

A background image showing a desk lamp on the left and a hand holding a silver alarm clock in the center. The clock face is visible, showing the time as approximately 10:10. The scene is set on a desk with a laptop and some papers, all under a soft, teal-tinted light.

MIRAPOST

**Income tax return filing deadline for
tax year 2023 is 30 June 2024.
Are you ready to submit your return?**



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Are you ready to submit your income tax return for the year 2023? Deadline is 30 June 2024?

Mariyam Waheed, Senior Tax Officer, Tax Academy

The process of filing income tax return is relatively complex compared to that of other taxes, as such it is important to prepare ahead of time. Some taxpayers are required to submit financial statements and auditor's report along with their income tax return. Preparation of these financial documents, appointing a license auditor and getting the certification from the auditor can be time consuming, therefore, it is important to prepare ahead to avoid late submission of the tax return.

If the total income derived in an accounting period exceeds MVR 10 million, the person is required to submit an auditor's report along with their income tax return. The appointed auditor must be licensed by the Institute of Chartered Accountants of the Maldives. A list of approved auditors is published on the MIRA's official website. If the total income derived in an accounting period exceeds MVR 10 million, the financial statements must be prepared on accrual basis. However, if the total income derived in an accounting period does not exceed MVR 10 million, the financial statements can be prepared either on accrual or cash basis.

A person who derives rent from immovable property situated in the Maldives can elect to claim a deduction equivalent to 20% of total rental income as expenditure (i.e. notional deduction) incurred in deriving the rental income. Only person's preparing accounts in cash basis can make such an election and the person will not be allowed to deduct any other expenses in respect of that rental income in the computation of taxable income. Additionally, the person has to continue to adopt the same method, continuously, for 5 years.

If the total income of an individual derived in 2022

or 2023 exceeds MVR 2 million or the total taxable income for the periods exceeds MVR 720,000, the individual is required to submit income tax return for the year 2023. Companies, partnerships and deemed partnerships are required to file income tax return for the year 2023, if the total income derived in 2022 or 2023 exceeds MVR 2 million or the total taxable income for the periods exceeds MVR 500,000. The deadline to submit income tax return for the year 2023 is 30 June 2024.

Even though the total remuneration exceeded MVR 2 million and the taxable remuneration exceeded MVR 720,000 for the accounting period, a person is not required to file their income tax return if the person's total income for the year is derived solely from one employer. However, the person would need to file an income tax return where the person wants to claim a refund in cases where the amount of tax paid is more than the tax liability for the period.

If a person changed from one job to another during a taxable period, for the purpose of income tax, the person is deemed to have derived income from multiple employers, even if remuneration is not derived from multiple employers, concurrently.

MIRA has started the Income Tax Assistance Program 2024, which started on 23 April 2024 and will be carried out until to 22 June 2024. The aim of the program is to assist in submitting income tax returns for those who are required to submit income tax return for the year 2023 and whose annual turnover is less than MVR 10 million. If you want to participate in the program, you can register by sending a message to 9821415 on Viber, emailing to engagement@mira.gov.mv, or using the MIRA website's live chat function.

Document checklist for Income tax return purpose

Financial Statements	Accrual Basis		Cash Basis	Only rental income & elect 20% deduction
	More than 10 million annual turnover	Less than 10 million annual turnover		
Statement of Profit or Loss	✓	✓	✓	✗
Statement of Financial Position	✓	✓	✗	✗
Statement of Cash Flows	✓	✓	✗	✗
Statement of Changes in Equity	✓	✓	✗	✗
Notes to the financial statements	✓	✓	✓	✗
Directors Report (Companies only)	✓	✓	✓	✓
Auditors' Report	✓	✗	✗	✗

Did you know?

If a person doing business in the Maldives pays interest (including the interest/profit paid by banks on saving or investment deposits), Non-resident Withholding Tax (NWT) must be deducted at the rate of 10% from the respective payment! You must deduct NWT, even if the residency is unknown at the time of the payment!

Can the TAT order MIRA to re-audit a previously audited period?

Aminath Naifa, Senior Tax Officer, Legal Service



The question was answered by the Supreme Court in the case of 2021/SC-A/112 (Maldives Passions Pvt Ltd v Maldives Inland Revenue Authority), affirming that Tribunal has the discretion to decide on cases as it deemed most appropriate including ordering MIRA for a re-audit.

“As it deems appropriate” was the phrase

referred in both S.54 (b) of the Tax Administration Act and S.42 (a) Tax Appeal Tribunal Regulation in concluding a case submitted to the tribunal. The Supreme Court interpreted the clauses focusing on what actually was meant by the words “as it deems appropriate”. Adopting the ordinary meaning the Supreme Court highlighted that the clauses gave the Tribunal more than one option when deciding cases, and that it was not limited to merely deciding a MIRA’s assessment incorrect. The court also emphasized that, if it was limited, it creates opportunity for tax avoidance. The court also highlighted that this could result in the taxpayer being cleared from paying the tax, which is against the purpose of the tax administration system.

Supreme Court further pointed out that, if the Tribunal on the other hand revises an audit after hearing the case and reviewing additional documents, it eventually would remove one step from the appeal process, which means that when the tribunal itself declares the additional tax after considering additional documents, the step of appealing the additional tax charged at the tax appeal tribunal will not be possible. This could then open a gateway to expect the judges to calculate the tax amount when the cases have been appealed to the appeal courts.

Importantly, the court also pointed out that, the Tax Administration Act does not have a special rule about re-audit procedure in such a situation. Hence, the court determined that in such cases, the re-audit will be carried out as how a new audit will be conducted, allowing taxpayer to submit new documentations. This would as a result open up for new objection and appeal process as per the general procedure.

Tax for Sustainable Development Goals – How is MIRA involved?

Mariyam Waheed, Senior Tax Officer, Tax Academy

The tax for Sustainable Development Goals (SDGs) initiative is an initiative which aids developing countries in increasing domestic resource mobilization and achieving sustainable development goals. This initiative utilizes taxation as a tool to obtain revenue to achieve SDGs and as a policy instrument to promote sustainable growth strategies and to influence behavior towards desired outcomes related to climate, nature, well-being, and governance. The initiative is led by the United Nation's Development Program (UNDP) and supported by the government of Norway and Finland. The main focus of this initiative are:

- Raising revenue to finance SDGs
- Capacity development of tax administrations to address tax avoidance, evasion and illicit financial flows
- Aligning tax policies to achieve progress in gender equality and health.

By the end of 2023, 25 countries were supported by UNDP tax for SDGs initiative. These countries include Angola, Botswana, Comoros, Congo Eswatini, Gabon, Ghana, Kenya, Namibia, Nigeria, Rwanda, Seychelles, Tanzania, Togo, Zimbabwe, Bhutan, Maldives, Sri Lanka, Djibouti, Egypt, Lebanon, Armenia, Uzbekistan, Colombia and Honduras.

For the success of the SDGs, the tax policies and the tax administrations play a key role. Hence, to utilize the taxation for the purpose of achieving the SDGs, it is vital to identify the gaps in the current tax policies and challenges the tax administrations face. The initiative assists tax policymakers in aligning tax policy and capacity development in tax administrations to address these gaps and challenges.

UNDP aims to achieve the above goals by 2030 by assisting the member countries. As a partner in this initiative, Maldives signed the country engagement plan of the Tax for SDGs Program on 9 November 2022. This program will provide support to the Government of Maldives on three areas:

1. Increased capacity to tackle tax avoidance, evasion and illicit financial flows,
2. Governments increasingly aligning tax and fiscal policy with SDGs and,
3. Incorporating developing country experiences across 6 thematic workstreams.

The main focus of the country engagement plan is to introduce a data governance framework and develop the enterprise risk management framework and business continuity plan. This engagement with MIRA is planned for a period of 2 years.



Source
•<https://www.taxforsdgs.org/about>
•United Nations development programme – tax for sustainable development goals initiative annual report 2023
•<https://www.undp.org/maldives/press-releases/country-engagement-plan-tax-sdgs-programme-maldives-signed-support-taxation-framework-maldives-aligned-sdgs>

Photo
<https://www.un.org>



MIRA concluded an employee withholding tax seminar for government employees



30 JUNE 2024

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for the tax year 2023**

