

MALDIVES INLAND REVENUE AUTHORITY

# STRATEGIC PLAN

2020-2024



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# ABOUT THIS PLAN

The Maldives Inland Revenue Authority (MIRA) was established in August 2010 with the mandate of administering the tax system of Maldives. During the years since its establishment, MIRA has successfully introduced and implemented several different taxes including Business Profit Tax, Goods and Services Tax, Green Tax, Remittance Tax and other charges collected by the government.

MIRA completed the period outlined in its first Strategic Plan in 2019. MIRA's first strategic plan focused on MIRA's priorities of raising awareness of the tax system among taxpayers and the general public, and on facilitating modern and convenient ways for taxpayers to fulfill their tax obligations. The Strategic Plan 2015-2019 outlined a strong strategic vision which guided the performance of MIRA over these years, and played a monumental role in shaping MIRA's journey during these 5 years.

With the completion of the first strategic plan, and the maturing of the tax system and taxpayers during the course of this period, MIRA's second strategic plan reflects the consequent broadening of MIRA's vision and efforts.

This new strategic plan outlines the strategic priorities of MIRA between 2020 and 2024 under 6 programs. This plan also highlights key performance indicators under each strategic priority, the achievement of which is required for the successful achievement of that strategic priority.

This plan was developed after evaluation of the achievement of priorities outlined in the previous strategic plan, and after deliberations by senior management of MIRA on the strategic direction MIRA wishes to take over the next 5 years. The development of this plan was supported by the International Monetary Fund (IMF), which facilitated the assistance of Ms. Barbara Hebert for this project. Ms. Hebert had also lent her experience during the formulation of the previous plan.

MIRA encourages all of its employees and stakeholders to take ownership of this plan, and to work diligently towards its achievement. This plan has been formulated to support MIRA's employees and other stakeholders and they contribute to the achievement of MIRA's vision over the next 5 years.

# COMMISSIONER GENERAL'S MESSAGE

As MIRA's journey edges close to a decade in national service, there has been many things learnt and many things accomplished over these years. We wound up our first strategic plan having achieved majority of the milestones we aimed for, and with areas for improvement and development identified. Over the course of the past 5 years, MIRA has successfully carried out various programs to strengthen the tax system, improve taxpayer compliance, enhance taxpayer education, and improve administration and service delivery.

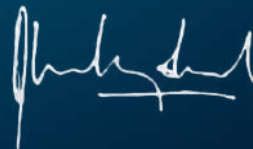
Over the last 5 years, MIRA has grown in responsibility and in numbers. However, the priority we have always given to providing efficient service to taxpayers and to administering an effective and equitable tax system remains the same. While we forge ahead with greater responsibilities, these two areas remain as key priorities as we also explore new grounds for the better execution of MIRA's functions.

The new strategic plan highlights MIRA's focus on increasing the accessibility of MIRA, on making tax compliance more convenient, on improving the technical capacity of MIRA staff and on implementing international standards of tax administration at MIRA. There is also a focus on further automation of work processes and on improving performance efficiency. Supporting the priorities outlined

in this plan, MIRA will also be working to implement the upcoming Income Tax regime and working with international bodies to spearhead tax policies targeted at developing nations. MIRA will also take the initiative to be part of the movement towards the international convergence of standards for tax administration and implement these standards accordingly.

The Strategic Plan 2020-2024 is based on 13 strategic priorities and 26 key performance indicators. These indicators will act as the benchmark against which the performance of MIRA will be assessed and the achievement of strategic goals are evaluated. MIRA will continue the already established performance review process, and regularly report on progress.

The success MIRA has achieved would not have been possible without the dedication of our staff, and it is with great gratitude I take note of the hard work they have put into achieving the objectives and goals of MIRA. MIRA's reputation as a benchmark public service organization has been maintained and enhanced due to the committed efforts they have expended over the past years. I am confident that the staff and management of MIRA will continue to work with resolute dedication towards achieving the strategic goals outlined in this plan.



**Yazeed Mohamed**  
Commissioner General of Taxation

# STRATEGIC PLANNING AT MIRA

Strategic planning at MIRA is an organized process that follows several steps, and covers input from different levels from within and outside the organization. Extensive environmental analysis is undertaken to understand the risk and challenges faced by the organization, and a risk matrix is mapped out to identify high-risk and high-challenging areas. The risks and challenges are prioritized, taking into consideration the strengths of MIRA and the opportunities for improvement that may be presented. The prioritization process results in the determination of the strategic priorities upon which the strategic plan is based.

The new strategic plan of MIRA was developed after taking into account the performance of the key performance

indicators of the previous plan. The broadening of MIRA's work and the increasing complexity of the type of work that needs to be undertaken resulted in some necessary changes in the strategic plan. However, MIRA is still giving priority to what has always been the most important – proficient taxpayer service and effective educational efforts.

MIRA's strategic plan will act as a key guidance for the activities undertaken by MIRA over the next 5 years, from being the foundation of annual action plans to having a significant impact on the budgetary process. Together, these will outline the path MIRA will take to achieve its strategic and operational goals over the next 5 years.

# STRATEGIC FRAMEWORK



The programs under the plan are classified as either Functional Programs or Support Programs. The Functional Programs are activities which are geared towards the achievement of MIRA's mandate. The Support Programs provide the support and assistance required to achieve the core functions encompassed in the Functional Programs.

There are Strategic Priorities identified under each program, which identifies the strategies MIRA will be prioritizing over the next 5 years. The Strategic Priorities will play a pivotal role in guiding MIRA's journey towards the achievement of its vision, missions and objectives.

# VISION, MISSION AND VALUES

## VISION

To be recognised as a leading professional organisation engaged in collection of revenue in an effective and efficient manner and providing high-quality service to taxpayers.

## MISSION

To establish a highly committed and competent organisation delivering effective and fair administration of the tax laws, promoting voluntary compliance and providing quality services to taxpayers.

## CORE VALUES

### **Fairness**

Apply the tax laws impartially and equitably.

### **Professionalism**

Be exemplary in providing services by applying the applicable knowledge and wisdom.

### **Integrity**

Maintain moral and ethical standards under all circumstances.

### **Neutrality**

Be unbiased in carrying out the obligations in the tax laws.

### **Transparency**

Be open to taxpayers and transparent to all.

# MIRA'S OBJECTIVES

The Tax Administration Act specifies the objectives of MIRA as follows.

1. Enforce the Taxation Acts and implement taxation policies.
2. Carryout all work in respect of receiving all tax imposed by the State pursuant to the law.
3. Ascertain whether the amount of tax payable has been calculated in accordance with the law and regulations and that any tax, fees or other monies payable are being paid in full as and when they fall due.
4. Have regard for the rights of taxpayers whilst exercising the authority of the MIRA.
5. Give full and complete information to taxpayers on the Taxation Acts and regulations, and make efforts to minimize the costs involved for taxpayers in making tax payments.
6. Plan a system, whereby the costs of administering tax will be minimized.
7. Prescribe the content and prepare tax returns, claims, statements, notices and other such forms required under the Taxation Acts and make any amendments, if required.
8. Establish a convenient mechanism for the administration of tax by means of modern technology.
9. Give technical advice in determining tax policies if required by the Government.



# STRATEGIC PRIORITIES 2020-2024

## PROGRAM ONE: TAXPAYER EDUCATION

### OVERVIEW

Taxpayer education has been a high-priority objective for MIRA since its establishment. Targeted and consistent educational and awareness efforts are undertaken where taxpayers are informed of their tax obligations and given the information required to fulfill these obligation. This program encompasses MIRA's dedication to continuing education and awareness efforts to encourage voluntary compliance, and to further strengthen MIRA's position as a reputable tax administration in this region.

### STRATEGIC PRIORITY

**Provide innovative and targeted education and awareness programs to support voluntary compliance.**

MIRA carries out various education and training programs targeted at taxpayers, auditors, tax agents, students, government employees and the general public. Over the next 5 years, concerted efforts will be made to further develop the education and awareness efforts of MIRA and to broaden the scope of activities undertaken by the Maldives Tax Academy (MTA).

### KEY PERFORMANCE INDICATORS

- **Equip taxpayers with the knowledge they need to fulfill their obligations**  
Taxpayer knowledge level will be gauged by an annual taxpayer survey, and it will be reflective of MIRA's effort in educating taxpayers and creating awareness on tax matters. MIRA will ensure that, by 2024, at least 75% of the taxpayers who take part in this survey get 75% of the answers correct.

# STRATEGIC PRIORITIES 2020-2024

## PROGRAM TWO: TAX ADMINISTRATION SERVICES

### OVERVIEW

Administration of tax laws in the Maldives is MIRA's main mandate. This mandate covers areas such as taxpayer registration, minimizing compliance costs for taxpayers, being accessible to taxpayers and formulating processes and policies to assist them in fulfilling their tax obligations.

### STRATEGIC PRIORITY

#### **Strengthen the use and accessibility of services provided by the tax administration**

Since its establishment, MIRA has been working towards the establishment of a modern tax system in the Maldives. A major aspect of this is ensuring that MIRA and its services are easily accessible to taxpayers, and ensuring that MIRA facilitates cost effective ways for taxpayers to communicate and engage with MIRA.

### KEY PERFORMANCE INDICATORS

- **Maintain an accurate and up-to-date registration database**  
MIRA will ensure that all taxpayers required to be registered under tax laws are registered and that their data is continuously updated.
- **Increase the use of online filing and payment by taxpayers**  
MIRA will provide convenient and efficient mechanisms for taxpayers to fulfill their obligations online, and will seek to ensure that 95% of returns are filed online and that 95% of collections are received online.
- **Ensure that MIRA has a presence in all atolls**  
The geographic spread of Maldives poses one of the greatest challenges to MIRA in terms of accessibility to taxpayers. By end of 2024, MIRA will seek to establish physical presence in all atolls of Maldives.
- **Administer the new income tax regime**  
MIRA will undertake the implementation of the new income tax regime and ensure that all aspects of administration are executed according to the project plan.

# STRATEGIC PRIORITIES 2020-2024

## PROGRAM THREE: COMPLIANCE AND DEBT COLLECTION

### OVERVIEW

Voluntary compliance is a key indicator of a strong tax administration. The path to voluntary compliance is through continuous engagement with taxpayers and building a mechanism under which taxpayers consistently fulfill the obligations they have under a self-assessment tax system. It is also a system where positive behavior is encouraged and abuse of the system is deterred through regulated actions.

### STRATEGIC PRIORITY 1

#### **Protect the revenue base by using targeted compliance improvement programs**

To ensure the administration of an effective tax system, facilitating compliance by encouraging specific behaviors and encouraging a good business culture is important. Over the next 5 years, MIRA will initiate additional programs to assist taxpayers to improve their compliance levels.

### KEY PERFORMANCE INDICATORS

- **Increase accuracy of voluntary disclosures by taxpayers**

In a self-assessment tax system, voluntary disclosure by taxpayers is an essential aspect of the regime. This includes registration at MIRA for relevant taxes within the required timeframe, and accurate reporting of income and tax payable. MIRA expects to see an increase in voluntary registration, and a decrease the number of inaccurate reporting flagged annually.

- **Increase the on-time filing and payment rates**

Voluntary compliance can be assessed by the proportion of taxpayers filing tax returns on time and making payments on-time. MIRA expects to achieve 95% on-time filing and on-time payment rates for all revenue collected by MIRA by the end of 2024.

- **Establishment of a Compliance Risk Management Framework**

Compliance risks will need to be addressed to increase the efficacy of the tax system and mitigate the effects of such identified risks. MIRA will establish a Compliance Risk Management Framework by end of 2020 under which compliance risks will be addressed as per pre-determined risk treatment strategies that correspond to the level of risk posed by specific taxpayer compliance behavior. Additionally, with new business models and trends emerging across

# STRATEGIC PRIORITIES 2020-2024

## STRATEGIC PRIORITY 2

### Improve the management of debt collection

Gaining strength from the overall theme of voluntary compliance, MIRA will seek to reduce the rate of debt increase. Where debt to the state has been accumulated, MIRA will undertake modern debt management strategies and engage with taxpayers to reach amicable solutions, within the regulations and policies enforced at MIRA.

the world, risks associated with these are also being identified. MIRA will undertake compliance risk assessments of such emerging trends and work to mitigate the negative impact of such risks.

## KEY PERFORMANCE INDICATORS

- **Reduce the arrears-to-collection ratio annually**  
Arrears-to-collection ratio is a quantitative measurement of the efficacy of the debt management system. MIRA will seek to reduce the arrears-to-collection ratio of taxes to 2% by end of 2024, and work to maintain the ratio within internationally accepted range. MIRA will also implement MIRA's Enforcement Policy fairly and equitably.
- **Reduce annually the time to collect arrears from taxpayers**  
Reduction in the time taken to collect arrears from taxpayers shows increase in the efficiency of the debt management system. MIRA will undertake regular aging analyses of debt cases to encourage timely recovery of dues owed to the State.

## STRATEGIC PRIORITY 3

### Improve audit efficiency and results

MIRA will seek to strengthen the audit function to deter potential abuse of the tax system. MIRA will undertake several activities to address occurrence of tax avoidance and evasion.

## KEY PERFORMANCE INDICATORS

- **Implement an automated risk profiling and audit selection system**  
MIRA will seek to automate the currently manual risk profiling mechanism to allow for further efficiency of the risk profiling process. MIRA will target for the establishment of an automated risk profiling system by the end of 2021.
- **Implement an integrated case management system**  
Implementation of a case management system that can communicate through the audit work flow, and also readily provide information when required will improve the efficiency of the audit process. MIRA will seek to reduce audit preparation and documentation time through use of such an integrated system.

# STRATEGIC PRIORITIES 2020-2024

## PROGRAM FOUR: CORPORATE GOVERNANCE AND OUR PEOPLE

### OVERVIEW

The Corporate Governance and Our People program is one of the support programs which will have strategic priorities outlined for the achievement of the functional programs. This program comprises strategic priorities in risk management and development of human resource capabilities.

### STRATEGIC PRIORITY 1

#### **Adopt a risk-based approach throughout the organization**

Over the next 5 years, MIRA will take steps to further strengthen risk management. MIRA will work to establish an effective risk management system to develop stronger mechanisms for risk analysis, communication and mitigation.

### KEY PERFORMANCE INDICATORS

- **Identify the high-risk enterprise risks for programs and projects and ensure they are well-understood and actioned**

The Senior Management team of MIRA will undertake an annual assessment of the organization's vulnerabilities and risks, and determine risk mitigating strategies to address them. The senior management will map the risk severity of identified risks, and allocate resources based on this matrix. This is to set the tone at the top for MIRA's approach to risk management, and to encourage staff to follow suit.

- **Assess organizational performance and allocate resources according to risk**

MIRA will ensure that the budgeting process is broadened to ensure that annual budgets are allocated based on the risk issues identified at the beginning of the year and are adjusted as required during the year.

# STRATEGIC PRIORITIES 2020-2024

## STRATEGIC PRIORITY 2

### Enhance human resource capacities

As the scope of MIRA's work expands, the technical capacity of the staff trusted with fulfilling MIRA's mandate also needs to increase. This program looks at efforts MIRA will make in the areas of capacity development and to retain the technical know-how within the organization.

## KEY PERFORMANCE INDICATORS

- **Empower staff to engage with taxpayers and their representatives at an equal level by promoting professional training and education**  
Due to the technical nature of the work staff do, MIRA wishes to develop staff who are professionally accredited in their relevant field of work. MIRA would like at least 40% of technical staff employed at MIRA to hold relevant professional qualifications by the end of 2024.
- **Train and develop staff to meet the challenges of the future**  
Taxation is a complex field with new standards continuously created, and consequential new challenges emerging just as consistently. To implement a modern tax system, MIRA is committed to training staff both locally and overseas to prepare them to face these challenges. MIRA will develop annual training plans and monitor improvement in capacity and improvement in work performance.
- **Retain our well-trained and professional staff**  
MIRA would like to address the issue of turnover by strengthening policies to encourage staff retention, especially across levels where technical and institutional knowledge requirements are high. MIRA will work to increase the retention rate to 90% by the end of 2024.

# STRATEGIC PRIORITIES 2020-2024

## STRATEGIC PRIORITY 3

### **Implement international standards in organizational processes**

With the advent of globalization and the consequent increase in cross border trade, tax administrations are communicating more with each other to assist and support each other in administering tax systems. For effective administration that works well together, tax administrators have come together to develop and promote standards for all tax administrations. MIRA is taking the initiative to implement these standards and to ensure that the Maldivian tax system is on par with international standards. This program covers such areas that will be prioritized over the coming years.

## KEY PERFORMANCE INDICATORS

- **Enhance accountability and transparency**  
MIRA will establish an appropriate taxpayer complaints process to receive taxpayer comments and to address areas in need of improvement. Additionally, MIRA will also ensure that an effective dispute resolution mechanism, one adhering to international standards, is established at MIRA.
- **Maintain modern tax administration standards and approaches**  
MIRA will ensure that its processes in the areas of auditing, enforcement, risk management and information technology, among others, meet professional international standards. This will increase the efficiency of the tax administration process and increase the reliability of the tax system.

# STRATEGIC PRIORITIES 2020-2024

## PROGRAM FIVE: INFORMATION TECHNOLOGY

### OVERVIEW

With MIRA looking to modernize and automate a lot of its processes, while improving the quality of current systems, information technology is a key area of importance over the next 5 years. This program comprises strategic priorities looking at providing modern and creative solutions to the tax administration process and strengthening the IT infrastructure to support the tax system.

### STRATEGIC PRIORITY

#### **Provide state-of-the-art business solutions and technology**

While MIRA has automated a lot of corporate functions over the past few years, the upcoming years will be focused on automating the remaining functions and on providing modern solutions for taxpayers to fulfill their obligations. Priority will also be given to improving the IT infrastructure to cater to the ever-expanding services of MIRA.

### KEY PERFORMANCE INDICATORS

- **Improve service standards to fulfill ISO certification**  
Providing quality services to taxpayers is part of MIRA's mission statement and is an objective that MIRA has worked continuously to achieve. The ISO9001 is considered the benchmark of service quality and MIRA will seek to achieve this quality assurance by the end of 2024.
- **Develop and implement an IT strategy for the acquisition of hardware and software tools**  
With process and service automation an area of priority over the coming years, acquisition of the hardware and software required to achieve this is of great importance. MIRA will develop an IT Capital Investment Plan and ensure that it is followed in the equipment acquisition process. Currently, MIRA utilizes SAP as the main revenue management system. MIRA will also ensure that the SAP system is upgraded, updated and enhanced as required by the work undertaken.



# STRATEGIC PRIORITIES 2020-2024

## STRATEGIC PRIORITY 2

### Ensure a safe and secure IT environment

MIRA has been encouraging taxpayers to increase their use of MIRA's online system, MIRAconnect, in fulfilling their obligations. To increase the use of this system, and other services offered by MIRA, it is essential that the IT environment is safe and secure. This priority encompasses plans for the maintenance and continuity of MIRA's services.

## KEY PERFORMANCE INDICATORS

- **Upgrade data and service security**  
As an administration that holds sensitive and confidential data, MIRA places high importance on data safety and security. MIRA will implement effective short-term actions according to an approved Data and Service Security Plan to maintain and improve on this area of service.
- **Develop and implement a long-term business continuity plan**  
As the principal revenue collector of the government, it is essential that MIRA provides continuous and uninterrupted service to taxpayers and the general public. MIRA will ensure that a business continuity plan is in place, with an established disaster recovery site, by the end of 2024.

# STRATEGIC PRIORITIES 2020-2024

## PROGRAM SIX: RELATIONSHIPS WITH OTHERS

### OVERVIEW

The administration of the tax system till now might not have been as successful and efficient without the support and assistance from other agencies and institutes, both local and foreign. This program highlights the significance MIRA gives to establishing and maintaining beneficial and collaborative relationships.

### STRATEGIC PRIORITY 1

#### Enhance international relations

MIRA's work to maintain the modern tax system that has been implemented in the Maldives requires strict adherence to international standards and improvement of areas that can be improved. Effective administration also requires continuous communication and support of key stakeholders. This program outlines MIRA's plan to further develop and enhance these relationships over the coming years.

### KEY PERFORMANCE INDICATORS

- **Build a network of tax treaties with strategic tax authorities**

One of the features of a modern tax administration is a wide network of tax treaties. MIRA will work towards building a stable network of treaties with strategic jurisdictions that will be beneficial to Maldivian taxpayers and the government. MIRA will seek to finalize additional treaties by the end of 2024.

### STRATEGIC PRIORITY 2

#### Build a stronger relationship with the business community through a proactive consultative process

MIRA is an organization that works closely with the business community. Tax administration has a significant impact on businesses and it is important that there is clear communication and consultation between MIRA and businesses to ensure effective implementation of policies.

### KEY PERFORMANCE INDICATORS

- **Establish a new approach to communicate and consult with the business community**

In making decisions that will impact the business community, MIRA will take the initiative to open a dialogue with them to identify potential issues and address any concerns that may be raised. MIRA will put in such a mechanism by 2020 and will assess the effectiveness of this mechanism in 2022.

# STRATEGIC PRIORITIES 2020-2024

## STRATEGIC PRIORITY 3

### Cooperate with other public sector bodies

The administration of tax laws and regulations by MIRA has been supported by the assistance and cooperation of various public sector bodies. This priority looks at improving the exchange of information and strengthening the support efforts between MIRA and these bodies.

## KEY PERFORMANCE INDICATORS

- **Improve the level of collaboration with other public sector bodies**

To effectively carry out MIRA's functions, MIRA requires a substantive amount of data and information from other public sector bodies. MIRA seeks to improve the information acquisition process by having improved data integration with these relevant agencies and institutes.

# SUMMARY

## 13 STRATEGIC PRIORITIES

### 26 KEY PERFORMANCE INDICATORS

#### 1. Provide innovative and targeted education and awareness programs to support voluntary compliance

1. Equip taxpayers with the knowledge they need to fulfill their obligations

#### 2. Strengthen the use and accessibility of services provided by the tax administration

2. Maintain an accurate and up-to-date registration database
3. Increase the use of online filing and payment by taxpayers
4. Ensure that MIRA has a presence in all atolls
5. Administer the new income tax regime

#### 3. Protect the revenue base by using targeted compliance improvement programs

6. Increase accurate voluntary disclosures by taxpayers
7. Increase the on-time filing and payment rates
8. Establishment of a Compliance Risk Management Framework

#### 4. Improve the management of debt collection

9. Reduce the arrears-to-collection ratio annually
10. Reduce annually the time to collect arrears from taxpayers

#### 5. Improve audit efficiency and results

11. Implement an automated risk profiling and audit selection system
12. Implement an integrated case management system

#### 6. Adopt a risk-based approach throughout the organization

13. Identify the high-risk enterprise risks for programs and projects and ensure they are well-understood and actioned
14. Assess organizational performance and allocate resources according to risk

#### 7. Enhance human resource capacities

15. Empower staff to engage with taxpayers and their representatives at an equal level by promoting professional training and education
16. Train and develop staff to meet the challenges of the future
17. Retain our well-trained and professional staff

#### 8. Implement international standards in organizational processes

18. Enhance accountability and transparency
19. Maintain modern tax administration standards and approaches

#### 9. Provide state-of-the-art business solutions and technology

20. Improve service standards to fulfill ISO certification
21. Develop and implement an IT strategy for the acquisition of hardware and software tools

#### 10. Ensure a safe and secure IT environment

22. Upgrade data and service security
23. Develop and implement a long-term business continuity plan

#### 11. Enhance international relations

24. Build a network of tax treaties with strategic tax authorities

#### 12. Build a stronger relationship with the business community through a proactive consultative process

25. Establish a new approach to communicate and consult with the business community

#### 13. Cooperate with other public sector bodies

26. Improve the level of collaboration with other public sector bodies



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