



MALDIVES
INLAND REVENUE
AUTHORITY

2015

ANNUAL REPORT

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Date of Publication: 31 May 2016

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Abbreviations

ACCA	Association of Chartered Certified Accountants
ADB	Asian Development Bank
ATAIC	Association of Tax Authorities of Islamic Countries
BEPS	Base Erosion and Profit Shifting
BPT	Business Profit Tax imposed under Law Number 5/2011
CATA	Commonwealth Association of Tax Administrators
CPD	Continuing Professional Development
CRM	Customer Relationship Management
GGST	Non-Tourism Sector GST
GST	Goods and Services Tax imposed under Law Number 10/2011
IFA	International Fiscal Association
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
MACI	Maldives Association for Construction Industry
MIRA	Maldives Inland Revenue Authority
MMA	Maldives Monetary Authority
MOU	Memorandum of Understanding
MVR	Maldivian Rufiyaa
RFP	Request for Proposal
SAARC	South Asian Association for Regional Cooperation
SGATAR	Study Group on Asian Tax Administration and Research
TGST	Tourism Sector GST
TIN	Taxpayer Identification Number
UNESCAP	United Nations Economic and Social Commission for Asia and Pacific
USD	United States Dollar
WHT	Withholding Tax imposed under Law Number 5/2011

About MIRA

MIRA was established as an independent institution on 2 August 2010 under the Tax Administration Act ratified by the President on 18 March 2010. The main responsibilities of MIRA include the execution of tax laws and the implementation of tax policies. The Tax Administration Act stipulates the other main objectives of MIRA. The policies for the administration of MIRA are determined by the Board of Directors appointed by the President with the approval of the People's Majlis and the work undertaken by MIRA on a daily basis is monitored by the Commissioner General of Taxation, appointed by the President with the approval of the People's Majlis.

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: Unbiased in carrying out the obligations in the tax laws

Transparency: Open to taxpayers and transparent to all



Introduction

The year 2015 was the first year of MIRA's first Strategic Plan. MIRA formulated this long term plan indicating the direction of the organization for the next 5 years and key performance indicators to be achieved within this timeframe. In order to achieve the targets of the Strategic Plan that was unveiled in 2014, priority was given to fulfil the tasks that have to be completed during the year. This includes ongoing activities for implementation of tax laws of the Maldives and new initiatives carried out to strengthen the tax system.

There has been positive change to State revenue since the establishment of MIRA which can also be observed in 2015. Accordingly, revenue collected by MIRA increased by 13.5% compared to 2014. In addition, programs to encourage taxpayers to comply with tax laws and regulations were carried out with positive outcomes. Moreover, various new activities were undertaken in order to provide MIRA's services in the atolls.

Several measures were also undertaken in 2015 to strengthen the administration of the organization. These measures focused on the development and improvement of both human and other resources.

This report details the activities carried out by MIRA in 2015. It includes particulars about the organization's administrative performance, performance with regard to tax administration and performance with regard to revenue collection.

TAXPAYER SERVICE CENTRE

مركز خدمة دافع الضرائب



Commissioner General and Chairperson's Message



We celebrated the 5th anniversary of MIRA with the slogan “5 Years of Excellence”. This slogan provides a brief summary of MIRA’s short span in serving the nation. As we have reached the 5-year mark, it can be assumed that MIRA has completed one stage and moved on to the next. Hence, we leave behind some major difficulties faced during the early years of implementation of the modern tax system in Maldives and set sail to reach new destinations.

Review of 2015

We designated last year as MIRA’s “Digital Year”. The purpose was to shape and strengthen the work of MIRA using latest technology. Accordingly, several tasks and processes at MIRA were automated and new ways to provide services to taxpayers were established in a convenient manner. Among these, facilities available at Taxpayer Service Centre are noteworthy. In addition, taxpayers are experiencing the convenience of the fully online process for paying Green Tax, which commenced in November 2015. Online return filing, submission of other information and payment facilities were also arranged via “MIRAconnect” last year.

One of MIRA’s main objectives is to provide information and assistance to

the taxpayers. During last year, teams of MIRA visited atoll capitals and islands which have large number of taxpayers to fulfill the aforementioned objectives. With the long term goal of disseminating information and providing education with regard to tax, Maldives Tax Academy was established and trainings commenced last year.

Similar to previous years, the increase in the revenue from last year confirmed that MIRA is achieving its targets.

As MIRA has become a popular independent institution, importance of “corporate identity” was recognized and it was introduced last year. In addition, as part of social responsibility of the organization MIRA’s staff took part in various activities last year, and showed support to the people who need assistance.

MIRA’s most valuable asset is its staff. The organization makes tremendous efforts to develop the staff by providing education and training opportunities from both locally and overseas. South Korea was added to the list of overseas training partners and opportunities will be provided from China beginning of current year. Moreover, MIRA obtained assistance from technical experts to improve its processes and the capability of staff. On this note, I would like to thank the ADB for their continuous assistance to the organization.

Outlook for the future

Satisfaction from success can be maintained in the long run if we remain focused and resolute to keep the momentum going. This is the view of MIRA. During 2016, MIRA's administrative work will be automated further and modernized with latest technology. Moreover, MIRA is working towards the introduction of a mobile application that can be used by taxpayers to access services more conveniently and promptly. In addition, Customer Relationship Management component will be integrated to SAP system of MIRA during next year which will improve the services provided by the organization.

As MIRA's work expand, the responsibility of the organization is becoming broader. Accordingly, MIRA has been assigned the responsibility of collecting Zakat al-mal from 1 June 2016. In order to expand services to various atolls, MIRA plans to open a branch or a collection center in every atoll to provide services to taxpayers in that region. In addition, programs will be carried out to improve awareness on tax matters.

Closing thoughts

First term of Board of Directors concluded with the 5-year anniversary of MIRA and some members left the organization. However, MIRA reached this level with sincere advice and counsel received from these members. I would like to thank them and welcome the members who joined our Board of Directors in the second term. Deputy Commissioner's dedication and commitment in this journey has been one of the biggest pillars of support. Also I have no doubt that hard-working staff will be capable of taking MIRA to successful destinations. I would like to thank the Government and State institutions and especially Ministry of Finance and Treasury for their support and cooperation. The biggest contribution to our success comes from our loyal taxpayers!



Madharusathul Ifthithaah students visit to MIRA



Tax information session to councilors at the Institute of Governance and Development at Bandos Island Resort

A group of business professionals, including men and women in white shirts and ties, are seated around a large, dark conference table in a meeting room. The room has large windows with light-colored curtains. A large, bold number '3' is overlaid on the center of the image. In the foreground, a small potted plant sits on the table. A dark teal triangular graphic is in the bottom right corner.

3

Management



3.1 Board of Directors

The Board of Directors of MIRA are appointed in accordance with the Tax Administration Act by the President, with the approval of the People's Majlis, to determine the administrative policies of MIRA pursuant to that Act. Board of Directors consists of 7 members including Commissioner General of Taxation and Deputy Commissioner General of Taxation.

3.1.1 Members of the Board

MIRA's first Board of Directors were appointed on 2 August 2010 in accordance with Section 4 of the Tax Administration Act. At the end of 5-year term, on 1 August 2015, the Board of Directors comprised the following persons.

1. Mr. Yazeed Mohamed
(Commissioner General of Taxation)
2. Mr. Hassan Zareer
(Deputy Commissioner General of Taxation)
3. Mr. Ahmed Mohamed
(Chairperson)
4. Mr. Hassan Waheed
(Deputy Chairperson)
5. Mrs. Aishath Lu-Lua Hassan
(Board Member)
6. Uz. Hussain Siraj
(Board Member)
7. Mr. Ahmed Faiz Mohamed
(Board Member)

Mr. Mohamed Shahid, a staff of MIRA, was appointed as the secretary to the Board in accordance with Section 7(e) of the Tax Administration Act.

As 5-year term of the first Board of Directors of MIRA ended, second Board of Directors of MIRA were appointed for a new 5-year term by the President, with the approval of the People's Majlis on 9 August 2015. The second Board of Directors comprised the following persons.

1. Mr. Yazeed Mohamed
(Chairperson)
2. Mr. Hassan Zareer
(Deputy Chairperson)
3. Mr. Hassan Waheed
(Board Member)
4. Mr. Ahmed Faiz Mohamed
(Board Member)
5. Mrs. Aishath Asha Ali
(Board Member)
6. Uz. Faseeh Zahir
(Board Member)
7. Mrs. Leena Zahir Hussain
(Board Member)

The Commissioner General of Taxation Mr. Yazeed Mohamed was appointed as the Chairperson of the newly established second Board of Directors of MIRA. Deputy Commissioner General of Taxation Mr. Hassan Zareer was appointed as the Deputy Chairperson. Mrs. Fathimath Ameen, a staff of MIRA, was appointed as the secretary to the Board.

Members of the Board



Faseeh Zahir
Board member

Aishatha Asha Ali
Board member

Hassan Zareer
Deputy Chairperson

Yazeed Mohamed
Chairperson

Leena Zahir Hussain
Board member

Ahmed Faiz Mohamed
Board member

Hassan Waheed
Board member

3.1.2 Board Members' Profile

Yazeed Mohamed

- Appointed as the Commissioner General of Taxation in August 2010, thereby also became a member of Board of Directors.
- Chairing MIRA's second Board of Directors since August 2015.
- Joined the public service in 1993. Prior to the appointment as the Commissioner General, he was the Director General at Ministry of Tourism, Arts and Culture. In addition, he has 10 years of experience in academic field as a part-time lecturer at the Faculty of Management and Computing.
- Holds a Master's in Business Administration from Victoria University, Australia and a Bachelor's Degree in Commerce (Accounting) from Curtin University, Australia.
- Member of Association of Chartered Certified Accountants (ACCA) from July 2010. He became a fellow of ACCA on 30 July 2015.

Hassan Zareer

- Appointed as the Deputy Commissioner General of Taxation in August 2010, thereby also became a member of the Board of Directors.
- Also appointed as the Deputy Chairperson of MIRA's second Board of Directors in August 2015.
- Prior to the appointment as the Deputy Commissioner General, he worked as Chief Public Accounts Executive at Ministry of Finance and Treasury. In addition, he served as member of the board of several state-owned enterprises and provided consultancy services for various government and private projects
- Holds a Master of Science (Finance) and a Bachelor of Accounting from International Islamic University, Malaysia.
- Associate member of the Chartered Institute of Management Accountants (CIMA) since May 2009. He also holds membership of Chartered Global Management Accountants (CGMA).

Hassan Waheed

- Currently working at Ministry of Finance and Treasury as a Funds Executive. He has been working in this field for the past 9 years. Responsibilities of this position includes overseeing short term financing requirements of the government including cash flow and managing budget and fund aspects of financial management software (SAP).
- Worked at Maldives Transport and Contracting Company PLC (MTCC) and Villa Shipping and Trading Company Pvt Ltd.
- Holds an MBA from Open University, Malaysia and a Bachelor's Degree in Economics from International Islamic University, Malaysia. He is also a Chartered Institute of Management Accountants (CIMA) passed finalist.
- Served as the Deputy Chairperson of MIRA's first Board of Directors.

Ahmed Faiz Mohamed

- Currently serving as a Director at the People's Majlis. He plays an important role in the technical and administrative works of various committees at the Parliament. These committees include Independent Institutions Committee, Public Finance Committee and Economic Committee.
- Gained experience in the field of accounting at State Trading Organisation PLC (STO), PricewaterhouseCoopers (PwC) and Villa Hakatha Pvt Ltd.
- Holds a Master's in Business Administration (Finance) from Open University, Malaysia and a Bachelor's Degree (Honors) in Accounting from Multimedia University, Malaysia.
- Also a member of the first Board of Directors of MIRA.

Aishath Asha Ali

- Currently working at Reserve Management and Market Operations Division of MMA. The responsibilities of this position include investment risk management, treasury management, assets management, and monitoring and evaluation of counterparty and new investment opportunities. Prior to this, she worked at Foreign Exchange Section of MMA.
- Worked at Galaxy Enterprises Maldives Pvt Ltd. She also worked as a lecturer at Clique College and Cyryx College.
- Holds a Master's Degree in Business Administration (Financial Management) from University of Ballarat, Australia and a Bachelor's Degree in Finance from University of East London, UK.

Uz. Faseeh Zahir

- He has over 11 years of experience in the tourism sector. He is currently working as the Associate Legal Counsel at Ministry of Tourism. He has worked on formulation of various regulations, amendments to the Maldives Tourism Act and played a key role in the execution of various tourism related regulations.
- Served as Director and Chairman of Maldives Tourism Development Corporation (MTDC).
- Holds a Bachelor's Degree in Law from Northumbria University, UK.

Leena Zahir Hussain

- Served at Ministry of Finance and Treasury for 14 years, and held key positions including Assistant Director and Director General. Responsibilities of these positions include overseeing development project funded by World Bank and Asian Development Bank and as the in-charge of Administration and Human Resource section, she oversaw all staff affairs and Minister's Bureau.
- She served as Director General of Administration and Support Service Division of MIRA from 2010 to 2012. During this period, she also served as Financial Executive and Chairperson of the Human Resource Committee. She also held board director positions at State Electric Company Limited (STELCO) and Maldives Tourism Development Corporation (MTDC).
- Holds an MBA from Charles Sturt University, Australia and Bachelor's Degree in Business from University of Southern Queensland, Australia.

3.1.3 Meetings & Attendance

The Board met 14 times during this year. The attendance of the members of the Board at these meetings is as follows:

1 January 2015 to 1 August 2015

Name	Attendance
Yazeed Mohamed	7
Hassan Zareer	7
Ahmed Mohamed	6
Hassan Waheed	7
Aishath Lu-Lua Hassan	5
Hussain Siraj	5
Ahmed Faiz Mohamed	7

9 August 2015 to 31 December 2015

Name	Attendance
Yazeed Mohamed	7
Hassan Zareer	7
Hassan Waheed	7
Ahmed Faiz Mohamed	6
Aishath Asha Ali	7
Faseeh Zahir	3
Leena Zahir Hussain	4

3.1.4 Activities of the Board

Advice on the following issues proposed by the Commissioner General of Taxation was given to him, after deliberations made at meetings held by the Board of Directors, in the year 2015:

- Approved the report of the subcommittee formulated to evaluate the 2013 financial statements of MIRA staff.
- Finalized the necessary changes to MIRA staff's salary structure after discussions.
- Reviewed laws, regulations and procedures related to tax and brought necessary amendments.
- Approved the budget and action plan of MIRA for 2016.
- New Chairperson, Deputy Chairperson and Secretary was appointed with the establishment of MIRA's second Board of Directors on August 2015.
- Changes to working hours were reviewed and the salary structure for 2016 according to these changes were approved.
- Discussed the implementation of Green Tax which commenced under the 5th amendment to the Maldives Tourism Act.

- Discussed and finalized the Green Tax Regulation.
- Reviewed Staff Regulations of MIRA and brought necessary amendments.
- Changes to policy on service bond and bond release of MIRA's staff was discussed and finalized.

3.1.5 Other Matters

In 2015, members of the Board visited the tax authority of Indonesia as a part of an educational tour. Upon invitation from Indonesian Directorate General of Taxes (DGT), members visited Indonesia from 23 to 25 February 2015. During this visit, board members were given information of the activities carried out by the Indonesian tax administration and discussion with senior officials were held. As a result of this visit, the relationship between the two authorities was reinforced and this in turn opened up opportunities to train MIRA staff on tax matters.

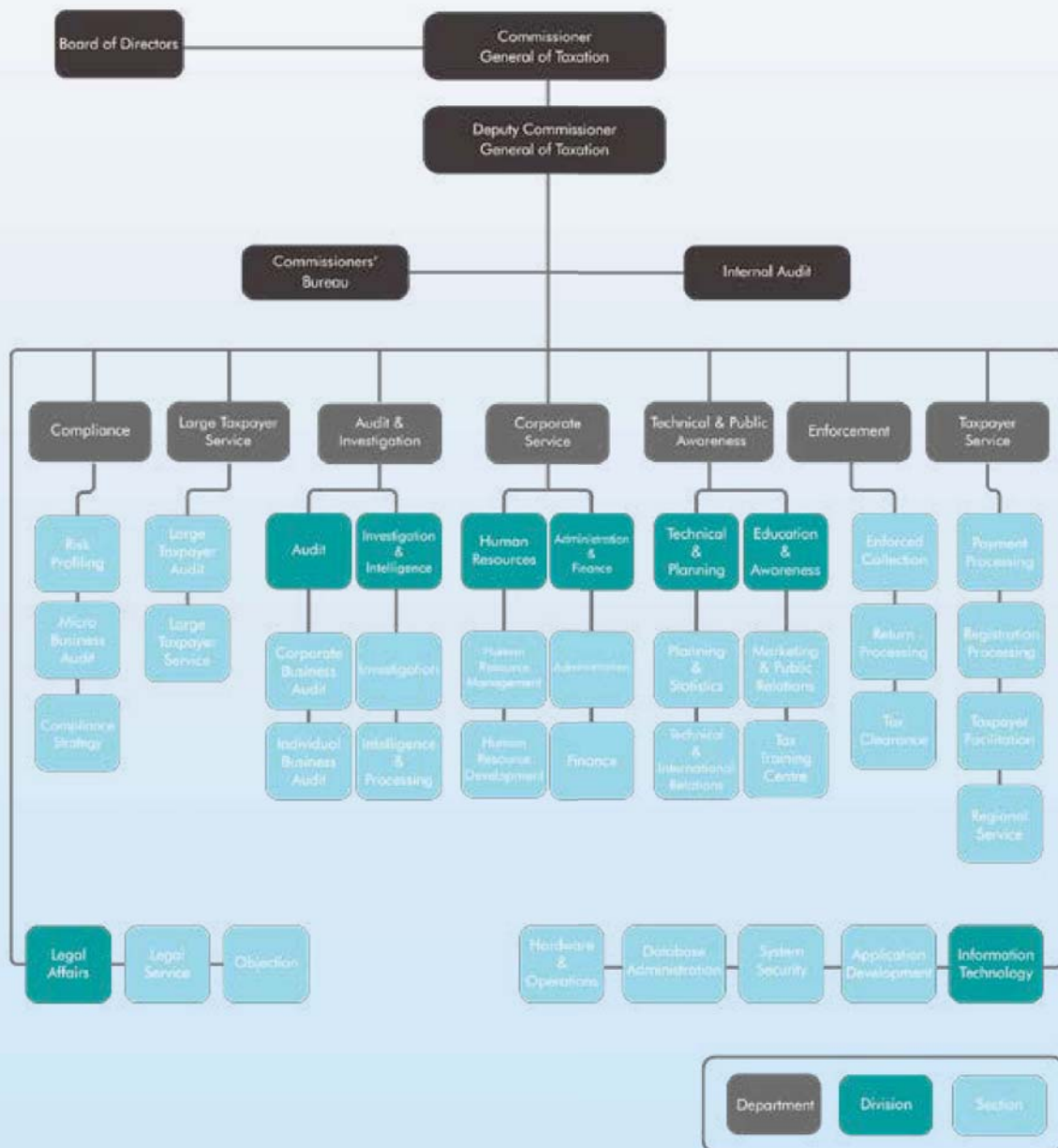


MIRA's 5th Anniversary Function held at Dharubaaruge on 13 August 2015

3.2 Organizational Structure

3.2.1 Organizational Chart

Organizational chart at the end 2015 is shown below.



3.2.2 Departments

At the beginning of 2015, some changes were brought to the organization structure of MIRA. Organization structure was based on 7 departments and Law, Information Technology and Internal Audit was formed as divisions under direct supervision of the Commissioner General.

Taxpayer Service

The main functions of this department include identifying and registering persons required to register under tax laws, receiving tax returns and payments and overseeing the work of regional branches of MIRA. Management of 1415 hotline and email are responsibilities of this department. In addition, this department will provide assistance to taxpayers to fulfill their obligations.

Compliance

The responsibilities of this department include verifying whether all businesses in Male' and atolls are in compliance with the tax laws and regulations and formulating risk profiles of taxpayers. In addition, compliance department is responsible for carrying out micro-business audits.

Audit and Investigation

The main functions of this department includes ascertaining whether the tax computation of the taxpayers (except large taxpayers and micro-businesses) is in accordance with the laws and regulations, conducting tax assessments of persons not filing returns, conducting investigations under tax laws and gathering intelligence information for the audits and investigations conducted by MIRA.

Large Taxpayer Service

The core functions of this department include conducting tax audit of persons classified as large taxpayers, and ascertaining whether tax computation is in accordance with the laws and regulations, ensuring that taxes, fees and other payments are paid on time, providing assistance and resolving the issues faced by large taxpayers during registration. In addition, ensuring that tax returns are filed by large taxpayers, recovery of unpaid amounts, processing tax returns, carrying out account maintenance and coordinating with relevant sections and divisions to resolve any technical issues faced by large taxpayers are also responsibilities of this department.

Enforcement

The mandate of this department includes undertaking all necessary measures to recover tax and other monies collected by MIRA from persons in default, taking necessary actions against persons in default or those who fail to submit returns, and issuing tax clearance.

Technical and Public Awareness

The main responsibilities of this department includes preparing information needed for providing technical advice on formulating taxation policies, planning and organizing the tasks necessary to implement such policies, formulating legal and technical documents such as regulations and tax rulings of MIRA. In addition, establishing close relations with other tax administrations and tax-related organizations, analyzing and maintaining revenue statistics of MIRA. Moreover, functions of this department also includes conducting tax awareness sessions to taxpayer, general public and professional, registering auditors and tax agents, and promoting taxes implemented by MIRA.

Corporate Service

The main functions of this department include managing MIRA's human resources and development of staff. In addition, organize and manage the work related to the financial statements of staff, MIRA's administrative procedures and MIRA's budget.

Law Division

The main functions of this division include reviewing objections made by taxpayers in relation to decisions of MIRA, representing MIRA at the courts and tribunals in cases related to tax and any other legal issues related to MIRA and also undertake all legal related works.

Information Technology

The core functions of this division includes developing software applications necessary for MIRA, repairing and maintaining hardware, network and systems security and database management.

Internal Audit

The mandate of this division includes planning, organizing and monitoring internal audit work related to MIRA, carrying out work related to corruption prevention, evaluating internal controls, providing assistance in formulating Standard of Procedures (SOPs), ensuring whether SOPs and all tasks undertaken by MIRA are in accordance with the laws, regulation and policies and report any compliance issues. In addition, this division is responsible for undertaking quality assurance review to improve the quality of taxpayer audit and ensuring whether tasks undertaken by MIRA are in accordance with SOPs and manuals.

3.2.3 Committees

In addition to the work done by the departments, committees have been formed to carry out special tasks, to make decisions in consultation with the staff and to advise the Commissioner General in various matters. At the end of 2015 the committees formed were:

1. Policy Committee
2. Technical Committee
3. Human Resource Committee
4. Bid Evaluation Committee
5. Steering Committee for the disclosure of GST registered persons in default
6. Fine Relief Committee
7. Appeal and Objection Committee
8. Audit Committee
9. Review Committee under the Right to Information Act
10. Sexual Harassment Prevention Committee
11. Investigation Committee
12. Licensing Committee
13. "Technical Support to Legal Team" Committee
14. Award Committee

3.2.4 Senior Management



Yazeed Mohamed
Commissioner
General of Taxation



Hassan Zareer
Deputy Commissioner
General of Taxation



Fathuhulla Jameel
Director General,
Audit & Investigation



Mohamed Shahid
Director General,
Compliance



Aiman Ibrahim
Director General,
Technical & Public Awareness



Ahmed Shareef
Director General,
Taxpayer Service



Fathimath Rasheedha
Director General,
Corporate Service



Fathimath Ameeza
Director General,
Enforcement



Ahmed Ali
Director General,
Large Taxpayer Service



Fathimath Shifaza
Senior Director,
Human Resources



Asma Shafeeu
Director,
Technical & Planning



Ibrahim Faisal
Director,
Internal Audit



Mohamed Siraj Muneer
Director,
Large Taxpayer Service



Aas Abdulla
Director,
Investigation & Intelligence



Moosa Haleem
Director,
Compliance



Mohamed Najiz
Director,
Information Technology



Ahmed Shafneez
Director,
Administration & Finance



Riyasha Ali
Director,
Enforcement



Madeeh Ahmed
Director,
Audit



Abdulla Waris
Director,
Legal Affairs



Ali Riyaz
Director,
Education & Awareness

3.3 Human Resource Management and Development

3.3.1 Employees

MIRA began the year with 209 employees. As the function of MIRA expanded, additional 63 employees were recruited in 2015 to increase the efficiency of the work. For various reasons, 24 employees resigned from MIRA and no-pay leave was

granted for 4 staff. At the end of year, there were 244 employees in MIRA's employee registry. This is 16.7% more than number of employees at the beginning of the year.

Looking at percentage of female to male employees working at MIRA, at the end of the year 48% of the total number of employees were female.

Further, 51% of the employees working in MIRA at the end of the year were graduates (bachelor's or master's degree or equivalent qualification).

The average age of MIRA employees was 25 years.



MIRA staff in first official attire

3.3.2 Staff Training

MIRA gives high priority to training and development of staff. Thus, 2.7% of MIRA’s budget for 2015 was allocated for this purpose. This includes training provided both locally and overseas.

In the year 2015, 38 employees of MIRA participated in 23 training programs which were held overseas. Employees also participated in 28 training and workshop programs which were held locally. In addition, MIRA sponsored 12 employees to complete Association of

Chartered Certified Accountants (ACCA) and at the end of the year there were 15 employees studying for ACCA under MIRA sponsorship. This includes employees recruited via said MIRA sponsorship.

Moreover, training programs for staffs and induction programs for new staff were carried out though out the year under staff development programs. This included 47 training programs conducted by MIRA’s senior staff and consultants working in MIRA.

In 2015, 18 employees represented MIRA in 9 conferences.

Local Training Programs

Name	Duration	Conducted By	No. of Employees
Corruption Prevention	25 January 2015	Anti-Corruption Commission	7
Symposium on Forensic Accounting and Investigative Audit in Maldives	28- 29 January 2015	Integrated Learning Solutions Pvt Ltd	7
Effective Leadership Course	10- 11 February 2015	Focus Education Centre	2
“Youth in Maldives” Workshop	17 February 2015	Ministry of Youth and Sports	1
Business Communication Training	17 February 2015	Ministry of Youth and Sports	21
Office Dhivehi Training	16-26 March 2015	Dhivehi Bahuge Academy	25
Stress Management	29-31 March 2015	Civil Service Training Institute	23

Customer Care Training	1 April 2015	Masood Ali	30
Training on Corruption Prevention	4 April, 18 April and 16 June 2015	Anti-Corruption Commission	47
Drama Training Session	14- 18 April 2015	MBC	4
Media Relations Training	2 May 2015	Mariyam Waheedha	29
"Penal Code" Workshop	10-15 May 2015	Attorney General's Office	2
"Penal Code" – Practical Workshop	8 June 2015 and 17 June 2015	Attorney General's Office	2
Islamic Capital Market Awareness Workshop	14 June 2015	Capital Market Development Authority	3
Training on Corruption Prevention	16 August 2015	Anti-Corruption Commission	10
Time Management Training	29 August 2015	Civil Service Training Institute	25
Project Management and Evaluation	6 -8 September 2015	Ministry of Finance and Treasury	2
IFRS Training	7- 8 September 2015	Auditor General's Office	2
Training on Corruption Prevention	18 October and 14 December 2015	Anti-Corruption Commission	54
Basic Management Session 1	4 -5 November 2015	Azleen Ahmed	21
International Standards on Auditing	7 -17 November 2015	BDO Consulting Pvt Ltd and AXI Associates L.L.P	28
Conflict Management Training	24- 26 November 2015	Mohamed Faisal	24

Training on Labor Statistics	24- 26 November 2015	National Bureau of Statistics	1
Training on Sample Designing	13-17 December 2015	National Bureau of Statistics	1
Information Session on <i>Ran Dhihafaheh</i>	17 December 2015	Maldives Monetary Authority	30
Content Management System (CMS) Program	21 December 2015	The President's Office	2
Stress Management Training	26 -27 December 2015	Zulaikha Reesha Rashad	16
Time Management Training	28- 29 December 2015	Mohamed Zaushan	20

Overseas Training Programs

Name	Duration	Country	No. of Employees
Compliance by Design –Instruments to Strengthen Tax Compliance	12 -16 January 2015	Malaysia	2
Policy Analysis and Revenue Statistics	2 -6 March 2015	Korea	1
Tax Treaty Seminar on Taking Forward the BEPS Tax Treaty Related Issues	16 -20 March 2015	Malaysia	2
SAARC Seminar on Taxation Issues in Digital Economy	17 -20 March 2015	India	4
Global Forum Automatic Exchange of Information Training Seminar	23 -25 March 2015	Turkey	1
Anti-Money Laundering and Tax Evasion	13 -17 April 2015	Malaysia	2
SAT-OECD event on Compliance by Design – Instruments to Strengthen Tax Compliance	20 -24 April 2015	China	1

International Tax Avoidance and Countering BEPS	20 -24 April 2015	Malaysia	2
Global Forum AEOI Training Seminar	27 -29 April 2015	Philippines	1
Seminar on Non Double Taxation	27 -29 April 2015	Tunisia	1
SAARC Training Seminar on Audit and Investigation of Multinational Enterprises	4 -8 May 2015	Pakistan	3
Workshop on Taxation of International Transactions (TOIT)	11 -29 May 2015	Malaysia	2
Investigative Interviewing Workshop	14 -15 May 2015	Malaysia	2
Transfer Pricing Dispute Resolution and Avoidance	27 -31 July 2015	Malaysia	2
International Certificate Course; Valuation of Special Properties (MTCP)	27 July – 21 August 2015	Malaysia	1
SAP Training	6 -19 August 2015	Malaysia	2
Temasek Foundation Asia Leaders Connect 2015	18 -19 September 2015	Singapore	1
Chief Information Officers' Forum	18 -20 September 2015	Sri Lanka	1
Taxation of Financial Markets	26 – 30 October 2015	Malaysia	2
BEPS: Transfer Pricing Documentation, Risk Assessment and Safe Harbors	26 – 30 October 2015	Korea	1
Taxation of High Networth Individuals	2 -6 November 2015	Malaysia	2

BEPS: Training the Trainers on Transfer Pricing	30 November – 4 December 2015	Korea	1
Capacity Building for Tax Administration Consultation Workshop on Strengthening Tax Administration to Mobilize Domestic Resources for Development	8 -9 December 2015	Japan	1

Conferences and seminars

Name	Duration	Country	No. of Employees
CATA Management Committee Meeting	14 -15 April 2015	UK	1
4th SAARC Competent Authorities on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters	23 -24 April 2015	India	2
Asia Tax Forum 2015	6 -7 May 2015	Singapore	2
12th ATAIC Conference	6 -10 September 2015	Qatar	2
13th CATA Annual General Meeting	16 -20 November 2015	Malaysia	2
36th CATA Annual Technical Conference	16 -20 November 2015	Malaysia	2
45th SGATAR Meeting	24 -25 November 2015	Singapore	2
DELL Solution Forum 2015	26 -27 November 2015	Sri Lanka	2
20th Jubilee International Tax Conference	3 -5 December 2015	India	3

3.4 Technical Assistance Received

With the aim of improving our services, technical assistance relevant to the tasks of MIRA were obtained from professional experts, in addition to the trainings provided.

Under notable contribution from ADB similar to previous years, Tax Policy and Administrative Expert Professor Dr. Kevin Holmes worked at MIRA till the end of August 2015. Dr. Kevin Holmes provided valuable technical assistance to MIRA in the establishment of the modern tax system in Maldives from 23 March 2011 to 26 August 2015.

In 2015, MIRA worked on seeking technical assistance from a tax audit professional in

order to improve the audits carried out by the Authority. In addition, a proposal was sent to IMF seeking their technical assistance in formulating a “Tax Gap” model.

3.5 Administrative Expenditure

Total expenditure of MIRA in 2015 was MVR 70.16 million: an increase of 19.2% compared to previous year. Main reason for the increase in expenditure was due to recruitment of additional staff in order to strengthen the work done by MIRA. Accordingly, it is important to note that the number of staff in MIRA increased by 16.7% in 2015.



Professor Dr. Kevin Holmes provided technical expertise to Maldives in tax policy and administration matters

67.4% of MIRA's expenditure was spent on employee disbursements such as salaries, allowances, and pensions. 85.9% of the budget for 2015 was spent on recurrent expenditure. 14.1% of the budget was spent on capital expenditure.

Along with the increase in MIRA's administration work, the expenditure

increased by 19.2%, and the total revenue collected by MIRA also increased by 13.6%. As a result, MIRA's efficiency remained constant. In 2015, MIRA spent 0.537 Laari to collect MVR 100 (10,000 laari). In other words, for every MVR 1 spent by MIRA, MVR 186.10 was received as revenue. This figure is quite consistent with past 3 years.



Breakdown of MIRA's 2015 Expenditure





Visit of the Board of Directors to the Directorate General of Taxes, Indonesia



Thi Kudhinge Haveeru held to mark MIRA's 5th anniversary

A large crowd of people is gathered under a white tent structure, likely at an outdoor event or market. The people are dressed in casual attire, and the scene is filled with activity. The tent's metal frame and white fabric are visible overhead. The overall atmosphere is busy and social.

4

Revenue



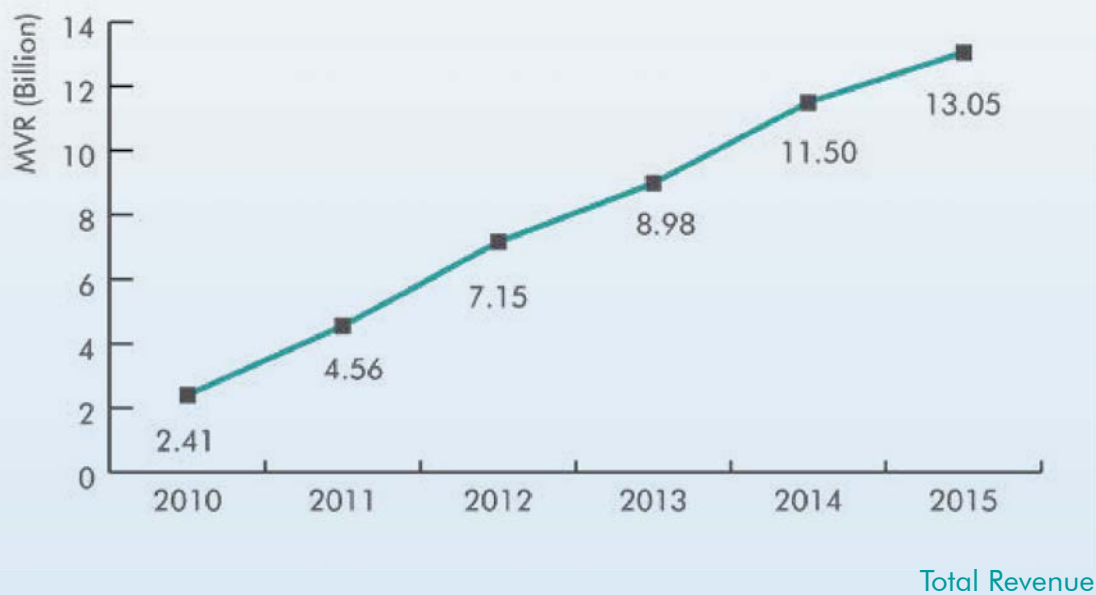
4.1 Revenue Collection

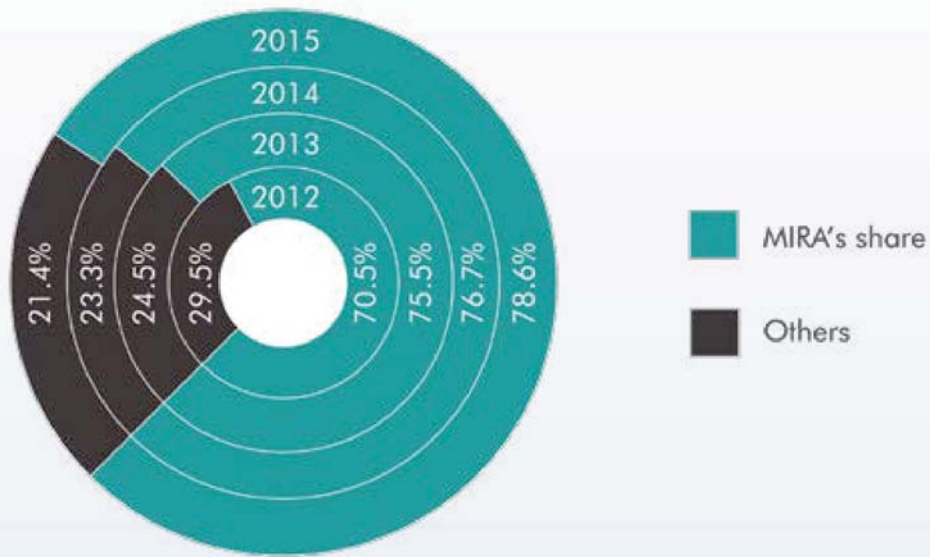
Total revenue collected by MIRA in 2015 was MVR 13.05 billion. Revenue collected in 2015 rose by 13.5% compared to 2014.

In 2015, the share of total revenue collected by MIRA in the total revenue of the State had also increased. 78.6% of

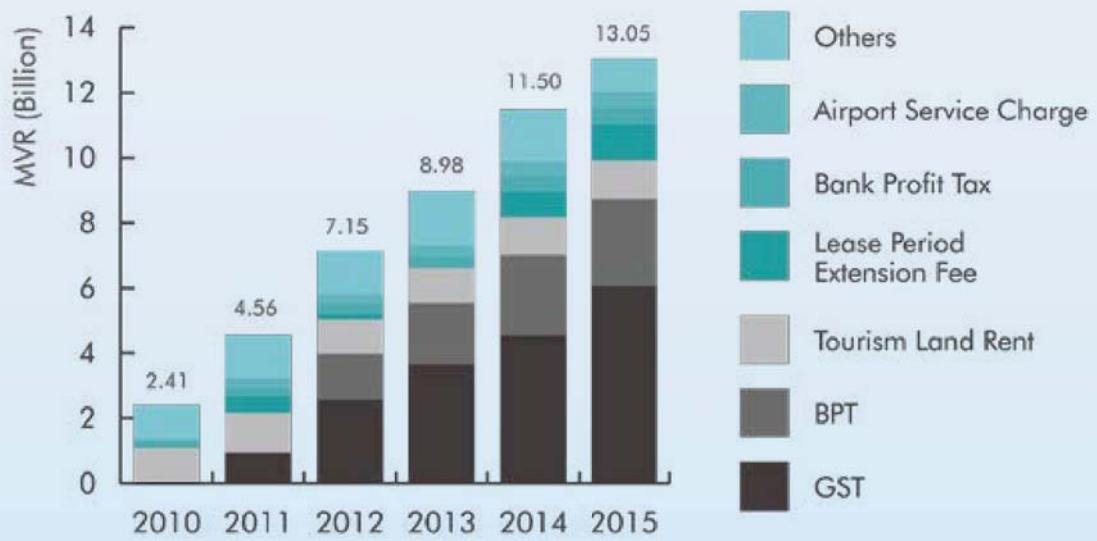
government revenue is accounted by the revenue collection of MIRA. This figure is a larger share compared to previous years.

The largest portion of revenue collected in 2015 can be attributed to both GST and BPT. They accounted for 66.9% of the total revenue collected. Other revenue codes that contributed towards large portion of revenue shares are Tourism Land Rent, Lease Period Extension Fee, Bank Profit Tax and Airport Service Charge. These top 6 revenue codes made up for 92.2% of total revenue collection.





MIRA's share of government revenue



Revenue Breakdown

4.2 Adjusted Revenue Collection

MIRA uses two measures to determine its revenue collection: the revenue received from payments made to MIRA, and the revenue after adjustments. Adjustments made to the revenue collected include changes to the revenue collection due to offsets claimed by taxpayers for advance tax payments made in previous years. It also includes the revisions and adjustments made between revenue codes.

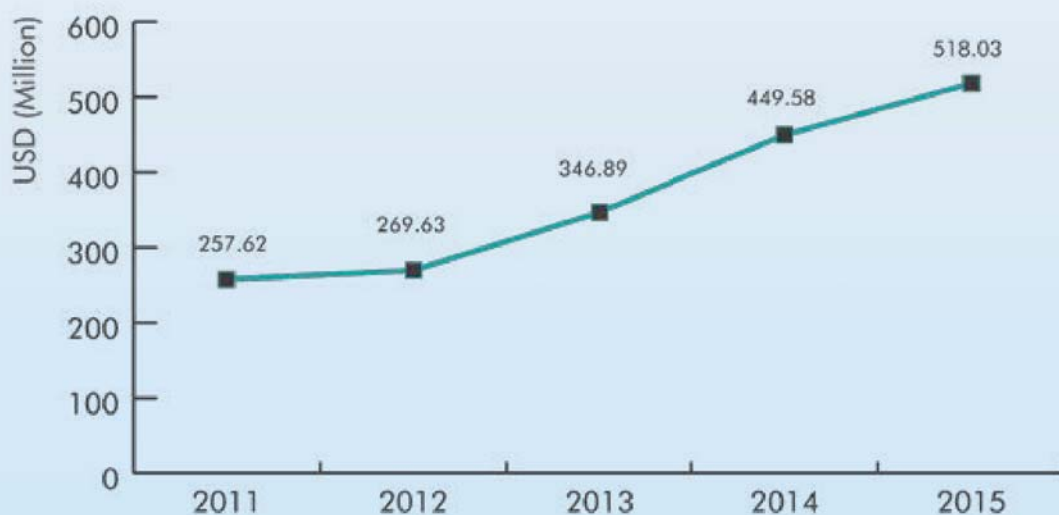
After adjustments, revenue for the year was MVR 13.09 billion. Due to the adjustments there was a difference of MVR 30.78 million between revenue after adjustments and actual revenue received. In 2015, most number of adjustments were made to revenue from GST.

4.3 USD Revenue Collection

60.8% of the total revenue collected in 2015 was in USD. This amounts to USD 518.03 million, which in terms of Maldivian Rufiyaa is equivalent to MVR 7.94 billion.

The majority of the revenue collected in USD was received from TGST. TGST accounted for 52.3% of the total USD revenue. Shares of Tourism Land Rent and Lease Period Extension Fee were 14.8% and 13.8% respectively. Revenue from BPT accounted for 9.3%. In addition, Airport Service Charge accounted for 6.3% of the total revenue collected in USD.

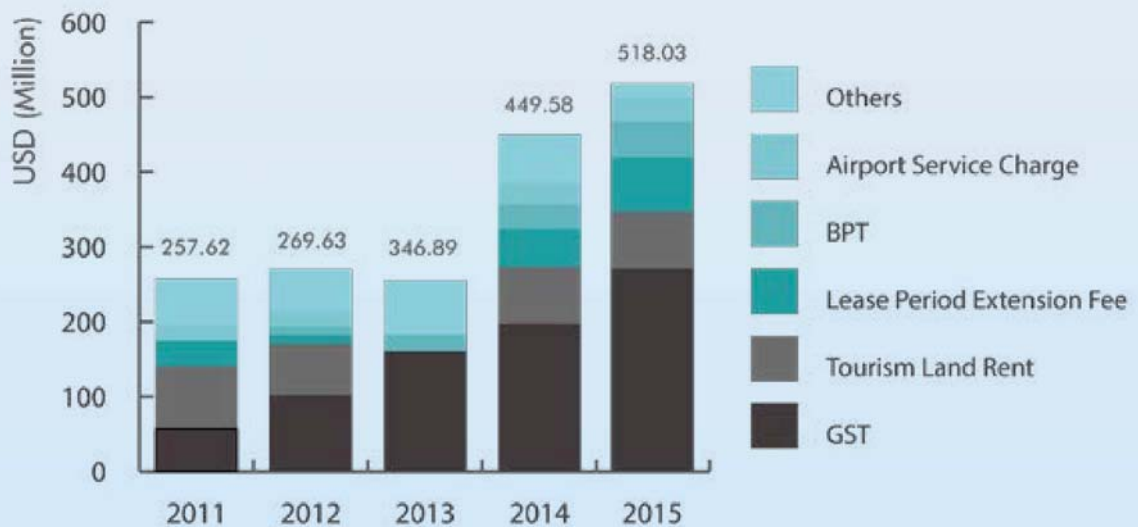
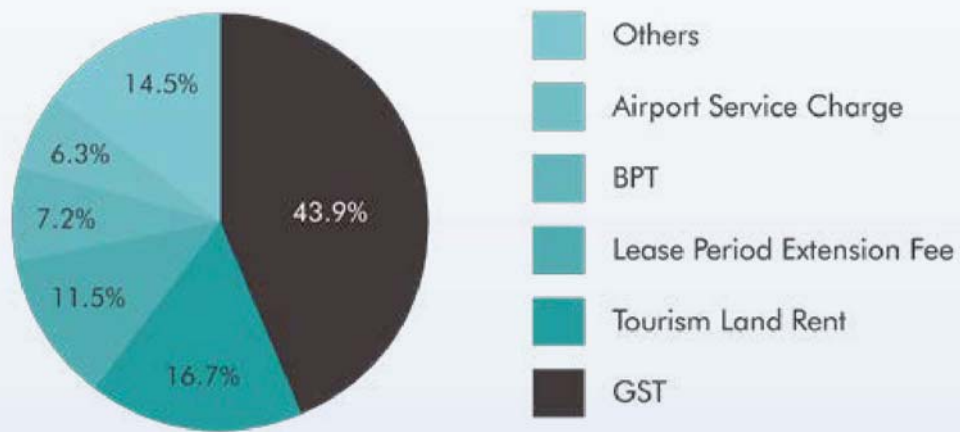
When compared to 2014, revenue collection in USD increased by 15.2% in 2015. The main reason for this increment



Total USD Revenue

is due to rise in revenue collection from TGST and Lease Period Extension Fee by 37.1% and 38.9% respectively. Revenue

collected in USD from BPT increased by 49.1%, and Airport Service Charge increased by 15.1%.



USD Revenue breakdown

4.4 Comparison against Previous Year

When compared to 2014, MIRA's revenue in 2015 increased by 13.5%. Main reason for this increment includes amendments to revenue laws, which resulted in an increase of taxes and fees collected as revenue compared to last year.

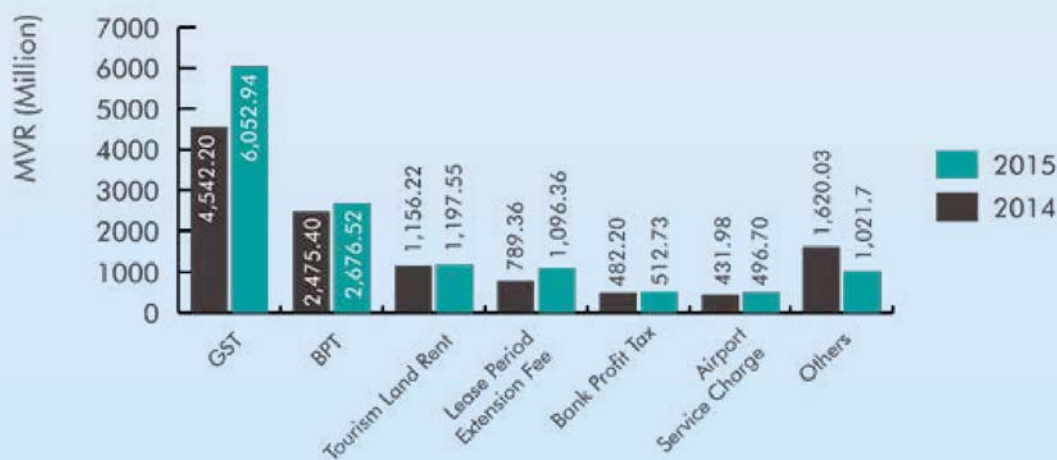
The amendments include an increase in the TGST rate to 12% from 1 November 2014, increase in the rate of Airport Service Charge of foreign passengers travelling overseas to USD 25 from 1 July 2014 and reinstatement of Lease Period Extension Fee from February 2014 under the amendment made to the Maldives Tourism Act.

Similarly, the increase in number of tourist

arrivals to Maldives by 2.5% and the growth of the economy and business activities also contributed towards revenue growth. Furthermore, some of the notable changes include abolishment of Tourism Tax collection from the beginning of December 2015 and introduction of Green Tax from 1 November 2015.

Glancing at main revenue collected by MIRA this year, revenue from GST grew by 33.3%. Similarly, proceeds generated from Lease Period Extension Fee and BPT rose by 38.9% and 8.4% respectively. Revenue from Airport Service Charge also rose by 15.0%.

Other notable changes of revenue received during 2015 compared to 2014 include an increase in revenue from Resident Permit and Tourism Land Rent by 9.3% and 3.6% respectively. Revenue from Bank Profit Tax rose by 6.3% and revenue from Vehicle Fee by 19.3%. On the other hand, the revenue from Royalties fell by 11.8% and revenue from Land Acquisition and Conversion Fee fell by 7.1%.



Comparison against previous year

4.5 Comparison against Projection

Projected revenue to be collected by MIRA for 2015 was MVR 13.07 billion. Actual revenue collected by MIRA was MVR 13.05 billion. Thus, this figure is 0.2% lower than the projected revenue for 2015.

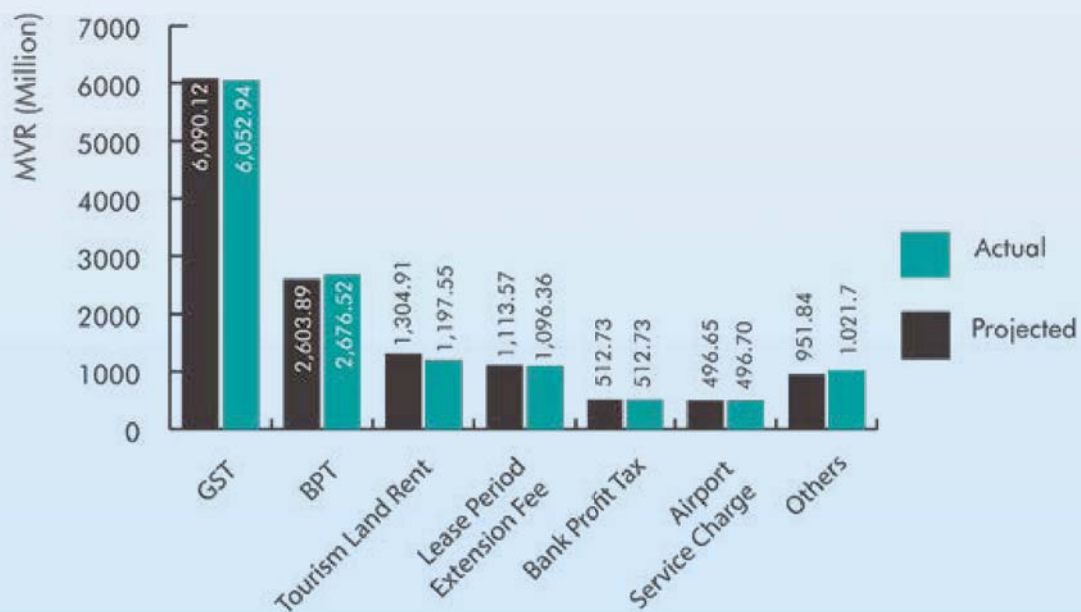
The actual revenue was lower than projected revenue mainly due to fewer tourist arrivals than projected, even though number of tourists visited rose by 2.4% compared to 2014. As a result, revenue from TGST was 2.8% lower than the projected figures. Similarly, the reason for the aforementioned revenue from Duty

Free Royalty and Green Tax was 5.1% and 13.0% lower than the estimates.

Glancing at the revenue codes that was lower than estimates, revenue from Tourism Land Rent and Lease Period Extension Fee were 8.2%, and 1.5% lower respectively. Moreover, revenue generated from proceeds of Land Acquisition and Conversion Fee fell by 7.3%.

There was a notable increase in revenue from GGST during 2015. Revenue from GGST was 4.5% higher than estimates due to increase in number of GGST taxpayers during this year.

In addition, actual revenue from BPT and Resident Permit rose by 1.3% and 5.0% respectively. Similarly, revenue from Vehicle Fee was 7.4% higher than estimates.



Comparison against projection

4.6 Major Revenue Contributors

4.6.1 GST

In 2015, MIRA received MVR 6.05 billion as GST revenue. This indicates a 33.3% increase compared to MVR 4.54 billion collected as GST in 2014. However, it was 0.6% lower than projected. GST accounted for 46.4% of total revenue collected by MIRA.

68.5% of total GST revenue collected in 2015 was attributed from TGST. MVR 4.15 billion was collected as TGST. This collection is 37.0% higher than the TGST revenue for 2014. However, it is 2.8% lower than projections. The increase in TGST revenue

was mainly due to the increase in TGST rate to 12% on 1 November 2014, the rise in tourist arrivals by 2.4% and increase in tourist spending compared to previous year. However, in 2015, tourist arrivals was lower than projected.

31.5% of total GST revenue collected is attributed to GGST, amounting to MVR 1.91 billion. This is 25.9% higher than the GGST revenue for 2014 and 4.5% more than estimates. The increase in GGST revenue was mainly due to the increase in number of GGST taxpayers. This also indicated increase in public spending in the economy.

GST Act was amended during 2015. Daycare service providers registered with the relevant government authority or State institution were exempted from GST in accordance with the Fourth Amendment to the GST Act, published in the Government Gazette on 12 November 2015.



Revenue from GST

4.6.2 BPT

In 2015, revenue from BPT was MVR 2.64 billion. This collection is 8.1% higher than the MVR 2.48 billion received in 2014 and 2.8% higher than the estimate. The increase in BPT revenue is mainly due to increase in business profits in 2014. Since the BPT collected in 2015 is based on the business profit of 2014, the total BPT revenue collection grew because of the rise in business profitability in 2014. BPT collected also accounts for 20.5% share of the total revenue of 2015.

BPT Act consists of two main components. Namely, the 15 Laari tax levied on every additional Rufiyaa as profit from businesses whose profits exceed MVR 500,000; and 10% withholding tax levied on payments made for services specified in

the Business Profit Tax Act that are provided by non-residents to persons carrying on business in the Maldives.

Among two components of BPT, the collection of revenue relating to BPT was MVR 2.25 billion. This accounts for 84.0% of the total BPT revenue. This collection is 8.2% higher compared to the year 2014 and 1.3% higher than the estimate. This indicates growth in business activities during 2014 and taxpayers are more compliant.

The collection of revenue relating to WHT was MVR 428.41 million. This is 6.9% higher compared to 2014 and 11.4% higher than the projected figures. This shows the increase in business transaction with non-residents and increase in taxpayer awareness with respect to WHT.



Revenue from BPT

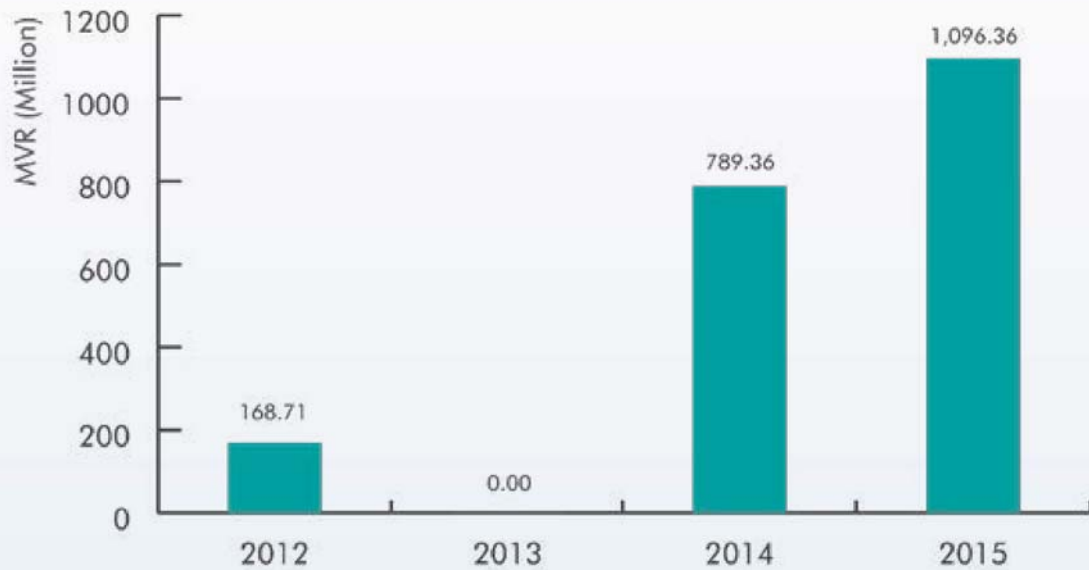
4.6.3 Tourism Land Rent

Revenue collected from Tourism Land Rent amounted to MVR 1.20 billion in 2015. This is 3.7% higher than the MVR 1.16 billion collected in the previous year. This rise was caused by bulk payment received from resorts that previously had not paid rental payment and commencement of Tourism Land Rent payments from new and developing resorts. However, the amount paid as Tourism Land Rent was 8.2% lower than the total amount payable. Tourism Land Rent accounted for 9.2% of the total revenue collected by MIRA.

4.6.4 Lease Period Extension Fee

In 2015, revenue received from Lease Period Extension Fee was MVR 1.10 billion. This collection is 38.9% higher than the MVR 789.36 million collected in 2014. Compared to the previous year, the increase in revenue from Lease Period Extension Fee was mainly due to the collection of revenue in four instalments during 2015. Unlike this year, three instalment payments were collected in 2014. Lease Period Extension Fee accounted for 8.4% of MIRA's total revenue collection. Revenue collected from Lease Period Extension Fee, which was based on the number of persons who paid the instalments in 2014, was 1.5% lower compared to projections.





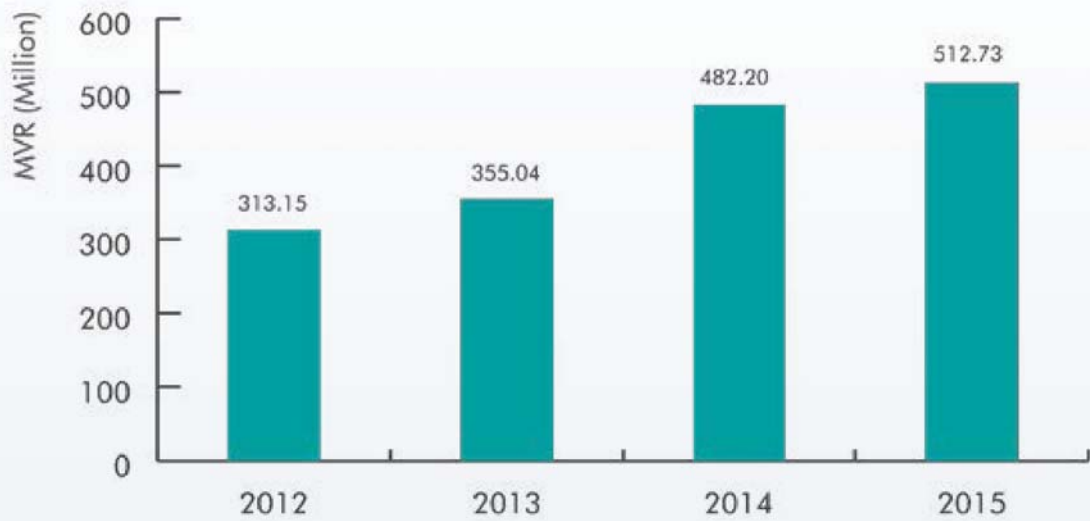
Revenue from Lease Period Extension Fee

4.6.5 Bank Profit Tax

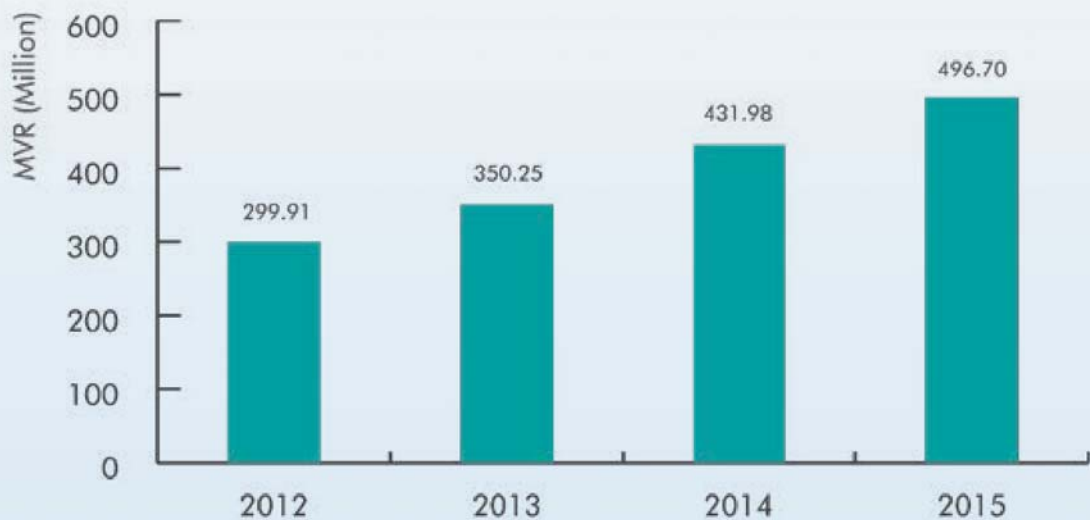
Revenue from Bank Profit Tax accounted for 3.9% of MIRA's total revenue in 2015. Seven banks operating in Maldives paid MVR 512.73 million as Bank Profit Tax in 2015. Compared to previous year this is an improvement of 6.3%. This is also same as the projected revenue for Bank Profit Tax.

4.6.6 Airport Service Charge

Revenue received from Airport Service Charge increased by 15.0% in 2015 compared to the year 2014. In 2015, revenue from Airport Service Charge was MVR 496.70 million. This is mainly due to increase rate of Airport Service Charge of foreign passengers travelling overseas from USD 18.50 to USD 25 from 1 July 2014. This is about the same as the projected revenue for Airport Service Charge. Airport Service Charge accounted for 3.8% of total revenue of MIRA.



Revenue from Bank Profit Tax



Revenue from Airport Service Charge

4.6.7 Green Tax

Pursuant to the Sixth Amendment to the Maldives Tourism Act, Green Tax is charged from tourists staying at tourist resorts, tourist hotels and tourist vessels at the rate of \$6 per day of stay. Green Tax commenced on 1st November 2015.

At the end of 2015, revenue received from Green Tax was MVR 45.5 million. This is 0.4% of total revenue collected by MIRA. Although MVR 52.3 million was estimated as revenue from Green Tax, due to lower number of tourist arrivals in 2015 than projections, the revenue from Green Tax was 13.0% short.



MIRA staff providing services to taxpayers



MIRA staff visiting local businesses on Compliance Day



5

**Activities Carried
Out During the
Year**





5.1 Activities Carried Out to Improve Tax Administration

MIRA's Enforcement Policy published in gazette

Various policies formulated to enforce the collection of payments from persons in default were consolidated and published in the Government Gazette as MIRA's 'Enforcement Policy' on 19 February 2015. This policy outlines the procedure for taking action against taxpayers who default in the payment of tax, fee, rent, royalty or other payments payable to MIRA pursuant to the respective laws, regulations and agreements.

Enforcement Policy explains the procedure on granting installment plans, procedure on accessing information of bank accounts of taxpayers and freezing their bank accounts, procedure on taking actions against non-payers through state institutions, procedure on requiring a third party to pay the outstanding amount to MIRA, procedure on Civil Court claims, procedure on taking action against persons who issue dishonored cheques, procedure on disclosure of non-filers and non-payers, and procedure on taking action against skip tracing persons. Upon commencement of the new policy, the previous policies used for enforcement were nullified.

Opening MIRA branches and Collection Centers in different areas of Maldives

At the beginning of 2015, apart from head office in Male', service was only provided

at MIRA's branch in HDh. Kulhudhufushi. 1 branch and 4 collection centers was opened in different areas of Maldives during 2015 in order to provide services to the public and taxpayers in the most convenient and easily reachable way. This includes Addu Branch, Fuvahmulah Collection Center, F. Nilandhoo Collection Center, L. Fonadhoo Collection Center and B. Eydhafushi Collection Center.

Taxpayers and residents operating business in these areas can make all payments and file tax returns to MIRA through these offices.

Launching of online payment options

MIRA introduced online payment options for taxpayers on 11 May 2015. Accordingly, payment options via MMA's "Maldives Real Time Gross Settlement" (MRTGS) through the banks and via Bank of Maldives debit and credit cards were introduced. Additionally, a debit card by the name of "Vaaru Card" was launched by MIRA and Bank of Maldives, which can be used only to make payments to MIRA.

Introduction of online payments would make it easier for taxpayers and resident who carry out business in different parts of Maldives. Debit and Credit Card issued by Bank of Maldives, Vaaru Card and MRTGS online payment services are only available to taxpayers who use MIRA's online portal, MIRAconnect.

MIRA's "Digital Year" Targets revealed

The 13 targets, which MIRA has intended to achieve in its 'Digital Year' was revealed during 5th Anniversary ceremony. MIRA aims to achieve all the targets before the end of 2016.

'Digital Year' targets are:

- Implement a Customer Relationship Management system
- Introduce MIRA mobile application
- Improve awareness of taxpayers and public through e-learning tools
- Enhance the forensic analysis capacity of MIRA's investigation team
- Implement an interactive website
- Integrate MIRA systems with the systems of other government institutions
- Introduce an application that can be used for collection of payments by atoll councils on behalf of MIRA
- Introduce additional payment options on 'MIRAconnect'
- Abolish vehicle stickers and develop a mechanism for enforcement authorities to check payment status online
- Fully automate the risk profiling system for identifying high-risk taxpayers
- Automate all administrative processes of MIRA
- Incorporate additional revenue codes to SAP Tax and Revenue Management System
- At least two-third of all communications with taxpayers via email



MIRA launched online payment options on 11 May 2015

Unveiling the 'Corporate Identity'

In August 2015, MIRA introduced a corporate identity that will be represented on all the marketing materials, written documents and stationaries prepared by MIRA. The purpose of corporate identity is to improve existing MIRA's brand identity.

Introduction of MVR 10,000 revenue stamp

MIRA introduced MVR 10,000 Revenue Stamp on the occasion of the Golden Jubilee of National Independence. The stamp was launched by the Speaker of the People's Majlis, Mr. Abdullah Maseeh Mohamed at the ceremony held to mark the 5th Anniversary of MIRA. Prior to introduction of MVR 10,000 Revenue Stamp, the highest value of the stamp used in documents was MVR 5,000 Revenue Stamp.

'Ran Laari Award' 2014

The "Ran Laari Award" was given to 17 taxpayers to recognize taxpayers who pay highest amount of taxes to MIRA. This includes 3 taxpayers from BPT category, 8 taxpayers from TGST category, 3 taxpayers from GGST category, 1 taxpayer from Withholding Tax category, 1 taxpayer from Bank Profit Tax category and 1 taxpayer from SOE category. This award will encourage taxpayers to fulfil their tax obligations in accordance with the tax laws and regulations.

Establishment of Maldives Tax Academy

A training institute under the name Maldives Tax Academy was established to train taxpayers, general public and individuals who want to pursue a career in the field of taxation. Maldives Tax Academy is working on offering training programs endorsed by the Maldives Qualification Authority to individuals working in tax related fields. In addition, Maldives Tax Academy carried out "Continuing Professional Development" program for the tax agents in 2015.

'Koba Raseedhu?' Campaign

In 2015, MIRA started a campaign under the name of 'Koba Raseedhu' with a target of sustaining the habit of obtaining a receipt or an invoice for every business transaction carried out. This will help to ensure that the correct amount is paid after receiving goods or service, payment is made to the correct service and correct GST payment is made for each transaction. Also sustaining the habit of obtaining and issuing receipt or invoice for goods and services bought and sold by the businesses will provide opportunity for better record keeping and compliance with tax laws and regulations.

The campaign, which commenced on 1 August 2015 and ended on 31 December 2015 included a monthly cash prize of MVR 3,000 and a grand prize of MVR 20,000 that was given to the person who submitted most number of receipts from most number of unique business outlets. 538 participants sent 13,345 receipt during August, 450 participants

sent 16,245 receipts during September and 462 participants sent 20,995 receipts during October. In addition, total of 992 participant sent 53,743 receipts during November and December.

Introduction of Green Tax

Green Tax commenced on 1 November 2015 pursuant to the Sixth Amendment to the Maldives Tourism Act that was published in the Government Gazette on 17 December 2014. Green Tax is charged from tourists staying at tourist resorts, tourist hotels and tourist vessels at the rate of \$6 per day of stay.

As a result of this amendment to the Maldives Tourism Act, consultation sessions were held with government institutions and stakeholders in the tourism industry to formulate the Green Tax regulation,

and administrative work were carried out by MIRA for the implementation of Green Tax. On 11 June 2015, the draft Green Tax Regulation was released for public consultation. The Regulation was published in the Government Gazette on 12 October 2015 and commenced on 1 November 2015. This regulation includes information on registration for green tax, computation of Green Tax, filing Green Tax return and making payment and details of other areas relevant to Green Tax.

Along with the publication of the Green Tax Regulation, MIRA held a seminar on 13 October 2015 to provide information about Green Tax. A total of 101 individuals from tourism sector participated in this seminar. The purpose of this seminar was to increase awareness and provide information about Green Tax.



Seminar held on 13 October 2015 to provide information about Green Tax

5.2 Tax Regulations and Amendments

11 BPT related tax rulings, 8 GST related rulings and 2 other tax rulings were published during 2015. The list of tax rulings issues are listed below:

Title	Tax Ruling Number
BPT related Tax Rulings	
Submission of financial statements and appointment of auditors	TR-2015/B39
Transfer of capital assets within a group of companies	TR-2015/B40
Seventh amendment to the Business Profit Tax Regulation	TR-2015/B41
Clarification on section 4 of the Business Profit Tax Act	TR-2015/B42
Application for exemption under section 16 of the Business Profit Tax Act	TR-2015/B43
Eighth amendment to the Business Profit Tax Regulation	TR-2015/B44
Amending BPT returns and withholding tax returns	TR-2015/B45
Ninth amendment to the Business Profit Tax Regulation	TR-2015/B46
Effect of change of accounting period	TR-2015/B47
Central management and control	TR-2015/B48
Submission of financial statements and appointment of auditors	TR-2015/B49

GST related Tax Rulings	
Documents to be submitted with GST return	TR-2015/G23
Twelfth amendment to the Goods and Services Tax Regulation	TR-2015/G24
Thirteenth amendment to the Goods and Services Tax Regulation	TR-2015/G25
Amending GST returns	TR-2015/G26
First amendment to the Tax Ruling TR-2015/G23	TR-2015/G27
GST treatment of agency commission	TR-2015/G28
Fourteenth amendment to the Goods and Services Tax Regulation	TR-2015/G29
Penalties for non-compliance with the GST Act and Regulation	TR-2015/G30
Other tax rulings	
Submission of documents during the process of an objection review	TR-2015/A2
Mandatory online filing and payment for large taxpayers	TR-2015/A3

In addition, following regulations were published in the Government Gazette in 2015.

- Online Payment and Filing Regulation (Regulation Number 2015/R-147)
- Green Tax Regulation (Regulation Number 2015/R-181)

5.3 Registration of Taxpayers and Other Persons

By the end of 2015, there were 25,618 businesses registered in the Business Register maintained by MIRA. This is an increase of 16.7% compared to the number of taxpayers registered at the beginning of the year. While 3,635 new businesses were registered, 598 businesses were deregistered during the year. In 2015, registration notices were also sent to 310 persons who were not registered with the MIRA.

In addition to registering the business, persons who meet certain thresholds are required to register for GST as well. By the end of 2015, 10,500 persons were registered for GST. This figure is 16.3% higher compared to 2014. There were 1,561 newly registered persons for GST and 518 persons were removed from GST registry in 2015.

In addition to taxpayers, auditors and tax agents are also required to register with MIRA. If financial statements submitted with BPT return are required to be audited, it must be audited by an auditor registered with MIRA. At the beginning of the year, 32 auditors were registered with MIRA. This figure increased to 38 at the end of the year. This includes 4 'category A' auditors, 7 'category B' auditors and 27 'category C' auditors. In addition, 19 tax agents were issued the license. They consist of 4 tax agents under 'category 1' and 15 tax agents under 'category 2'.

5.4 Taxpayer and Public Awareness

5.4.1 Activities Carried Out to Provide Information

In 2015, various programs were conducted via an array of communication channels to create awareness and disseminate information to taxpayers and the general public. These programs are conducted to assist and encourage taxpayers to comply with relevant laws and regulations.

During the year 2015, various media channels and MIRA staff collaborated on 43 media programs and 192 interviews that were broadcasted via television and radio. The online program named "1415 show" was also aired this year. This show consists of tax related information and interviews of MIRA staff regarding important tax matters. In 2015, 5 episodes of this show were uploaded to YouTube.

MIRA provided information to taxpayers via social media as it plays a significant role in reaching out and engaging the public, especially the youth. Accordingly, 1,839 messages were posted on Twitter, Facebook and Instagram in 2015. Also, 9 advertisements were produced for various purposes. 73 newsletters were issued and 20,100 posters and leaflets were distributed.

In addition to providing information on tax matters via media, face-to-face interactions were also made to communicate with taxpayers. During 2015, information was given to 380 taxpayers by meeting with them face-to-face. Furthermore, 341 information sessions were held to provide information to more than 3,366 taxpayers by the staff of MIRA.

In 2015, a roadshow was held to inform the taxpayers and general public about

the online payment service and to provide other tax relevant information.

MIRA also published instructional guides and guides on various tax related topics in order to assist taxpayers in filling out various forms to be submitted to MIRA. During the year 2015, 13 guides on various tax matters and 17 instructional guides to assist in filling out various forms to be submitted to MIRA were published.



Online program “1415 show” aired on YouTube

5.4.2 Social Activities

MIRA's staff took initiative to take part in various social activities to improve the corporate image of the organization. The staff also showed their support and co-operation for social activities by participating in social activities and walks organized by NGOs who are engaged in such activities.

In 2015, MIRA participated in 6 such activities. MIRA collaborated with Housing Development Corporation to carry out a cleaning program in Hulhumale' and a tree plantation program in Hulhumale' under the name "Heyvalla Gas Indhamaa".

In addition, MIRA's staff sponsored the Kudakudhinge Hiya's 'SALT' program in the gathering held to donate money to 'Kudakudhinge Hiya'. Activities were also organized to help Maldives Association of Physical Disabilities (MAPD) and donations were made by staff to Beautiful Eyes Down's Syndrome. Also MIRA club with Maldives Blood Services organized a 'blood donation camp' in 2015.

In the year 2015, as part of the MIRA 5th Anniversary celebration, MIRA Tax Week and MIRA Open Day were held, drawing and photography competition was held among students. In addition, evening gathering for children was held on occasion of MIRA's anniversary celebration and Golden Jubilee of National Independence.



MIRA staff showed support on World Down's Syndrome Day



Kudakudhinge Hiya Donation event held on 19 December 2015



MIRA held a cleaning event of Hulhumale Beach area in collaboration with HDC on 28 March 2015



Presenting the award to the October winner of 'Koba Raseedhu" campaign



On the set of 'Vaaru", the TV program presented by the MIRA staff

5.5 Activities Carried Out to Check whether Taxpayers are in Compliance with the Tax Laws and Regulations

5.5.1 Determining Compliance Level

In order to check taxpayer's compliance with the tax laws and regulations, 13,129 visits were carried out in 2015. These visits include compliance visits carried out by staff of MIRA on one Saturday of each month. Compliance visits include 1,710 visits to taxpayers in islands other than Male'. MIRA staff visited 22 islands in 7 atolls during 2015.

In 2015, 849 non-compliant taxpayers' names were published. 48 taxpayers were skip-traced during the year.

5.5.2 Audits and Investigations

In 2015, audits were carried out by 3 departments. They are 'Micro-Business Audit' section under Compliance department which was established on 1 January 2015, 'Large Taxpayers Service' department and 'Audit and Investigation' department.

1,282 audits were carried out in 2015. From these audits, additional taxes of MVR 448.34 million were declared to be paid to MIRA. Two third of the sum of pending audits at the beginning of the year and new audits that commenced during the year were completed. Audit teams visited various different areas of Maldives to carry out audits.

23 investigation audits were completed in 2015. Additional taxes of MVR 23.75 million were declared to be paid from these audits. This also included criminal investigations of 10 taxpayers.

Tax	Large Taxpayers Audit		Audit and Investigation		Micro-Business Audit		Total	
	Number	Tax Impact	Number	Tax Impact	Number	Tax Impact	Number	Tax Impact
GGST	98	16,809,581	253	56,846,683	120	13,771,705	471	87,424,969
TGST	120	129,341,378	52	10,658,313	14	377,527	186	140,377,219
WHT	171	11,752,798	107	29,208,160	30	41,318	308	41,002,276
BPT	168	162,428,525	89	15,724,261	59	1,431,286	316	179,584,072
Bank Profit Tax	1	(44,701)	0		0	0	1	(44,701)

5.5.3 Assistance Provided to Small Businesses in Preparing their Financial Statements

In 2015, MIRA teams visited all the atolls of Maldives to assist small businesses in preparing their financial statements for 2014.

In addition to providing assistance to those taxpayers who are required to submit financial statement along with their BPT return for 2014, the teams facilitated registration for MIRA's online portal MIRACONNECT and assist them in using the system to file their return and make payments. During these visits, MIRA teams worked in the capital island of all the atolls.

5.5.4 Taxpayer Objections

If a taxpayer is unsatisfied with the outcome of an audit assessment by MIRA, the taxpayer has the right to object to the decision of MIRA. As such taxpayers objected to 73 MIRA's decision in 2015. Taxpayers objected to 5.7% audit assessments out of every 100 audit assessments issued by MIRA. It is notable that this ratio is higher compared to preceding years.

Among the pending objections at the start of the year and new objections received during the year, a total of 67 cases were concluded in 2015. With regard to how the cases were concluded, no changes were made to

Tax	Number of taxpayers	Objection as a % of 2015 audits
GGST	26	6.3%
TGST	14	5.7%
WHT	19	6.2%
BPT	14	4.4%
Total	73	5.7%

the audit assessment of 38 cases. The objections of 16 cases were partially accepted and 1 objection was fully accepted. Further, 3 cases were sent for re-audit and 9 cases were withdrawn.

Decisions of Objection Section	Number of cases	Percentage
No change to the audit assessment	38	56.7%
Partially accepted the objection	16	23.9%
Fully accepted the objection	1	1.5%
Sent for re-audit	3	4.5%
Withdrawn	9	13.4%

3 taxpayers appealed to the Tax Appeal Tribunal regarding decisions made by MIRA's Objection Section. This is 4.7% of the objections reviewed by MIRA in 2015. This percentage is lower compared to previous year.

5.5.5 Enforcement Activities

In 2015, MVR 959.58 million was collected by MIRA under works carried out to recover dues to the State. This is an increase of 72.8% compared to 2014. It was also in 2015 that the recovery amount cumulated to MVR 2.4 billion from actions taken against persons with dues to the State since the establishment of MIRA.

Enforcing collection of outstanding payments shall be made as per the steps outlined in Enforcement Policy. The first step of this policy is to issue 'First Notice' to inform the taxpayer to settle the outstanding payments. In 2015, 2,303 such notices were issued. In addition, 10,587 notices were issued requesting taxpayers to file their tax returns. After 30 days has passed since the delivery of the 'First Notice', the 'Second Notice' is issued. In 2015, MIRA issued 1,330 'second notices' requesting to settle the outstanding payments. 5,992 notices were issued requesting taxpayers to file their tax returns. If outstanding amount is not settled after issuing the notices, services from other government bodies will be discontinued. Under this actions, MIRA was able to recover MVR 63.96 million from 611 taxpayers. Similarly, MIRA can also recover outstanding payments by freezing bank accounts of noted persons. Accordingly, in 2015, MVR 109.14 million

was recovered from 132 taxpayers whose bank accounts were frozen. If payments are even then not recovered, such taxpayer cases are forwarded to the Legal Service Section and filed at courts for processing.

Some taxpayers settled outstanding payments before a due clearance letter is being issued. In this regards, MVR 250.20 million was recovered from 1,531 taxpayers. MIRA also made arrangement for taxpayers to settle dues under an instalment plan where payments are spread over a given period. As such, 221 taxpayers were given this relief.

In 2015, 51 cases were filed by MIRA in the courts. This includes 49 cases filed with the Civil Court and 2 cases filed with the High Court. Also 18 were cases filed against MIRA by taxpayer. Among these, 3 cases were filed with the Tax Appeal Tribunal, 5 cases filed with the Civil Court, 7 cases were filed with the High Court, 1 case filed with the Supreme Court and 2 cases were filed with the Employment Tribunal.

From the decisions made by courts in 2015, 22 cases were decided in favour of MIRA. 2 cases were decided against MIRA. This includes 18 cases decided by Civil Court, 2 cases decided by High Court, 1 case decided by Tax Appeal Tribunal and 1 case decided by Employment Tribunal. 6 cases were withdrawn by MIRA. Objection form of 1 case filed against MIRA was nullified by Civil Court.

5.6 Activities Carried Out to Establish Beneficial Relationships

Establishing relationship with state owned institutions

MIRA signed MOU with different institutions for the purpose of building relationship, providing assistance and sharing information. This includes MOU signed between MIRA and Ministry of Economic Development (MED) on 1 June 2015. The purpose of the MOU is to provide assistance and cooperation and share information between two institutions. This MOU allows companies to submit financial statements to MIRA instead of submitting it to the Registrar of Companies.

Establishing relationship with international institutions and tax authorities

With the aim of increasing MIRA's presence in the international tax society and maintain beneficial relationships, MIRA participated in various conferences and meetings held internationally. Accordingly, MIRA participated in CATA management committee meeting and 4th SAARC meeting of Competent Authorities on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters. In addition, MIRA being a member of international associations, MIRA took part in their annual conferences. This includes 12th ATAIC Conference, 13th CATA Annual General Meeting, 36th CATA Annual Technical Conference and 45th SGATAR Meeting.

Maldives was also appointed for second term to CATA's Management Committee in 2015. Term of Management Committee is 3 years. Maldives is one of the 3 countries that represent Asia Region in the committee.

During the year, MIRA worked on seeking technical assistance from a tax audit professional in order to improve the audits carried out by MIRA. In addition, MIRA sent a proposal to IMF to seek out their technical assistance on formulating a "Tax Gap" model.

Tax treaties

MIRA held negotiations during October of this year for both "Agreement for avoidance double taxation of income derived from international air transport" and "Agreement for the exchange of information with respect to taxes" which is set to be signed by the Government of Maldives and Government of India. During these negotiations, MIRA represented the Government of Maldives and Ministry of Finance (India) represented the Government of India.

As the Government of Maldives had shown interest to sign an agreement on avoidance of double taxation with Bangladesh, Italy and Singapore, in 2015, the draft of "Agreement for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income" was prepared by MIRA and sent out to respective finance ministry of the aforementioned countries in order to commence negotiations. In addition, Curacao, Qatar and United Arab Emirates had shown interest on signing avoidance of double taxation agreement with the Government of Maldives. Thus, proposal to commence the negotiations has been sent out to these countries.



MIRA signed an MOU with Ministry of Economic Development on 1 June 2015



Maldives-India Bilateral Negotiations of Air Transport DTA and Tax Information Exchange Agreement held on 4-5 October 2015



6

Strategic Plan 2015-2019



Status at the end of 2015

The year 2015 was the first year of MIRA's first Strategic Plan. Hence, reporting the status of the key performance indicators outlined in the plan is important. As MIRA intends to achieve these key performance indicators by the end of 2019, organization hopes to work towards to achieve these performance indicators. Accordingly, by the end of first year, MIRA planned and carried out various activities in order to achieve these targets.

The following tables shows the strategic priorities outline in the Strategic Plan, its key performance indicators and the current status of these indicators.

Strategic Priority 1: Design and implement innovative and targeted education and awareness programs

Key Performance Indicator	Status at the end of 2015
Establish a regionally recognized tax training institute	Maldives Tax Academy was established and received approval from Maldives Qualification Authority for Certificate 1 in Taxation in Maldives. Moreover, information sessions on tax matters and a course for tax agents were carried out in 2015
95% of taxpayers scoring at least 90% in the survey examining the knowledge of taxpayers on basic tax matters	No survey has been conducted yet

Strategic Priority 2: Seek Mechanism to minimize the tax gap, and strengthen the tax administration

Key Performance Indicator	Status at the end of 2015
Determine the tax gap and yearly reduction of the tax gap	To determine and develop a tax gap model, MIRA seeks technical assistance from IMF and sent out a proposal.

Enable online filing and payment for all taxes	At the end of 2015, online filling and payment facilities were arranged for GST, BPT, WHT and Green Tax. Among other fees, online payment facility arrangement was made for Tourism Land Rent, Rent from Islands for Long Term Agriculture, Motor Vehicle License Fee, Company Annual Fee and Co-operate Society Annual Fee.
Ensure that at least 75% of tax returns are filed online, and 50% of payments are made online	The online filing rate for the taxes that could be submitted online was very low. In 2015, online filing rate was at 1.2%. At the end of 2015, online payment rate was 0.2%.
MIRA presence in all atolls	At the end of 2015, MIRA services were directly provided in 6 out of 19 atolls. This includes offices in HDh. Kulhudhuffushi, Gn. Fuvahmulah, Addu City, L. Fonadhoo, F. Nilandhoo and B. Eydhafushi. This indicator does not include the tax return and payment collection services through local council.
Establish strong relationships with other tax authorities and build a network of tax treaties	Through membership of international associations such as CATA, IFA, SGARTAR and ATAIC, MIRA made use of opportunities to build relationship with other tax authorities in 2015. In addition, MIRA officials visited Indonesia's tax authority on a study tour and reinforce relations. Also discussions were carried out with Bangladesh on signing tax treaty and MIRA received tax treaty in 2015. However, no tax treaty was signed at the end of 2015.

Strategic Priority 3: Protect the revenue base by promoting voluntary compliance and deterring abuse of the tax system

Key Performance Indicator	Status at the end of 2015
Achieve at least 95% on-time filling and payment rate	Among the total return that must be filed in 2015, 61.5% were filed on time. Late payment percentage was not available.
Annual increment in the percentage of return filled without errors	Among the returns filed in 2015, the percentage of returns without errors is 80.8%.
Establish a fully automated risk profiling and audit selection system	A risk profiling unit was formed and semi-automated risk profiling system was used to select taxpayers for audit. As such 3,817 taxpayers were selected for audits through risk profiling in 2015.

Strategic Priority 4: Improve the ability to provide assistance to taxpayers and manage debt collection

Key Performance Indicator	Status at the end of 2015
Annual reduction in arrears-to collection ratio	The arrears-to-collection ratio for 2015 is 27.3%.
Annual reduction in the number of days taken to collect arrears from a taxpayer	Age analysis of the arrears is not available at the end of 2015.

Strategic Priority 5: Implement sustainable cost saving strategies and strengthen governance

Key Performance Indicator	Status at the end of 2015
Improve the spending-to-collection ratio to 0.40 Laari per MVR 100 collected	In 2015, for every MVR 100 collected , 0.537 Laari was spent.
Communicate the organizational risks to staff and take steps to minimize them	Standard Operating Procedure was prepared for all MIRA processes in 2015. Some of these processes were also audited.
Publication of information at continuous and regular intervals	Monthly collection reports, quarterly reports and annual reports are regularly published. Furthermore, information was provided on request if there were no legal restrictions.

Strategic Priority 6: Implement resource management strategies aimed at increasing productivity

Key Performance Indicator	Status at the end of 2015
At least 80% of staff achieving 75% marks or higher in the quarterly performance appraisal	Percentage of staff who achieved 75% marks or higher in 2015 is at 48.33%.
Improve graduate employees’ ratio to 70%	The graduate employees’ ratio is 51% at the end of 2015.
At least 20% of staff are members of a professional accounting body	The percentage of staff with membership of a professional accounting body at the end of 2015 is 5.3%.

Retain at least 90% of staff annually	The staff retention ration for 2015 is 81.6%
Increase the working area per staff	The total working are at the end of 2015 is 15,993.40 sq.feet. Working area per staff is 65.55 sq.feet.

Strategic Priority 7: Provide business solutions and state of the art technology to strengthen both corporate affairs and tax administration.

Key Performance Indicator	Status at the end of 2015
Automate all administrative processes	With current work of MIRA, to automate all functions, MIRA needs to develop around 30 applications. At the end of 2015, 13 applications were developed.
Improve service standards to fulfil the requirements of ISO9001	During 2015, Standard Operating Procedures were revised and finalized.
Integrate all revenue collection into a single platform	At the end of 2015, 4 systems were used to collect revenue and 9 revenue codes were integrated to SAP.
Zero errors in data	In 2015, actions were carried out to correct data errors in the systems. However, data errors that need to be corrected are still being identified.



7

Outlook 2016



For the year 2016, MIRA has set various activities in order to expand and improve the work done by the organization. Likewise, MIRA plans to improve the efficiency of the current activities.

Activities will be carried out throughout the year in order to achieve the targets of Digital Year's Action Plan. The targets will improve management of tax system, efficiency of administration work and also increase the capacity to achieve other goals determined by MIRA.

Establishment of fully automated risk profiling system is one of targets for this year. This system will improve the audits carried out by MIRA and reduce the number of taxpayer defaults and tax frauds.

New MIRA branches will be opened in various parts of the Maldives to provide quality services in a more accessible and convenient manner. By the end

of 2016, branches will be opened in most parts of Maldives. 3 branches and 2 collection centers are already established in various parts of Maldives.

Work will be carried out with the assistance for ADB to establish a Customer Relation Management system in 2016. This system will improve the services provided by MIRA to taxpayers.

Maldives Tax Academy established in 2015 will offer certificate courses endorsed by Maldives Qualification Authority during 2016. These courses will provide most up-to-date information to individuals working in the relevant field and create more awareness on tax related matters among a large group of people.

The revenue projections of MIRA for 2016 is MVR 13.89 billion. This projection depicts a 13.6% increase compared to revenue collected by MIRA in 2015.



MIRA staff providing services to taxpayers at Taxpayer Service Centre



Maldives participated in the 36th CATA Annual Technical Conference held in Malaysia



Hussain Siraj
Recognition Plaque to Board Members



Ahmed Mohamed
Recognition Plaque to Board Members



Hassan Waheed
Recognition Plaque to Board Members



Ahmed Faiz
Recognition Plaque to Board Members



Aishath Lulua Hassan
Recognition Plaque to Board Members



Maldives Custom Service
Recognition Plaque to Other Institutions



Maldives Police Service
Recognition Plaque to Other Institutions



Haveeru
Recognition Plaque to Media



TVM
Recognition Plaque to Media



DhiTV
Recognition Plaque to Media



VOM
Recognition Plaque to Media



RaajeTV
Recognition Plaque to Media



V Media
Recognition Plaque to Media



Hamdulla Hussain
"5 Years of Dedication" Award



Ghaliya Ahmed
"5 Years of Dedication" Award



Aishath Nishfa
"5 Years of Dedication" Award



Fathimath Zeeniya
"5 Years of Dedication" Award



Fathimath Ameenah
"5 Years of Excellence" Award



Mariyam Hafsa
"5 Years of Dedication" Award



Mohamed Shahid
"5 Years of Dedication" Award



Fathuhulla Jameel
"5 Years of Dedication" Award



Fathmath Ameeza
"5 Years of Dedication" Award



Asma Shafeeu
"5 Years of Dedication" Award



Ahmed Shifau
"5 Years of Dedication" Award



Fathmath Shifaza
"5 Years of Dedication" Award







Pan Ocean International Pvt Ltd
GGST small business category



Maldives Airports Company Ltd
SOE category



Cruise Maldives Pvt Ltd
TGST Guest House category



Lily Hotels Pvt Ltd
TGST Resort category



Coastline Investments Pvt Ltd
BPT category



Maldives Inflight Catering Pvt Ltd
TGST Tourist Hotel category



Bank of Maldives Plc
Bank category



Blue Horizon Pvt Ltd
TGST Tourist Vessel category

Ran Laari Award 2014 Winners



Trans Maldivian Airways Pvt Ltd
WHT and TGST domestic air transport category



Universal Enterprises Pvt Ltd
BPT and TGST Resort category



Kasa Holdings Pvt Ltd
BPT category



Sun Hotels And Resorts Pvt Ltd
TGST Travel Agency category



One and Only (Indian Ocean) Management Ltd
TGST Resort category



Sonee Hardware Pvt Ltd
GGST large business category



Ego Maldives Pvt Ltd
GGST medium business category