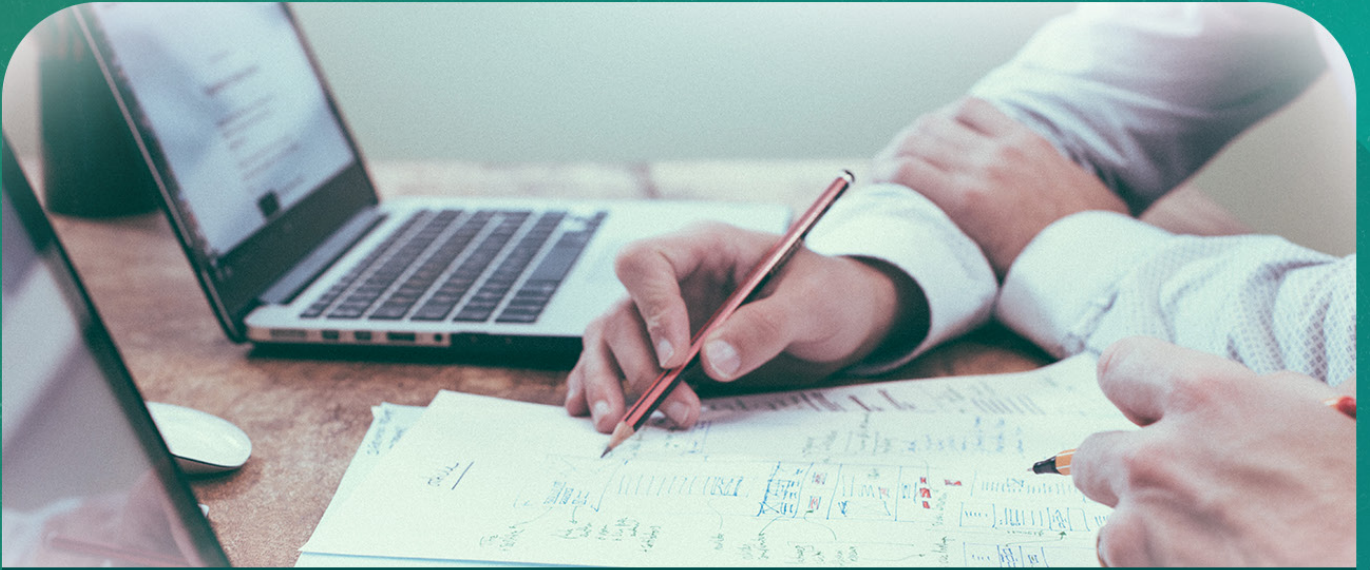




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The First amendment to the Installment Policy



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Second amendment to the Name and Shame Policy

Maryam Shaliya, Senior Tax Officer, Tax Academy

The second amendment to the Name and Shame Policy (2022/G-10) came into effect on 16 March 2016 with its publication on the Government Gazette. This policy formulates the administrative procedures to be followed by the MIRA in disclosing the names of persons who fail to fulfill their obligations of filing the tax returns and payment of taxes and other fees.

As per the policy, the names of non-filers and non-payers will be disclosed only if the conditions mentioned in Section 2(h) of the Name and Shame Policy is fulfilled. According to this Section, 2 notices must have been issued for non-filing or non-payment of tax and 15 days must have passed since the due date of these notices. If the unfulfilled return filing and payment obligation are of a tax types other than income tax, the name can only be disclosed if the person has not filed the return within the last 6 months. In the case of income tax, the name can only be disclosed if the person has not filed the tax return for the previous year, given that the declaration of income exceeds the threshold set by the MIRA in that respective tax year.

However, with the second amendment to the Name and Shame Policy, some of the conditions mentioned in Section 2(h) of the policy have been amended. As opposed to the previous procedures, the amendment states that taxpayers' name may be disclosed upon the expiration of the 2 notices issued for non-filing and non-payment of tax, even if 15 days have not elapsed since the due date of the notices. In addition, if the unfulfilled return filing and payment obligations are of a tax type other than income tax and the taxpayer is a monthly filer, the name will only be disclosed if the person has failed to submit their tax return for the last 6 months. If the unfulfilled return filing and payment obligations are of a tax type other than income tax and the taxpayer is a quarterly filer, the name will only be disclosed if the person

has failed to submit their tax return for the last 2 quarters. In the case of income tax, the name can only be disclosed if the person has not filed the final tax return or interim return for the previous year, given that the declaration of income exceeds the threshold set by the MIRA in that respective tax year.

Under the Name and Shame Policy, the names of persons who fail to fulfill their obligations of return filing and payment of taxes and other fees are disclosed in two phases. The first phase involves publishing the names on MIRA website and announcing it at MIRA's Taxpayer Service Centre. In the

second phase, the names are published in the Government Gazette. Under these phases, the names in relation to GST, green tax and withholding tax are disclosed during March and September of each year, and the names in relation to income tax are disclosed during the month of October. When the names are disclosed during this period, only the names of persons who have not submitted their statements one day prior to the date of disclosure will be published in accordance to the two phases. However, with the second amendment to the policy, the Commissioner General is given the discretion to disclose the names of non-filers and non-payers, during a period other than the specified dates for each tax type.

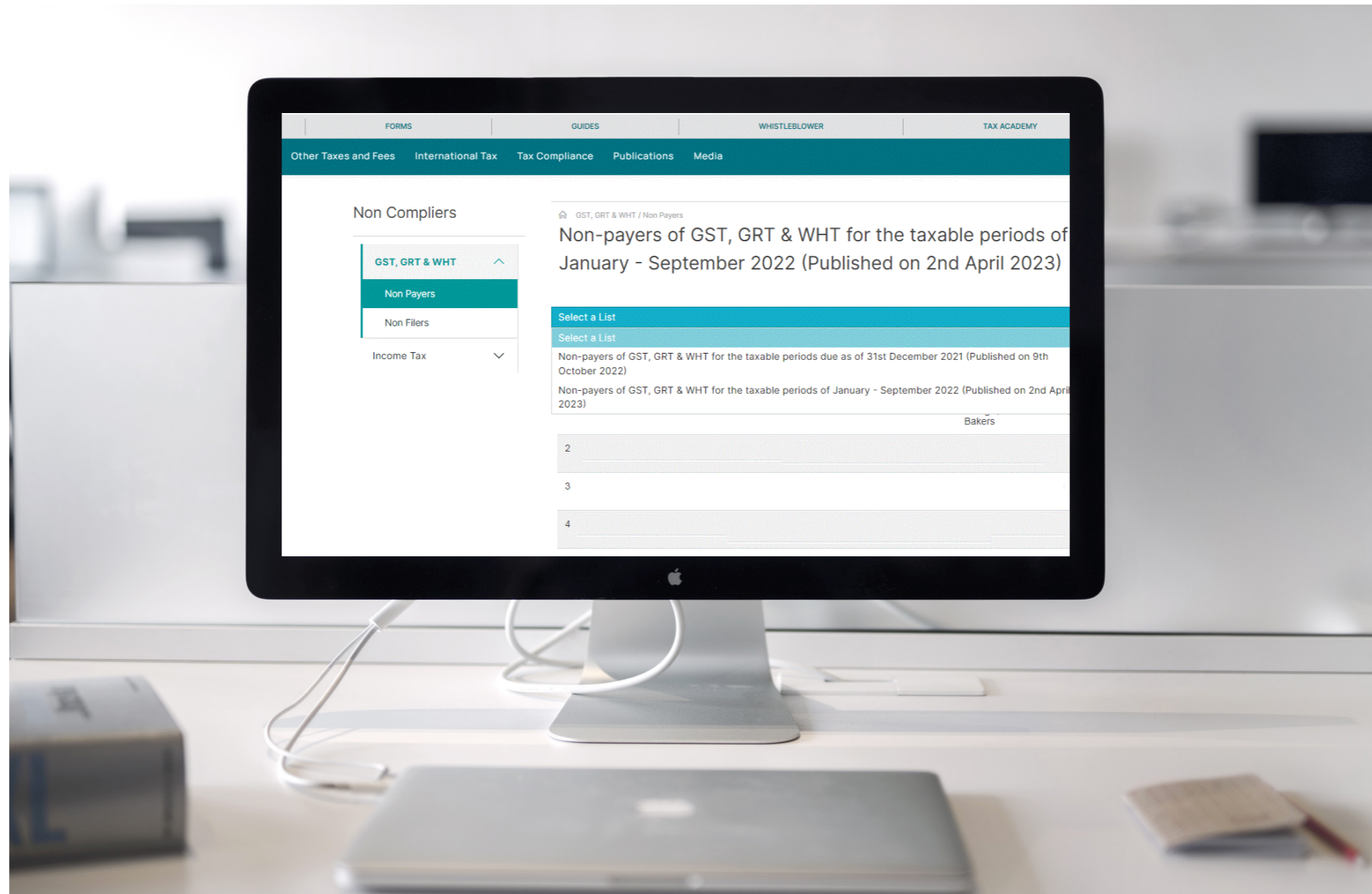
Under this rule, if any person files a tax return or makes a payment after disclosure, his name will be removed from the list published on MIRA website and the Taxpayer Service Centre.

However, with the second amendment to this rule, the person's name will be removed from the list if an agreement is made with MIRA on how to pay the outstanding amount, even if the person does not make the payment relating to which their name was disclosed. In either of these cases, the name of the person shall not be removed from the list that was published in the Government Gazette.

Although the conditions prescribed in the Section 2(h) of the Name and Shame Policy are met, certain exemption are granted under this policy. Prior to the second amendment, if the person whose name is disclosed is undergoing an audit or investigation relating to the disclosure period, the person will be exempt from disclosure until the audit or investigation is completed. In addition, this exemption also applies to persons who has objected to the unpaid amount under Section 42 of the Tax Administration Act, or if the matter is in court proceedings. This exemption is also extended to State-Owned Enterprises.

However, with the second amendment to the Name and Shame Policy, the exemption no longer applies to persons who are undergoing an audit or investigation for an unpaid amount relating to the disclosure period. In addition, the second amendment has given exemption only to companies in which majority of the shares are owned by the government, instead of to every state-owned enterprise.

The second amendment to the Name and Shame Policy came into effect on 7th August 2023 with its publication on the Government Gazette.



The Policy on Recovery of Tax from Third Parties has been published

Maryam Waheed, Senior Tax Officer, Tax Academy



MIRA has published in the Gazette a new Policy called “Policy on Recovery of Tax from Third Parties”. This policy would be implemented by MIRA in order to recover tax and penalties or any other money through a third party under Section 47 of the Tax Administration Act.

If MIRA believes that a third party owes a payment to a person who has been issued a “final notice” for failing to make payment by the due date, MIRA may request that the third party make such payment to MIRA instead of the taxpayer. When MIRA makes such request to the third party, the amount requested to be paid by the third party must not exceed the amount owed to MIRA by the defaulting taxpayer.

The third party to whom MIRA has sent a notice must

comply with it within 45 days of MIRA’s notice.. MIRA may inform the persons listed below to pay as third parties.

1. If you are an individual, your employer
2. Recipient of a service or good
3. Persons who owe money to the taxpayer in any form, are assigned to make the payment, are permitted to make the payment, are about to make the payment, or have any money designated for the payment in their possession.

MIRA will request the third party to collect the money in the following order.

1. If a person is obliged to receive any money from a government office or a public institution or a state-owned company, MIRA will inform the office or the institution or the company to pay the amount to MIRA instead of the person
2. If a person is obliged to receive any money from a company, partnership or an individual, MIRA will inform the company, partnership or the individual to pay the amount to MIRA instead of the person

Without providing a final notice, the MIRA may ask a third party to help collect the money in the situations listed below.

1. MIRA has reasonable grounds to think that the taxpayer is taking steps to evade or postpone paying the required amount.
2. MIRA believes that payers’ actions could make it more challenging or take longer to get the money back that is owed.
3. MIRA believes that the person intends to leave Maldives, or ceases to be resident in Maldives, or intends to transfer any money or property out of Maldives and that this may create difficulties to recover the money owed

If MIRA requests information on third parties owing money to them by a letter or a notice, the individual owing money to MIRA must submit the required information within 30 days. If the overdue payment is received in whole or in part through a third party, the MIRA must notify both parties.

First amendment to the Instalment Policy

Maryam Shaliya, Senior Tax Officer, Tax Academy



MIRA facilitates the payment of taxes and other dues to MIRA in instalments, under the Instalment Policy (2022/G-8). The purpose of the Instalment Policy is to ease the burden of taxpayers who are unable to make a lump sum payment of the total overdue taxes and fees to MIRA, and to formulate a mechanism that is transparent and provides equitable opportunities for taxpayers to pay their dues in instalments.

Under this rule, taxpayers who request for the opportunity to pay their dues in instalments due to their inability to make lump sum payments will be granted the opportunity, subject to conditions mentioned in this policy, even if notices have been issued regarding the unpaid amount, or whether actions have been taken in order to recover the unpaid amount. No actions will be taken against persons who are given the opportunity to make payments under the Instalment Policy as long as they continue to pay in accordance with the agreement made with MIRA.

However, with the first amendment to the Instalment Policy, the rules for granting this opportunity have changed. Accordingly, persons who request to pay their dues in instalments will not be granted the opportunity to sign more than two instalment agreements for non-payment of the same type of tax concurrently. However, the Commissioner General has the discretion to grant more than two instalment agreements concurrently if the person makes regular payments in accordance with the agreement made with MIRA. According to this amendment, a person who have been granted an instalment agreement is deemed to be

making regular payments if the person is making prompt payments within the deadlines mentioned in the payment schedule of the instalment agreement.

Under this rule, taxpayers who request for the opportunity to pay their dues in instalments are granted the opportunity only if they fulfill all of the below mentioned condition.

1. the amount requested to be paid in instalments is an overdue amount; and
2. the tax returns and other documents in relation to the amount requested to be paid in instalments, are submitted to MIRA; and
3. the commitment payment required to be paid in relation to the instalment agreement has been paid; and
4. the instalment agreement which includes the schedule of instalment payments and the terms and conditions to be followed when paying dues in instalment is signed; and
5. the amount requested to be paid in instalments is not one that has previously been allowed to be paid in instalments; and
6. the payments under an existing instalment agreement are being made regularly in accordance with that instalment agreement.

The application of the fourth condition mentioned above has changed with the first amendment to the Instalment Policy. Accordingly, in addition to signing an instalment agreement with the MIRA, agreeing to the instalment payment schedule and other terms and conditions related to the payment of instalments, acknowledging the agreement through MIRAconnect as determined by the MIRA will also satisfy this condition.

Prior to the first amendment to the Instalment Policy, the opportunity to pay dues in instalments were granted only to persons who are able to make the commitment payment prescribed in the Instalment Policy, within 10 days from the date on which MIRA requests for it, or within another period agreed between MIRA and the taxpayer. However, following the amendment, persons who are eligible must make the commitment payment strictly within 10 days in order to be granted the opportunity. MIRA will not

offer another period within which the commitment payment must be made.

In addition, prior to this amendment, the Commissioner General at his discretion may terminate the instalment agreement if, the person fails to make payments with no valid reason, within 60 days after the agreed upon deadline. With the amendment to this policy, this period has been changed from 60 days to 30 days. In addition, the Commissioner General at his discretion may request persons who has been granted the opportunity to pay dues in instalments to make non-filing and non-payment fines and other interest payments incurred with respect to the amount of the instalment agreement.

Persons who wish to make payments of tax and other dues to MIRA in instalments can submit the MIRA 905 "Request for Instalment" form to MIRA. The form is currently accepted only via MIRA website. The first amendment to the Instalment Policy came into effect on 9th August 2023 with its publication on the Government Gazette.

Screenshot of the MIRA 905 Request for Instalment Plan form on the MIRA website. The form is titled "Request for Instalment Plan (v.22.1)" and is labeled "MIRA 905". It includes a navigation menu on the left with categories like Registration, Income Tax, GST, Airport Taxes and Fees, Green Tax, BPT, and Miscellaneous. The main content area shows a progress bar with four steps: 1. Taxpayer information, 2. Revenue codes, 3. Checklist, and 4. Declaration. The first step is currently active, showing fields for Taxpayer Identification Number (TIN), First 7 digits of your TIN, and Taxpayer Name. A "Next" button is visible at the bottom right of the form.



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GOODS AND SERVICES TAX (GST) Registration

Persons required to register for GST are;

1. Persons providing tourism goods and services
 2. Persons importing goods to the Maldives
(Excluding persons who import goods for personal use and government authorities who import goods to the Maldives)
 3. Persons whose total value of taxable supplies for past 12 months exceed MVR 1,000,000
 4. Persons whose taxable supplies for the following twelve months is expected to exceed MVR 1,000,000
- A person carrying on business or providing service under a permit, who is not required to be registered with the MIRA, has discretion to voluntarily request the Commissioner General to register the person with MIRA.
 - You can register for GST by submitting MIRA 105 (GST Registration) form.

