بسم الله الرحمن الرحيم

MALDIVES
INLAND REVENUE
AUTHORITY

Unofficial translation of the

SIXTH AMENDMENT TO THE INCOME TAX REGULATION 2026/R-67

SIXTH AMENDMENT TO THE INCOME TAX REGULATION

The Income Tax Regulation (Regulation Number 2020/R-21) shall be amended as follows:

1. Repeal Section 4(d) of the aforementioned Regulation:

	4.	(d)	(Repealed).

2. Amend Section 7(d) of the aforementioned Regulation as follows:

	7.	(d)	Notwithstanding subsection (a), where a person derives remuneration from more than 1 (one) payer of remuneration and has not been registered by any of those payers, the recipient of remuneration shall apply for registration under the Act.

3. Amend Section 7(f) of the aforementioned Regulation as follows:

	7.	(f)	Notwithstanding anything to the contrary in this Section, where the average monthly gross income derived by an individual during the past 12-month period exceeds MVR 60,000/- (Sixty Thousand Rufiyaa), and such individual has not been registered by any payers of remuneration, such individual shall apply for registration under the Act.

4. Insert two sections after Section 8 of the aforementioned Regulation as Sections 8-1 and 8-2 as follows:

Registration of persons who are required to deduct non-resident withholding tax	8-1.	(a)	A person who is required to deduct non-resident withholding tax under Section 55 of the Act shall apply for registration under the Act, even if such person does not meet any of the registration requirements specified in the provisions of this Chapter.

(b) Subsection (a) shall be subject to Section 10 of this Regulation.

Registration of persons who are required to deduct capital gains withholding tax

8-2. (a) A person who is required to deduct tax under Section 50-1 (a) of the Act shall apply for registration under the Act, notwithstanding that such person does not satisfy any of the registration requirements prescribed in this Chapter.

(b) Subsection (a) shall be subject to Section 10 of this Regulation.

5. Amend Section 12(c) of the aforementioned Regulation as follows:

12. (c) Where a non-resident or a temporary resident of the Maldives, who is not subject to Section 8-2 of this Regulation, ceases to derive income from the Maldives, such person shall apply for deregistration.

6. Insert two subsections after Section 17(f) of the aforementioned Regulation as Section 17(g) and Section 17(h) as follows:

17. (g) Notwithstanding anything to the contrary in this Regulation, a place of accommodation provided in the following manner shall not constitute an allowance or benefit within the definition of remuneration.

(1) A place of accommodation provided on an uninhabited island in the Maldives;

(2) Accommodation provided on a vessel to an employee who exercises their employment on that vessel.

(h) For the purposes of subsection (g), “uninhabited island” shall mean any island, ward or region of the Maldives other than an inhabited island as defined in Section 155(b) of the Decentralization Act (Law number 07/2010).

7. Insert a section after Section 17 of the aforementioned Regulation as Section 17-1 as follows:

Place of accommodation provided by payer of remuneration, the nature of which precludes accommodation of any other person

17-1. (a) "Place of accommodation provided by the payer of remuneration, the nature of which precludes accommodation of any other person" referred to in Section 12(w)(7) of the Act shall mean a place of accommodation other than a place of accommodation the nature of which allows for the accommodation of another person.

(b) Irrespective of the size or quality of the accommodation, where the employee residing therein has access to a private bathroom for their exclusive use and which is not shared with any other employee, the accommodation shall be deemed to be such that the nature of the accommodation allows for the accommodation of another person.

8. Repeal Section 40 of the aforementioned Regulation as follows:

Conversion of foreign currency transactions to Maldivian Rufiyaa

40. [Repealed].

9. Amend Section 42(b-1) of the aforementioned Regulation as follows:

42. (b-1) Notwithstanding subsection (b), even if the regular monthly total amount of remuneration subject to withholding tax is not more than MVR 60,000/- (Sixty Thousand Rufiyaa), where the cumulative amount of remuneration subject to withholding tax for the year, including the remuneration subject to withholding tax for that month, exceeds MVR 720,000/- (Seven Hundred and Twenty Thousand) Rufiyaa, employee withholding tax shall be computed and deducted for that month and each subsequent month of that year in accordance with the following. The amount of

employee withholding tax computed accordingly shall not include the amount of employee withholding tax required to be deducted for the year.

Total remuneration subject to Employee Withholding Tax paid for that year, including a particular month	**Rate at which Employee Withholding Tax is to be deducted**
More than MVR 720,000/- (Seven Hundred and Twenty Thousand Rufiyaa) but not exceeding MVR 1,200,000/- (One Million and Two Hundred Thousand Rufiyaa)	5.5% (Five point five percent)
More than MVR 1,200,000/- (One Million and Two Hundred Thousand Rufiyaa) but not exceeding MVR 1,800,000/- (One Million and Eight Hundred Thousand Rufiyaa)	8% (Eight percent)
More than MVR 1,800,000/- (One Million and Eight Hundred Thousand Rufiyaa) but not exceeding MVR 2,400,000/- (Two Million and Four Hundred Thousand Rufiyaa)	12% (Twelve percent)
More than MVR 2,400,000/- (Two Million and Four Hundred Thousand Rufiyaa)	15% (Fifteen percent)

10. Amend Sections 58(c) and (d) of the aforementioned Regulation as follows:

58. (c) A person's accounting period shall end upon the person's deregistration under Section 12 of this Regulation. Subsections (a) and (b) shall be subject to this subsection.

(d) This Section shall be subject to Sections 61 and 61-1 of this Regulation.

11. Amend Section 59(e) of the aforementioned Regulation as follows:

59. (e) Notwithstanding subsection (d), a person may elect to prepare accounts on the cash basis if all of the following conditions are met:

(1) The annual total income for the year does not exceed MVR 10,000,000/- (Ten Million Rufiyaa); and

(2) The total cost price of all business non-current assets does not exceed MVR 30,000,000/- (Thirty Million Rufiyaa); and

(3) The total cost price of all business non-current assets, including the cost of non-current assets under development upon completion and non-current assets in the process of acquisition upon acquisition, is estimated not to exceed MVR 30,000,000/- (Thirty Million Rufiyaa).

12. Repeal Section 60(b) of the aforementioned Regulation as follows:

60. (b) [Repealed].

13. Amend Section 60(c) of the aforementioned Regulation as follows:

60. (c) Where subsection (a) applies, transactions carried out in currencies other than the functional currency shall be recorded in accordance with the accounting standards adopted under Section 59 (d) of this Regulation, using an exchange rate within ±2% (plus or minus two percent) of the rate published by the Maldives Monetary Authority, pertaining to the relevant date.

14. Insert a subsection after Section 60(c) of the aforementioned Regulation as Section 60(c-1) as follows:

60. (c-1) Notwithstanding subsection (c), a person who has elected to prepare accounts on a cash basis under Section 59 (e) of this Regulation shall record transactions carried out in a currency other than the functional currency using an exchange rate within ±2% (plus or minus two percent) of the rate published by the Maldives Monetary Authority, pertaining to the relevant date.

15. Amend Sections 61(b) and (c) of the aforementioned Regulation as follows:

61. (b) For the purpose of subsection (a), the winding up of a company shall commence on the date of:

(1) notification to the Registrar of Companies of the passing of a special resolution in accordance with Section 196(a) of the Companies Act (Law No. 7/2023) (hereinafter referred to as the "Companies Act") and the public announcement thereof under Section 196(c) of the Companies Act; or

(2) the Registrar of Companies renders a decision to dissolve the company pursuant to Section 207 (a) of the Companies Act, and duly records the decision in the register specified under Section 231 of the Companies Act; or

(3) the issuance of a court order to dissolve the company, pursuant to Section 209 (a) of the Companies Act.

(c) The person appointed under Section 196(b) or 209(b) of the Companies Act shall notify MIRA in writing the occurrence of an event specified in subsection (b)(1) or (b)(2), within 15 (fifteen) days of such occurrence, and provide MIRA, together with such notification, a copy of the notification sent to the Registrar of Companies and a copy of the public announcement referred to in Section 196 (c), or a copy of the notification sent to the Registrar of Companies under Section 210 of the Companies Act and a copy of the public announcement under Section 211 of the Companies Act.

16. Amend Sections 61(e) and (f) of the aforementioned Regulation as follows:

61. (e) The company shall file an income tax return and pay the final payment for the accounting period which ended upon commencement of the company's winding up, before making a submission to the Registrar of Companies under Section 206 (a) of the Companies Act.

(f) The liquidator shall ensure that all dues payable to MIRA are settled before the liquidator makes a submission to the Registrar of Companies under Section 206(a) of the Companies Act.

17. Insert a section after Section 61 of the aforementioned Regulation as Section 61-1 as follows:

Dissolution of a partnership

61-1. (a) The accounting period of a partnership constituted under the Partnership Act (Law number 13/2011) shall end upon the dissolution of the partnership as a result of any event specified in Section 39 of the Partnership Act.

(b) Where the accounting period of a partnership ends pursuant to subsection (a), the partnership shall file an income tax return and make the final payment for that year within 30 (thirty) days from the date on which the accounting period ended.

(c) Notwithstanding anything to the contrary in this Section, where the Commissioner General believes that the partnership would earn, or has earned, taxable income in excess of MVR 500,000/- (Five Hundred Thousand Rufiyaa) in any 12-month period commencing after the end of its accounting period under subsection (a), the Commissioner General shall have the discretion to require the partnership to submit an income tax return and pay tax for the period or periods beginning after the dissolution of the partnership, in a manner prescribed by the Commissioner General.

(d) All partners of a partnership shall be jointly and severally liable to fulfil the obligations specified in subsections (b) and (c).

18. Amend Section 66(b)(2) of the aforementioned Regulation as follows:

66. (b) (2) Any capital allowance which arises after the date of transfer of the asset shall be allowed to the transferee as would have been allowed if the transferor had continued to own the asset; and

19. Amend Section 66(d) of the aforementioned Regulation as follows:

66. (d) Persons wishing to make an election under subsection (b) shall submit to MIRA a completed MIRA 609 (Application for an Election under S.66(b) of the Income Tax Regulation) form, together with all information and documents required therein, before the due date for filing the income tax return for the tax year to which the transaction relates.

20. Amend the side heading of Section 72-1 and amend Section 72-1(a) of the aforementioned Regulation, as follows:

Deduction in respect of payments made under an operating lease	72-1.	(a)	In the computation of taxable income, the amount deductible in respect of an operating lease shall be the amount recognized as an expense for the relevant accounting period in accordance with the accounting standard adopted by the person under Section 59(d) of this Regulation.

21. Insert five subsections after Section 72-1(c) of the aforementioned Regulation as Sections 72-1(d), (e), (f), (g) and (h) as follows:

	72-1.	(d)	Subsections (a) to (c) of this section shall apply to the tax year 2026 and all preceding tax years.
		(e)	In the computation of a person's taxable income, amounts payable in respect of an operating lease shall be deductible over the lease term on a straight-line basis.
		(f)	(f) Notwithstanding subsection (e), where as a result of application of subsection (a), the aggregate amount that would be deductible in respect of an operating lease over the lease term proves to be less than the aggregate amount of lease payments made in respect of that lease, the shortfall may be deducted in the computation of taxable income for the tax year 2027.
		(g)	Notwithstanding subsection (e), where as a result of application of subsection (a), the aggregate amount that would be deductible in respect of an operating lease over the lease term proves to exceed the aggregate amount of lease payments made in respect of that lease, the excess amount shall be treated as income for the purpose of computing taxable income for the tax year 2027.
		(h)	Subsections (e) to (g) of this Section shall apply to the tax year 2027 and all subsequent tax years.

22. Insert two sections after Section 72-1 of the aforementioned Regulation as Sections 72-2 and 72-3 as follows:

Finance lease

72-2. (a) For the purpose of Section 79(dd) of the Act, a lease shall be deemed to transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee if any of the following conditions are met.

(1) The lease transfers ownership of the asset to the lessee either before or by the end of the lease term;

(2) The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised;

(3) The lease term is for the major part of the economic life of the asset even if ownership is not transferred;

(4) At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;

(5) The leased asset is of such a specialized nature that only the lessee can use it without major modifications;

(b) For the purpose of Section 79 (dd) of the Act, where a lease is a sub-lease, the right-of-use asset arising from the head lease shall be deemed to be the asset.

Reclassification of a lease

72-3. Where a lease previously classified as a finance lease is reclassified as an operating lease, or a lease previously classified as an operating lease is reclassified as a finance lease, as a result of a change in the scope of the lease, lease term, or other factors relating to the lease, such reclassification shall apply prospectively.

23. Amend Section 83(a) of the aforementioned Regulation as follows:

Rates of capital allowance

83. (a) The tables below shows the classes of assets that qualify for capital allowance under this Chapter and the relevant rates for each asset class.

(1) From 1 January 2020 to 31 December 2026:

	Class of Asset	Rate (%)
1.1	Buildings	4
1.2	Aircraft	7
1.3	Wooden marine vessels	7
1.4	Other marine vessels	5
1.5	Furniture and fittings	10
1.6	Motor vehicles	20
1.7	Earth moving vehicles	5
1.8	Plant and equipment (excluding office equipment)	10
1.9	Office equipment	20
1.10	Computer software	33⅓
1.11	Crockery, cutlery, utensils, linen, loose tools	33⅓

(2) From 1 January 2027 onwards:

	Class of Asset	Rate (%)
2.1	Buildings of tourist resorts, integrated tourist resorts, resort hotels, picnic islands, private islands, yacht marinas, hotels, tourist hotels, or guesthouses located on an uninhabited island	2.5
2.2	Buildings (other than buildings of tourist resorts, integrated tourist resorts, resort hotels, picnic islands, private islands, yacht marinas, hotels, tourist hotels, or guesthouses located on an uninhabited island)	4
2.3	Aircraft	7
2.4	Wooden marine vessels	7
2.5	Other marine vessels	5
2.6	Furniture and fittings	10
2.7	Motor vehicles	20
2.8	Earth moving vehicles	5
2.9	Plant and equipment (excluding office equipment)	10
2.10	Office equipment	20
2.11	Computer software	33⅓
2.12	Crockery, cutlery, utensils, linen, loose tools	33⅓

24. Insert a subsection after Section 83(a) of the aforementioned Regulation as Section 83(a-1) as follows:

83. (a-1) Any expenditure incurred on goods or services acquired from a person who is required to be registered under the Act but is not registered shall be excluded from the cost of an asset falling within the asset classes specified in items 2.1 and 2.2 of subsection (a)(2) of this Section.

25. Insert three subsections after Section 91-2(a) of the aforementioned Regulation as Sections 91-2(a-1), (a-2) and (a-3) as follows:

91-2. (a-1) Where an election made under Section 28(a) of the Act is to be changed in an income tax return, the prior approval of the Commissioner General shall be obtained in the manner specified in subsection (a), before the due date for filing that return.

(a-2) Notwithstanding subsection (a-1), where an election made under Section 28(a) of the Act is to be changed in an interim return, the prior approval of the Commissioner General shall be obtained, in the manner specified in subsection (a), before the due date for filing that return.

(a-3) Where an election under Section 28(a) of the Act is exercised in the first income tax return filed for a tax year, such election shall not be altered in any amended return filed for that tax year.

26. Amend Section 101(d) of the aforementioned Regulation as follows:

101. (d) Notwithstanding subsection (a), an individual shall not be required to file an income tax return for a tax year if any of the following conditions are met:

(1) the individual's total income for the accounting period ending in that tax year consisted solely of remuneration derived from a single payer; or

(2) the individual has not derived any income in the accounting period ending in that tax year, and the individual's total income for the preceding tax year consisted solely of remuneration derived a single payer.

27. Insert three subsections after Section 101(f)(2-1) of the aforementioned Regulation as Sections 101(f)(2-2), (2-3) and (2-4) as follows:

101. (f) (2-2) Persons whose total cost price of business non-current assets is equal to or exceeds MVR 30,000,000/- (Thirty Million Rufiyaa).

(2-3) Persons whose total cost price of business non-current assets, including the cost of non-current assets under development upon completion and non-current assets in the process of acquisition upon acquisition, is estimated to be equal to or exceed MVR 30,000,000/- (Thirty Million Rufiyaa).

(2-4) Persons who are exempt under Section 12-1 of the Act

28. Amend Sections 102(b),(c) and(d) of the aforementioned Regulation as follows:

102. (b) Notwithstanding subsection (a), a person who satisfies all of the following conditions shall not be required to submit the Auditor's Report specified in subsection (a)(7), and if such person has made an election under Section 59(e) of this Regulation, that person shall also be exempt from submitting the documents specified in subsections (a)(2),(3) and (4) of this Section.

(1) The annual total income for the year does not exceed MVR 10,000,000/- (Ten Million Rufiyaa); and

(2) The total cost price of all business non-current assets does not exceed MVR 30,000,000/- (Thirty Million Rufiyaa); and

(3) The total cost price of all business non-current assets, including the cost of non-current assets under development upon completion and non-current assets in the process of acquisition upon acquisition, is estimated not to exceed MVR 30,000,000/- (Thirty Million Rufiyaa).

(c) Notwithstanding subsections (a) and (b), a person to whom subsection (a) applies and whose only business income during an accounting period is rental income from immovable property in the Maldives, shall be exempt from submitting the documents specified in subsections (a)(1) to (7) where the person has made an election under Section 28 of the Act for a tax year. This provision is subject to subsection (d).

(d) Notwithstanding subsections (a), (b) and (c), persons other than companies shall not be required to submit the Directors' Report referred to in subsection (a)(6). Companies shall prepare the Directors' Report with all the information specified in Section 185(a) of the Companies Act (Law Number 7/2023).

29. Amend Section 102-1 of the aforementioned Regulation as follows:

Submission of consolidated financial statements to MIRA

102-1. (a) Where the taxpayer is an entity of a group of entities, the taxpayer shall submit to MIRA, together with the income tax return, the consolidated financial statements prepared by the Ultimate Parent Entity of the group in respect of all entities comprising the group.

(b) Where any entity within a group of entities has submitted, together with its income tax return, the consolidated financial statements covering all entities comprising the group in accordance with subsection (a), all entities within that group shall be deemed to have submitted the consolidated financial statements to MIRA as required under subsection (a).

(c) For the purpose of this Section:

(1) The consolidated financial statements shall be prepared in accordance with the accounting standards required for the purpose of taxation in the jurisdiction where the Ultimate Parent Entity is resident.

(2) The term "Ultimate Parent Entity" means entity in a group of entities that meets the following criteria:

i. It owns directly or indirectly a sufficient interest in one or more other entities of the group such that it is required to prepare consolidated financial statements under the accounting principles applied in its jurisdiction of tax residence, or would be so required if its equity interests were traded on a public securities exchange in its jurisdiction of tax residence; and

ii. There is no other entity within the group of entities that owns directly or indirectly an interest described in subsection (c)(2)(i) in the first mentioned entity.

30. Insert a Section after Section 105 of the aforementioned Regulation as Section 105-1 as follows:

Functional Currency

105-1. (a) A person's functional currency shall be the currency in which more than 50% (fifty percent) of the person's total income was derived in the tax year immediately preceding the tax year in which the accounting period, or period to which the return relates, ended.

(b) Where more than 50% (fifty percent) of the person's total income for the tax year immediately preceding the tax year in which the accounting period, or the period to which the return relates, ended was derived in currencies other than the Maldivian Rufiyaa, the person's functional currency shall be the United States Dollar. This subsection shall be subject to subsection (a).

(c) Where a person has not derived any income in the tax year immediately preceding the tax year in which the accounting period, or the period to which the return relates, ended, such person may elect either the Maldivian Rufiyaa or the United States Dollar as the person's functional currency.

(d) A person's functional currency for the first tax year shall be the currency in which the person is estimated to derive more than 50% (fifty percent) of the person's total income for that tax year.

(e) Notwithstanding subsection (d), where a person estimates that the person will not derive any income in the first tax year, such person may elect either the Maldivian Rufiyaa or the United States Dollar as the person's functional currency.

(f) Where a person estimates that more than 50% (fifty percent) of the person's total income in the first tax year will be derived in currencies other than the Maldivian Rufiyaa, the person's functional currency shall be the United States Dollar. This subsection shall be subject to subsection (d).

(g) Where a person's functional currency cannot be determined under any of subsections (a) to (f), such person may elect either the Maldivian Rufiyaa or the United States Dollar as the person's functional currency.

31. Amend Section 106(e) of the aforementioned Regulation as follows:

106. (e) Where the presentation currency of a person differs from the person's functional currency, the financial statements of the person shall be translated into the presentation currency in accordance with the rules set out in the accounting standards adopted by such person under Section 59 (d) of this Regulation, using an exchange rate within ±2% (plus or minus two per cent) of the rate published by the Maldives Monetary Authority, pertaining to the relevant date.

32. Insert a subsection after Section 106(e) of the aforementioned Regulation as Section 106(f) as follows:

106. (f) Notwithstanding subsection (e), where a person has elected "cash basis" pursuant to section 59 (e) of this Regulation, the financial statements of such person shall be translated into the presentation currency using an exchange rate within ±2% (plus or minus two per cent) of the rate published by the Maldives Monetary Authority, pertaining to the relevant date.

33. Amend Section 107(e) of the aforementioned Regulation as follows:

107. (e) For the purpose of this Section, currency shall be translated in accordance with the rules set out in the accounting standards adopted by such person under Section 59 (d) of this Regulation, using an exchange rate within ±2% (plus or minus two per cent) of the rate published by the Maldives Monetary Authority, pertaining to the relevant date.

34. Insert a subsections after Section 107(e) of the aforementioned Regulation as Section 107(f) as follows:

107. (f) Notwithstanding subsection (e), where a person has elected "cash basis" pursuant to section 59 (e) of this Regulation, the financial statements of such person shall be translated into the presentation currency using an exchange rate within ±2% (plus or minus two per cent) of the rate published by the Maldives Monetary Authority, pertaining to the relevant date.

35. Amend Section 123(a) of the aforementioned Regulation as follows:

Refunds

123. (a) Where the submission of a tax return or amendment of a tax return results in a payment of more than the requirement amount by a taxpayer, such overpaid amount shall be refunded to the taxpayer by MIRA in accordance with the Tax Administration Regulation (Law Number 2013/R-45), without contravention of subsections (c), (d) and (e) of this Section.

36. Amend Section 123(d) of the aforementioned Regulation as follows:

123. (d) Money paid as withholding tax to MIRA by a person who is carrying on business in the Maldives, in respect of income derived by a non-resident person registered under the Act, shall be deemed to be tax paid by the non-resident person from whom tax is withheld, that is to say, the result of an amended non-resident withholding tax return filed under Section 46 of the Act shall not result in tax being paid in excess by the person carrying on business in the Maldives.

37. Insert a subsection after Section 123(d) of the aforementioned Regulation as Section 123(e) as follows:

123. (e) Notwithstanding subsection (d), for the purpose of subsection (a), money paid to MIRA under Section 56 of the Act by a person carrying on business in the Maldives, without deducting non-resident withholding tax pursuant to Section 55 of the Act, shall be deemed to be tax paid by the person carrying on business in the Maldives.

38. This Regulation shall have effect from the date of its publication in the Government Gazette.