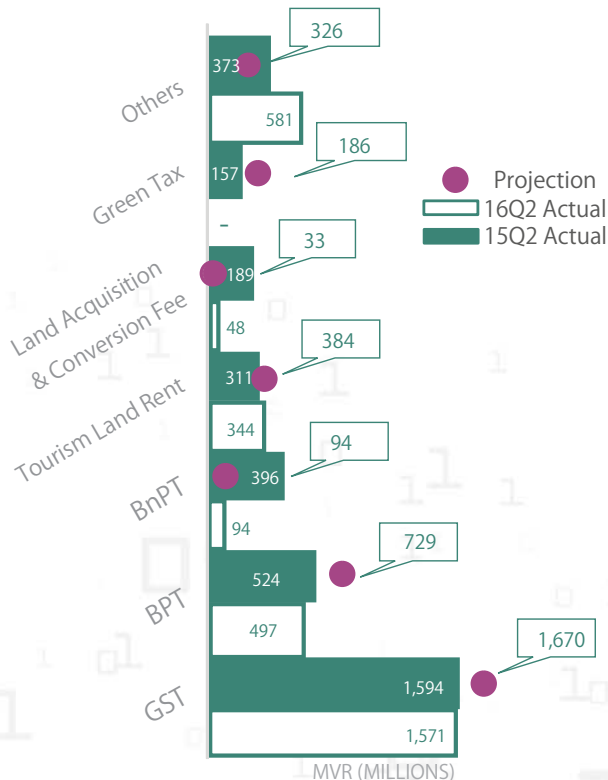
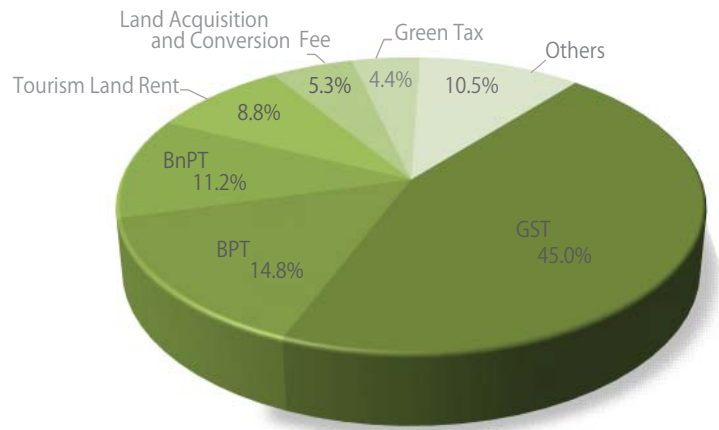
The total revenue collection for 16Q2 was MVR 3.54 billion.

It depicted a growth of 13.0% compared to the corresponding quarter, 15Q2. Furthermore, the collection surpassed projection by 4.5%.

### 1.2 REVENUE COMPOSITION

Top revenue contributors for the quarter mutually account for 89.5% of the total revenue collection.

GST and BPT are the major revenue contributors during 16Q2. Compared to 15Q2, GST and BPT increased by 1.5% and 5.4% respectively. However, these revenues fell behind the projection by 4.6% and 28.2% respectively.



A significant growth was observed in Land Acquisition and Conversion Fee (5.3% share of collection), it exceeded 15Q2 collected by almost 3 times, which is almost 6 times higher than projections. This was due to the initial acquisition payments from newly leased islands in 16Q2.

Additionally, Bank Profit Tax accounted for 11.2% of the total revenue and it depicted a significant increase in collection compared 15Q2, which is also 4 times higher than projected estimates

Tourism Land Rent accounted for 8.8% of the total revenue. The collection was 9.5% lower compared to 15Q2 and 18.9% lower compared to projections.

Furthermore, Green Tax collection contributed 4.4% to the total revenue share of 16Q2. It totaled MVR 156.92 million. However, this is 15.6% lower than the projection.

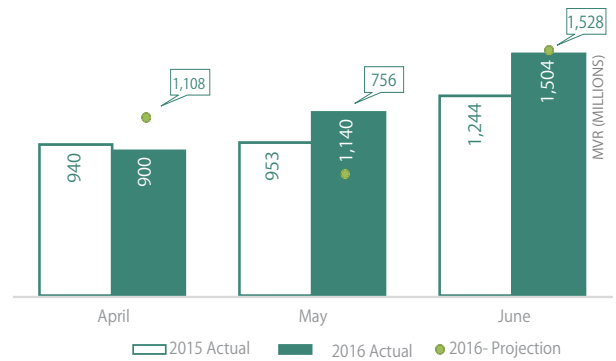
1.3

COMPARISON AGAINST 15Q2: MONTH-WISE

Compared to previous year, revenue received in May and June increased by 19.6% and 21.0% respectively, whereas a decline of 4.2% can be observed in April.

Projection for 16Q2 was MVR 3.39 billion, which meant that the collection outdid its projection by 4.5%.

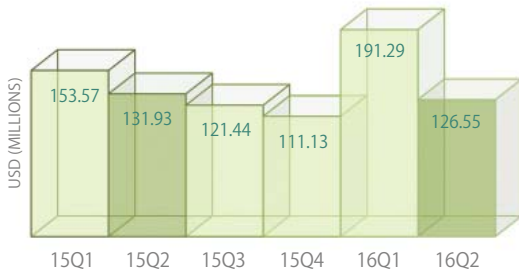
On a monthly basis, May collection surpassed the projection by 50.8%. However, in April and June, there was a decline of 18.7% and 1.5% respectively.



2. USD REVENUE COLLECTION

2.1

USD COLLECTION



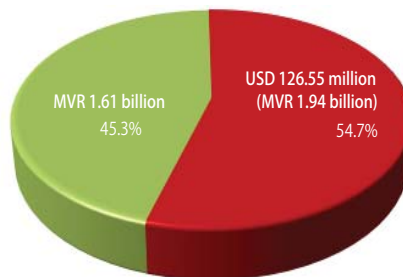
In 16Q2, USD 126.55 million was received as revenue in USD.

This meant revenue declined by 4.1% compared to 15Q2 and decreased by 33.8% compared to 16Q1.

2.2

CURRENCY COMPOSITION

Revenue collection in MVR amounted to MVR 1.61 billion which represents 45.3% of the collection.



54.7% of the revenue collection for 16Q2 was received in USD (equivalent to MVR 1.94 billion).

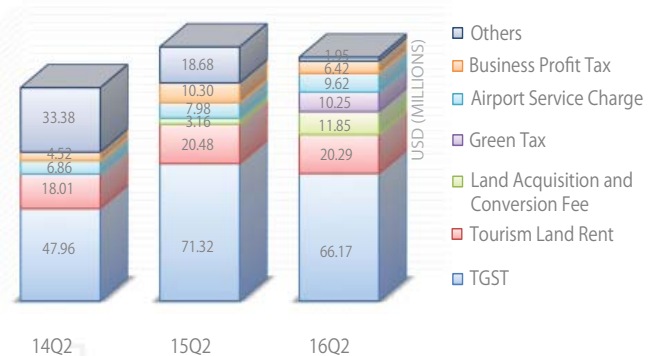
2.3

USD REVENUE GROWTH

The top USD revenue contributors depicted a growth in 16Q2 except for TGST, Tourism Land Rent and Business Profit Tax.

TGST and Tourism Land Rent collection declined by 7.2% and 1.0% respectively. Similarly, BPT collection declined by 37.7% compared to 15Q2.

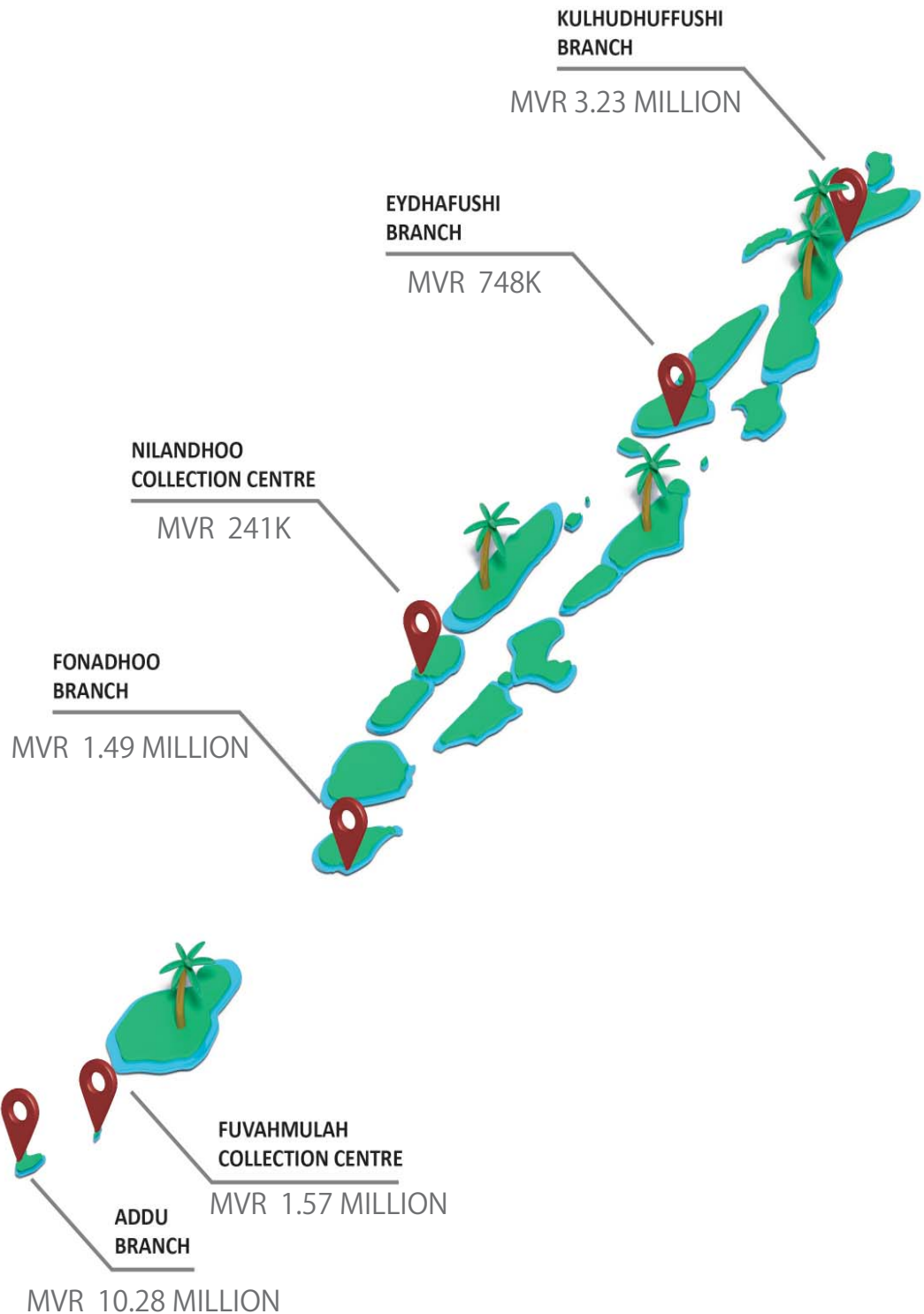
On the other hand, Land Acquisition and Conversion Fee in 16Q2 depicted a notable increase of 12 times the collection in 15Q2 due to initial acquisition payments from newly leased islands. In addition, collection from Airport Service Charge showed an increment of 20.1% compared to 15Q2 and Green Tax yielded USD 10.25 million in 16Q2.



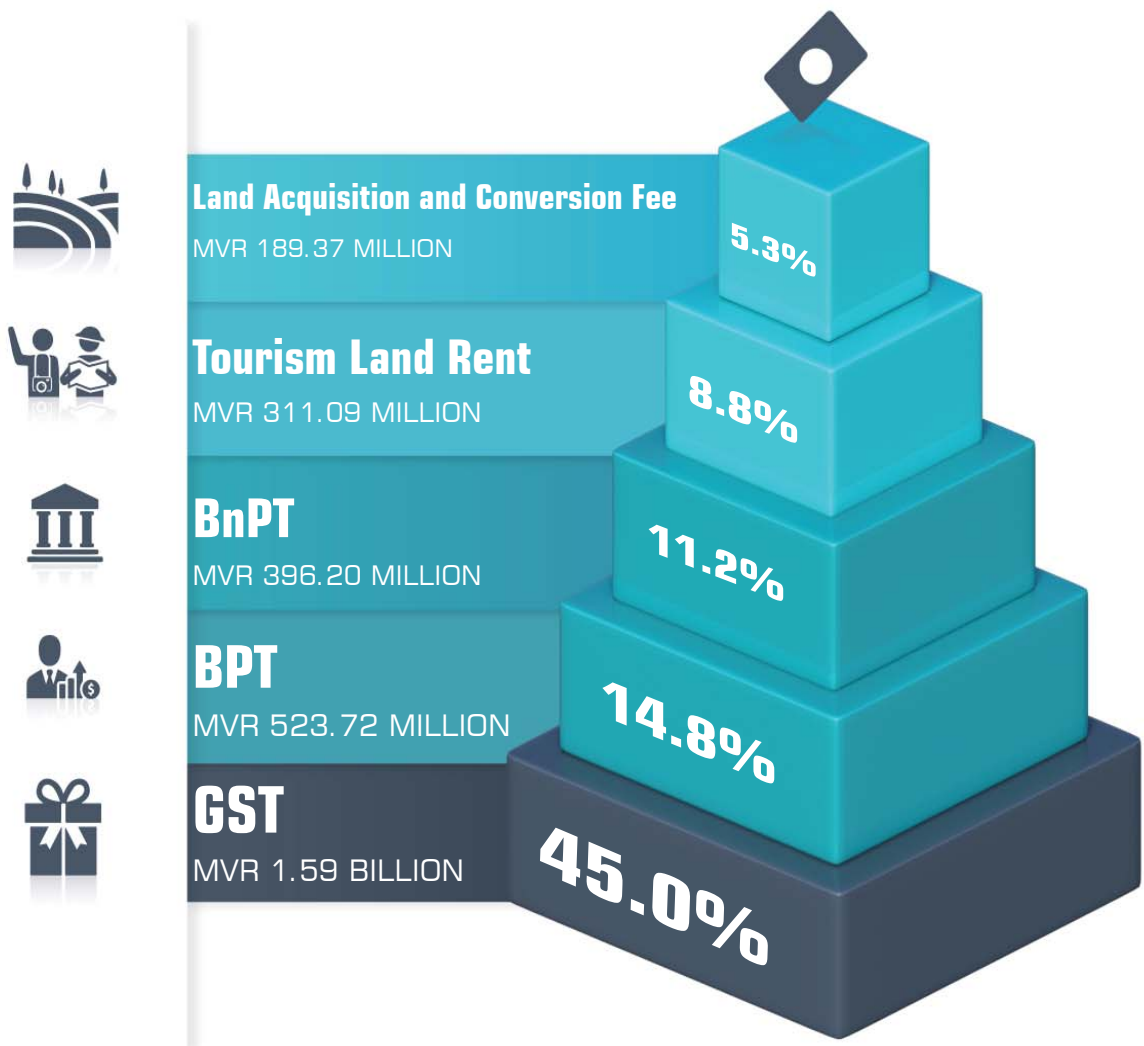
### 3. REGIONAL BRANCHES AND COLLECTION CENTRES

MIRA seeks to open either a regional office or a collection centre in all the atolls of Maldives by the end of 2017. As of now, four regional branches and two collection centres are in operation.

Collection from these branches and collection centres for 16Q2 are as follows:

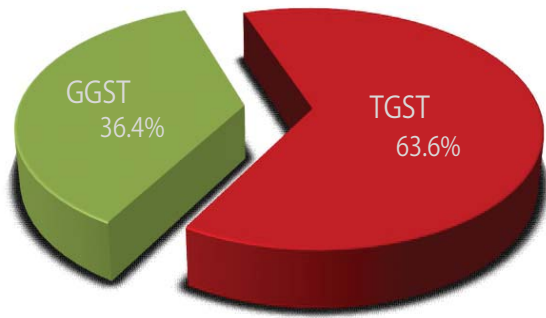


## 4. TOP REVENUE CONTRIBUTORS



4.1

TOTAL GST COLLECTION



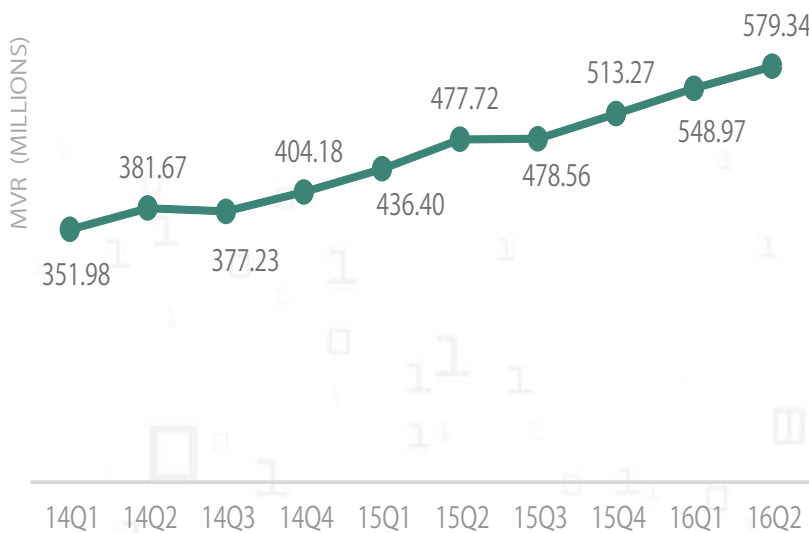
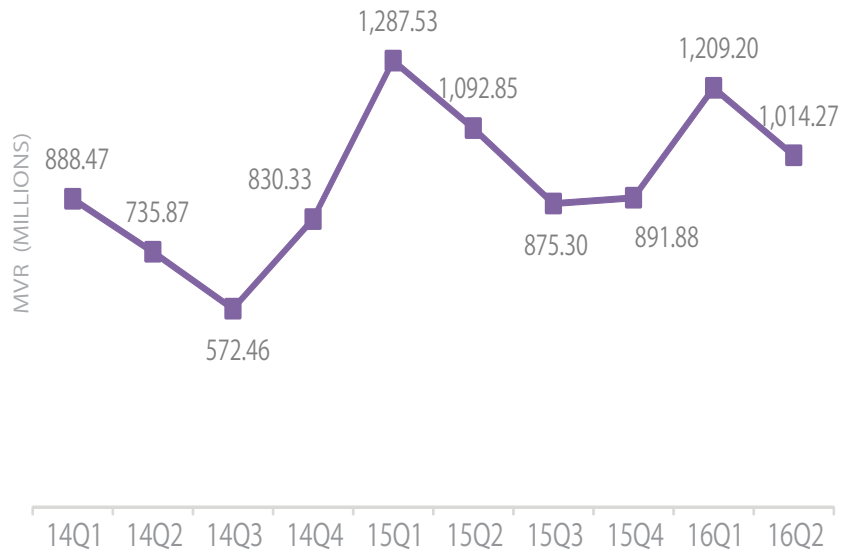
Total GST collection for 16Q2 was MVR 1.59 billion. 63.6% of this revenue came from tourism sector while rest was from the general goods and services sector.

GST revenue in 16Q2 was 1.5% higher than 15Q2, whereas it declined by 9.4% compared to 16Q1. Compared to projection of GST (MVR 1.67 billion), collection declined by 4.6%.

4.2

TGST COLLECTION

TGST collection in 16Q2 amounted to MVR 1.01 billion, depicting a decline of 7.2% compared to 15Q2. 16Q2 collection fell short by 16.1% compared to previous quarter.



4.3

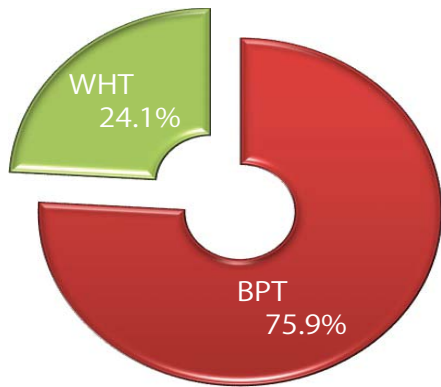
GGST COLLECTION

Revenue from GGST has shown positive growth similar to previous quarters. In 16Q2, MVR579.34 million was collected as GGST, which depicts a growth of 21.3% and 5.5% compared to 15Q2 and 16Q1 respectively. This indicates growth in spending in the real economy

Compared to GGST projection (MVR 555.75 million), collection has outdone the projection by 4.2%.

4.4

TOTAL BPT COLLECTION



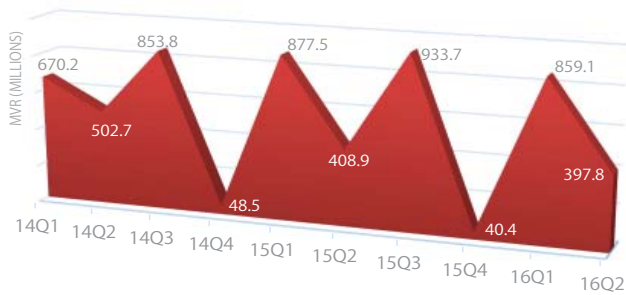
Total BPT collections consist of revenue received from the profit component of BPT and collection from WHT.

The total BPT collection for 16Q2 was MVR 523.72 million, in which 75.9% related to the profit component of BPT while 24.1% comprise WHT. Total BPT collection of 16Q2 grew by 5.4% compared to 15Q2.

Compared against the projections (MVR 728.94 million), 16Q2 collection was 28.2% lower-than-expected.

4.5

BPT PROFIT COMPONENT COLLECTION



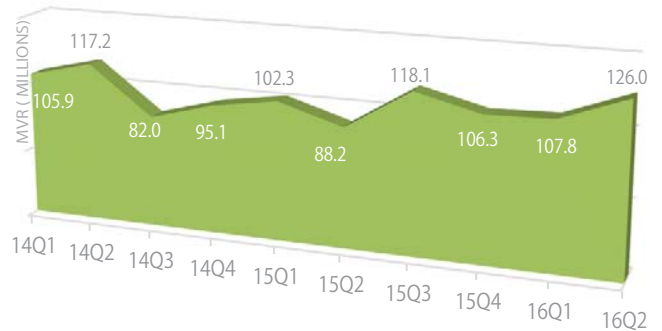
Revenue received from profit component of BPT in 16Q2 amounted to MVR 397.76 million.

Though the final payment deadline for BPT 2015 fell on 16Q2, the collection showed a decline of 2.7% compared to 15Q2.

Compared to projection (MVR 621.11 million), 16Q2 collection was 36.0% lower.

4.6

WHT COLLECTION



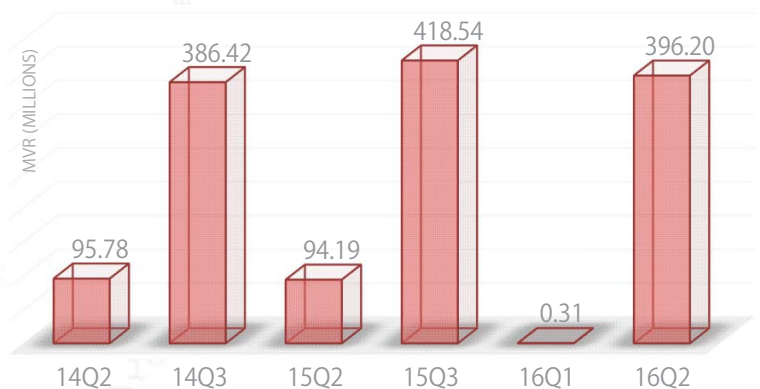
WHT accounted for 24.1% of total BPT collection in 16Q2 which amounted to MVR125.96 million. This shows a growth of 42.8% compared to 15Q2. Compared to projections (MVR 107.82 million), actual collection depicted a 16.8% increment.

4.7

BANK PROFIT TAX COLLECTION

Collection from Bank Profit Tax totaled to MVR 396.20 million. Collection for this quarter is 3 times higher than 15Q2, as most banks paid ahead of the deadline.

Similarly, actual collection also increased by 3 times compared to projections. This is due to prompt payments from banking sector before the deadline that falls on last day of July.



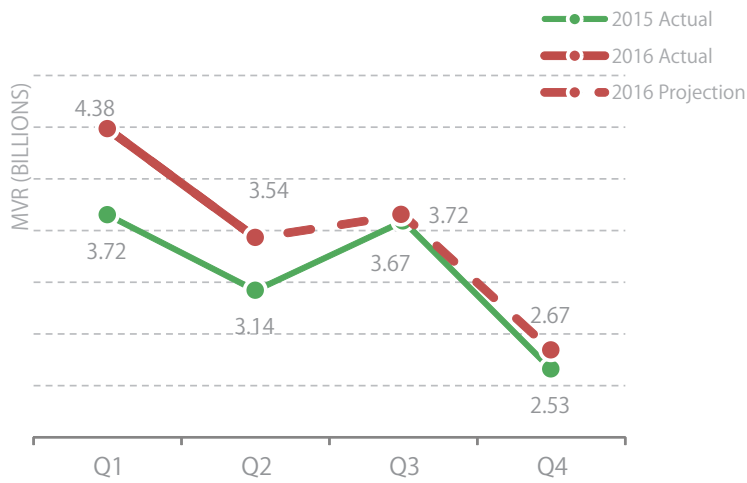


# 5. OUTLOOK



## 5.1

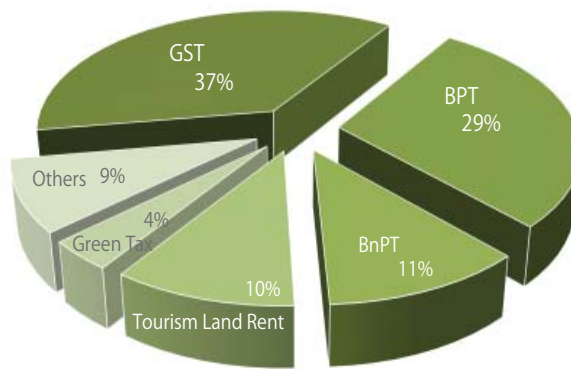
### REVENUE OUTLOOK FOR 16Q3



MVR 3.72 billion is projected to be collected in 16Q3. This is 5% higher than the total revenue collection for 16Q2.

## 5.2

### 16Q3 REVENUE BREAKDOWN



GST is expected to be the major revenue contributor in 16Q3 followed by BPT and BnPT. In addition, Tourism Land Rent and Green Tax are expected to be included in the Top 5 revenue contributors for 16Q3.

# B. ACTIVITIES DURING THE QUARTER

## TAXPAYER AWARENESS PROGRAMS

**17**

training sessions to new registrants  
(76 participants)

**4**

information sessions to schools and  
government offices  
(110 participants)



**3 sessions**

Tax Agents CPD program  
(69 participants)

**31**

media interviews

**2**

media program  
produced by MIRA

## AUDITS AND INVESTIGATIONS

**457**

audits

**MVR 101.75 million**

additional tax assessed



**5**

investigation audits completed  
additional tax assessed: MVR 1,694,874

**2**

criminal investigations completed

Tax type	No of audits	Additional Tax Assessed (MVR)
GGST	196	20,240,757
TGST	55	7,461,059
WHT	67	19,022,422
BPT	113	41,349,615
Green Tax	22	394,212
Bank Profit Tax	4	13,279,496
<b>Total</b>	<b>457</b>	<b>101,747,562</b>

Total enforced collection **MVR 227,281,016**

Amount recovered under:

- Action Policy **MVR 10,282,471**
- Bank Account Freezing Policy **MVR 38,169,331** (37 taxpayers)
- Dues Clearance **MVR 79,325,506**
- Dunning **MVR 76,592,410**
- Court Cases **MVR 1,805,248**
- Reminder calls/emails **MVR 71,106,051**



Final notices issued to **1,849** non-filers and **785** non-payers  
 Installment plans granted to **94** taxpayers

## OBJECTIONS

**22**  
objections received






11 GGST    3 TGST  
 1 WHT    7 BPT

**25**  
objections completed

14 GGST    4 TGST  
 5 WHT    2 BPT

## LEGAL ACTIONS



-  **12** cases filed by MIRA  
 12 with Civil Court
-  **5** cases filed against MIRA
-  **9** cases filed were withdrawn  
 4 cases withdrawn by MIRA
-  **26** judgements passed in favour of MIRA
-  **0** judgement passed against MIRA

# COMPLIANCE



**2,214**  
compliance visits

**708**  
non-compliance notices issued

**434**  
non-compliant taxpayer names  
published

## TAX RULINGS ISSUED

- G33** Places established on tourist establishments
- G34** Second Amendment to Tax Ruling TR-2015/G23
- G35** Seventeenth Amendment to the Goods and Services Tax Regulation
- B53** First amendment to the Tax Ruling TR-2015/B43

## CHANGES TO POLICY

First amendment to Enforcement Policy

# HUMAN RESOURCE MANAGEMENT



**16**  
staff recruited during the quarter

**12**  
staff terminated during the quarter

**246**  
staff working at MIRA at the end of  
the quarter

# TRAININGS

**16**

trainings held (7 overseas, 9 local)

**178** staff trained

**11**

staff studying for ACCA on scholarship



## OVERSEAS TRAININGS

1. Training on Permanent establishment held in Malaysia from 18-22 April 2016 (2 participants).
2. Arcserve training held in Chennai, India from 4-6 April 2016 (3 participants).
3. A case study of Auditing MNEs for BEPS held in Malaysia from 25-29 April 2016 (2 participants).
4. OECD Tax seminar on 'International Tax Avoidance- Focus on Hybrids and Interest' held in Korea from 25-29 April 2016 (2 participant).
5. Workshop on Taxation of International Transactions (TOIT 2016) held in Malaysia from 9-27 May 2016 (2 participants).
6. 11th Annual Asia Tax Forum held in Singapore from 4-5 May 2016 (3 participants).
7. 4th Asian Tax Authorities Symposium (ATAS) 2016 held in Thailand from 7-9 June 2016 (2 Participants).

## LOCAL TRAININGS

1. Advance Excel Training conducted by the Ciryx College on 02-23 April 2016 (3 participants).
2. Giving Effective Media interview conducted by Information Commission on 7 May 2016 (22 participants).
3. Corruption prevention conducted by Anti-Corruption Commission on 14 May 2016 (27 participants)
4. Customer Care Training conducted by Mr. Mohamed Zaushan on 17 May 2016 (28 participants).
5. Arcserve training conducted by Focus computers from 24-26 May 2016 (3 participants).
6. Business Etiquettes conducted by CSTI from 29-31 May 2016 (21 participants).
7. Civil Service Conference conducted by Civil Service from 10-11 May 2016 (2 participants).
8. HR Impactive Workshop conducted by Mr Joel Farnworth, Bangkok School of Management on 7 May 2016 (2 participants).

# C. QUARTER IN PICTURES



11 April: Maldives signed its first bilateral Double Tax Avoidance Agreement of Income derived from International Air Transport and Tax Information Exchange Agreement with India



17 April: Zakat training to MIRA staff to commence Zakat collection on 1 June



14 April: MIRA celebrates *Dhivehi bahuge Dhuvas*



9 May: MIRA-PSM Experience sharing forum



7 May: Training held to train MIRA's media team



24April: MOU signed with Prosecutor General's office to hand over legal powers of the Prosecutor General to MIRA on exchanging information with foreign nations on tax related criminal investigations

2May: Iskandhar school tour to MIRA



28 May: MIRA staff participated in the HDC cleaning event of Hulhumale

1June and 8June: MIRA conducted CPD programme for tax agents



23June: MIRA staff organized an iftar to Masjids in Male', Vili Male and HulhuMale

30 May: MIRA signed MOU with Hajj Corporation to participate in the *Muvazzafunge Scheme*



18 May: Certificate awarded to participants of Taxation in Maldives



17-21 June: MIRA staff participated in the Coast Ramadan Cricket Carnival 2016



21 June: MIRA staff donated customized CP chair to a child, handover organized by MAPD



4 June: MIRA staff participated in the AAROA tree planting event

# D. DETAILED REVENUE FIGURES

Table 1 Total Revenue Contribution, 16Q2 (MVR)

Description	16Q2	% Share
Airport Service Charge	147,084,345	4.1%
Bank Profit Tax	396,200,566	11.2%
Business Permits <sup>1</sup>	5,628,758	0.2%
BPT	523,715,232	14.8%
Fines	56,780,114	1.6%
GGST	579,344,377	16.3%
TGST	1,014,268,748	28.6%
Green Tax	156,927,611	4.4%
Land Acquisition and Conversion Fee	189,369,612	5.3%
Land Sales Tax	4,919,016	0.1%
Lease Period Extension Fee	-	0.0%
Non-tourism Property Income <sup>2</sup>	36,635,620	1.0%
Proceeds from Sale of Assets <sup>3</sup>	3,005,908	0.1%
Resident Permit	65,137,360	1.8%
Revenue Stamp	10,211,846	0.3%
Royalties <sup>4</sup>	18,920,122	0.5%
Tourism Land Rent	311,092,834	8.8%
Tourism Tax	106,082	0.0%
Vehicle Fee	19,371,775	0.5%
Vessels Fee	5,433,544	0.2%
Others <sup>5</sup>	233,964	0.0%
<b>Total</b>	<b>3,544,387,433</b>	<b>100%</b>
<i>Zakat Al-Mal</i>	<i>6,980,477</i>	<i>-</i>
<i>Donation/Sadaqah</i>	<i>5,928</i>	<i>-</i>

<sup>1</sup> **Business Permits:** Company Annual Fee, Restaurant, Café, Canteen Fee, Flat Maintenance Fee, Partnership Fees, Import Trade Fee, Co-operative Society Fees, Sole Trader Registration Fee, Trade Registry Fee, Foreign Investment Administration Annual Fee, Company Registration Fee, Foreign Business Fee

<sup>2</sup> **Non-tourism Property Income:** Uninhabited Islands Rent, Government Buildings Rent, Commercial Land Rent, Rent from land for Industry, Longterm Agricultural leased islands rent, Rent from Floating Jetty, Uninhabited Islands Administration Fee

<sup>3</sup> **Proceeds from Sale of Assets:** Sale of items at auction, Sale of Government Buildings, Sale of Government Lands

<sup>4</sup> **Royalties:** Duty Free Royalty, Foreign Investment Royalty, Fishing Royalty, Fuel re-export Royalty, Re-Export Royalty, Yellowfin Tuna Export Royalty, Skipjack Industry Royalty

<sup>5</sup> **Others:** Reimbursement from previous year's budget, International Airport fees

Table 2 Total USD Revenue Contribution, 16Q2 (USD)

Description	16Q2	% Share
TGST	66,168,693	52.3%
Tourism Land Rent	20,288,454	16.0%
Land Acquisition and Conversion Fee	11,851,622	9.4%
Green Tax	10,250,489	8.1%
Airport Service Charge	9,623,652	7.6%
Others	8,365,372	6.6%
<b>Total</b>	<b>126,548,283</b>	<b>100%</b>
<i>Zakat Al-Mal</i>	1,095	-

\*Others: Airport Service Charge, Business Permits, International Airport Fees, Royalties, Foreign Investment Administration Annual Fee, Sale of Government Land, Tourism Tax and Fines

Table 3 Comparison Against 15Q2 (MVR)

Description	Actual 16Q2	Actual 15Q2	% Growth
Airport Service Charge	147,084,345	122,468,074	20.1%
Bank Profit Tax	396,200,566	94,185,132	320.7%
Business Permits <sup>1</sup>	5,628,758	3,519,748	59.9%
BPT	523,715,232	497,588,189	5.3%
Fines	56,780,114	93,735,841	-39.4%
GGST	579,344,377	478,548,552	21.1%
TGST	1,014,268,748	1,092,073,994	-7.1%
Green Tax	156,927,611	-	-
Land Acquisition and Conversion Fee	189,369,612	48,473,121	290.7%
Land Sales Tax	4,919,016	4,449,943	10.5%
Lease Period Extension Fee	-	256,701,709	-100.0%
Non-tourism Property Income <sup>2</sup>	36,635,620	26,551,842	38.0%
Proceeds from Sale of Assets <sup>3</sup>	3,005,908	1,331,717	125.7%
Resident Permit	65,137,360	62,250,240	4.6%
Revenue Stamp	10,211,846	9,637,844	6.0%
Royalties <sup>4</sup>	18,920,122	20,239,703	-6.5%
Tourism Land Rent	311,092,834	308,753,287	0.8%
Tourism Tax	106,082	89,841	18.1%
Vehicle Fee	19,371,775	14,415,176	34.4%
Vessels Fee	5,433,544	1,541,393	252.5%
Others <sup>5</sup>	233,964	-	-
<b>Total</b>	<b>3,544,387,433</b>	<b>3,136,555,347</b>	<b>13.0%</b>

\*Refer to Table 1 footnotes for details

Table 4 Comparison Against Projection (MVR)

Description	Actual 16Q2	Projection 16Q2	% Variance
Airport Service Charge	147,084,345	142,970,032	2.9%
Bank Profit Tax	396,200,566	93,762,000	322.6%
Business Permits <sup>1</sup>	5,628,758	5,012,249	12.3%
BPT	523,715,232	728,939,399	-28.2%
Fines	56,780,114	35,245,769	61.1%
GGST	579,344,377	555,745,560	4.2%
TGST	1,014,268,748	1,113,901,953	-8.9%
Green Tax	156,927,611	163,434,611	-4.0%
Land Acquisition and Conversion Fee	189,369,612	26,218,149	622.3%
Land Sales Tax	4,919,016	4,819,728	2.1%
Lease Period Extension Fee	-	-	-
Non-tourism Property Income <sup>2</sup>	36,635,620	26,418,050	38.7%
Proceeds from Sale of Assets <sup>3</sup>	3,005,908	1,232,272	143.9%
Resident Permit	65,137,360	64,491,306	1.0%
Revenue Stamp	10,211,846	9,516,942	7.3%
Royalties <sup>4</sup>	18,920,122	20,751,107	-8.8%
Tourism Land Rent	311,092,834	383,744,323	-18.9%
Tourism Tax	106,082	-	-
Vehicle Fee	19,371,775	13,529,340	43.2%
Vessels Fee	5,433,544	1,644,429	230.4%
Others <sup>5</sup>	233,964	-	-
<b>Total</b>	<b>3,544,387,433</b>	<b>3,391,377,219</b>	<b>4.5%</b>

Table 5 TGST Breakdown, 16Q2

Category	Number of Taxpayers	Number of GST Returns	GST Liability (USD) **
Tourist resort	124	364	55,168,583
Tourist hotel	17	41	1,257,393
Tourist guest house	345	434	870,981
Tourist vessel	154	298	1,008,676
Picnic island	8	18	(9,666)
Diving school*	66	138	1,142,928
Shop*	81	183	390,478
Spa*	24	64	485,859
Water sports facility*	25	51	371,302
Other places located on tourist establishments	105	191	328,486
Travel agency service provider	519	770	480,667
Foreign tourist vessels' agent	13	17	71,447
Domestic air transport provider	4	12	4,485,805

\* Located on a tourist establishment

\*\* Discrepancy between GST liability and collection is due to adjustments by the taxpayer



miramaldives



Mira Maldives



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