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MALDIVES
INLAND REVENUE
AUTHORITY

Guide to Plastic Bag Fee

MIRA P851

www.mira.gov.mv

Contents

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Taxpayers can rely on this guide for the MIRA's interpretation of the relevant tax laws and regulations regarding the collection of Plastic bag fee by persons registered by GST. If you do not understand anything in this guide or have queries related to your particular circumstances, call the MIRA hotline at 1415, use the live chat function on the MIRA website, message MIRA Viber number 9821415 or send an email to 1415@mira.gov.mv.

1. Introduction

This guide provides important information that GST registered persons must know regarding the plastic bag fee.

2. What is plastic bag fee?

Plastic bag fee is a fee charged under the Waste Management Act by businesses operated in the Maldives, on plastic bags sold or provided free of charge to customers at the point of sale.

3. When should businesses start charging plastic bag fee?

Plastic bag fee must be charged from 00:00 hours of 18 April 2023 onwards.

4. Who is required to pay plastic bag fee to MIRA?

Plastic bag fee collected by GST registered businesses must be paid to MIRA.

5. Is the plastic bag fee collected by a person who is required to register for GST but have not yet, payable to MIRA?

Even though a person is not registered for GST, if he is required to be registered for GST, then he must pay to MIRA the amount of plastic bag fee collected by him.

6. Do I have to register for plastic bag fee with MIRA?

There is no requirement to register for plastic bag fee with MIRA. However, GST registered persons and persons who are required to be registered for GST must pay the amount of plastic bag fee collected by them to MIRA.

7. What is a "plastic bag"?

Plastic bags subject to the plastic bag fee are bags made of plastic which are used for carrying goods.

8. Am I required to charge plastic bag fee on plastic bags made from degradable (self-decomposing) plastic?

Plastic bags used for carrying goods which are made from degradable (self-decomposing) plastic are subject to plastic bag fee.

9. What are the plastic bags that are not subject to plastic bag fee?

- plastic bags sold or provided free of charge by duty-free shops
- plastic bags used to carry unpackaged deep sea fish, reef fish, bait fish or fish used as bait, parts of such fish, and sea food types
- "bin liners" sold or supplied free of charge specifically for the purpose of waste disposal, by either a person who provides waste management services or another relevant authority

Also, plastic bags which are used by the manufacturer of a good for the packaging necessary for the sales of such goods are not subject to plastic bag fee.

10. What is the rate for plastic bag fee?

Plastic bag fee is charged at the rate of MVR 2 per plastic bag sold or provided free of charge at the point of sale.

11. What is the purpose of determining the "tax point of plastic bag fee"?

The tax point of plastic bag fee determines the taxable period in which the GST registered person must account for the plastic bag fee collected by him in the GST return, and the deadline for the payment of the amount of plastic bag fee to MIRA.

12. What is the tax point of plastic bag fee when a plastic bag is sold?

When a plastic bag is sold, GST must be charged from that transaction, and MVR 2 must be charged as plastic bag fee on top of the GST inclusive price of the bag. In this case, the tax point of the plastic bag fee is the GST time of supply of the transaction. In other words, the plastic bag fee information of the sold plastic bag must be included in the GST return in which the person is required to declare the GST charged for the sold plastic bag.

13. What is the tax point of plastic bag fee when a plastic bag is provided free of charge in the supply of goods?

Plastic bag fee must be charged at MVR 2 even when a plastic bag is provided free of charge in the supply of a good or goods. In this case, the tax point of plastic bag fee is the GST time of supply of the goods sold. In other words, the plastic bag fee information of the plastic bag provided free of charge must be included in the GST return in which the person is required to declare the GST charged for the goods sold in the transaction.

14. Am I required to charge plastic bag fee on plastic bags sold or provided free of charge when supplying GST exempt goods or zero-rated goods?

Plastic bag fee must be charged on plastic bags sold or provided free of charge in supplying GST exempt goods or zero-rated goods.

15. What is the tax point of plastic bag fee if a plastic bag is sold or provided free of charge in the supply of goods which are not subject to GST?

The tax point of plastic bag fee for plastic bags sold or provided free of charge in supplying goods which are not subject to GST, is the GST time of supply of those goods had it been a GST taxable supply.

16. Who is responsible for charging plastic bag fee?

It is the responsibility of the person operating the business activity to charge plastic bag fee from their customers.

17. Is plastic bag fee subject to GST?

GST should not be charged on the amount of plastic bag fee.

18. Should I charge plastic bag fee when selling plastic bag bundles?

Whether a plastic bag bundle is sold or provided free of charge, plastic bag fee must be charged at the rate of MVR 2 for each plastic bag in the bundle. Additionaly, if the seller is a GST registered person, he must also charge GST on plastic bag bundle sold.

19. Should I include the amount collected as plastic bag fee in the computation of the GST registration threshold?

The amount of plastic bag fee collected should not be included in computing the total turnover for the purpose of determining whether or not a person meets the GST registration threshold.

20. Is plastic bag fee considered as "income" for the purpose of income tax?

Plastic bag fee charged by persons not registered for GST is income for that person. However, plastic bag fee charged by GST registered persons will not be treated as an income.

21. How can I submit plastic bag fee information to MIRA?

GST registered persons are required to include in their GST returns the information of plastic bag fee collected. Persons not registered for GST are not required to submit information of plastic bag fee collected by them to MIRA.

22. How can I amend the plastic bag fee information declared in the GST return?

Any changes to the information of plastic bag fee included in the GST return must be brought by amending the respective GST return in which the information was declared. No changes can be made to any of the information of plastic bag fee declared in a GST return once the time frame to amend the GST return expires.

23. Can I charge plastic bag fee in a currency other than Maldivian Rufiyaa?

Plastic bag fee must be charged in Maldivian Rufiyaa only.

24. In what currency must I pay to MIRA the amount of plastic bag fee collected?

The amount of plastic bag fee collected must be included in the GST return in Maldivian Rufiyaa, and the amount must be paid to MIRA in Maldivian Rufiyaa.

25. In which currency should persons registered for GST in the tourism sector include the amount of plastic bag fee collected in their GST return?

Persons operating in the tourism sector also must declare the amount of plastic bag fee collected in their GST return in Maldivian Rufiyaa, and the amount must be paid to MIRA in Maldivian Rufiyaa.

26. What must I do with excess amounts collected as plastic bag fee and amounts charged on bags that are not subject to plastic bag fee?

Plastic bag fee must not be charged from a bag that is not subject to plastic bag fee, nor should it be charged in excess of the determined rate. Where an amount is charged in excess as such or charged on a bag that is not subject to the fee, the amount must be refunded to the customer. If the amount is not refunded to the customer by the deadline for submission of the GST return for the period in which the amount was charged, the amount must be included in the GST return of the respective taxable period and paid to MIRA. The amount must also be refunded to the customer whether or not it has been paid to MIRA.

27. What are the records that should be maintained for the purpose of plastic bag fee?

Documents and records must be maintained to the extent that such documents are sufficient to ascertain that the amount of plastic bag fee collected from customers is in accordance with the Acts and regulations. Documents and records that should be maintained includes the following:

- Details of plastic bags purchased
- Details of plastic bags received free of charge
- Details of plastic bags sold
- Details of plastic bags provided free of charge
- Details of damaged plastic bags
- Details of plastic bags returned by customers

28. If a customer returns a plastic bag sold or a plastic bag that was provided free of charge, should the business refund the plastic bag fee paid by the customer?

For any reason, if a customer returns a plastic bag after use, the plastic bag fee pertaining to that plastic bag need not be refunded to the customer. The amount must however be paid to MIRA.

29. Should the tax invoice or receipt include the amount of plastic bag fee?

The tax invoice or receipt issued to the customer must clearly and distinctively state the amount of the plastic bag fee charged to the customer. However, business must be mindful to not include the amount of plastic bag fee when calculating GST.

30. What is the penalty for failure to submit the plastic bag fee information?

It is an offence for GST registered persons to not submit to MIRA the information of plastic bag fee collected by them. The civil penalty for the offence is a fine of 0.5% of the amount of plastic bag fee payable for the relevant period and a fine of not more than MVR 50/- (Fifty Rufiyaa) for each day of delay.

31. What is the penalty for failure to pay the plastic bag fee collected?

It is an offence for GST registered persons to not pay to MIRA the amount of plastic bag fee collected by them. The civil penalty for the offence is a fine of 0.05% per day of the outstanding amount, from the due date for payment.

32. Is plastic bag fee chargeable from "juice petty bags"?

"Juice petty bags" are not bags that are used to carry goods, and thus plastic bag fee must not be charged from juice petty bags.

33. Is plastic bag fee chargeable from "ziplock bags"?

"Ziplock bags" are not bags that are used to carry goods, and thus plastic bag fee must not be charged from ziplock bags.

34. Is plastic bag fee chargeable from plastic bags that are used to pack bread, buns and other such items?

Plastic bags used by the manufacturer of goods as packaging necessary for the sale of such goods are not subject to plastic bag fee.

35. In the sale of fresh fish, is plastic bag fee chargeable from the plastic bags sold or given free of charge to carry fresh fish?

Plastic bags sold or given free of charge to carry unpackaged and fresh deep sea fish, reef fish, bait fish, fish used as bait, seafood and parts of these fish are exempt from plastic bag fee.

36. In the sale of frozen fish, is plastic bag fee chargeable from the plastic bags sold or given free of charge to carry frozen fish?

Frozen fish is not included in the definition of "fish", and therefore, plastic bag fee must be charged from plastic bags sold or given free of charge to carry frozen fish.

37. In the sale of chilled fish, is plastic bag fee chargeable from the plastic bags sold or given free of charge to carry chilled fish?

Fish kept chilled to maintain its freshness will be considered fresh fish. Plastic bags sold or given free of charge to carry such chilled fish are exempt from plastic bag fee.

38. Are plastic bags provided in the sale of “pet fish” subject to plastic bag fee?

If at the point of sale the “pet fish” bought by a person is put in a plastic bag, then plastic bag fee must be charged for that plastic bag.

39. If chicken meat is sold in a plastic bag, is that plastic bag subject to plastic bag fee?

Plastic bag fee should not be charged for the plastic bag used to package chicken meat. However, if packaged chicken meat is put in a plastic bag and sold, then plastic bag fee must be charged from the plastic bag used to put in the chicken meat.

40. If unpackaged chicken meat is sold in a plastic bag, is that plastic bag subject to plastic bag fee?

When unpackaged chicken meat is sold in a plastic bag, plastic bag fee must be charged for that plastic bag.

41. When businesses in their promotional events, sell or give freely goods or items in plastic bags, will that plastic bag be subject to plastic bag fee?

In promotional events held by businesses, if the event involves buying and selling of goods, then plastic bag fee must be charged from the plastic bags sold or given free of charge in the event.

42. Is plastic bag fee chargeable from “bin liners”?

“Bin liners” sold or given free of charge specifically for waste disposal, by either a person who provides waste management services or another relevant authority is exempt from plastic bag fee.

43. Is plastic bag fee chargeable from plastic bags that are used to package leaves, masmirus and other such items?

Plastic bags used by the manufacturer of goods for the packaging necessary for the sales of such goods are not subject to plastic bag fee.

44. Is plastic bag fee chargeable from plastic bags provided to put in complementary or goods supplied for free?

Plastic bag fee must be charged from plastic bags provided to put in complementary goods or goods supplied for free.

45. Is plastic bag fee chargeable from plastic bags in which take-away or deliveries are provided by restaurants/cafés?

Plastic bag fee must be charged from the plastic bags in which take-aways and deliveries are provided by restaurants/cafés.

46. Is plastic bag fee chargeable from plastic bags in which rice, flour and sugar are sold to customers?

Plastic bag fee must be charged from the plastic bags in which rice, flour and sugar are sold to customers.

47. If rice, flour or sugar is packaged in a plastic bag the shop and sold to customer, will such plastic bag be subject to plastic bag fee?

Plastic bags used by the manufacturer of rice, flour and sugar for the packaging necessary for the sales of rice, flour and sugar will not be not subject to plastic bag fee. If rice, flour and sugar is packed in a plastic bag by anyone other than the manufacturer, then such plastic bags are subject to plastic bag fee.

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1415 1415@mira.gov.mv

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