



Unofficial Translation of

**TOURISM GOODS AND SERVICES TAX
REGULATION**

This Regulation was made pursuant to the authority granted to the Maldives Inland Revenue Authority by the Tourism Goods and Services Tax Act (Act Number 19/2010), and has been published in the Government Gazette on Monday the 20th of December 2010 (14 *Zulhhajj* 1431).

MALDIVES INLAND REVENUE AUTHORITY



TOURISM GOODS AND SERVICES TAX REGULATION

- Introduction and citation** 1. (a) This Regulation was made pursuant to the authority granted to the Maldives Inland Revenue Authority by the Tourism Goods and Services Tax Act (Act Number 19/2010).
- (b) This Regulation shall be cited as the “Tourism Goods and Services Tax Regulation”.

- Objective** 2. The objective of this Regulation is to establish policies and procedures with regard to the imposition of tax on the value of goods and services supplied from places providing services to tourists.

Registration

- Registration** 3. A person who applies for T-GST registration under Section 37 and 38 of the Act shall complete the T-GST Registration Form (MIRA 102) and furnish any information and documents specified therein.

- Separate registration** 4. Unless otherwise specified in this Regulation, the following persons shall apply, to the MIRA, for registration separately:-
- (a) Tourist resorts, tourist hotels, guesthouses, picnic islands, tourist vessels;
- (b) Diving schools, shops, spas, water sports facilities and other such facilities being operated on tourist resorts, tourist hotels, guesthouses, picnic islands, tourist vessels;
- (c) Travel agency service providers;
- (d) Domestic air and sea transportation service providers.

- Single** 5. (a) Persons granted with licenses to operate tourist resorts, tourist hotels, guesthouses, picnic islands, or tourist vessels may apply for a single

registration

registration to include other facilities such as diving schools, shops, spas, and water sports facilities established therein, provided the following conditions are met:-

- (1) the facilities shall be located on the same tourist establishment, where such establishment may be a tourist resort, tourist hotel, guesthouse, picnic island or tourist vessel; and
- (2) Persons granted with licenses to operate the places for which a single registration is sought, shall be the same legal person or entity.

Person required to register

6. (a) Tourist resorts, tourist hotels, guesthouses, picnic islands, tourist vessels, or diving schools shall register, with the MIRA, under the name of the person granted with the license to operate such place by the Ministry of Tourism, Arts and Culture.
- (b) Except those places specified in Section 6(a) of the Regulation, all other places liable to be registered under the Act shall register, with the MIRA, under the name of the person operating such place but where relevant, the person granted with the license to operate such place by the concerned government authority.

TIN

7. (a) Each person applying for registration under Section 4 of the Regulation shall be allocated a separate Taxpayer Identification Number (TIN). Nonetheless, persons applying for a single registration under Section 5 of the Regulation shall be allocated a single TIN.
- (b) Registered persons shall declare the TIN, allocated to him upon registration for T-GST, on tax invoices and tax returns prepared by such person and, in all communications with the MIRA.

Display of T-GST Registration Certificate

8. Every registered person shall display in a conspicuous place at his business premises a certificate provided by the MIRA to indicate that the person is registered for T-GST.

Non registration

9. Carrying out a taxable activity, referred to in the Act, without registering with the MIRA in accordance with Section 37 and 38 shall be deemed an offence. The penalty for such offence shall be the imposition of a fine of MVR25,000 (Twenty Five Thousand Maldivian Rufiyaa). And such person shall be treated as a person liable to pay tax under the Act similar to a registered person.

Time of Supply

- Time of supply** 10. (a) The time of supply of a taxable service referred to in Section 4 of the Act shall be deemed as the time at which the invoice for such service was issued or the time at which the payment for such service was made, whichever comes earlier.
- (b) For the purposes of Section 10(a) of the Regulation, the time of issue of an invoice shall be deemed as the time at which a tax invoice in respect of a service supplied by a registered person is issued. And the time at which payment for a service is made shall be deemed as the time at which a payment is received for a tax invoice, or where such payment is received even without the issue of a tax invoice, in respect of a service supplied by the registered person.
- Advance payments and deposits** 11. (a) The time of supply in relation to an advance payment or deposit shall be the time at which a tax invoice is issued for the advance payment or deposit or the time at which the advance payment or deposit is received, whichever comes earlier. And tax shall be payable, to the MIRA, on the advance payment or deposit during the taxable period in which the time of supply occurred.
- (b) Where an advance payment or deposit, referred to in Section 11(a), has been received for a proforma invoice or otherwise, a tax invoice or receipt for the payment shall be issued within 3 days of receipt of such advance payment or deposit.
- Subsequent payments after advance payment or deposit** 12. (a) Where an advance or deposit has been paid, the time of supply in relation to a subsequent payment made by the person who purchased the service shall be the time at which a tax invoice is issued for such payment or the time at which such payment is received, whichever comes earlier. And tax shall be payable, to MIRA, on the payment during the taxable period in which the time of supply occurred.
- (b) Where a payment, referred to in Section 12(a) of the Regulation, has been received, a tax invoice or receipt for the payment shall be issued within 3 days of receipt of such payment.
- Returnable deposits** 13. Tax shall not be payable on returnable deposits which have been collected for the purpose of compensating for any likely loss or damage to the property of the supplier of service and which would be refunded in full to the recipient of service provided such property have been returned without any loss or damage.
- Failure to utilize** 14. Where a recipient of service, who has paid a deposit for a supply of a service

services after payment (No shows)

fails to utilize such service, and where tax has been paid on the amount refunded by the registered person, then the registered person may set off such tax paid on the amount refunded from the tax payable for the taxable period such failure to utilize the service has occurred.

Advance bookings made during the period between the passing of the Act and its enactment.

15. (a) Registered persons shall not make advance bookings during the period between the passing of the Act and its enactment with intent to evade tax.
- (b) Registered persons shall submit the following particulars, upon request, to the MIRA prior to the expiry of deadline for submission of the first tax returns, upon enactment of the Act:-
- (1) Details of any advance bookings which have been made in the period between the passing of the Act and its enactment for the supply of services, if such services would be physically supplied at any time after the enactment of the Act.
 - (2) Details of advance bookings, made in the period corresponding to the period between the passing of the Act and its enactment, during the year 2009, relating to services physically supplied in 2010 or thereafter.
- (c) Under the circumstance where considerable discrepancies exist between the advance bookings made during the periods referred to in Section 15(b) (1) and (2) of the Regulation, MIRA shall treat such instances as deliberate attempts to evade tax and shall impose a penalty, upon the registered person, not exceeding MVR250,000 (Two Hundred and Fifty Thousand Maldivian Rufiyaa) and other penalties determined by the Act, unless otherwise justified by the registered person to the satisfaction of the Commissioner General.

Cut-off date

16. For the purpose of the Act, the cut-off date shall be 01st January 2011. And tax shall be payable on supplies in accordance with the Act from such date based on the time of supply.

Value of Services

Value of services

17. (a) For the purposes of calculating tax payable on the total value of a service, as prescribed in Section 6 of the Act, the amount charged on an invoice issued in respect of such service shall be considered as the value of such service.
- (b) The value stated on the invoice referred to in Section 17(a) of the Regulation shall be considered as the average value calculated in accordance with Section 19 below, if the value stated on the invoice is lower than the normal range of values of similar supplies from other

businesses in the same criteria.

- Opportunity to produce evidence** 18. Under the circumstances referred to in Section 17(b) of the Regulation, the registered person shall be given an opportunity to produce such documentary evidence and explanations as may be necessary to support the validity of his invoice value.
- Determination of value by MIRA** 19. Under the circumstance where the registered person is unable to produce documentary evidence and explanations, referred to in Section 18 of the Regulation, to the satisfaction of the Commissioner General then, in accordance with Section 6(b) of the Act, the average value for those services shall be determined in accordance with the following principles and formulae:-
- (a) Average rate may be based on average values of 5 years for the corresponding periods, or any other appropriate calculation.
 - (b) Renovations, upgrades, developments and changes to scale of operations.
 - (c) Effect on business due to any exceptional circumstances.
 - (d) Economic/market variables including, but not limited to, inflation, foreign currency exchange rates, target market and seasonal variation.
 - (e) Average rate charged by the industry as service charge.

Input and Output Tax

- Deducting input tax from tax payable** 20. (a) The tax payable, by the registered person, to the MIRA on taxable supplies shall be such person's output tax.
- (b) A registered person selling services to another registered person shall charge tax on such services. And, such tax shall be the input tax of the person who purchased the service.
- (c) A registered person, purchasing services from another registered person, shall pay the amount charged as tax on the value of such service, to the supplier of the service.
- (d) A registered person, purchasing services for supply, from another registered person, shall pay tax to the MIRA after having deducted input tax which has been paid to the registered person who supplied such services.
- Input tax** 21. Under circumstances where input tax exceeds output tax, any such excess tax

exceeding output tax

shall be set off against the future tax liabilities of the registered person.

Input tax paid on exempt supplies

22. Input tax paid on services supplied to any person granted exemption from tax under the Act, may be setoff against the output tax of the registered person.

Taxable Period

Taxable period and threshold for change of taxable period

23. (a) Registered persons whose monthly taxable sales exceed US\$10,000 (Ten Thousand United States Dollars) shall pay tax once every month. And registered persons whose monthly taxable sales do not exceed US\$10,000 (Ten Thousand United States Dollars) may apply for change of taxable period as prescribed in Section 24 of the Regulation.

(b) Person who applies to change the taxable period shall complete the relevant form (MIRA 202) and furnish any information and documents specified therein.

(c) For the purposes of determining whether or not a person's monthly taxable sales exceeds US\$10,000 (Ten Thousand United States Dollars), a monthly average calculated, on the value of the previous 12 months' actual taxable sales and, on the value of the following 12 months' estimated taxable sales, shall be submitted to the MIRA by the registered person.

Change of taxable period

24. Provided that both monthly average values calculated in accordance with Section 23(c) of the Regulation do not exceed US\$10,000 (Ten Thousand United States Dollars), the Commissioner General may grant approval to change the taxable period as follows:-

(a) If both monthly averages fall between US\$5,000(Five Thousand United States Dollars) and US\$10,000(Ten Thousand United States Dollars), then once every 2 (two) months; or

(b) If both monthly averages fall below US\$5,000(Five Thousand United States Dollars), then once every 6 (six) months.

Matters to be taken into consideration in granting approval to change the taxable period

25. Where a registered person has made an application to change the taxable period under Section 9 of the Act, the Commissioner General shall take into consideration the following matters in reaching a decision in respect of such application:-

(a) The person's history in filing tax returns and paying tax liabilities, which would include, without limitation, the following:

(1) Late filing or non-filing of tax returns;

- (2) Late payment, non-payment or short payment of tax;
- (3) Outstanding payments, fines or interests, if any;
- (4) Submitting false or incorrect tax returns or any other false or incorrect information to the MIRA.

- (b) The person's history in submitting financial reports, if any.
- (c) The scale of the person's taxable supplies.

Frequency of change of taxable period **26.** Registered persons shall not be permitted to change their taxable period by application to the Commissioner General more than once a year.

Notification to change taxable period **27.** (a) Notwithstanding Section 26 of the Regulation, the Commissioner General may change the taxable period of a registered person under the circumstances –

(1) where the taxable sales of such person, who has been granted with approval to change the taxable period, exceed US\$5,000 (Five Thousand United States Dollars) calculated based on the average of the past 12 months. The Commissioner General may notify such person to file returns and pay tax on a 2 monthly basis.

(2) where the taxable sales of such person, who has been granted with approval to change the taxable period, exceed US\$10,000 (Ten Thousand United States Dollars) calculated based on the average of the past 12 months. The Commissioner General may notify such person to file returns and pay tax on a monthly basis.

(b) Under the circumstance where the Commissioner General has notified the change of the taxable period in accordance with Section 27 of the Regulation, such change shall take effect from the subsequent taxable period following the taxable period in which the notice was served.

Tax Invoice

Tax Invoice **28.** (a) Registered persons shall raise a tax invoice for all supplies.

(b) The tax invoice, referred to in Section 28(a) of the Regulation, may be issued at any time before, during or after the physical supply of the service. Nonetheless, such tax invoice shall be issued not later than 3 (three) days upon the physical supply of the service.

- Full tax invoice** **29.** Unless otherwise specified in this Regulation, tax invoices raised by a registered person shall specify thereon the below mentioned particulars:-
- (a) "Tax Invoice" written in a prominent manner;
 - (b) The name, address and TIN of the supplier;
 - (c) The name and address of recipient of service;
 - (d) Invoice number (If such invoice number is not generated by a software then a preprinted serial number should be included on the invoice);
 - (e) Date of issue;
 - (f) Date payment was received or credit period;
 - (g) The quantity, description and value of the goods or service showing each item separately;
 - (h) The value of the supply exclusive of T-GST, the amount of T-GST, and net value inclusive of T-GST,
 - (i) An indication on how tourism tax, if any, has been included in the value of supply.
 - (j) An indication on how service charge, if any, has been included in the value of supply.
 - (k) If recipient of service is a registered person, then TIN of such person.
- Simplified tax invoice** **30.** (a) Registered persons, supplying services of a value below US\$100 (One Hundred United States Dollars) or using Payment Basis as the basis for calculation of tax, may raise the tax invoice referred to in Section 29 of the Regulation without including the name and address of the recipient of service.
- (b) Notwithstanding Section 30(a) of the Regulation, if the recipient of service is a registered person, then such person shall be issued with a tax invoice as prescribed in Section 29 of the Regulation.
- Supplies to be shown separately on tax invoice** **31.** Where a registered person raises an invoice and specifies thereon any services which are the subject of a complimentary service or exempt supply, he shall distinguish on the invoice between the services which are the subject of a complimentary service or exempt supply and state separately the details and the total amount payable in respect of each supply.
- Proforma invoice** **32.** For the purpose of the Act and Regulation, herein, a proforma invoice shall not be considered as a tax invoice. And, a proforma invoice shall be clearly marked with the words "This is not a tax invoice".

Service Charge and Complimentary Services

- Service charge** **33.** (a) Tax shall not be applicable on any service charge taken in addition to the value of the service.
- (b) Registered persons shall, upon request, submit details of their service charge policy to the MIRA.
- Complimentary services** **34.** Complimentary service may include services provided as gifts or free of charge or any other such services.
- Calculation of value of complimentary services** **35.** For the purpose of determining the value of the complimentary services registered persons shall raise a notional tax invoice based on the following:-
- (a) If a room has been supplied on a complimentary basis, then the Average Daily Rate (ADR).
- (b) If a service other than a room has been supplied, then the price at which such service is usually supplied by the registered person.
- Payment of tax on complimentary services** **36.** If the value of cumulative complimentary services supplied exceed 1.5% (one and half per cent) of the cumulative taxable sales, during a given year, then tax shall be applicable on the part which is in excess of 1.5% (one and half per cent) of the cumulative taxable sales and such tax shall become payable in the taxable period during which such excess occurred.

Irrecoverable Debts

- Writing off irrecoverable debt for tax purposes** **37.** For the purposes of Section 33 of the Act, registered persons may write off irrecoverable debts in respect of a particular transaction in the manner prescribed below:-
- (a) Judgement of a court that whole or part of the consideration for a supply is irrecoverable.
- (b) The Commissioner General may allow specific debts to be written off from the accounts of the registered person as follows:-
- (1) The debtor has been liquidated or adjudged bankrupt then upon a determination that such debt is irrecoverable.
- (2) Registered persons may write off specific debts in accordance with International Financial Reporting Standards (IFRS) or any other internationally recognized financial reporting framework provided such debts have been outstanding for a period of 1 (one) year.
- Setting off tax paid** **38.** Tax paid on an irrecoverable debt may be set off against future tax liabilities

on irrecoverable debt

with the approval of the Commissioner General. In seeking the approval of the Commissioner General, the registered person, shall submit in respect of each relevant supply the following documents:-

- (a) Copies of tax invoices relating to that service.
- (b) Documents showing he has accounted for and paid tax thereon.
- (c) Documents showing that the consideration has been written off from his accounts as an irrecoverable debt.
- (d) Documentary evidence of, debt being declared irrecoverable or liquidation or bankruptcy of the debtor.

Tax payable upon recovery of debts written off

39. Under the circumstance where the registered person has received any payment for a debt which has been written off in accordance with Section 37 of the Regulation and where tax for such debt has been set off, then tax shall become payable by the registered person, on the part of the debt recovered, along with tax payable for the taxable period in which such debt was recovered.

Tax Returns

Tax returns

40. (a) Registered persons shall file tax returns to the MIRA in accordance with the guidelines issued by the MIRA under Section 13 of the Act and, during the periods determined by the MIRA.
- (b) Persons registered under Section 4 of the Regulation shall file separate tax returns for each taxable period. And persons registered under Section 5 of the Regulation shall file a single return for each taxable period.

Preparing returns

41. Where a registered person is required to file tax returns to the MIRA, the T-GST Return Form (MIRA201) shall be completed by including the amounts, to be entered on such return for such taxable period, determined in accordance with the principles of time of supply prescribed in the Act and the Regulation.

Particulars on tax returns

42. Any tax returns filed shall contain the particulars as follows:-
- (a) Name, address and TIN of the registered person.
 - (b) Taxable period.
 - (c) Total sales of the registered person.
 - (d) Deductions, if any.
 - (e) Taxable sales.
 - (f) Output tax.

- (g) Input tax, if any.
- (h) Any other adjustments to tax payable, if any.
- (i) Tax payable by the registered person after adjustments.
- (j) Other particulars included in the form MIRA 201.

Deductions

43. (a) The following deductions may be made from the total sales, applicable to the relevant taxable period, declared on the tax return, provided such amounts have been included in the total sales:-

- (1) Value of services supplied to Maldivian nationals and Resident Permit Holders.
- (2) Tourism tax.
- (3) Value of services supplied to employees including directors, of the registered person or, of Group of Companies to which the company belongs or, of any other place operated by the company.
- (4) Value of services provided to persons exempt from tax under any law.
- (5) Value of complimentary services deductible under the Act.
- (6) Compensation paid by tourist due to a loss suffered by the registered person or any other fine.
- (7) Service charges.
- (8) Other revenue outside the scope of the Act.

(b) Import duties and other taxes, fees and charges payable to the Government shall not be applicable in calculating deductions from the total sales declared on the tax return.

Authorized signatories for tax returns

44. Any tax return submitted to the MIRA by a registered person shall be signed by the registered person or responsible person or by any other person registered with the MIRA to act on behalf of the registered person.

Postponement of filing of tax returns

45. (a) The registered person or the legally obliged person may apply to the Commissioner General to extend the period for filing tax returns under the following circumstances:-

- (1) the registered person suffering from suddenserious illness,

(2) death of the registered person,

(3) any other reasonable cause.

(b) The Commissioner General may, at his discretion, grant an extension based on the grounds referred to in Section 45(a) of the Regulation. And, the registered person shall act in the manner approved by the Commissioner General from the date of approval.

Paying tax during period for which extension was granted

46. Any registered person, granted with an extension for the period for filing tax returns, shall pay an estimated amount of tax, as and when they would otherwise fall due had the extension not been granted, as follows:-

(a) Tax paid in the corresponding taxable period of the previous year or, the tax declared in the last tax return filed, whichever amount of tax paid was greater; or

(b) An estimated amount of tax calculated, with the approval of the Commissioner General, in a manner other than that prescribed in Section 46(a) of the Regulation.

Filing returns and paying tax upon expiry of extension

47. (a) Upon expiry of the extension granted under Section 45 of the Regulation, the registered person shall file the tax returns applicable for the period for which extension was granted along with the tax return for the subsequent taxable period.

(b) The registered person shall, thereafter, pay tax for the current taxable period along with any tax which has fallen short and applicable fines during the period for which the extension was granted. And, any tax paid in excess shall be setoff against tax liabilities of the registered person. Interest shall not be applicable on any such tax paid in excess.

Self-correction of errors

48. (a) This Section applies where a registered person has filed a return, or returns, to the MIRA which overstated or understated his tax liability.

(b) Under the circumstance where an overstatement or understatement of tax liability in an earlier return has been discovered by the registered person, the registered person may correct such error in the taxable period during which such overstatements or understatements were discovered, provided the following conditions are met:-

(1) 6 (six) months has not elapsed since the date on which the tax return, which relates to the error, had fallen due, and

(2) The error discovered does not exceed 2.5% (two and half per

cent) of tax payable in the taxable period, which relates to the error.

- Correction of errors by applying to the Commissioner General** 49.
- (c) Every entry made under this Section shall make reference to the tax return to which it applies, and to any supporting documents relating to the overstatements or understatements.
 - (a) Where the conditions referred to in Section 48(b) of the Regulation do not apply, a registered person may not self-correct such error relating to the overstatement or understatement of his tax liability.
 - (b) Where a registered person has discovered an overstatement or understatement of tax liability in any return made by him, then, unless he corrects that error in accordance with Section 48 of the Regulation, he shall apply to the Commissioner General and correct it in such manner and within such time as the Commissioner General may require.
 - (c) Any claim to set off tax paid in excess shall be made in writing to the Commissioner General and shall, by reference to such documentary evidence, as is in the possession of the claimant, state the amount of the claim and the method by which that amount was calculated. Any such tax paid in excess may only be set off against future tax liabilities, upon the approval of the Commissioner General.
 - (d) Under this Section, fines shall be applicable on the amount which falls short as a result of any understatement of tax liability.
- Errors not affecting tax liability** 50.
- (a) Where a registered person discovers an error on his tax return which has not affected the tax liability stated on the return, then he shall submit an amended return when submitting the return relevant to the taxable period in which the error was discovered.
 - (b) Amended returns, in accordance with Section 50(a) of the Regulation, shall only be submitted to correct errors which do not affect the tax liability of the registered person.

Payment of Tax

- Payment of tax** 51. Tax, fines and interests shall be paid in full as and when they fall due. Nevertheless, MIRA may accept payment of any fine payable, on instalment basis, subject to the approval of the Commissioner General, and in a manner specified by the MIRA.
- Place of payment of tax** 52. Registered persons shall pay tax to the MIRA or, to any other place as specified by the MIRA.

- Currency for payment of tax**
53. (a) Tax shall be paid in United States Dollars or in any other foreign currency determined, from time to time, by the Commissioner General in consultation with the Maldives Monetary Authority and other relevant authorities of the State.
- (b) Registered persons shall not change the type of currency used for payment of tax more than once in a given Gregorian year.
- Payment without return**
54. (a) Any registered person, who has failed to file his tax return on time, may pay an amount of money to the MIRA to be credited to his account.
- (b) Monies credited to the account of the registered person under Section 54(a) of the Regulation shall only be set off against his tax liabilities once the tax return has been filed.
- (c) Any amount paid in excess, after having set off an amount in accordance with Section 54(b) of the Regulation, shall be set off against the tax liabilities of the registered person in the subsequent taxable period. And, any amount which falls short shall be paid along with fines incurred on such amount, from the date such amount fell due till the date the outstanding was settled.
- (d) The registered person shall not be allowed to claim interest where an amount in excess of his tax liability was credited to his account as prescribed in Section 54(a) of the Regulation.
- (e) Under the circumstances referred to in this Section, the registered person shall be subject to a fine under Section 44 of the Act for failure to file returns as and when they fall due.

Unpaid tax, fines and penalties

- Unpaid tax and fines**
55. The Commissioner General shall have the authority to recover any unpaid tax and fines as a debt owed to the State, in accordance with the procedure set forth in the Tax Administration Act and regulations made thereunder. In doing so, the Commissioner General may serve a notice to the registered person, giving him a final opportunity to settle the outstanding amounts.
- Notice to pay outstanding liabilities**
56. (a) Any notice served on a person in respect of unpaid tax and fines shall contain the following particulars:-
- (1) The name, address and TIN of the registered person.
 - (2) The amount of unpaid tax and fines.
 - (3) The taxable period which corresponds to the unpaid tax and fines.

- (4) The amount of interest charged on the unpaid tax and fines.
- (5) The date up to which the interest was calculated.
- (6) The applicable daily amount of interest.
- (7) Applicable deadlines for payment.

(b) Any payments made towards the satisfaction of the liability of the registered person shall first be setoff against the principal and then against any fines and interests, in that order.

Relief from penalties

57. The MIRA may partially or completely waive penalties under the circumstances –

- (a) where the failure to discharge his responsibilities was caused due to the direct result of a death or sudden serious illness, or
- (b) where the failure to discharge his responsibilities was caused by the destruction of property or records by natural disaster, fire or other casualty, or
- (c) where the failure to discharge his responsibilities was caused due any other reasonable cause, if explanations with supporting documentary evidence has been provided to the satisfaction of the Commissioner General.
- (d) where the registered person has, prior to the detection by MIRA, of any concealment of any particulars relating to his tax liability or of the inaccuracy of particulars furnished in respect of such tax liability, voluntarily and in good faith, made full and true disclosure of such particulars.

Death or bankruptcy of registered person

Death or bankruptcy of registered person

58. (a) If a registered person dies, the person legally obliged to file tax returns shall notify the MIRA of that fact within 14 days from the date of death. And such person shall file the tax return and pay tax for the current taxable period, for the part applicable up until time of death, on or before the 28th day of the subsequent Gregorian month following the taxable period in which the death occurred.

(b) If a registered person becomes bankrupt or ceases to carry out all taxable activities, the registered person or the legally obliged person shall submit a tax return for the applicable part of the current taxable period and pay tax, on or before the 28th day of the subsequent Gregorian month following the taxable period in which the bankruptcy or cessation of taxable activities occurred.

Carrying on the business of a registered person who has deceased

59. Where a registered person has died and where the business of the deceased is being carried on by another person, the Commissioner General may, from the date on which the registered person died, treat as a registered person any such person carrying on that business until a person is registered in respect of the business. And such persons carrying on the business shall, within 14 days of commencing to do so, inform the Commissioner General in writing of that fact with reasons.

Powers of Audit and Record Keeping

Submission of tax invoices or receipts

60. (a) Registered persons, whilst filing their tax returns, shall submit, to the MIRA, tax invoices or receipts used to determine the time of supply for the amounts declared on such tax return. Such invoice or receipt shall also include sales subject to T-GST, complimentary services and exempt supplies, deductions and the amount of input tax claimed on the tax return.
- (b) The Commissioner General may, at his discretion, exempt registered persons from the obligation to submit tax invoices and receipts in accordance with Section 60(a) of the Regulation when submitting tax returns to the MIRA.
- (c) Notwithstanding Section 60(b) of the Regulation, the exemption from the obligation to submit tax invoices and receipts may be revoked by the Commissioner General at any time by providing a minimum of 7 (seven) days from the date of revocation.
- (d) Under the circumstance where the exemption from the obligation to submit tax invoices and receipts has been revoked pursuant to Section 60(c) of the Regulation, the registered person shall submit tax invoices and receipts to the MIRA in a manner specified in the revocation notice.

Requesting for submission of other documents

61. Under the circumstances where MIRA requires any other documentation in addition to those mentioned in Section 60 of the Regulation, the Commissioner General shall have the power and authority to request for the submission of any such documentation by serving notices as follows:-
- (a) For documents required to be maintained in accordance with Section 62 of the Regulation, a minimum notice of 7 (seven) days.
- (b) For any other document except those referred to in Section 61(a) of the Regulation, a minimum notice of 14 (fourteen) days.

- Keeping of records** 62. (a) Every registered person shall, for the purpose of accounting for tax, keep the following records in accordance with IFRS or any other internationally recognized financial reporting framework:-
- (1) Copies of all tax invoices issued by the registered person.
 - (2) All tax invoices received by the registered person.
 - (3) Credit notes, debit notes, or other documents which evidence an increase or decrease in consideration that are paid and received.
 - (4) If any services have been supplied to persons exempt from tax, then documentary evidence showing that such services have, in fact, been supplied to such persons.
 - (5) Statements showing details of input tax claimed on tax returns.
 - (6) Any other relevant accounting document.
- (b) The Commissioner General may supplement the list of records required in Section 62(a) of the Regulation by a notice published by the Commissioner General for that purpose.
- Period, language and currency for record keeping** 63. (a) Registered persons shall maintain records for a period of 5 years from the end of the relevant taxable period. Such records shall be maintained in English or *Dhivehi* language and the currency used in such records shall be United States Dollars or Maldivian *Rufiyaas*, except otherwise specified in this Regulation.
- (b) Notwithstanding Section 63(a) of the Regulation, tax invoices may be prepared in any currency acceptable to the Maldives Monetary Authority. Nonetheless, the value of GST shall also be stated on the tax invoice in United States Dollars.

Miscellaneous Provisions

- Submitting completed forms** 64. The MIRA may reject any application required to be made in accordance with this Regulation if such application is incomplete or does not contain all the particulars and documents required to be submitted with the application.
- Determining basis for calculating tax and effective date** 65. (a) For the purposes of determining whether or not a person's annual taxable sales exceeds US\$50,000 (Fifty Thousand United States Dollars) per annum in order to grant approval to change the basis

of calculating tax to a basis other than Invoice Basis in accordance with Section 20 of the Act, the total value of the previous 12 months' actual taxable sales and, the forecast total value of the taxable sales for the following 12 months shall be submitted to MIRA by the registered person.

(b) Any approvals granted pursuant to Section 20 of the Act for the change of basis for calculating tax shall take effect from the subsequent taxable period following the taxable period in which the approval was granted. And documents required to be submitted pursuant to Section 22 of the Act shall be submitted by registered persons within 21 (twenty one) days from the grant of approval to change basis for calculating tax by the Commissioner General.

(c) A person who applies for change of basis for calculating tax shall complete the prescribed form (MIRA 203) and furnish any information and documents specified therein.

Registered person acting as an agent

66. Under the circumstance where a registered person acts as an agent of an unregistered person during a taxable supply of a service, then tax shall only be applicable on the commission, if any, received by the registered person in respect of such supply.

Transfer of taxable activity

67. (a) A registered person, being a transferor, may transfer a taxable activity, to any other person, being the transferee, only after having settled all of his outstanding tax liabilities up until date of transfer of the taxable activity, if any.

(b) Any right or tax liability of the transferor existing prior to the transfer of the taxable activity shall not be transferred to the transferee under any circumstance.

(c) The transferee may get registered with the MIRA in respect of the same taxable activity once the transferor has settled all of his outstanding liabilities, if any, in accordance with Section 67(a) of the Regulation.

The making of a claim for a refund of tax to the MIRA upon cessation of taxable activities

68. Under the circumstance where a registered person becomes entitled to a refund at the time he ceases to carry out taxable activities, he shall make a claim to the MIRA in such form and manner as the Commissioner General may direct and, any amounts paid in excess shall be duly refunded.

Accounting standards

69. For the purposes of the Act and the Regulation, herein, the applicable accounting standard shall be the IFRS or any other internationally recognized financial reporting framework.

- Licensing tax advisors or tax accountants** 70. (a) Tax advisors or tax accountants licensed by MIRA may be assigned with the work of preparing accounts and filing tax returns on behalf of registered persons.
- (b) For the purpose of licensing tax advisors or tax accountants, MIRA may specify requirements which shall be fulfilled prior to being granted with such license.
- (c) Licensing of tax advisors and tax accountants may begin only after the initial 12 months from the date of enactment of the Act.
- Approved software** 71. Registered persons, whose annual taxable sales exceeds an amount determined by the MIRA, shall only use software approved by the MIRA for the purpose of preparing tax related documents. Nonetheless, registered persons shall be given 2 years from the date of publication of an approved list of software by the MIRA, to comply with the software requirements of the MIRA.
- Compliance** 72. Registered persons shall fully comply with the Regulation herein, including any other rulings issued by the Commissioner General in the course of administering tax for the purposes of the Act.
- Contravention of Regulation** 73. Unless otherwise specified in this Regulation, any person found to be in contravention of the Regulation herein shall be subject to a fine not exceeding MVR250,000 (Two Hundred and Fifty Thousand Maldivian Rufiyaa) pursuant to Section 51 of the Act, depending on severity of contravention.
- This Regulation to be read together with other taxation Acts** 74. This Regulation shall be read together with the Tourism Goods and Services Tax Act (Act Number 19/2010) and the Tax Administration Act (Act Number 3/2010) and regulations made pursuant to the Acts. And any word or expression defined in this Regulation, unless the context otherwise requires, shall have the same meaning such word or expression has in the Acts.
- Commencement of the Regulation** 75. The commencement date of this Regulation shall be 01st January 2011.
- Definitions** 76. (a) In this Regulation, unless otherwise specified –
- “Act” refers to the Tourism Goods and Services Tax Act (Act Number 19/2010).
- “TIN” refers to the Taxpayer Identification Number issued pursuant to the Tourism Goods and Services Tax Act.
- “Travel Agency Service Providers” refers to travel agents, tour

operators and other parties engaged in arranging travel on a commercial basis to persons travelling to Maldives.

“Legally obliged person” refers to the responsible person appointed under the Tax Administration Act by the registered person. And where the registered person, being an individual, has not appointed a responsible person, then a person appointed by such registered person for the purpose of Section 15 of the Act.

“Exempt supplies” refers to goods and services provided to persons exempted from tax under the Act and to any other persons that do not fall within the definition of a “tourist” as per the Act.

“Registered person” refers to any person or entity liable to be registered under the Tourism Goods and Services Tax Act.

“Taxable activity” refers to any tourism related activity referred to in the Act which involves or is intended to involve, in whole or in part, the supply of goods and services to any other person for a consideration; and includes any such activity carried on in the form of a business, profession, vocation, non-profit organization, or club.

“Invoice Basis” refers to tax calculations based on invoices raised.

“Payment Basis” refers to tax calculations based on cash received and paid.

“Hybrid Basis” refers to the basis where output tax is accounted for by using the invoice basis and input tax is accounted for by using the payment basis.

“Credit note” refers to notes issued when the price of a supply has been reduced after a tax invoice has been issued.

“Debit note” refers to notes issued when the price of a supply has been increased after a tax invoice has been issued.

“Commissioner General” refers to the Commissioner General of Taxation of the MIRA appointed pursuant to the Tax Administration Act.

“MIRA” refers to the Maldives Inland Revenue Authority established pursuant to the Tax Administration Act.

“T-GST” or “Tourism Goods and Services Tax” refers to the tax

imposed, under the Act, by places providing goods and services to tourists.

“Taxable period” refers to the period during which tax is payable in accordance with the Act and the Regulation herein.

“Service” refers to goods sold and services supplied.

“Tourism tax” refers to tax imposed under Section 35 of the Maldives Tourist Act (Act Number 2/99).

- (b) For the purposes of this Act, in phrasing, the singular shall include the plural and the plural shall include the singular.
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