



MALDIVES
INLAND REVENUE
AUTHORITY

MIRA POST

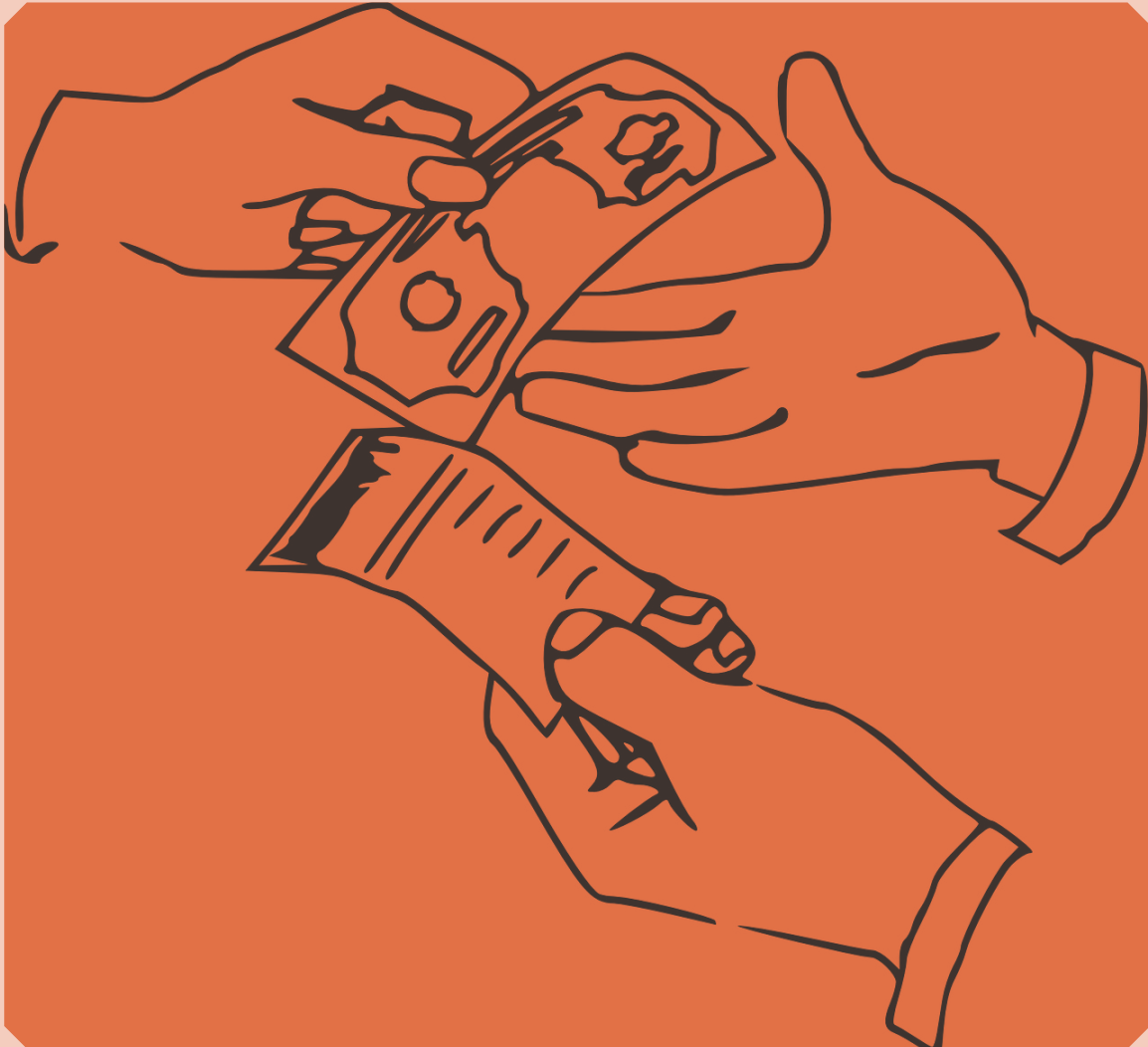


Currency and exchange rate to be used for income tax purpose



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For income tax purpose, the financial statements of the person must be prepared in functional currency. Functional currency is the currency of the primary economic environment in which the business operates. You must apply the principle in International Accounting Standard 21 (the effects of changes in foreign exchange rates) to determine your functional currency. To convert transactions carried out in currencies other than your functional currency to your functional currency, you must use a rate within \pm of the rate published by the Maldives Monetary Authority, pertaining to the relevant date of the transaction.

If your functional currency is Rufiyaa, your financial statements must be prepared in Rufiyaa. If your functional currency is United States Dollar (USD), your financial statements must be prepared in USD. If your functional currency is a currency other than Rufiyaa or

USD, your financial statements must be prepared in either Rufiyaa or USD.

The financial statements submitted to MIRA must be in the presentation currency. Functional currency and presentation currency would differ if your functional currency is neither Rufiyaa nor USD. In this case, you could use either Rufiyaa or USD as your presentation currency. To convert financial statements from functional currency to your presentation currency, you must use a rate within \pm of the rate published by the Maldives Monetary Authority, pertaining to the relevant date of the transaction.

Income tax return must be prepared in presentation currency. If presentation currency is Rufiyaa, income tax must be paid to MIRA in Rufiyaa. If presentation currency is USD, income tax can be paid to MIRA in USD or MVR.

GST exempt Goods and Services (1/4)

Mariyam Shaliya
Senior tax officer, Tax Academy



Drugs and medical devices

Drugs and medical devices are exempted from GST. Hence, the medicines approved by the Maldives Food and Drug Authority will be exempt from GST if sold by a pharmacy registered with the Ministry of Health. Pharmacies include all those who are licensed to sell medicines or to store medicines. Medical devices refer to any instrument, apparatus, appliance, material or other article, whether used alone or in combination, including the software necessary for its proper application intended by the manufacturer to be used for diagnosis, prevention, monitoring, treatment or alleviation of disease, or diagnosis, monitoring, treatment, alleviation of or compensation for an injury or handicap or investigation, replacement or modification of the anatomy or of a physiological process or control of conception.



Rent of immovable property

Immovable property includes land, uninhabited islands, lagoons, reefs, reef knolls, buildings, warehouses, plants, factories, monuments and any other such property. Rent from immovable property is exempt for GST purpose. Additionally, all payments received from renting immovable property, security deposits and advance rental payments or any other payments received in relation to the immovable property, to the extent that the lessor of the property has the right to consume it in part or in full, and all payments received in relation to the rented property not resulting from the responsibilities of the lessee specified in the lease agreement and payments received in respect of anything affixed to the immovable property and payments received under an insurance policy obtained to compensate for the non-payment of rent and any payment received for breach of a lease agreement by the lessee are also exempt from GST.

