



## **MIRA collects MVR 862.91 million as revenue in August 2019**

# Mexico looks to impose a sales tax on companies like 'Netflix' and 'Spotify'

**Mohamed Migdhadh**  
Assistant Tax Officer / Taxpayer Facilitation

**Source: Reuters**

Mexico braces to impose a sales tax on foreign companies like Netflix and Spotify that provides audiovisual services via online platforms. Senior lawmaker in ruling party estimates that this could generate tax revenue of about 3.6 billion pesos (\$185 million) a year.

The finance ministry briefed on 9 September 2019 that they are in talks to levy the charge on foreign online businesses, and the National Regeneration Movement (MORENA) of President Andres Manuel Lopez Obrador has sent the bill to Congress to legislate for the tax.

Speaking at news conference, Ricardo Monreal, Senate leader of MORENA has said that if bill is approved as they initiated, Mexican state could add around 3.6 billion pesos a year to

state revenue. Further, he said that he is not referring to companies like 'Uber' and 'Airbnb' but audiovisual service providers like Netflix, Spotify, Apple and Amazon Prime. After meltdown of national oil company Petroleos Mexicanos (Pemex), Mexico has pursued new sources of revenue to overcome the plunge in state revenue.

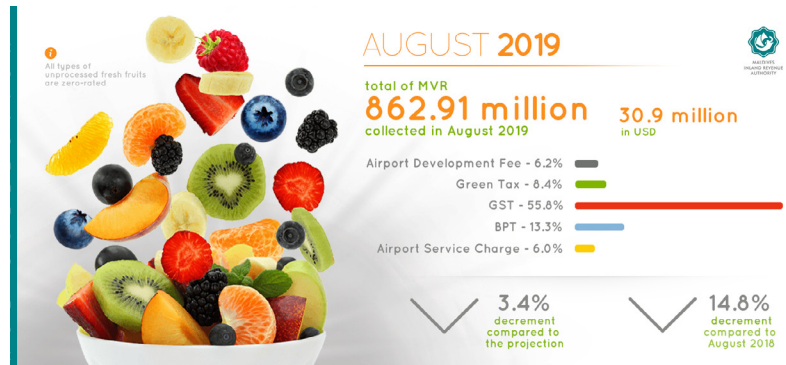
Reuters reports that in late 2018, compared to other cities, capital Mexico City has amplified proportion of subscribers of Spotify.

Mexico's overall tax take is the lowest in the 36-nation Organization for Economic Co-operation and Development (OECD). In 2017, it stood at 16.2% as a proportion of gross domestic product (GDP), less than half the OECD average.



# MIRA records revenue of MVR 862.91 million in August

**Ahmed Shaheen**  
Principle Tax Officer / Tax



MIRA collected a total revenue of MVR 862.91 for the month of August. This is a decrement of 14.8% compared to that of August 2018 and 3.4% less than the estimated. The main reasons behind the decrement in revenue compared to August 2018 are the decrease in GST and BPT, and the payments received in August 2018 for Land Acquisition and Conversion Fee, Construction Period Extension Fee and Lease Period Extension Fee. The decrease of 3.4% compared to the estimated amount is due to the decrease in GST payment before

deadline.

The greatest share of the revenue collected for August 2019 was from GST with MVR 481.72 million or 55.8% of total revenue. The second largest contributor was BPT (MVR 114.67 million or 13.3%). Other significant contributors include Green Tax (MVR 72.08 or 8.4%), Airport Development Fee (MVR 53.36 million or 6.2%), Airport Service Charge (MVR 52.13 million or 6.0%) and other taxes and fees (MVR 88.94 or 10.3%).

## Airport Service Charge and Airport Development Fee

**Aishath Shafaga Waheed**  
Assistant Tax Officer / Taxpayer Facilitation

After the repeal of law number 71/78, Airport Service Charge (ASC) is now imposed under the Airport Taxes and Fees Act (Law Number 29/2016) ratified on 7 December 2016, on passengers flying out of the Maldives. Even though the laws under which ASC is imposed has changed, the rates of this tax still at USD25 from foreign passengers and USD12 from Maldivian passengers. Passengers with diplomatic immunity, children below the age of two years and transit passengers are exempt from Airport Service Charge.

Under the aforementioned new Act, an additional fee by the name 'Airport Development Fee' was introduced. Airport Development Fee (ADF) is charged on passengers traveling

out of the Maldives from Velana International Airport and is charged at the same rate, and in addition to Airport Service Charge. Direct transit passengers and passengers with diplomatic immunity are exempt from ADF.

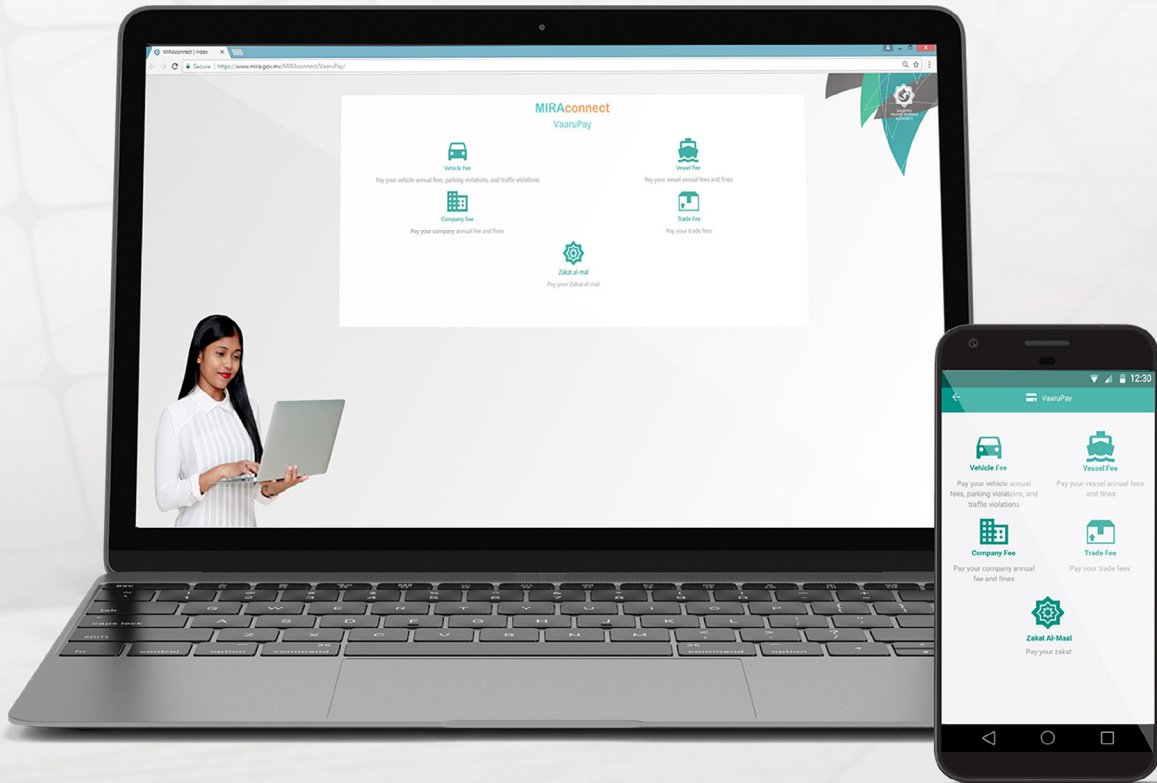
The responsibility of collecting ADF and ASC from passengers and paying the tax to MIRA rests on airlines and airport operators. A tax return for airport taxes and fees must be prepared monthly and this return must be submitted to MIRA on or before the 15th of the following month. The tax amount declared in the return must also be paid before this deadline. The tax return for Airport Taxes and Fees must be filed via MIRA's online portal "MIRAconnect" and the payments must also be settled online via this portal.



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