



MALDIVES
INLAND REVENUE
AUTHORITY

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Income tax return filing and payment deadline
for tax year 2022 is 09 July 2023



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Fathimath Amaanee Khalid, Deputy Manager, Technical Service

The deadline for submission of Income Tax final return and payment for 2022 has been extended to 9th July 2023. The deadline has been extended in an effort to provide taxpayers with additional time ahead of the deadline to prepare income tax returns and financial statements as the last week of June coincides with the Eid holidays. In this regard, 23 June to 1 July 2023 are public holidays as the weekends, Hajj Day and Eid al-Adha falls within this period.

Although the Income Tax deadline has been extended, no other deadline falling on 2 July 2023 has been extended. Therefore, the deadline for submission of GST return and payment for May 2023, deadline for submission of Green Tax return and payment for May 2023, deadline for submission of Airport Tax & Fees return and payment for May 2023 and deadline for payment of Tourism Land Rent for 3rd quarter of 2023 will be 2 July 2023.

MIRA strongly requests taxpayers to use MIRA's online portal 'MIRAconnect' to submit their tax returns and make payments easily and safely, anytime, anywhere.

Submitting Income tax retrun via MIRAconnect

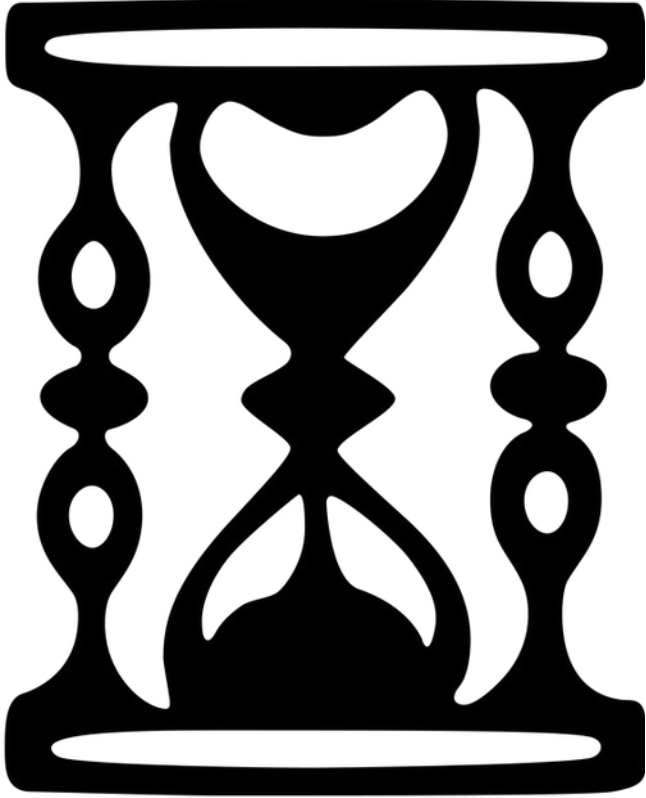
The screenshot displays the MIRAconnect interface for filing an income tax return. It is divided into three main sections:

- File a New Tax Return under Income Tax:** This section provides instructions and a form to select the tax return type (Income Tax Return) and the period (2022). A 'Continue' button is visible.
- Income Tax Return filing simplified:** This section offers options for simplified filing (for rental income earners) or full income tax return filing. It includes a 'click here' link for the simplified option and a 'View Full Return' button.
- Income Tax Return Form:** This is the main data entry form, titled 'Income Tax Return' under the Maldives Inland Revenue Authority logo. It includes fields for:
 - TIN (Taxpayer Identification Number): 1094853
 - Taxpayer Name: Company A Pvt Ltd
 - Taxpayer Type: Individual, Company / Partnership / Others, Non-resident shipping or aircraft operator
 - Residency status: Resident, Temporary resident, Non-resident
 - Accounting Period: From 01/01/2022 to 31/12/2022
 - Auditor Registration Number: [Dropdown menu]
 - Industry Code: [Dropdown menu]

Below the form, there are instructions: "Please complete pages 2 to 12 and schedule 1 before filling in this page." and a section for "COMPUTATION OF INCOME TAX PAYABLE" with a table for calculations (Total tax liability, Foreign tax credit, Tax payable).

Essential tips for filing income tax return

Ahmed Shaheen, Deputy Manager, Facilitation



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. As the 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 plan ahead in order to avoid missing the deadline.

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.

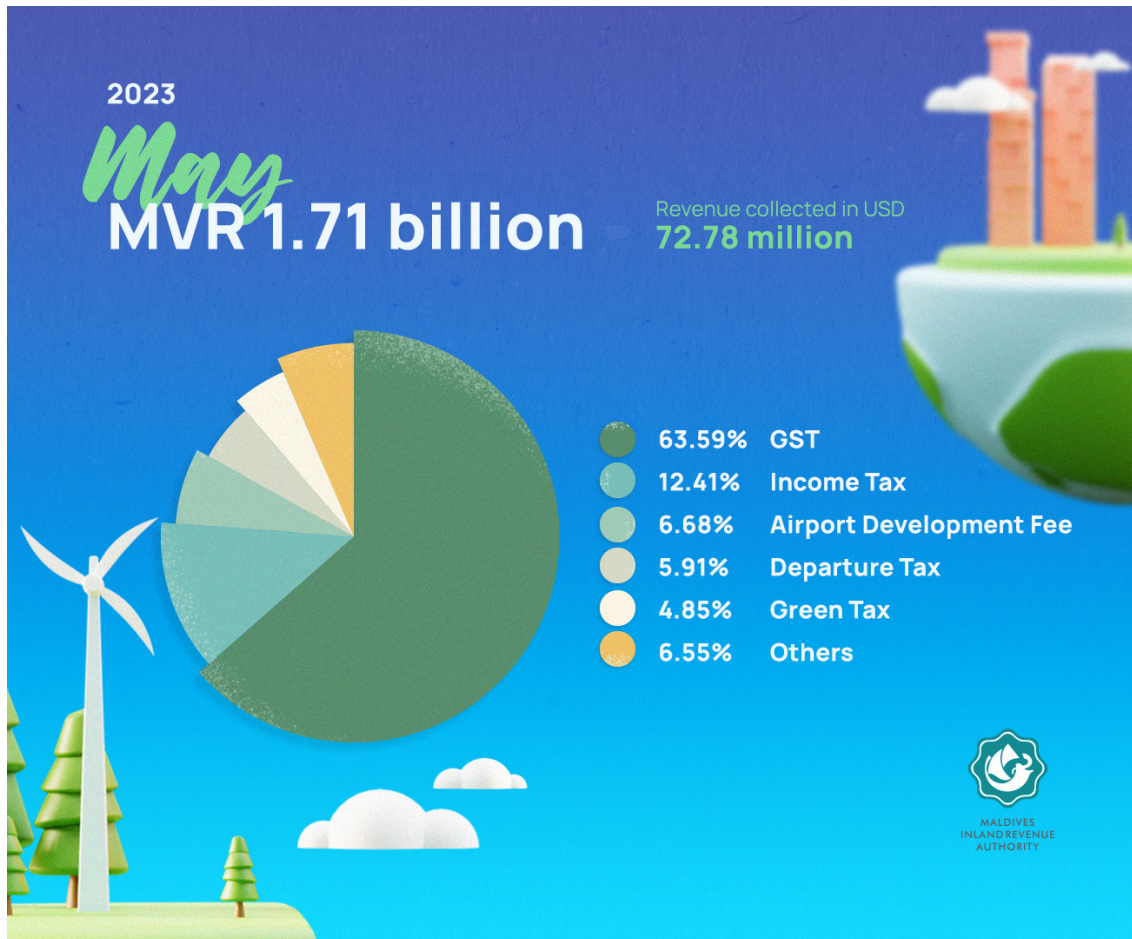
If the total income of an individual derived in 2021 and 2022 exceeds MVR 2 million or the total taxable income for the periods exceeds MVR 720,000, the individual is required to submit income tax return for the year 2022. Companies, partnerships and deemed partnerships are required to file for income tax return for the year 2022, if the total income derived in 2021 and 2022 exceeds MVR 2 million or the total taxable income for the periods exceeds MVR 500,000. The deadline for income tax returns filing for the year 2022 is 09 July 2023.

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, if, under any circumstance, an employer has withheld more than the tax due during the taxable period, the employee may file an income tax return for the purpose of claiming a tax credit for the amount paid in excess.

If remuneration is derived from multiple employers, individuals are required to submit an income tax return for the year if the total remuneration exceeded MVR 2 million and the taxable remuneration exceeded MVR 720,000 for that accounting 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 simultaneously.

MIRA collects MVR 1.71 billion as revenue in May 2023

Khadheeja Nashaya Naeem, Manager, Marketing



MIRA collected MVR 1.71 billion as revenue in May 2023. This is an increment of 30.4% compared to the same period last year. However, a decrement of 1.8% compared to the forecasted amount for May 2023.

Revenue of May 2023 is higher than May 2022, mainly due to the increment in collection of TGST, Corporate Income Tax, GGST, Airport Development Fee and Departure Tax. The change in GST rate led to a higher collection of GST compared to May 2022. Additionally, Tourist arrivals of April 2023 had increased by 13.1% compared to April 2022 which led to the increment in TGST and Airport Taxes and Fees. Some taxpayers had opted to pay the Final payment of the Income Tax for tax year 2022 during this month, which led to a higher collection of Corporate Income Tax compared to May 2022.

Revenue collection surpassed the forecasted revenue, mainly due to the significant increment in Corporate Income Tax, Airport Development Fee and Departure Tax.

In addition, due to the increment in tourist arrivals by 3.6% compared to the projection, which led to the increment in TGST and Airport Taxes and Fees. The deadline for the final payment of Income Tax for tax year 2022 falls to 2 July, but the payment of Corporate Income Tax prior to the deadline had led to an increment in Corporate Income Tax compared to the forecasted revenue of the month.

In May 2023, GST accounted for the largest share of revenue received by MIRA. That is 63.59% or MVR 1.09 billion. The next largest revenue was from Income Tax. Which is 12.41% or MVR 212.43 million. In addition, Airport Development Fee amounted to MVR 114.34 million (6.68%), Departure Tax amounted to MVR 101.20 million (5.91%), Green Tax amounted to MVR 83.10 million (4.85%), and other taxes and fees MVR 112.17 million (6.55%).

Out of the revenue collected in May 2023, USD 72.78 million constitutes the dollar collection.



The world's best tax system

Mariyam Rifga Muhaimin, Senior Tax Officer, Medium Taxpayer Audit



A tax system is a set of rules, regulations and procedures set by the government on collecting tax from individuals and businesses within its jurisdiction. Each and every country has a different tax system based on their economic, social and political circumstances. Since there are variety of approaches to taxation within OECD countries, to evaluate the the competitiveness and neutrality, OECD developed the International Tax Competitiveness Index (ITCI). As per the International Tax Competitiveness Index of 2022, for the ninth time in a row, Estonia has the world's best tax system. Following Latvia, scoring second which recently adopted the corporate tax rules from the Estonian system. New Zealand occupies the third spot due to low individual income tax rate. In addition, the countries in the top 10 includes Switzerland, Czech Republic, Luxembourg, Hungary, Lithuania, Turkey and

Israel.

Estonia's score was driven by 4 factors:

1. The property tax is only applied to the value of land instead of the value of real property or capital.
2. The territorial tax system allows domestic corporations to earn foreign profits without being subjected to domestic taxation, allowing a full exemption, with limited restrictions.

The countries that have ranked poorly in the ITCI either have complex tax systems (due to multiple layers of tax rules) or high marginal corporate income tax rates. A tax system is said to be competitive if it has low marginal tax rates. High marginal tax rates can drive away investments which could lead to slow economic growth and avoidance of tax.



GOODS AND SERVICES TAX (GST)

Tax Return

Persons required to register for GST are;

- It is a report prepared by taxpayers and filed to MIRA, declaring their tax payable for the taxable period.
- Persons carrying out taxable activities in the general sector should file their GST return through MIRA 205 form.
- Persons carrying out taxable activities in the tourism sector should file their GST return through MIRA 206 form.

Taxable period can be determined as follows;

Businesses whose monthly total value of goods and services is less than 1 million Rufiyaa	Once every 3 months
Businesses whose monthly total value of goods and services is equal to or more than 1 million Rufiyaa	Once every month

(Businesses who has a quarterly taxable period may opt to choose a monthly taxable period, with the approval of the Commissioner General of Taxation)

Filing the tax return and paying taxes

- The deadline for return filing and payment is the 28th day of the month following the end of the taxable period.
- If the due date for your GST return falls on a weekend or a public holiday, it will be due the next working day.
- GST for activities in the tourism sector should be paid in United States Dollars (USD). (This payment can be made through a MasterCard Business Debit Card issued by Bank of Maldives)
- GST for activities in the general sector should be paid in Maldivian Rufiyaa.