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MIRAPOST

Income Tax return filing
and payment deadline
for 2020 is 31 August
2021



2021

Departure Tax to be imposed starting from 1 January 2022

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The Airport Taxes Fees Act (Law Number 29/2016) imposed the Airport Service Charge on December 7, 2016. Furthermore, beginning on May 1, 2017, an Airport Development Fee was imposed under the same Act.

The Airport Service Charge is a tax levied on passengers departing from the Maldives from an international airport in the Maldives. Persons with diplomatic immunity, transit passengers, and children under the age of two are exempt from the Airport Service Charge.

The Airport Development Fee is USD 12 for Maldivian passengers and USD 25 for foreign passengers departing from the Maldives via Velana International Airport. Persons with diplomatic immunity and “direct transit passengers” are exempt from the Airport Development Fee.

With the first amendment to the Airport Taxes and Fees Act, a new tax known as the Departure Tax was introduced. Passengers departing from an international airport in the Maldives on or after January 1, 2022 will be charged a departure tax based on their travel class, at the rates listed below.

Travel Class	Maldivian passengers	Foreign passengers
Economy class	12 USD	30 USD
Business class	60 USD	60 USD
First class	90 USD	90 USD
Private jet	120 USD	120 USD

Similar to Airport Service Charge, children below age of two years, transit passengers and persons with diplomatic immunity are exempt from departure tax.

With this amendment, Airport Service Charge shall be levied until 31 December 2021. Starting from 1 January 2022, Airport Development Fee shall be charged as follow.

Travel Class	Maldivian passengers	Foreign passengers
Economy class	12 USD	30 USD
Business class	60 USD	60 USD
First class	90 USD	90 USD
Private jet	120 USD	120 USD

Apart from modifications to the tax rates, with the new amendment the deadline for return filing has also been revised. Previously, the return filing deadline for Airport Taxes and Fees was the 15th of the following month; however, beginning in July 2021, the return filing deadline has been changed to the 28th of the following month.

Airport Taxes and Fees returns is to be filed online via MIRAconnect and the tax shall be paid to MIRA in United States Dollar.



MIRA is 11 years old



MIRA was established under Tax Administration Act on 2 August 2010. With advent of MIRA, several tax laws were enacted; notably TGST Act, BPT Act and GST Act. To establish a modern tax system in Maldives, MIRA has put utmost effort during past 11 years. Hence, paving the way to file all tax returns online and pay taxes online had been made easy and essential for the remotely located island nation.

While MIRA is celebrating 11 years of successful service, MIRA has taken several steps to strengthen the tax system under the wise guidance of the Commissioner General of Taxation, Mr. Fathuhullah

Jameel. Besides hardships faced due to Covid-19, MIRA has tremendously worked on easing in fulfilling tax related obligations of taxpayers.

The Income Tax Act was enacted on December 17, 2019, following the repeal of the BPT Act, which had been in effect since 2011. Starting from 1 January 2020, MIRA has begun to establish a comprehensive tax system via Income Tax regime. Under this Law, MIRA has put forth several administrative approaches in a short span of time to implement the collection mechanism of Employee Withholding Tax. Although, Income Tax became effective from 1 January 2020, income received as remuneration is taxed starting from 1 April 2020.

To alleviate the difficulties faced during the Covid-19 pandemic, taxpayers were granted relief by deferring the filing and payment deadlines. This includes Income Tax return filing deadline, which has been changed from 30 June 2021 to 31 August 2021. Moreover, the routinely held information sessions organized by MIRA is now being carried out online so that taxpayers across the country can take part in these sessions from anywhere.

Blood donation camp organised by MIRA to celebrate 11th Anniversary



Registration campaign held by MIRA

Ahmed Shaheen, Principal Tax Officer, Tax Academy

Registration campaign held by MIRA aiming taxpayers who are required but not registered under tax laws has been prolonged until 31 August 2021. Hence, registration fine incurred by those who apply to register under this campaign shall be waived off.

Taxpayers are required to register for GST upon fulfilling a condition stated in the section 51 of the GST Act. This includes, persons import goods into the Maldives, persons whose total value of goods sold and services supplied during the past 12 months exceeded MVR 1,000,000 or total value of sale of goods and supply of services for the following 12 months estimates to exceed MVR 1,000,000. Upon registering for GST, irrespective of value of supplies, GST registered person is required to charge GST from their customers and make the GST payment to the state. If a person who is mandatory to register under GST Act fails to do so, a fine of MVR 50 per day shall be incurred which will be capped at MVR 5,000. GST registration form is MIRA 105.

Income Tax registration requirements are stated in the chapter 2 of the Income Tax Regulation. If a persons is required to register with Ministry of Economic Development under Business Registration Act, they are required to register for Income Tax. If a business is registered with Ministry of Economic Development, taxpayers will be registered for Income Tax by default. However, those who have obtained a business permit issued by a government authority or agency, or those required to withhold tax from the remuneration paid to one or more persons or those whose average monthly gross revenue earned from all business activities carried on during any 12-month period exceeds MVR 40,000 are required to submit MIRA 117 to register for Income Tax. Moreover, if a person derives remuneration of MVR 40,000 or more from more than one payer and none of the payer of remuneration has registered the person, they are required to file an Income Tax registration by themselves.

MIRA signed the second cooperation agreement with TIWB for targeted tax audit assistance

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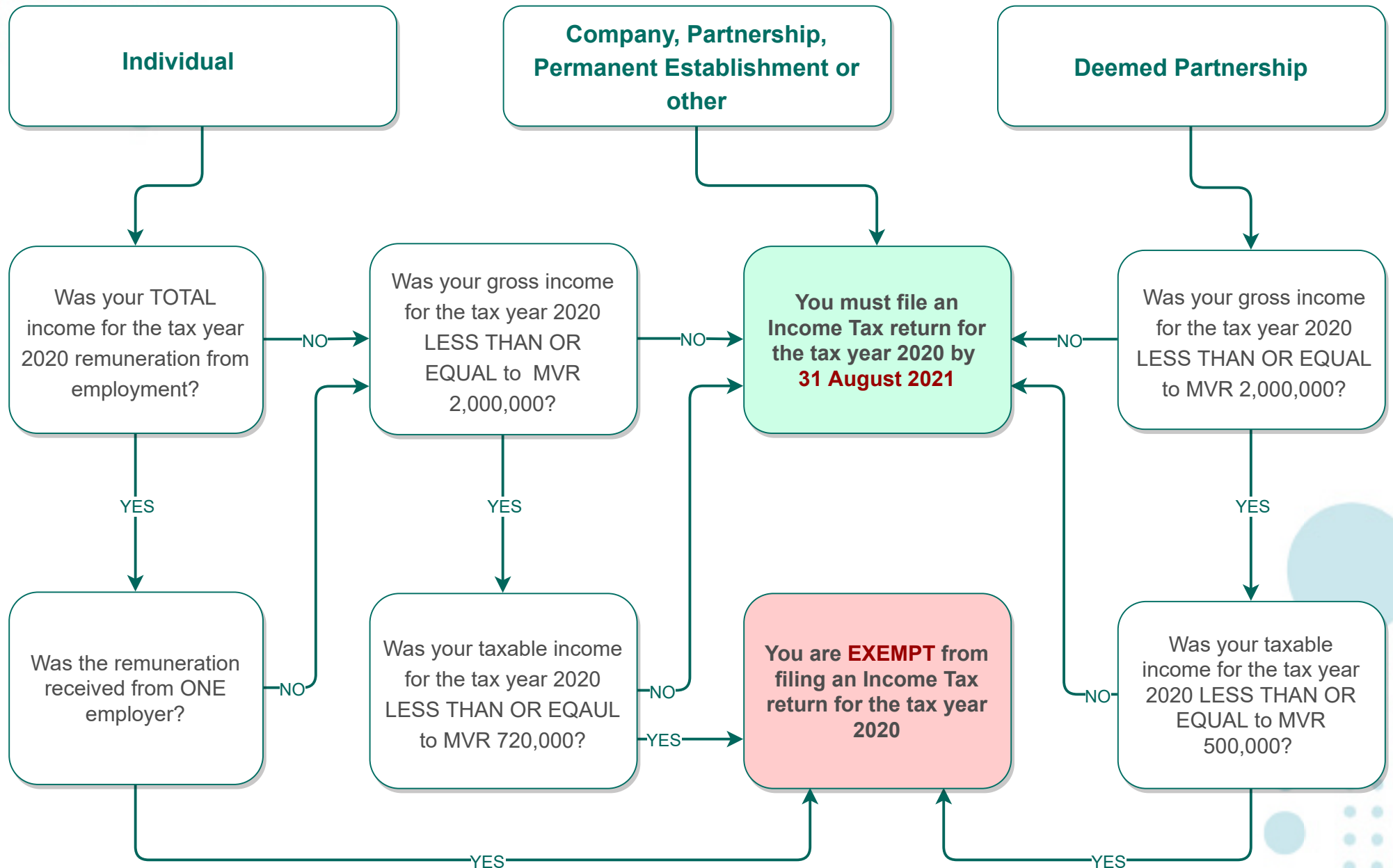
MIRA has signed a cooperation Agreement with Tax Inspectors Without Borders (TIWB) to launch a capacity building program for tax auditors. The program aims to be carried out for a period of two years. MIRA has been working closely with Tax Inspectors without Borders since the first program launched in 2018.

The current program focuses on capacity building for auditors on international taxation issues faced in auditing taxpayers in tourism and hospitality industry. During the program launch, the head of the TIWB Initiative, Ms Rusudan Kemularia highlighted the impact of first TIWB program conducted and stated that the new program launched on 29 June 2011, would complement the work carried out in the previous program.

The Commissioner General of Taxation, Mr. Fathuhulla Jameel highlighted that TIWB has been a partner for capacity development of MIRA staff since the first program launch in August 2018. He further highlighted that the first program has enabled auditors to gain in-depth knowledge in transfer pricing. He also thanked TIWB and UNDP for their guidance and support to MIRA in securing assistance through this initiative and welcomed the technical expert Mr. Colin Hutchins, to work with MIRA's team.

Tax Inspectors without Borders (TIWB) is a joint initiative of the Organization for Economic Co-operation and Development (OECD) and the United Nations Development Programme (UNDP) to assist developing countries in revenue mobilization and building capacity in auditing compliance levels of Multinational Enterprises.

Income Tax return filing requirements for the tax year 2020



Note: Even though you are exempt from filing an income tax return, you can still choose to file an income tax return.

If your accounting period was less than 12 months, reduce the **gross income threshold** and **taxable income threshold** above accordingly.