

# MIRA POST



## Unveiling doctrine of legitimate expectation

Key Takeaways From the TAT ruling on Premier  
Property Pvt Ltd V MIRA

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# Unveiling doctrine of legitimate expectation – key takeaways from the TAT ruling on Premier Property Pvt Ltd V MIRA

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## **Summary**

Premier Property Pvt Ltd appealed MIRA's audit decision to the Tax Appeal Tribunal (TAT-CA-G/2021/005), on the grounds that MIRA's treatment of its non-monetary construction services (barter transaction) provided under a development agreement breached the doctrines of legitimate expectation and legal certainty, and infringed Articles 43(a) and 20 of the Constitution.

## **Facts and observation:**

### The transaction:

Under a development agreement, Premier Property Pvt Ltd rendered construction services to a third party, with the corresponding consideration structured in non-monetary terms; shared ownership of ground floor with basement, floors 6, 7, 8 and 9 (with terrace). MIRA carried out an assessment of Premier Property from 01 October 2016 to 30 September 2018, and determined that the transaction encompassing construction services are subject to GST under section 19(b) of the GST Act. The GST payable was computed by MIRA according to the construction cost per square foot in similar buildings and floors. Premier Property contested this decision at the Tax Appeal Tribunal, arguing that it contravened the doctrine of legitimate expectation and

legal certainty, and denies the rights granted under article 43(a) and article 20 of the Constitution.

## **Basis of appeal**

The appeal filed by Premier Property was based on three main points. Firstly, the appellant argues that MIRA's decision contradicts doctrine of legitimate expectancy, legal certainty and violates section 43 and 20 of the Constitution; secondly, MIRA calculated tax payable on invalid basis; and thirdly, By failing to disclose the information used to calculate the tax payable, MIRA limited Premier Property's opportunity to defending itself.

Premier Property argued that MIRA's past audit practices had indicated that non-monetary exchanges under management agreements would not be subject to GST, and that MIRA's reversal of those practices breached its legitimate expectation of consistent treatment. Premier Property also contended that MIRA's audit decision lacked clarity and predictability, undermining their ability to structure their transactions in compliance with tax laws and regulations. They also argued that by reversing MIRA's past approach on similar transactions, MIRA has infringed rights guaranteed under Articles 43(a) and 20 of the constitution.

### Procedural objection:

MIRA raised a procedural objection to the following appeal points:

1. MIRA calculated tax payable on invalid basis
2. By failing to disclose the information used to calculate the tax payable, MIRA limited Premier Property's opportunity to defending itself.

MIRA contested these issues were never raised at the objection stage, and therefore the Objection Notice filed by Premier Property does not comply with Section 42 of the Tax Administration Act. Tax Appeal Tribunal upheld MIRA's procedural objection.

### Held:

On the applicability of GST and legitimate expectation:

- Section 19(b) of the GST Act outlines the process for imposing GST on such transactions, and the Guide to Barter Transactions (MIRA

M824) gives a comprehensive explanation on processing them.

- MIRA's earlier audits did not treat construction services under management agreements as taxable, but that alone does not legally establish a legitimate expectation that such transactions are not subject to GST.

### On constitutional rights:

- There is no legal basis to argue that the fact that previous audit's decision to not address an issue (because no risk was identified in the audit process) and a later audit's decision differed based on its findings, violates Article 20 of the constitution.

By unanimous decision, Tax Appeal Tribunal held that there is no basis to conclude that MIRA's decision contravened any judicial or legal principles, and supports MIRA's decision in the Objection Review Report. Tax Appeal Tribunal's ruling was in favor of MIRA.

**GST deadline  
for the month of  
June 2025 and 2<sup>nd</sup>  
quarter of 2025**

**29 July 2025**



**Taxpayers required to file  
GST return:**

**All taxpayers registered for GST**  
(Even if the business has been temporary closed or the taxpayer has applied for deregistration, the GST returns must be filed until the GST deregistration is confirmed by MIRA, in writing)



**GST return:  
Tourism Sector:  
MIRA 206**

(Return and supporting documents must be prepared in USA Dollar)

**General Sector:  
MIRA 205**

(Return and supporting documents must be prepared in Maldivian Rufiyaa)

**Taxpayers required to  
submit GST return through  
MIRAconnect:-**

- Taxpayers whose total annual income for the taxable periods ended in the previous tax year amounted to MVR 2,500,000 or more
- Taxpayers registered in Tourism sector
- Taxpayers required to submit an input tax information sheet in respect of capital expenditure



**GST payment:  
Tourism Sector:  
USA Dollar  
General Sector:  
Maldivian Rufiyaa**

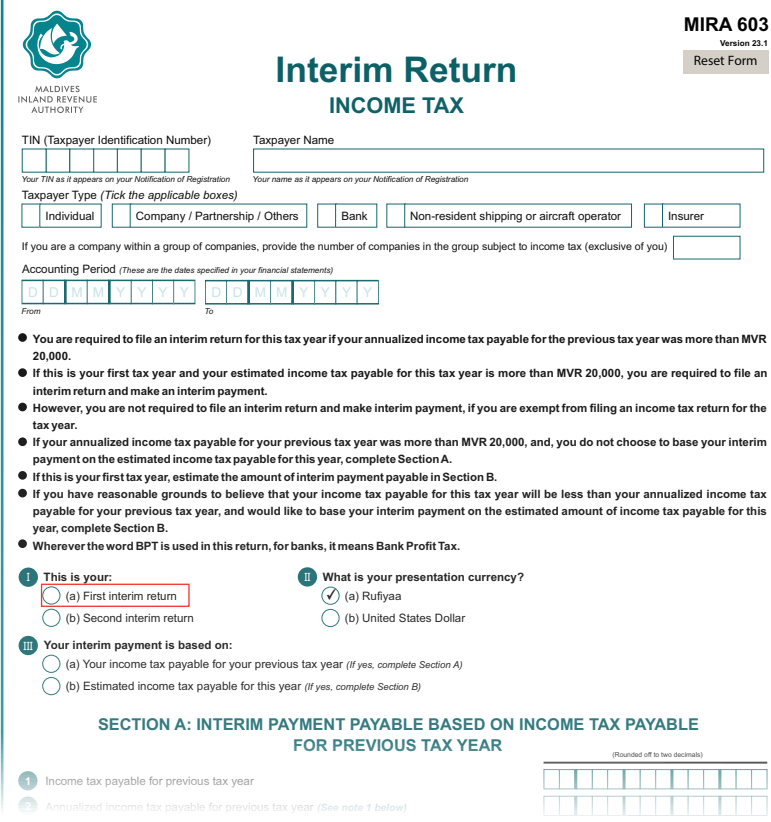


**Documents required to be  
submitted along with GST  
return:**

- **Input Tax Statement**
- **CAPEX information sheet**  
(If a capital expenditure input is being deducted)
- **Output tax statement**  
(Taxpayers whose annual turnover exceeds MVR 5 million)

# First interim deadline for the tax year 2025 is 31 July 2025

Mariyam Waheed, Senior Tax Officer, Tax Academy



The image shows the MIRA 603 Interim Return Income Tax form. It includes the Maldives Inland Revenue Authority logo, the form title 'Interim Return INCOME TAX', and the version 'MIRA 603 Version 23.1'. The form contains fields for TIN, Taxpayer Name, and Taxpayer Type (Individual, Company / Partnership / Others, Bank, Non-resident shipping or aircraft operator, Insurer). It also has an Accounting Period section with date pickers for 'From' and 'To'. A list of instructions follows, including requirements for filing an interim return based on annualized income tax payable for the previous year. There are three main sections: I. This is your: (a) First interim return (highlighted with a red box), (b) Second interim return; II. What is your presentation currency? (a) Rufiyaa (checked), (b) United States Dollar; III. Your interim payment is based on: (a) Your income tax payable for your previous tax year, (b) Estimated income tax payable for this year. Below this is 'SECTION A: INTERIM PAYMENT PAYABLE BASED ON INCOME TAX PAYABLE FOR PREVIOUS TAX YEAR' with a table for 'Income tax payable for previous tax year' and 'Annualized income tax payable for previous tax year'.

If your tax payable for the tax year 2024 was an amount more than MVR 20,000, it is mandatory to file an interim return for the tax year 2025. If the accounting period for the tax year 2024 was less than 365 days, MVR 20,000 must be annualized accordingly and check if you are required to file interim return. If 2025 is your first tax year and estimated tax payable for the year is more than MVR 20,000, you are required to file an interim return. If your income is derived solely from employment and remuneration is received from only one payer, you are not required to make an interim payment.

Each year you are required to make two interim payments. The deadline to submit first interim return and payment for the year 2025 is 31 July 2025.

If you have reasonable grounds to believe your tax payable for the tax year 2025, will be less than that of 2024, you may estimate your interim payments in accordance with the Regulation. However, if tax payable for the year 2025 is greater than 20% of estimated interim payments, each interim payment payable for 2025 is deemed to be half of tax payable for 2024. The additional amount would be considered as due and a fine would be charged on the amount.

Interim return is MIRA 603 form. If you fail to submit interim return by the deadline, a fine of MVR 50 per day of delay will be imposed along with a fine of 0.5% of any tax payable. If you fail to make interim payment by deadline, a fine of 0.05% of outstanding amount will be imposed per day of delay.

# Oman's Landmark Move: Introducing Personal Income Tax

Mariyam Waheed, Senior Tax Officer, Tax Academy

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In a historic shift for the Gulf region, the Sultanate of Oman has announced the introduction of a personal income tax (PIT) regime, set to take effect in January 2028. This move, formalized through Royal Decree No. 56/2025, positions Oman as the first member of the Gulf Cooperation Council (GCC) to legislate a direct tax on individual earnings. This decision is an important step for the region, showing efforts to find new sources of income and rely less on oil.

The PIT will apply a 5% tax rate on individuals earning above 42,000 Omani Riyals annually (approximately USD 109,000), effectively targeting the top 1% of earners in the country. The tax will be applied to net income, after considering various deductions and exemptions that align with Oman's social and economic priorities, such as expenses related to education and healthcare, costs of primary housing, charitable donations and zakat, inheritance-related income, and temporary overseas earnings.

The law applies to all residents, regardless of nationality, and is designed to be progressive, protecting low- and middle-income earners while modestly taxing high-income individuals.

According to officials, 99% of Oman's population will remain unaffected by the tax

Oman's economy has long been reliant on oil and gas revenues, which can account for up to 85% of public income, depending on market conditions. The introduction of PIT is part of the Sultanate's broader Vision 2040 strategy, aimed at transforming Oman into a technology-driven, diversified economy. According to Oman's Minister of Economy the tax will help keep the country's finances stable and protect it from changes in global energy prices.

This reform follows earlier fiscal measures, including the introduction of Value Added Tax (VAT) in 2021 and a 2020 program to reduce public debt and boost economic growth.

While Oman leads the way in personal income taxation, other Gulf countries have made changes in other areas. The United Arab Emirates started a 9% corporate income tax in 2023. Saudi Arabia charges a 20% corporate tax on foreign companies. These steps show that Gulf countries are slowly changing their tax systems, even though most still don't have personal income tax.

The International Monetary Fund (IMF) has consistently advised Gulf countries to broaden their tax bases to ensure long-term fiscal sustainability. Most GCC countries continue to avoid personal income tax to stay competitive and attract global talent. However, Oman's move may encourage gradual policy shifts across the region.

# The OECD tax deal buckles under pressure from the US

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United States (US) and G7 has issued a joint statement confirming that the US parented groups would be exempted from the Income Inclusion Rule (IIR) and Under Taxed Profits Rule (UTPR) of the OECD Pillar 2; the global minimum tax. The deal was struck between the US and the G7 members with the understanding that US would remove the proposed 'retaliatory tax' under Section 899 of the Internal Revenue Code (IRC) in the Senate version (introduced on 16 July 2025) of 'the One Big Beautiful Bill Act' (OBBBA).

The countries agreed to work together through the OECD/G20 Inclusive Framework on BEPS to bring changes to the existing pillar 2 rules. The OBBBA has passed the Senate and House without the retaliatory tax provisions, with significant tax cuts and changes to the IRC.

## **OECD Pillar 2 tax deal**

OECD Pillar 2 is part of the global tax deal reached by the member of the Inclusive Framework. It is

designed to ensure large multinational enterprises (MNEs) pay a minimum level of tax on the income arising in each jurisdiction where they operate. The GloBE Rules of Pillar Two ensures in-scope multinationals pay a global effective minimum tax of 15 percent, irrespective of place of business or residency. In a nutshell, where the Effective Tax Rate (ETR) paid by an entity in a jurisdiction is less than the global effective minimum tax rate of 15 percent, the GloBE Rules aim to recover the balance as Top-up Tax from the respective MNE group. The top-up tax is collected using a Qualified Domestic Minimum Tax (QDMT), Income Inclusion Rule (IIR) or Under-Taxed Profits Rule (UTPR), which determines which jurisdiction gets the right to tax the respective low-taxed entity.

### **US and the OECD tax deal**

The US, specially under Trump's presidency, has long raised concerns regarding erosion of its tax sovereignty due to the extra-territorial nature of IIR and UTPR. The IIR and UTPR allows countries to tax companies even if the country does not have any connection to the income via source rules or the company via residency rules or Permanent Establishment rules. Furthermore, the United States opposes both the OECD's global tax agreement and the implementation of digital services taxes, arguing that these measures disproportionately affect U.S. multinational enterprises. While the stated aim of these taxes is to target large global corporations, the majority of those falling within scope happen to be U.S.-headquartered MNEs, leading to concerns of unfair targeting.

### **The retaliatory tax in the OBBBA**

With that background and the global implementation of the OECD tax deal, the US government proposed a retaliatory tax provision

in the OBBBA aimed at countries that impose taxes that are deemed to be unfair and that adversely affect U.S. The unfair taxes include digital services tax, diverted profits tax, IIR and the UTPR. The countries with these unfair taxes include Australia, India, Japan, United Kingdom, Canada and many EU countries. The retaliatory tax would impose additional tax on passive income derived from US and effectively connected income from US business activities. Foreign individuals and corporations, resident in countries that impose unfair taxes, are required to pay taxes at 5% and would increase up to 20%. The threat of ongoing tariffs wars and the proposed retaliatory tax effectively submitted the G-7 countries to agree a deal to exclude US MNEs from the global minimum tax regime. Nevertheless, this exclusion still needs to be taken to the BEPS Inclusive Framework for the members to take a decision and bring necessary changes to the minimum tax rules of pillar 2.

### **The future of Pillar 2**

The future of the global minimum tax stands at a critical crossroads. It is either to yield to the demands from the US, amend the pillar 2 rules to exclude US companies and implement an unfair system or to face retaliatory measures and plunge the world into greater economic uncertainty. The future of Pillar 2 looks bleak at best. In its statement, the G-7 expressed willingness to work with other members of the Inclusive Framework to find a solution to accommodate the concerns of the US. It would be a significant challenge to reach consensus. And even if achieved, the resulting solution would be fundamentally unfair and would defeat the purpose of the original mandate. On the other hand, such a radical compromise could be the only way to secure the support of the US, which has already implemented its own minimum tax regime through GILTI and BEATS since 2017.

Experience the revamped "MIRAconnect" portal, a strategic initiative by MIRA aimed at enhancing the functionality and user-friendliness of our online services!

Wherever you are, file your tax returns and pay your taxes with a few clicks.

Anytime, Anywhere.



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INLAND REVENUE  
AUTHORITY