

Annual Report 2014



MALDIVES
INLAND REVENUE
AUTHORITY

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ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants
ADB	Asian Development Bank
ATAIC	Association of Tax Authorities of Islamic Countries
BEPS	Base Erosion and Profit Shifting
BPT	Business Profit Tax imposed under Law Number 5/2011
CATA	Commonwealth Association of Tax Administrators
CPD	Continuing Professional Development
CRM	Customer Relationship Management
GGST	Non-Tourism Sector GST
GST	Goods and Services Tax imposed under Law Number 10/2011
IFA	International Fiscal Association
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
MACI	Maldives Association for Construction Industry
MIRA	Maldives Inland Revenue Authority
MMA	Maldives Monetary Authority
MOU	Memorandum of Understanding
MVR	Maldivian Rufiyaa
RFP	Request for Proposal
SAARC	South Asian Association for Regional Cooperation
SGATAR	Study Group on Asian Tax Administration and Research
TGST	Tourism Sector GST
TIN	Taxpayer Identification Number
UNESCAP	United Nations Economic and Social Commission for Asia and Pacific
USD	United States Dollar
WHT	Withholding Tax imposed under Law Number 5/2011



About MIRA

MIRA was established as an independent institution on 2 August 2010 under the Tax Administration Act ratified by the President on 18 March 2010. The main responsibilities of MIRA include the execution of tax laws and the implementation of tax policies. The Tax Administration Act stipulates the other main objectives of MIRA. The policies for the administration of MIRA are determined by the Board of Directors appointed by the President with the approval of the People's Majlis and the work undertaken by MIRA on a daily basis is monitored by the Commissioner General of Taxation, appointed by the President with the approval of the People's Majlis.

Vision

To be recognised as a leading professional organisation engaged in collection of revenue in an effective and efficient manner and providing high-quality service to taxpayers.

Mission

To establish a highly committed and competent organisation, delivering effective and fair administration of the tax laws, promoting voluntary compliance and providing quality services to taxpayers.

Core Values

Fairness

Apply the tax laws impartially and equitably

Professionalism

Be exemplary in providing services by applying the applicable knowledge and wisdom

Integrity

Maintain moral and ethical standards under all circumstances

Neutrality

Unbiased in carrying out the obligations in the tax laws

Transparency

Open to taxpayers and transparent to all



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INTRODUCTION



MIRA staff at a briefing session before the monthly visits to check the compliance of taxpayers

“Various new measures were undertaken to make it more convenient for the public to fulfil their tax obligations”

Similar to previous years, in the year 2014, MIRA carried out various activities in order to achieve its objectives. These include new activities as well as procedures targeted at strengthening on-going activities.

Revenue collection, the main task of the organization, saw an increase in 2014 when compared to preceding years. Revenue growth, however, remained consistent. In addition, programs to encourage taxpayers to comply with the laws and regulations were carried out with positive outcomes. Moreover, various new measures were undertaken to make it more convenient for the public to fulfil their tax obligations.

Several programs were also undertaken in 2014 to strengthen the administration of the organization. These programs focused on the development and improvement of both human and other resources. In order to provide strategic direction to the organisation, the Strategic Plan of MIRA for the next 5 years was launched in 2014. It provides a foundation to build upon the success of past years and make the future even more successful.

This report details the activities carried out by MIRA in 2014. It includes particulars about the organization’s administrative performance, performance in regard to tax administration and performance with regard to revenue collection.



Commissioner General of Taxation, Yazeed Mohamed



COMMISSIONER GENERAL'S MESSAGE

“The secret to our success is the energetic and exemplary work by my beloved staff”

MIRA has become a crucial organization to the Maldivian economy in the past 4 years, during which the organization strived to implement a modern tax system in the Maldives. It is not only because MIRA collects the most revenue for the government, but

also because MIRA consists of hard-working staffs who responsibly aspire to complete the assigned tasks with excellence. Further, the documented history of MIRA has shown that MIRA achieves success and improvements in each passing year.

Review of 2014

My highest priority has always been to strengthen the authority's administration and to improve the quality of service provided to taxpayers. Hence, as a compass to navigate to the intended destination, MIRA's Strategic Plan for the next 5 years has been drawn in the past year. As the most important partner for MIRA

is the taxpayer, the Taxpayers' Charter was also compiled and commenced in the past year. Further, MIRA recognized the value of individual and corporate taxpayers with the “Ran Laari” Award introduced last year. In addition, tax agents play a vital role in the tax system in assisting taxpayers. As such, MIRA drafted the



tax agents regulation in the past year and licenses were issued to aspiring tax agents after providing training and examining their knowledge.

Although major changes did not occur in the taxes collected in the Maldives in 2014, there were important changes in the GST regime. As such, implementation of GST on telecommunication services and on sale of immovable property, distinction of the GST rates applied to locals and expatriates in domestic air transport service, and change of GST rates in the tourism sector

GST are notable changes that MIRA successfully implemented. Furthermore, Lease Period Extension Fee was also reinstated in 2014.

In addition, the revenue collection system implemented to improve the collection mechanism in MIRA, SAP Tax and Revenue Management System, has been strengthened in the past year. As such, the collection 4 major non-tax revenue codes were migrated to the SAP system.

Outlook for the future

It is a priority in developing the services of MIRA to always use the latest technology in the service provision. Although taxpayers are able to register online via "MIRAconnect" at the moment, I would like to share the delightful news that a full-fledged modern online system will soon be implemented. The taxpayers will be able to file and pay taxes at anytime, anywhere, when this milestone is achieved. This improvement will definitely make it more

convenient for both the taxpayer and MIRA alike.

As tax is a relatively new subject to the Maldives, works have begun to establish a regionally recognized tax training centre to educate the public on tax matters. Furthermore, in order to reach out to the taxpayers, the establishment of MIRA branches or offices are rapidly being carried out.

Closing thoughts

The success of MIRA is heavily driven by the cooperation received from the taxpayers, the public and government or state institutions. The biggest contribution to our success comes from

the counsel received from the Deputy Commissioner General and the Board members. The secret to our success is the energetic and exemplary work by my beloved staff.



Chairperson of MIRA Board of Directors Ahmed Mohamed



CHAIRPERSON'S MESSAGE

“Yet again sail our ship to a safe harbor!”

Each passing year becomes a part of history. I note with delight that the past four years since the establishment of MIRA were a period during the short history of the modern tax system of the Maldives in which crucial undertakings were completed with sincerity. The appreciation and praise for this success belong to the sincere and hardworking staff of MIRA, the Commissioner General and the Deputy Commissioner General, and the members of the Board of Directors who provide insightful advice and guidance.

It is noteworthy to mention the sheer hard work of MIRA in implementing the changes brought to the tax and revenue laws, in introducing tax agents, in recognizing the taxpayers' efforts, in launching of Taxpayers' Charter, in the formulation of long term

plans of MIRA, in strategizing important plans related to staff and further strengthening MIRA's administration. I am grateful for the cooperation and contribution extended by other State institutions, public offices, the taxpayers and the public for their unwavering support and continuous involvement.

We seek strength in our work only from Allah SWA. I wish a bright future to the astute senior management and the hardworking staff of MIRA.

Yet again sail our ship to a safe harbor!



MANAGEMENT



The Board of Directors celebrate its 100th meeting

4.1 Board of Directors

The Board of Directors of MIRA are appointed in accordance with Section 4(a) of the Tax Administration Act by the President, with the approval of the People's Majlis, to determine the administrative policies of MIRA pursuant to that Act.

4.1.1 Members of the Board

The Board of Directors were established under Section 4 of the Tax Administration Act on 2nd August 2010. There was no change to the members of the Board of Directors during the year. The Board of Directors comprised of the following persons:

- | | | |
|----|----------------------------|---|
| 1. | Mr. Yazeed Mohamed | (Commissioner General of Taxation) |
| 2. | Mr. Hassan Zareer | (Deputy Commissioner General of Taxation) |
| 3. | Mr. Ahmed Mohamed | (Chairperson) |
| 4. | Mr. Hassan Waheed | (Deputy Chairperson) |
| 5. | Mrs. Aishath Lu-lua Hassan | (Board member) |
| 6. | Uz. Hussain Siraj | (Board member) |
| 7. | Mr. Ahmed Faiz Mohamed | (Board member) |

Mr. Ahmed Mohamed was appointed as the Chairperson of the Board and Mr. Hassan Waheed was appointed as the Deputy Chairperson in accordance with Section 4(h) of the Tax Administration Act. Mr. Mohamed Shahid, a staff of MIRA, was appointed as the secretary to the Board in accordance with Section 4(e) of the Tax Administration Act.



4.1.2 Meetings and Attendance

The Board met 15 times during the year. The attendance of the members of the Board at these meetings is as follows:

Name	Attendance
Yazeed Mohamed	15
Hassan Zareer	15
Ahmed Mohamed	15
Hassan Waheed	14
Aishath Lu-Lua Hassan	11
Hussain Siraj	13
Ahmed Faiz Mohamed	15

4.1.3 Activities of the Board

Advice on the following issues proposed by the Commissioner General of Taxation was given to him, after deliberations made at meetings held by the Board of Directors, in the year 2014 :

- Discussed the issues pertaining to the implementation of the Fourth and Fifth Amendment to the Maldives Tourism Act and the First Amendment to the Goods and Services Act.
- Discussed the Regulation on the Lease Period Extension Fee paid to extend the lease period of islands and land plots leased for tourism purposes.
- Endorsed the policy on service and training bonds for MIRA staff and decided to enforce it.
- Finalized the tax rulings with respect to GST on the sale of immovable properties and the telecommunications sector.
- Finalized the Tax Agent's Regulation, prepared under Section 25 of the Tax Administration Act.
- Finalized the MOU between MIRA and MMA.
- Finalized MIRA's Strategic Plan 2015-19.
- Finalized MIRA's Taxpayers' Charter.
- Finalized the policy on "Ran Laari Award", which outlines the procedures to award taxpayers who contribute most to MIRA's revenue.
- Finalized the staff recruitment plan of MIRA for 2015.
- Endorsed the budget and action plan of MIRA for 2015.
- Endorsed limits to which MIRA can share information and documents with the Auditor General's Office.
- Endorsed MIRA's organisational structure (effective from 1st January 2015), staff recruitment plan for 2015 and internal recruitment structure, and decided to change the working hours of MIRA branches in atolls.

4.1.4 Other Matters

Upon invitation from the Taiwanese tax administration (under the Ministry of Finance of Taiwan), all members of the board of directors of MIRA visited Taiwan from 10th to 12th March 2014. During this visit, the board members were apprised of the activities of the Taiwanese tax administration and discussions with senior officials were held. As a result of the visit, the relationship between the two authorities was reinforced and this in turn opened up opportunities to train MIRA staff on tax matters.



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Board Of Directors



Yazeed Mohamed
Commissioner General of Taxation



Hassan Zareer
Deputy Commissioner General of Taxation



Ahmed Mohamed
Chairperson



Hassan Waheed
Deputy Chairperson



Aishath Lu-Lua Hassan
Board Member



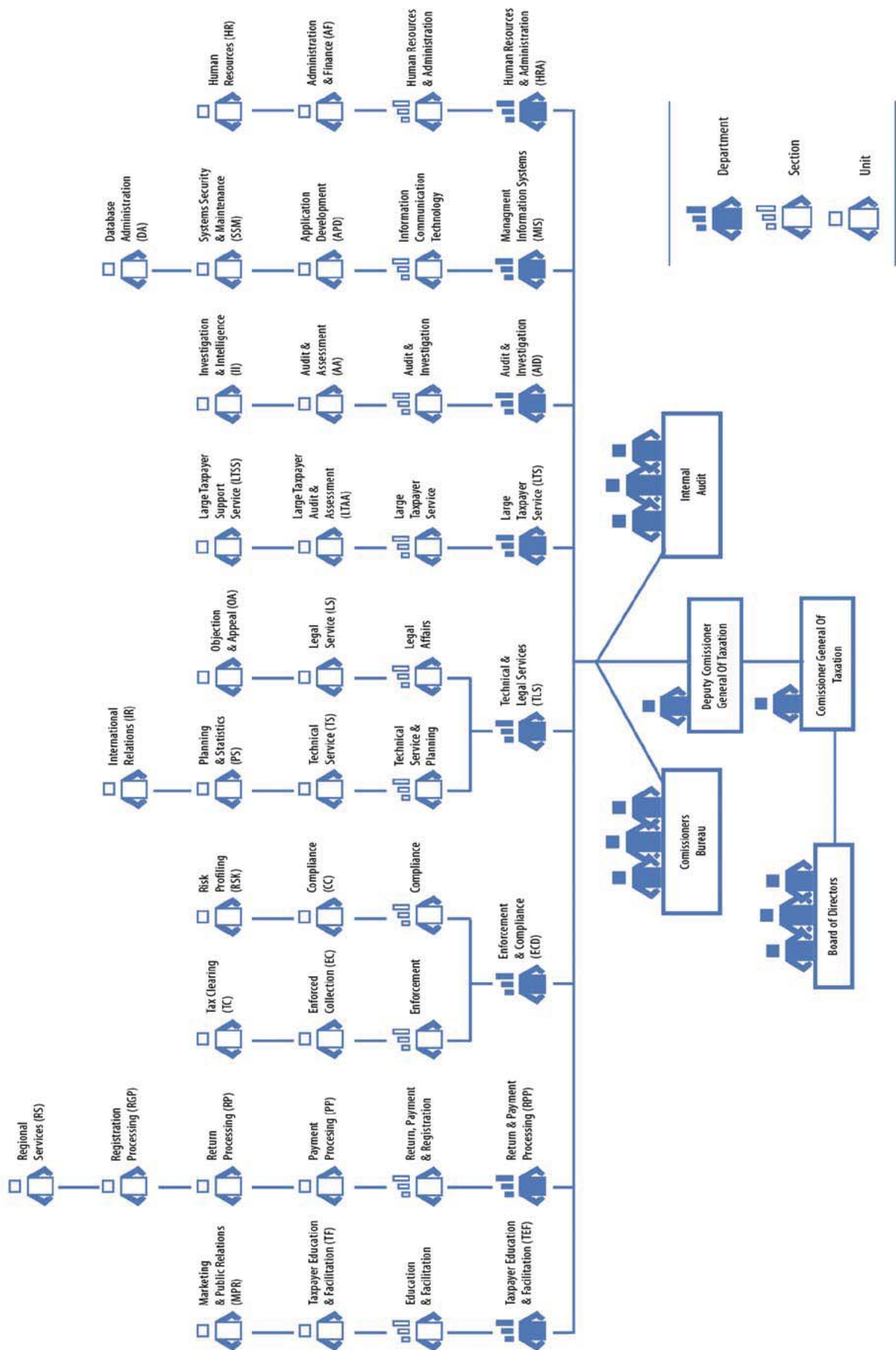
Uz Hussain Siraj
Board Member



Ahmed Faiz Mohamed
Board Member

4.2 Organisational Structure

4.2.1 Organisational Chart





4.2.2 Departments

The organizational structure of MIRA was based on the following 8 departments in 2014. A new department named “Large Taxpayer Service” was formed on 1 January 2014.

Taxpayer Education and Facilitation

The core functions of this department include providing comprehensive information to the taxpayers, organize and hold tax related training programs and conduct tax related awareness programs for the public and the taxpayers.

Return and Payment Processing

The main responsibilities of this department include identifying and registering persons required to register under tax laws, receiving tax returns and payments and overseeing the work of regional branches of MIRA.

Enforcement and Compliance

The mandate of this department includes undertaking all necessary means to recover tax and other monies collected by MIRA from persons in default and taking actions against persons in default or those who fail to submit returns. In addition, verifying whether all taxpayers are in compliance with the tax laws and regulations and formulating risk profiles of taxpayers is also among the responsibilities of this department.

Technical and Legal Service

The main responsibilities of this department include preparing information needed for providing technical advice on formulating taxation policies; planning and implementing the tasks necessary to implement such policies, formulating legal and technical documents such as regulations and tax rulings of MIRA. In addition, the functions of this department also include establishing close relations with other tax administrators and tax-related organizations, analysing and maintaining revenue statistics of MIRA, reviewing objections made by taxpayers in relation decisions of MIRA and representing MIRA at the Tax Appeal Tribunal and courts and undertaking all other legal related works.

Large Taxpayer Service

The core functions of this department include conducting GST, BPT and WHT audits of persons classified as large taxpayers, and ascertaining whether the tax computation is in accordance with the laws and regulations, ensuring that the returns are filed and taxes, fees, and other payments are paid on time, providing assistance and resolving the issues faced by large taxpayers during the registration stage, and coordinating with relevant sections and units with respect to the filing of tax returns, recovery of unpaid amounts and resolving technical issues faced by large taxpayers.

Audit and Investigation

The main functions of this department include verifying whether all those who are liable to pay tax are calculating their tax in compliance with the laws and regulations, conducting tax assessments of persons not filing returns, conducting investigations under tax laws and gathering intelligence for the audits and investigations conducted by MIRA.

Management Information Systems

The main responsibilities of this department include developing software applications necessary for MIRA, repairing and maintaining the network, systems security, and hardware and managing and maintaining the database.

Human Resources and Administration


Managing MIRA’s administrative procedures, human resource management, and staff training is under the mandate of the Human Resource and Administration department. In addition, the work related to the financial statements of staff and MIRA’s budget is also the responsibility of this department.



Yazeed Mohamed
Commissioner General of Taxation



Hassan Zareer
Deputy Commissioner General of Taxation



Fathuhullah Jameel
Director General, Audit and Investigation



Mohamed Shahid
Director General, Enforcement and Compliance




Aiman Ibrahim
Director General, Technical and Legal Service



Ahmed Shareef
Director General, Return and Payment Processing




Fathimath Rasheedha
Director General, Human Resources and Administration



Ahmed Ali
Senior Director, Large Taxpayer Service



Fathimath Ameeza
Senior Director, Enforcement



Asma Shafeeu
Director, Technical Service and Planning




Fathimath Shifaza
Director, Human Resources and Administration



Ibrahim Faisal
Director, Internal Audit



Abdulla Waris
Director, Legal Affairs



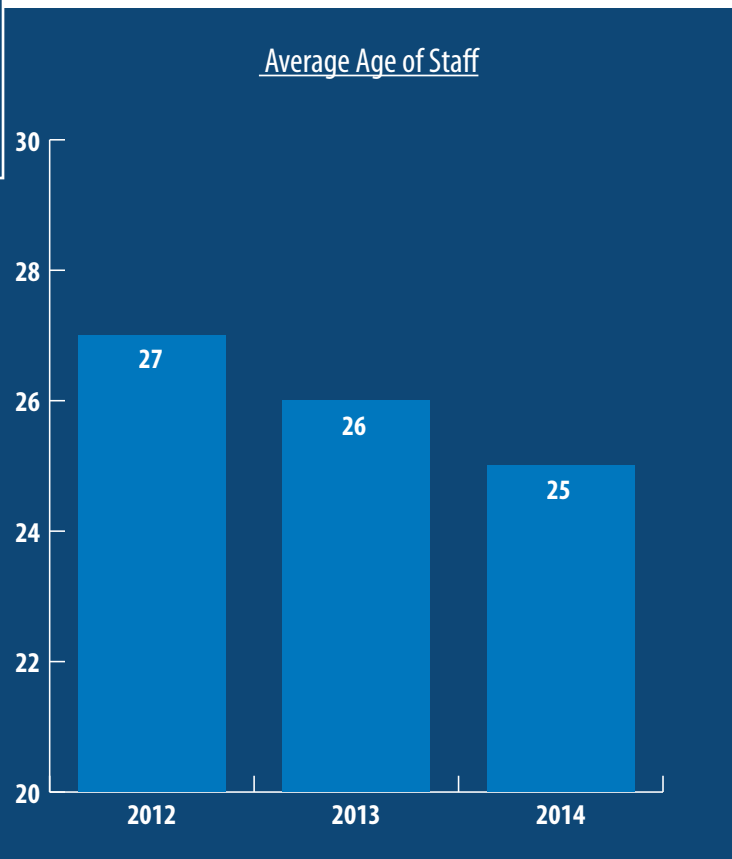
Aas Abdulla
Director, Investigation and Intelligence



Madeeh Ahmed
Director, Audit and Assessment



4.3 Human Resources Management and Development



4.3.1 Employees

At the beginning of 2014, MIRA employed 180 staff. As the roles and functions of MIRA expanded, recruitment of additional staff was deemed necessary to increase the efficiency of work. In light of this, a total of 106 employees were recruited in 2014 and 63 staff resigned from MIRA.

Meanwhile no-pay leave was granted to 7 staff. At the end of the year, there were 216 employees on MIRA's employment registry. This is 20% more than the number of employees at the beginning of the year.

Among these, 51% of the total number of employees were male, whilst 49% were female. Further, 51% of the employees working in MIRA at the end of the year were graduates (bachelor's or master's degree or equivalent qualification). The average age of MIRA employees was 25 years.

Share of Graduates among Staff



Total number of employees: 132
Graduate employees' ratio: 55%

2012



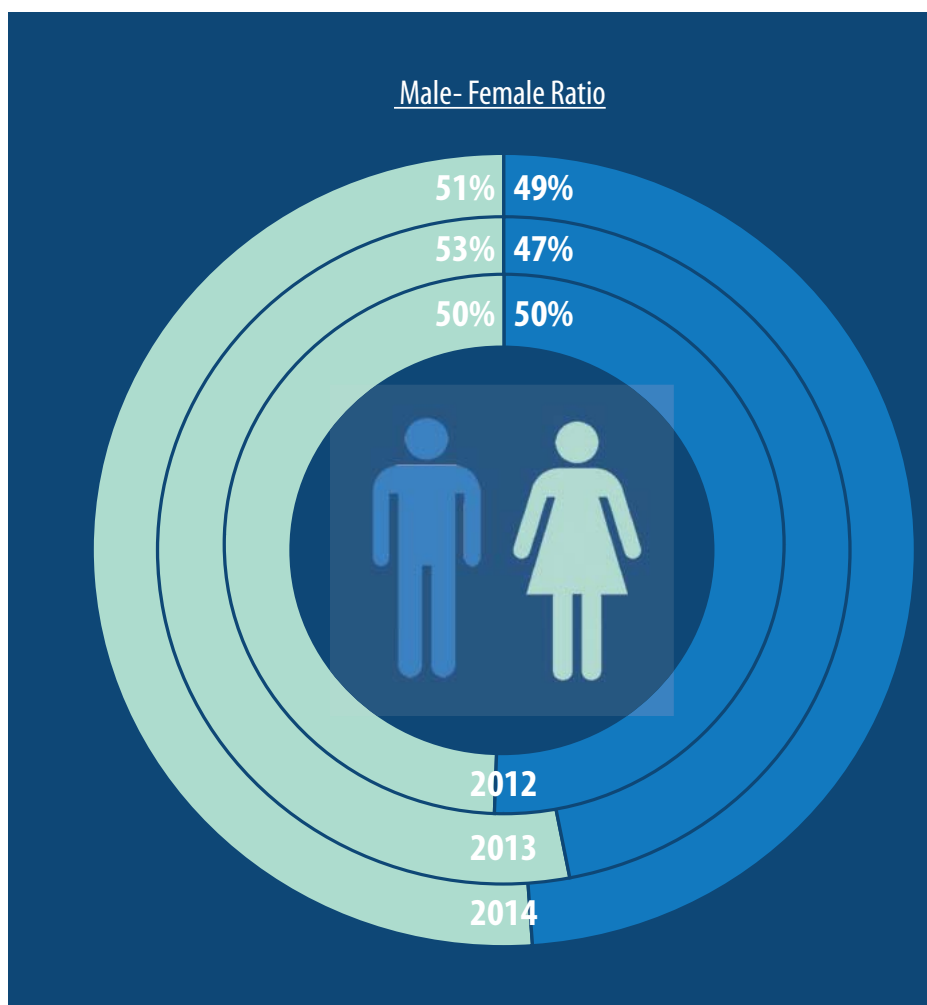
Total number of employees: 180
Graduate employees' ratio: 52%

2013



Total number of employees: 216
Graduate employees' ratio: 51%

2014



4.3.2 Staff Trainings

As with past years, high priority was given to the training and development of staff in 2014. As such a total of 2.2% of MIRA's budget for 2014 was allocated to training and development. This includes training provided both locally and abroad.

In 2014, MIRA participated in 14 training programs which were held overseas. A total of 26 staff were instructed in these programs. In addition, MIRA staff participated in 28 training programs which were held locally. Moreover, 8 staff were given the opportunity to complete ACCA under MIRA sponsorship.

At the end of the year, a total of 19 employees were studying

ACCA under MIRA sponsorship, including the staff recruited via said MIRA sponsorship.

In-house training programs for staff and induction programs for new staff were carried out throughout the year. As such, 59 programs were conducted. These trainings were conducted by MIRA employees and consultants working in MIRA.

In 2014, 21 staff represented MIRA in 11 conferences and seminars.



Trainings held locally

Name of the Training	Duration	Place	No. of Employees
Seminar on Cyber Security	25 January 2014	Cyber Security Maldives Pvt Ltd	4
Corruption Prevention (Batch 1)	22 February 2014	Anti-Corruption Commission	28
Analysing for Single Window Environment in Maldives	18-20 March 2014	UNESCAP	1
Office Dhivehi	23-27 March 2014	Civil Service Training Institute	30
Conflict Management	30-31 March 2014	Civil Service Training Institute	30
Maldives Cyber Security Conference	10 April 2014	Cyber Security Maldives Pvt Ltd	3
Digital Library Network in South Asia	12-14 April 2014	Ministry of Youth and Sports/National Library	1
Information Security Technology Forum	13 April 2014	H.I.B Global and Thakral One	3
Corruption Prevention (Batch 2)	19 April 2014	Anti-Corruption Commission	17
Stress Management Course 1 (Batch 1)	31 May 2014	Civil Service Training Institute	25
Stress Management Course 2 (Batch 2)	1-2 June 2014	Civil Service Training Institute	19
Corruption Prevention (Batch 3)	7 June 2014	Anti-Corruption Commission	14
National Integrity Systems Assessment Stakeholders Forum	17 June 2014	Transparency Maldives	1
Time Management	21 June 2014	Civil Service Training Institute	12
Corruption Prevention (Batch 4)	5 July 2014	Anti-Corruption Commission	26
Corruption Prevention (Batch 5)	17 July 2014	Anti-Corruption Commission	15
IFRS Training	9-19 August 2014	B.D.O and A.X.I Associates Pvt Ltd	49
IFRS Training (Senior Staff)	19 August 2014	B.D.O and A.X.I Associates Pvt Ltd	15
Corruption Prevention (Batch 6)	30 August 2014	Anti-Corruption Commission	11
Maldives Land Law	14-18 September 2014	Maldives Law Institute	4
Corruption Prevention (Batch 7)	28 September 2014	Anti-Corruption Commission	20
Corruption Prevention (Batch 8)	12 October 2014	Anti-Corruption Commission	10
Training the Trainers on Customer Service	16 October 2014	Civil Service Training Institute	1
Stakeholders Forum	18 October 2014	Maldives Red Crescent	1
Islamic Capital Market Awareness Workshop	23 October 2014	Capital Market Development Authority	2
Ethical Hacking and Counter Measures Training	23 November 2014	Cyber Security Maldives Pvt Ltd	1
Training Course on Islamic Finance	30 November - 4 December 2014	Capital Market Development Authority	2
Corruption Prevention (Batch 9)	8 December 2014	Anti-Corruption Commission	8

Trainings held overseas

Name of the Training	Duration	Country	No. of Employees
Taking Advantage of the Mutual Administrative Convention and Automatic Exchange of Information	17-21 February 2014	Malaysia	2
SAARC Seminar on International Taxation and Transfer Pricing	4-7 March 2014	India	4
Practical Workshop on the Negotiation of Tax Treaties	10-14 March 2014	Malaysia	2
Advanced Auditing of Multinational Enterprises	7-11 April 2014	Malaysia	2
SAARC Training Seminar on Exchange of Information and Large Taxpayer Units	7-11 April 2014	Pakistan	2
Anti-Money Laundering and Tax Evasion	14-18 April 2014	Malaysia	2
Advanced Auditing of Small and Medium Enterprises	5-9 May 2014	Malaysia	2
Workshop on Taxation of International Transactions	9-27 June 2014	Malaysia	2
General Tax Administration Course	18 August-5 September 2014	Malaysia	1
Taxation of Financial Markets	25-29 August 2014	Malaysia	2
Transfer Pricing 3 - Business Restructuring and Intangibles	15-20 September 2014	Korea	1
Advanced Taxation of Small and Medium-Sized Enterprises	13-18 October 2014	Korea	1
Income Tax Workshop	3-8 November 2014	Korea	1
Advanced Transfer Pricing - Case Studies	1-5 December 2014	Malaysia	2

Conferences and Seminars

Name of the Conference	Duration	Country	No. of Employees
High-Level Regional Consultation on Base Erosion and Profit Sharing (BEPS)	20-21 February 2014	Korea	2
CATA Management Committee Meeting	8-9 April 2014	UK	1
Workshop on Board Governance of Revenue Authorities	14-16 April 2014	Mauritius	2
International Tax Review Asia Tax Forum	7-8 May 2014	Singapore	2
3 rd Asian Tax Authorities Symposium	3-5 June 2014	Indonesia	2
Knowledge Sharing Workshop on Electronic Tax Administration	10-11 June 2014	Philippines	2
3 rd SAARC Meeting of Competent Authorities on Avoidance of Double Taxation and Mutual Assistance in Tax Matters	28-29 June 2014	Bhutan	2
11 th ATAIC Technical Conference	8-11 September 2014	Tunisia	1
35 th CATA Annual Technical Conference	10-14 November 2014	Botswana	2
44 th SGATAR Meeting	24-27 November 2014	Australia	2
3 rd Annual Global Transfer Pricing Forum - Asia 2014	2-3 December 2014	Singapore	3



4.4 Technical Assistance Received

With the aim of improving our services, MIRA obtained technical assistance from various organisations and professionals throughout the year.

ADB, as always, was a notable contributor to the organization in 2014.

Professor Dr. Kevin Holmes, who continued working with MIRA like past years, once again provided his technical expertise to the organization in 2014. In recognition of his valuable work and contributions to the organization, he was presented with a special award during MIRA's 4th anniversary function held in 2014.

With the aid of Mr. Paul Cooper, who worked at MIRA from

30 April to 27 November 2014, the organization was able to strengthen the work of its audit departments. Furthermore, SAP system specialist, Mr. Antish Avootar, aided MIRA in enhancing and customising the SAP Tax and Revenue Management software to better suit MIRA's needs. IT expert, Mr. Alok Diwakar, supported the organization in the preparation of the RFP to implement a CRM system at MIRA.

Strategic management expert Ms. Barbara Hebert, under technical assistance from the IMF, also provided valuable insight into developing MIRA's strategic plan.

Professor Dr. Kevin Holmes provides technical expertise to MIRA in tax administration matters.





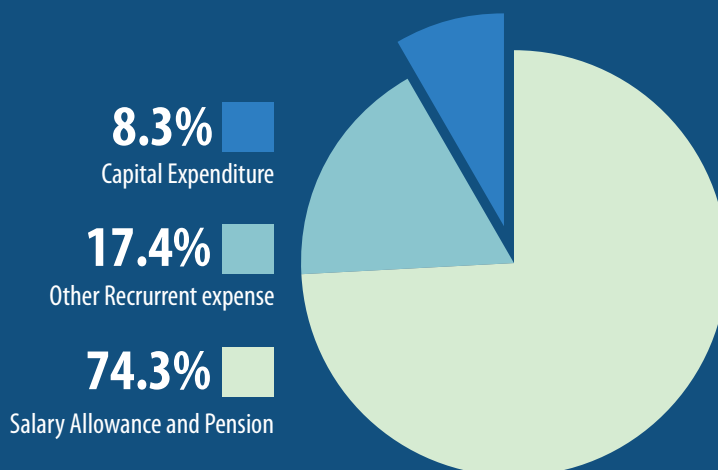
4.5 Administrative Expenditure

The total expenditure of MIRA in 2014 was MVR 58.88 million; an increase of 26.1% compared to the previous year. The main reason for the increase in expenditure was due to the recruitment of additional staff in order to strengthen the work carried out by MIRA. Accordingly it is important to note that the number of staff grew by approximately the same amount (26.7%) in 2014.

At 74.3%, the major portion of spending was allocated to employee disbursements such as salaries, allowances, and pensions. Inclusive of other recurrent expenses, 91.7% of the budget was spent on recurrent expenses. Meanwhile, 8.3% of the budget was spent on capital expenses.

Along with the increase in MIRA's expenditure by 26.1%, the total revenue collected by MIRA also increased by 27.8%. As a result, the overall efficiency of MIRA remained more or less constant. In 2014, MIRA spent 51 Laari to collect MVR 100 (10,000 Laari). In other words, for every MVR 1 spent by MIRA, MVR 195.28 was collected as revenue. It is notable that this figure has remained quite consistent over the past two years.

Breakdown of MIRA's 2014 Expenditure



Rufiyaa Spent per MVR 100 Collected





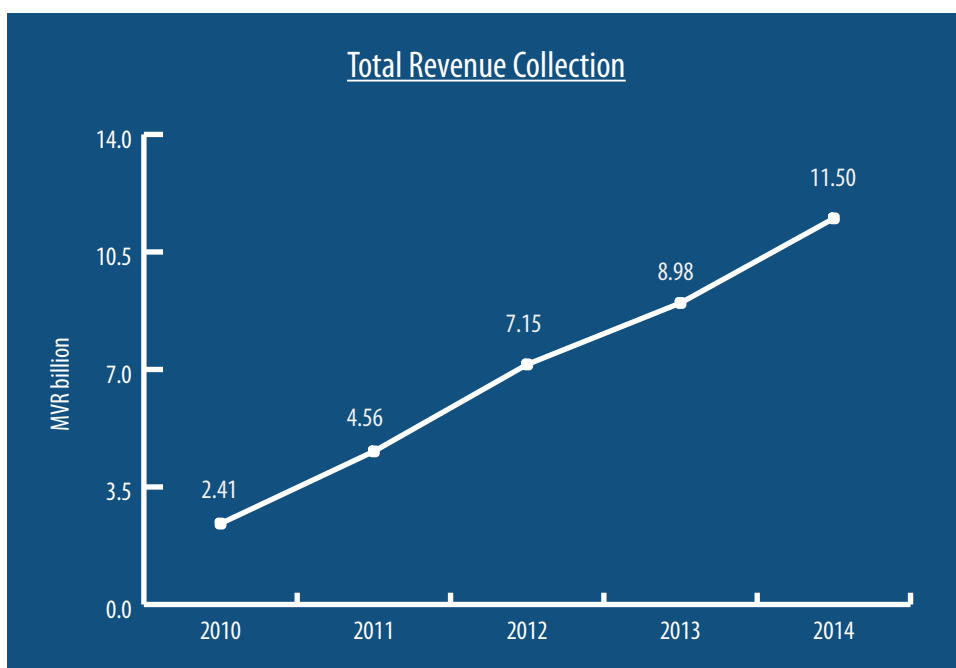
REVENUE COLLECTION



MIRA staff providing services to taxpayers

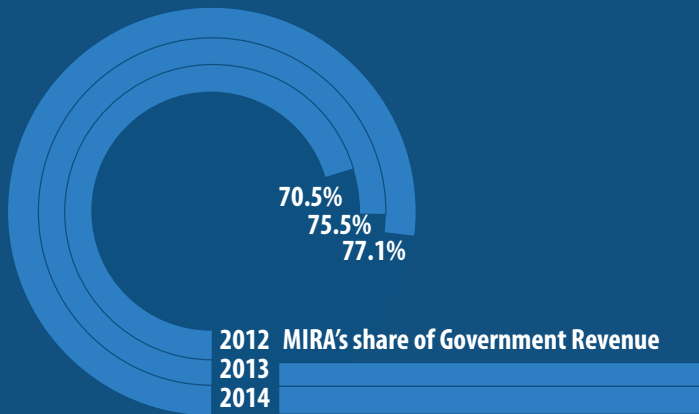
5.1 Total Revenue Collection

Total revenue collected by MIRA in 2014 was MVR 11.50 billion. It is notable that the growth rate of revenue collected by the establishment has shown a strong increase historically. Likewise, revenue collected in 2014 rose by a sharp 28.0% as well. A number of reasons can be attributed to this rise, namely the new revenue measures undertaken by the government to increase revenue, the growth of tourist arrivals during the year and the robust development of the Maldivian economy in 2014.

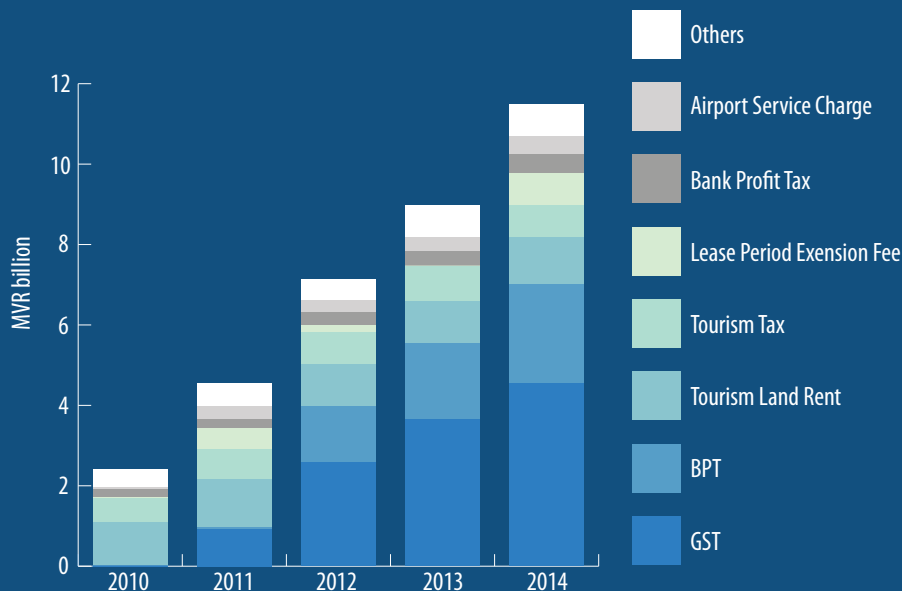




MIRA's Share of Government Revenue



Revenue Breakdown



Furthermore, the share of total revenue collected by MIRA in the total revenue of the State had also increased in 2014. The revenue collected by MIRA accounted for 77.1% of the total revenue collected for the State, which is a larger share of the revenue compared to previous years.

The largest portion of the total revenue collected in 2014 can be attributed to both the Goods and Services Tax (GST) and the Business Profit Tax (BPT). They accounted for 61.0% of the total revenue collected. The top 7 revenue codes that made up 92.9% of the total revenue collection are GST, BPT, Tourism Land Rent, Tourism Tax, Lease Period Extension Fee, Bank Profit Tax and Airport Service Charge.

5.2 Adjusted Revenue Collection

MIRA uses two measures to determine its revenue collection: (1) the revenue received from payments made to MIRA, and (2) the revenue after adjustments. Adjustments made to the revenue collected include changes to the revenue collection due to offsets claimed by taxpayers for advance tax payments made in previous years. It also includes the revisions and adjustments made between revenue codes.

Revenue after adjustments was MVR 11.54 billion. Due to the aforementioned adjustments there was a difference of MVR 45.06 million between revenue after adjustments and actual revenue received. Revenue codes adjusted the most during the year were Tourism Land Rent and GST.

5.3 USD Revenue Collection

60.0% of the total revenue collected in 2014 was in USD. This amounts to USD 449.58 million, which in terms of Maldivian Rufiyaa is equivalent to MVR 6.89 billion.

The majority of the revenue collected in USD was received from Tourism GST. It accounted for 43.9% of the total USD revenue. Shares of Tourism Land Rent and Tourism Tax were 16.7% and 11.7% respectively. Lease Period Extension Fee accounted for 11.5% and revenue from BPT accounted for 7.2%. Moreover, Airport Service Charge accounted for 6.3% of the total revenue collected in USD respectively.

USD revenue collection increased by 29.6% in 2014. This was due to the rise in TGST by 23.5% and the introduction of Lease Period Extension Fee in 2014. Additionally, revenue collected in USD from BPT increased by 43.1%, fines collected in USD increased by 480.2% and Airport Service Charge increased by 29.0%, thus contributing to the increase. Other changes to the revenue collected in USD include the growth in revenue collected from Tourism Land Rent.

However, revenue obtained from Tourism Tax and Proceeds from Sale of Assets declined in 2014, mainly because of changes brought to the fiscal policy by the government.

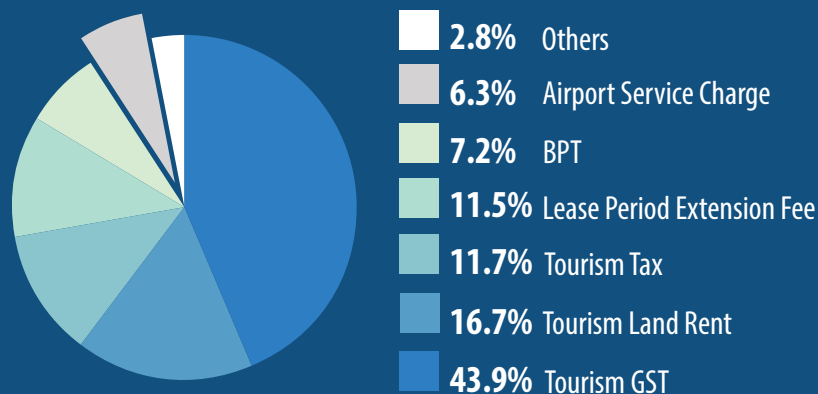


Total USD Revenue

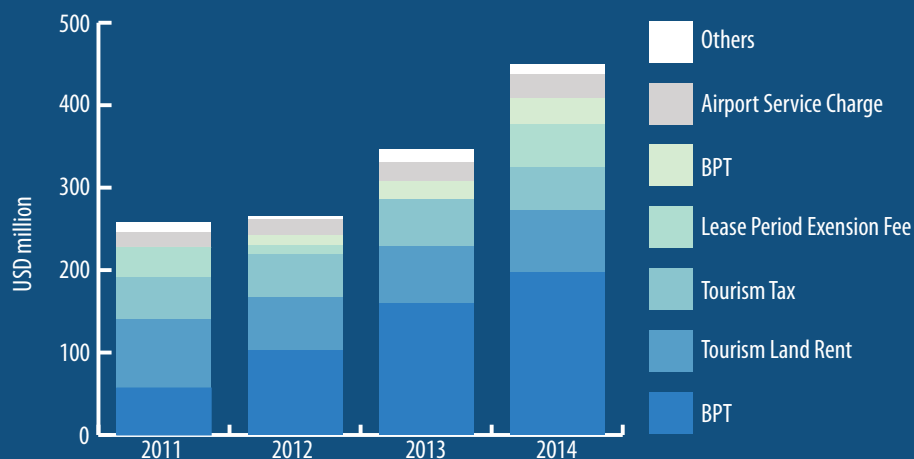


REVENUE COLLECTION

2014 USD Revenue Breakdown



USD Revenue Breakdown





5.4 Comparison Against Previous Year

When compared to 2013, revenue collected by MIRA had increased by 28.0%.

The main reason for this increment is due to the rise in revenue collected from GST and the collection of Lease Period Extension Fee in 2014. Revenue collected from GST in 2013 accounted for MVR 3.65 billion. This amount rose by MVR 887.57 million to an aggregate of MVR 4.54 billion in 2014. The main reason for this was the increase in number of tourist arrivals, the growth of the economy and business activities, as well as the imposition of GST on the telecommunication sector.

Furthermore, the Lease Period Extension Fee was reintroduced in 2014. Hence, while no revenue was collected with respect to the Lease Period Extension Fee in 2013, MVR 789.36 million was received in 2014.

With regard to other significant revenues, revenue from Tourism Land Rent, Bank Profit Tax and Airport Service Charge rose by 8.2%, 35.8% and 23.3% respectively. However, Tourism Tax declined by 6.4% as it was not collected during the first 6 weeks of 2014.

Other notable changes in 2014 compared to 2013 include the 2.1 fold increase in revenue from Fines. Revenue from Resident Permits rose by 28.0% and revenue from the sale of Revenue Stamps by 15.7%. Moreover, the revenue from Royalties fell by 12.2%.





5.5 Comparison Against Projection

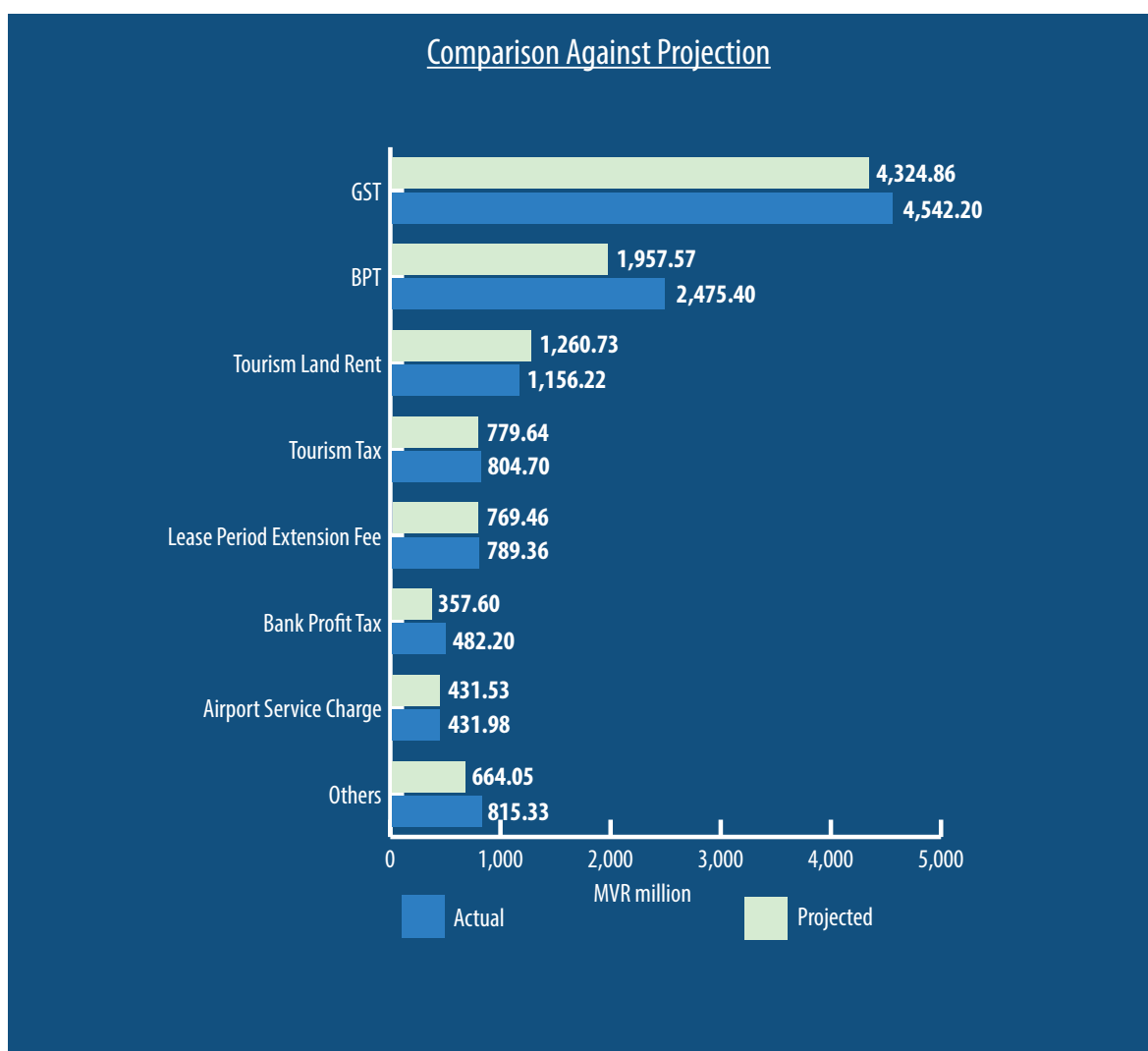
Projected revenue for 2014 was MVR 10.55 billion. The actual revenue collected by MIRA was MVR 11.50 billion. Actual revenue received is thus higher than the revenue projected by 9.0%.

This growth in actual revenue compared to projected revenue was mainly due to the rise in revenue collected from BPT and Fines compared to the estimates.

Revenue from BPT was 26.5% higher than estimated amounts because of improved compliance with the tax laws and positive impact on business profits due to the strong economic growth

in 2014. Revenue collection from Fines was also 149.2% higher than their projections and can be attributed to the payment of accumulated fines by various resorts. Revenue from GST meanwhile, rose by 5.0% as the number of tourist arrivals exceeded estimated expectations.

Moreover, the revenue from Bank Profit Tax rose by 34.8% than projected. This indicates that the profitability of banks improved in 2014 compared to previous years. In addition, revenue from Lease Period Extension Fee was 2.6% higher than the estimation.





5.6 Major Revenue Contributors

5.6.1 GST

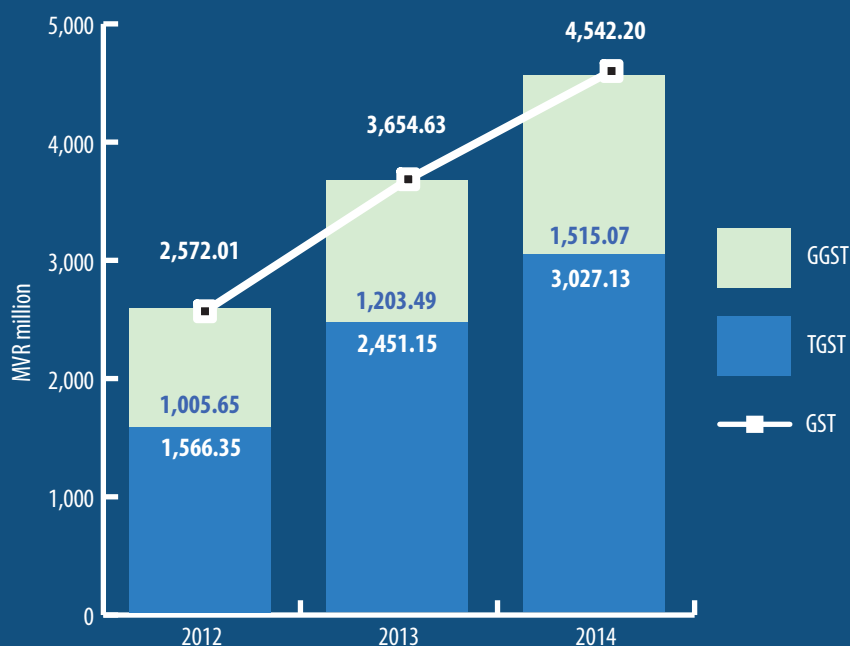
Revenue from GST in 2014 was MVR 4.54 billion. This was a 24.3% increase compared to MVR 3.65 billion collected in 2013 and was 5.0% higher than projected. GST accounted for 39.5% of the total revenue collected in 2014.

The following significant amendments were brought to the GST Act in 2014:

- The scope of GST was expanded to include telecommunication services, courier services and the sale of immovable property from 1 May 2014 onwards, after the First Amendment to the Goods and Services Tax Act (Law Number 6/2014) was published in the Government Gazette.
- The rate of tourism sector GST was raised to 12% from November 2014 onwards. The tourism sector GST rate was previously 8% from January 2013 onwards. The general sector GST rate, however, remained unchanged at 6% in 2014.
- Flats, lands and buildings sold under social housing schemes in which the government has the discretion to control the price of the property being sold, in accordance with procedures determined by the government, were exempted from GST in 2014 in accordance with the Second Amendment to the Goods and Services Tax Act, published in the Government Gazette on 23 November 2014.
- The GST rate for domestic transport services for Maldivians and the GST rate for goods sold at shops operated exclusively for employees at tourist establishments were changed to 6% from 1 December 2014 onwards, with the enactment of the Third Amendment to the Goods and Services Tax Act.

These amendments to the GST Act played a vital role in the increment in revenue from GST. Likewise, the increase in tourist arrivals and the increase economic growth also contributed significantly to the growth in GST revenue in 2014.

Revenue from GST



Two-thirds of the total GST revenue collected in 2014 was attributed to the tourism sector GST. MVR 3.03 billion was collected as TGST in 2014. This collection was 23.5% higher than the TGST revenue for 2013 and 5.5% more than projected estimates. The improvement in TGST revenue was mainly due to the rise in tourist arrivals and the increase in tourist spending in Maldives.

One-third of the total GST revenue collected is attributed to the general sector GST, amounting to MVR 1.52 billion. This figure is 25.9% higher than the GGST amount for 2013 and 4.2% higher than their projection. The rise in the GGST revenue was mostly caused by the stronger economy in 2014 and higher public consumption spending. Moreover, the introduction of GST on telecommunication services also contributed to this increase in GST revenue.

5.6.2 BPT

Revenue from BPT was MVR 2.48 billion in 2014. This collection is 31.5% higher than the MVR 1.88 billion collected in 2013 and 26.5% higher than the projected estimate. This can be credited to improved profitability of businesses in 2013. Since the BPT collected in 2014 is based on the business profits of 2013, the total BPT revenue collection grew because of the rise in business profitability in 2013. BPT collected also accounts for 21.5% share of the total revenue of 2014.

The BPT Act consists of two components. Namely, the 15 Laari tax levied on every additional Rufiyaa as profit from businesses whose profits exceed MVR 500,000; and 10% withholding tax levied on payments made for services mentioned in the Business Profit Tax Act that are provided by non-residents to resident businesses.

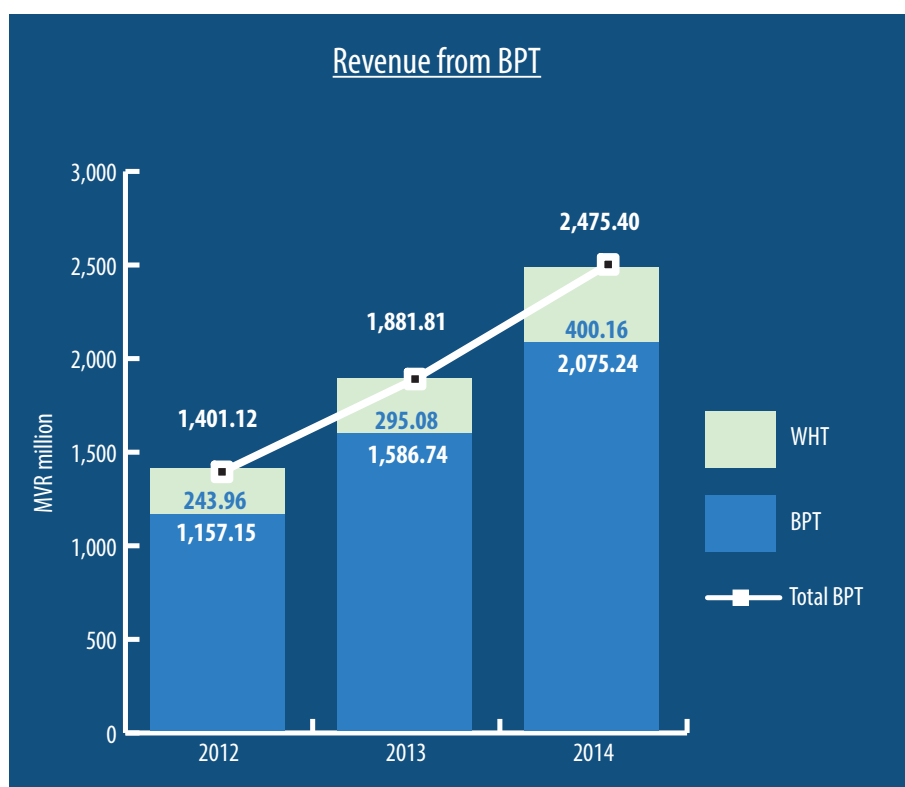
No amendments were brought to the Business Profits Tax Act in 2014.

Of the two components of BPT, the collection of revenue relating to business profits was MVR 2.08 billion. This accounts for 83.8% of the total BPT revenue. This collection showed a 30.8% increase when compared to 2013 and is 24.2% higher than projected. Thus indicating a growth in business activities of 2013 and that the taxpayers are more compliant to tax obligations.

MVR 400.16 million was collected as revenue from Withholding Tax. This collection was 35.6% higher than the revenue in 2013. Revenue from Withholding Tax has risen at this rate for the past two years. Compared to the projection, the revenue from Withholding Tax exceeded the amount by 39.3%. The rise in revenue from Withholding Tax illustrated increased business transactions with non-residents and increased taxpayer awareness to Withholding Tax.

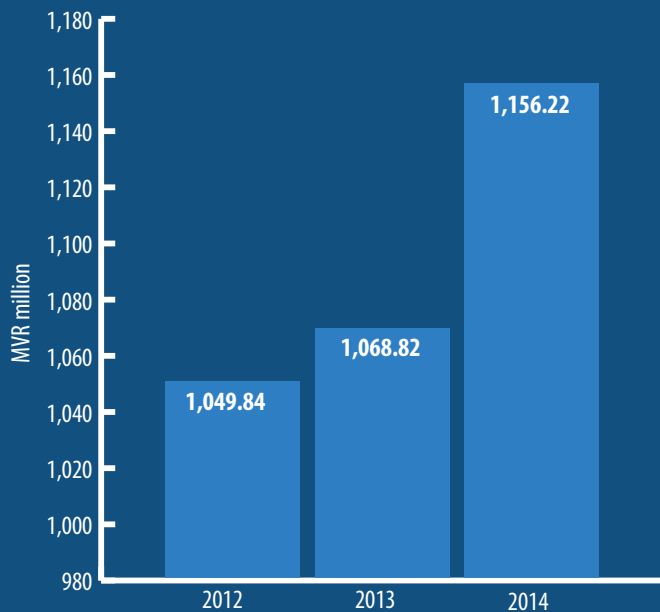
5.6.3 Tourism Land Rent

Tourism Land Rent, which is based on the land area of the resort, is paid to MIRA once every calendar quarter. Revenue collected from Tourism Land Rent amounted to MVR 1.16 billion in 2014. This is 8.2% higher than the MVR 1.07 billion collected in the previous year. This rise was caused by bulk payments received from resorts that previously had not made rental payments and the commencement of

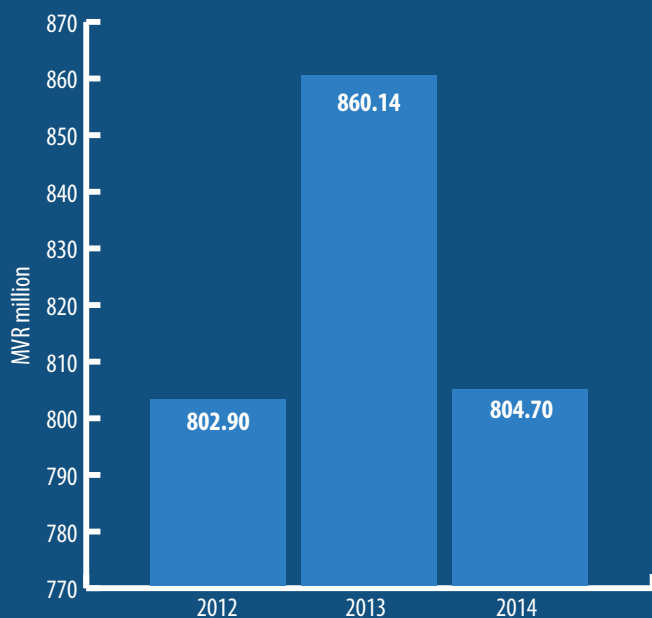




Revenue from Tourism Land Rent



Revenue from Tourism Tax



Tourism Land Rent payments by new and developing resorts. However, it should be observed that this amount is 8.3% lower than the amount that should have been collected had Tourism Land Rent payments been made in accordance with the schedule assigned to it. Tourism Land Rent accounted for 10.1% of the total revenue collected by MIRA.

5.6.4 Tourism Tax

It was initially decided by the Parliament to cease the collection of Tourism Tax after three years had passed following the introduction of tourism sector GST. In this regard, the Second Amendment to the Maldives Tourism Act was passed and Tourism Tax was to be abolished on 1 January 2014.

The collection of Tourism Tax was thus halted at the beginning of 2014. However, the Fifth Amendment to the Maldives Tourism Act was passed by the Parliament, and Tourism Tax was reinstated until November 2014 on 6 February 2014.

Therefore, it should be noted that the Tourism Tax was collected in 2014 from 6 February to the end of November 2014. Tourism Tax was not collected for the first 6 weeks of 2014. Hence, although tourist arrivals increased in 2014, revenue from Tourism Tax fell during the year. While MVR 860.14 million was collected as Tourism Tax in 2013, the collection in 2014 was MVR 804.70 million. This depicted a 6.4% lower collection in 2014 than 2013. It is however 3.2% higher than the projection for the year mainly due to tourist arrivals being higher than expected.

Tourism Tax was one of the main contributors to the revenue collected in 2014. The share of Tourism Tax in the total revenue is 7.0%.

5.6.5 Lease Period Extension Fee

Although the collection of Lease Period Extension Fee began in 2010, it was halted due to a judgment passed by the High Court. However, amendments were brought to the Maldives Tourism Act and collection of this fee resumed. The amendment enabled leaseholders to make payments in 8 instalments within 2 years from 6 February 2014. Since the amendment was published in the Government Gazette on 6 February 2014, the payment for the first instalment was due on 6 May 2014. Therefore, three instalment payments were collected in 2014.

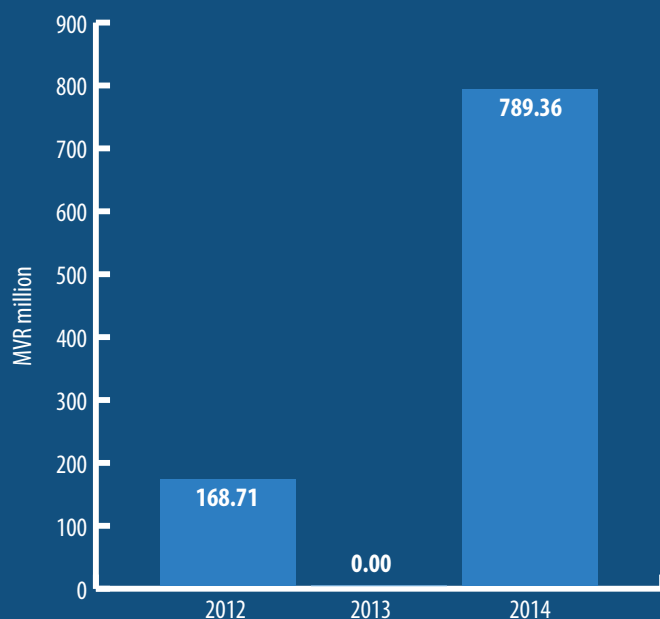
MVR 789.36 million was collected as Lease Period Extension Fee in 2014. As Lease Period Extension Fee was not collected in 2013, the inclusion of this component in revenue collection for 2014 contributed significantly to its increase. Lease Period Extension Fee accounted for 6.9% of the total revenue collection. Compared to the projection, which was based on the number of persons who made the first instalment of the fee, revenue collected was 2.6% higher

5.6.6 Bank Profit Tax

The revenue collected from Bank Profit Tax increased by 35.8% in 2014. Revenue from Bank Profit Tax amounted to MVR 482.20 million. The increase in revenue can be attributed to the rise in bank profits due to the recovery of non-performing assets and the surge in banking activities resulting from the strong economic growth of the year. 4.2% of the total revenue collection comes from Bank Profit Tax.

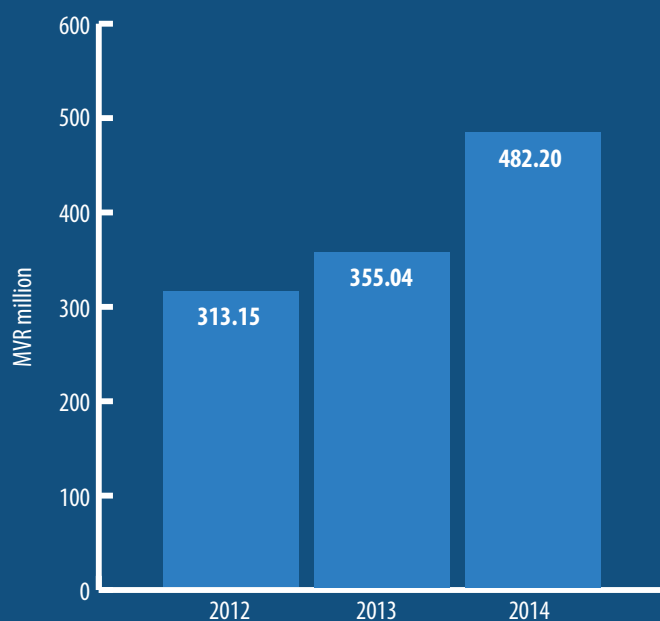


Revenue from Lease Period Extension Fee



REVENUE COLLECTION

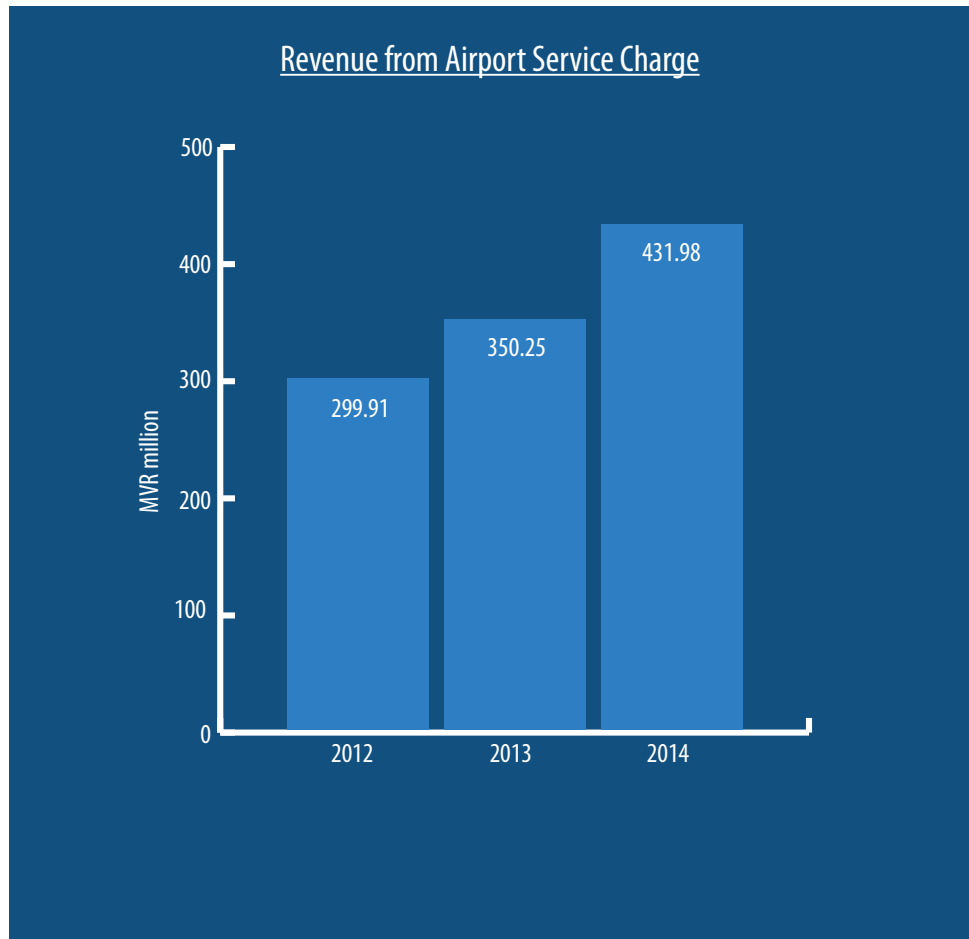
Revenue from Bank Profit Tax



5.6.7 Airport Service Charge

One of the new revenue measures proposed by the government included the increase of Airport Service Charge imposed on foreign passengers departing Maldives from USD 18.50 to USD 25 from 1 July 2014 onwards. This change, embodied in the Eleventh Amendment to the Airport Service Charge Act was ratified on 5 May 2014. This amendment did not change the Airport Service Charge imposed on Maldivians which remained consistent at the rate of USD 12.

The changes to the Airport Service Charge lead to a rise in its revenue by 23.3%. Revenue from Airport Service Charge amounted to MVR 431.98 million. This is about the same as the projected revenue. Airport Service Charge accounts for 3.8% of the total revenue.



Tax agents were trained and licensed in 2014. Tax agents are expected to improve the compliance level among taxpayers in forthcoming years.





ACTIVITIES CARRIED OUT DURING THE YEAR



MIRA showing its support on World Down Syndrome Day

6.1 Activities Carried Out to Improve Tax Administration

Formulation of Strategic Plan 2015 – 2019

In 2014, a high priority was placed on formulating MIRA's Strategic Plan in order to successfully carry out activities in moulding MIRA's future and strengthening the tax system. With the assistance of a strategic management expert, the staff of MIRA were trained and a plan was developed for the activities required to be carried out to adopt a structured strategic planning process in the organization. Consultations with taxpayers, government bodies and agencies related to the work of MIRA were held and their opinions were taken on board. The plan was then formulated with the information collected from sessions held among the senior management of MIRA, and the Strategic plan was launched during MIRA's 4th year anniversary celebration. The Strategic Plan outlines the strategic priorities that MIRA will focus on between 2015 and 2019 and it outlines the key performance indicators which will be used to gauge the achievement of these priorities

Introduction of Taxpayers' Charter

The Taxpayers' Charter, published in 2014, is a charter that sets forth the service standards that taxpayers can expect from MIRA. Emphasis will be given to maintaining the standards outlined in the Charter in every venue of service provided by the organization. It is thus assured that the service standards will improve because of the Taxpayers' Charter.

Opening of Huravee Collection Centre

MIRA was faced with the limitation of space due to the expansion of services and the growth of the organisation. Therefore, following the decision to open additional collection centres and offices, in 2014, the first collection centre to be opened away from the head office in Male' was the Huravee Collection Centre on 24 April 2014. As visa fees were to be paid to the Huravee Collection Centre, the opening of the centre with the collaboration of the Department of Immigration and Emigration, made it more convenient for taxpayers who pay such fees.

Presenting "Ran Laari" Award

In 2014, in recognition of taxpayers who pay the highest amount of taxes to MIRA in accordance with the tax laws and regulations, the "Ran Laari" Award was introduced and awarded to 11 taxpayers. The recipients included 5 taxpayers from the 'Individuals' category, 5 taxpayers from the 'Corporate' category and 1 taxpayer from the 'State Owned Enterprises' category. It is expected that this award will serve as an encouragement to taxpayers to pay tax in compliance with the tax laws and regulations.

Issuing license to tax agents

Among the responsibilities of MIRA is the issuing of licenses to tax agents who assist taxpayers in calculating their tax liabilities and in the preparation of tax returns and other documents in accordance with the tax laws and regulations. In 2014, the Tax Agents Regulation was formulated and published in the Government Gazette. Tax agents were trained and licenses were issued to persons who passed the exam. As such, 6 tax agents were issued the license during 2014.

Establishment of the Large Taxpayer Service Department

In 2014, an important step was initiated to strengthen and improve the tax system by establishing a separate department that specifically deals with large taxpayers. More than 70% of the total revenue collected by MIRA is contributed by "large taxpayers", thus making it a crucial area to protect the revenue base. It is arranged to audit all large taxpayers every year. Furthermore, special assistance will be provided to them by the new department.

Expanding the Role of Information Technology and Automation in MIRA's work

As information technology plays a crucial role in increasing the efficiency and competency in the work of MIRA, work commenced to automate the functions of MIRA. In 2014, the IT staff of MIRA

developed in-house applications to automate certain tasks of the organization. Eight software solutions were built while ten old software solutions were modified. Furthermore, improvements were brought to the SAP Tax and Revenue Management System of MIRA. As such, four new revenue codes were migrated to the SAP System

Implementation of the Legislative and Regulatory Changes to the GST Act

The First Amendment to the Goods and Services Tax Act (Law Number 6/2014) was enacted in early 2014, introducing GST to the telecommunications sector.

Since GST on telecommunication services was planned to be introduced from May 2014 onwards, MIRA got a relatively short period of time to implement this change. In spite of the short time frame, the required changes were brought to the GST Regulation after consulting and exchanging views with telecommunication service providers and the Communication Authority of Maldives, the regulator. Several initiatives were undertaken to create awareness among the general public about this change, and GST on telecommunication services was successfully implemented in time.

The parliament also decided to commence charging GST on courier services and transactions dealing with the sale of flats, land and buildings through this amendment to the Goods and Services Tax Act. Although not much work was required to commence charging GST on courier services, the relevant regulations had to be prepared and activities were held to create awareness about the changes to the GST Act.

Additionally, since concerns were raised about the inclusion of flats, land and buildings sold by the Government under social housing schemes, it was brought to the attention of relevant authorities and a further amendment to the Act was brought about to exempt the sale of such property.

Tourism sector GST rate was also increased from 8% to 12% effective from November 2014. Further, the GST rate for domestic air transportation services supplied to Maldivian citizens and supplies to employees at tourist establishments was reduced to 6% from December 2014 onwards. Awareness programs were conducted following the implementation of these amendments to the GST Act.



6.2 Tax Regulations and Amendments

Changes were brought to the BPT Regulation and GST Regulation in 2014 through tax rulings. Tax rulings were also issued to lay down tax principles. The list of tax rulings issues are listed below:

Title	Tax Ruling Number
BPT Related Tax Rulings	
Sixth amendment to the Business Profit Tax Regulation	TR-2014/B36
Determining the date on which a payment subject to withholding tax is made	TR-2014/B37
Charitable organisations	TR-2014/B38
GST Related Tax Rulings	
Eleventh amendment to the Goods and Services Tax Regulation	TR-2014/G17
Imposition of GST on immovable property	TR-2014/G18
First amendment to the Tax Ruling TR-2012/G8	TR-2014/G19
Using the new TIN on tax invoices	TR-2014/G20
Change of rate of tourism sector goods and services on tax on 1 November 2014	TR-2104/G21
Domestic air transportation services supplied to Maldivian citizens and supplies to employees at tourist establishments	TR-2014/G22

In addition, the Tax Agents Regulation was published in the Government Gazette on 18 June 2014.

6.3 Registration of Taxpayers and Other Persons

By the end of 2014, the number of businesses listed in the business registry totalled at 21,950. This showed an increase of 20.5% compared to the number of businesses registered at the beginning of the year. While 3,169 new businesses were registered during the year, 193 businesses were deregistered. Registration notices were also sent to 279 persons who were not registered with the MIRA.

In addition to registering the business, persons who meet certain thresholds are required to register for GST as well. By the end of 2014, there were 9,026 persons registered for GST. This figure is 40.5% higher than the number of GST registered persons at the end of 2013. There were 1,555 newly registered persons for 2014 while 396 persons were de-registered.

Along with taxpayers, auditors and tax agents are also required to register with MIRA and obtain their licenses. If the financial statements lodged with the BPT return is required to be audited, it must be audited by an auditor registered with MIRA. Accordingly, 25 auditors were registered with MIRA at the start of 2014. This figure increased to 34 by the end of the year. This includes 4 'category A' auditors, 1 'category B' auditor and 29 'category C' auditors. Furthermore, work commenced in 2014 to issue licenses to tax agents. By the end of 2014, 6 tax agents were issued the license. They consist of 1 tax agent under 'category 1', and 5 tax agents under 'category 2'.



6.4 Taxpayer and Public Awareness

6.4.1 Activities Carried Out to Provide Information

Educating and increasing awareness of taxpayers and the public on tax matters is considered to be a crucial component in encouraging taxpayers to comply with relevant laws and regulations. Accordingly, in 2014, various programs were conducted via an array of communication channels to create awareness and disseminate information to taxpayers and the general public.

During the year 2014, 61 media programs were broadcasted via TV and Radio. In addition, an online program titled the "1415 Show" was aired on YouTube. This show includes tax related information and interviews of MIRA staff. In 2014, 6 episodes of the show were aired on YouTube. Furthermore, the media team of MIRA conducted 225 interviews on various broadcasting channels.

MIRA also reached out via social media considering its significance in reaching and engaging the public, especially the youth. As such, more than 2,450 messages were shared via Twitter, Facebook and Instagram. Similarly, 8 advertisements were produced for various

purposes. Thousands of posters and flyers were distributed and 41 news articles were issued.

In addition to providing tax related information via media, face-to-face interactions were also made to communicate with taxpayers. During the year 2014, information was given to 44 taxpayers by meeting with them face-to-face. Furthermore, 272 information sessions were held and information was provided to more than 4,900 taxpayers by the staff of MIRA. In the year 2014, MIRA also participated in 2 exhibitions. They were 'Agi Fair' (a fair to assist and promote small and medium sized enterprises) and 'Home and Build Expo' of MACI. Such exhibitions pave the way for a more effective means to provide information to taxpayers related to that particular industry.

MIRA also published information guides on various topics and instructions in order to assist taxpayers in filling out various forms to be submitted to MIRA. In 2014, 24 such guides were published.

6.4.2 Social Activities

MIRA participates in various social activities to improve the corporate image of the organization. In 2014, MIRA participated in 6 such activities.

In the year 2014, as part of the MIRA Anniversary celebrations, MIRA Open Day and MIRA Tax Week were held to provide information to taxpayers and the public in as interactive a manner as possible. Road shows and gatherings for children were also held to inform the public about important changes to the laws and regulations and to provide information.

The MIRA Club, a social club managed and funded by the staff of MIRA, organized a program to donate blood to the blood bank of the Maldivian Thalassemia Society and also organized activities to help the 'Kudakudhinge Hiya'. Additionally, the staff of MIRA donated to the Help Gaza Fund. The staff also showed their support and co-operation for social activities by participating in social activities and walks organized by NGOs who are engaged in such activities.



6.5 Activities Carried Out to Check Whether Taxpayers are in Compliance with the Tax Laws and Regulations

6.5.1 Taxpayers' Compliance

In order to check taxpayers' compliance with tax laws and regulations, 14,187 compliance visits were carried out. This is an increase of 6.7% compared to 2013.

These visits include compliance visits that the majority of MIRA employees carry out on one Saturday of each month. Of the total

compliance visits, 3,785 visits were to taxpayers in islands other than Male'. Such visits were made to 11 atolls.

In 2014, 1,950 taxpayers' names were published under the Policy on Disclosure of Non-compliant GST Registered Persons. 34 taxpayers were skip-traced during the year.

6.5.2 Audits and Investigations

In 2014, audits were carried out by 2 departments. They are the Large Taxpayer Service Department, which was established on 1 January 2014, and the Audit and Investigation Department.

A total of 1,113 audits were carried out in 2014. From these audits, additional taxes of MVR 184.16 million were declared to be paid to MIRA. In addition, 1,712 Tourism Tax desk reviews were also carried out. From these reviews, additional taxes of MVR 0.74 million were declared to be paid to MIRA. Two third of the sum of pending audits at the beginning of the year and new audits that commenced during the year were completed.

MIRA staff donated blood to the blood bank of the Maldivian Thalassemia Society in 2014.



MIRA's audit teams visited various different areas of Maldives to carry out these audits. In total, they visited 8 atolls to undertake audit tasks. In 2014, 11 investigation audits were completed. Additional taxes of MVR 3.87 million were declared to be paid to MIRA from these audits. This also included criminal claims on 3 taxpayers.

Tax	Audits of Large Taxpayers		Audits of Other Taxpayers		Total	
	Number	Tax Impact (MVR)	Number	Tax Impact (MVR)	Number	Tax Impact (MVR)
GGST	43	715,345	485	40,730,878	528	41,446,223
TGST	80	13,871,153	77	22,780,290	157	36,651,443
WHT	136	25,885,589	77	31,778,622	213	57,664,211
BPT	98	24,284,390	111	24,688,800	209	48,973,190
Bank Profit Tax	5	(49,928)	1	(525,410)	6	(575,338)
Tourism Tax	-	-	-	741,024	-	741,024

6.5.3 Taxpayer Objections

If a taxpayer is unsatisfied with the outcome of an audit assessment by MIRA, the taxpayer has the right to object to the decision of MIRA. As such, 64 taxpayers objected to assessments made by the organization in 2014. When tax audits other than Tourism Tax desk reviews are considered, taxpayers objected to 5.7 audit assessments out of every 100 audit assessments issued by MIRA. It is notable that this ratio is lower in 2014 compared to 2013.

Tax	Number of Cases	Objections as a % of 2014 Audits
GGST	36	6.8%
TGST	14	8.9%
WHT	10	4.7%
BPT	3	1.4%
Bank Profit Tax	-	-
Tourism Tax	1	0.1%
Total	64	2.3%
Total (without Tourism Tax)	63	5.7%

Among the pending objections at the start of the year and new objections received during the year, a total of 73 cases were completed. With regard to how the cases were concluded, no changes were made to the audit assessment of 33 cases, the objections of 30 cases were partially accepted and 3 objections were fully accepted. Further, 6 cases were sent for re-audit and 1 case was withdrawn. 6 taxpayers appealed to the Tax Appeal Tribunal regarding decisions made by MIRA's Objection and Appeal Unit. This is 8.2% of the objections reviewed by MIRA in 2014. This is noted as a decrement compared to 12.2% in 2013.

Decision of the Objections Unit	Number of Cases	% Share
No change to the Audit Assessment	33	45.2%
Partially accepted the objection	30	41.1%
Fully accepted the objection	3	4.1%
Sent for re-audit	6	8.2%
Withdrawn	1	1.4%



6.5.4 Enforcement Activities

In 2014, MVR 555.25 million was collected by MIRA under works carried out to recover dues to the State. This is an increase of 61.3% compared to 2013. It was also in 2014 that the recovery amount cumulated to MVR 1 billion from actions taken against persons with dues to the State since the establishment of MIRA.

Enforcing collection of outstanding payments shall be made as per the steps outlined in the Enforcement Policy.

The first step is to issue the 'First Notice' to inform the taxpayer to settle any outstanding payments. In 2014, 951 such notices were issued. In addition, 6,498 notices were issued informing taxpayers to file tax return. After 30 days have passed since the delivery of the 'First Notice', the 'Second Notice' is issued. In 2014, MIRA issued 3,879 second notices. If the dues are not settled after issuing the notices, services from other government bodies will be discontinued under the 'Action Policy'. Under this Policy, MIRA was able to recover MVR 27.14 million from a total of 3,296 taxpayers. If this measure is unsuccessful, outstanding payments can also be recovered from freezing bank accounts of noted persons. Accordingly, in 2014, MVR 12.51 million was recovered from 71 taxpayers whose bank accounts were frozen. If payments

are even then not recovered, such taxpayer cases are forwarded to the Legal Service Unit and filed at courts for processing.

Some taxpayers settle outstanding payments before a dues clearance letter is being issued. In this regard, MVR 8.41 million was recovered from 3,370 taxpayers. MIRA also made arrangement for taxpayers to settle dues under an instalment plan where the payments are spread out over a given period. As such, 153 taxpayers were given this relief.

In 2014, 22 cases were filed by MIRA in the courts. This includes 19 cases filed with the Civil Court and 3 cases filed with the High Court. Conversely, 12 cases were filed against MIRA by taxpayers. Among these 5 cases were filed with the Tax Appeal Tribunal, 3 cases were filed with the Civil Court, 2 cases with the High Court and 2 cases were filed with the Supreme Court.

It is notable that no judgments were passed against MIRA in 2014. In fact, 19 cases were decided in favour of MIRA. This includes 13 cases decided by the Civil Court, 5 cases decided by the High Court and 1 case decided by the Tax Appeal Tribunal. Further, 5 cases were dismissed from the court.

6.6 Activities Carried Out to Establish Beneficial Relationships

With the aim of increasing MIRA's presence in the international tax society and maintain beneficial relationships, MIRA participates in various conferences and meetings held internationally. In 2014, MIRA participated in numerous events held to support SAARC Member States on tax related issues. In this regard, MIRA participated in the 3rd SAARC Competent Authorities on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters held in Thimphu, Bhutan. The organization also participated in the 35th Annual Technical Conference of CATA held in Botswana, and, being a member of the CATA Management Committee since 2012, participated in the Management Committee Meeting. Moreover, MIRA took part in the 44th meeting of SGATAR held in Australia and the 11th Annual Conference of the ATAIC held in Tunisia. Likewise, MIRA is also a member of the IFA.

During the year 2014, MIRA held various consultations with ADB to discuss about areas in which the organization required technical assistance. As a result, MIRA received assistance from ADB on strengthening the tax administration, audit, and information technology. Additionally it should be noted that MIRA also received technical assistance from IMF regarding strategic planning.

Furthermore, the board of directors of MIRA visited the tax administration of Taiwan as part of an educational tour. Likewise, MIRA also welcomed officials from the Department of Zakat and Income Tax, Saudi Arabia, for informational purposes in January 2014.

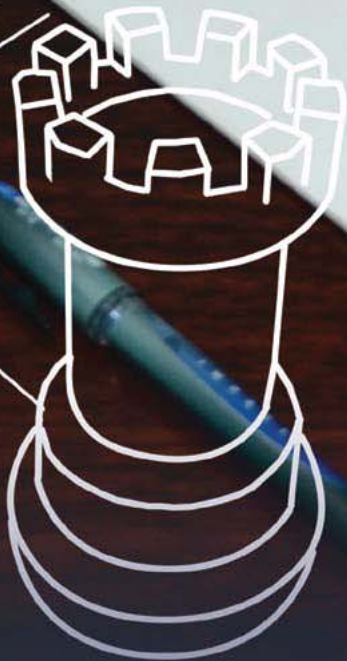


2015-2019

FULL AUTOMATION FULL AUTOMATION FULL AUTOMATION FULL AUTOMATION FULL AUTOMATION FULL AUTOMATION FULL AUTOMATION FULL AUTOMATION



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STRATEGIC PLAN 2015-19



Unveiling of MIRA's first strategic plan

The first strategic plan of MIRA will commence from the start of 2015. Hence, reporting the status of the key performance indicators outlined in the plan is crucial. Though some indicators may be far-off the target at the start, MIRA's hope is to strive to achieve these key performance indicators by the end of 2019. The following tables show the strategic priorities outlined in the Strategic Plan, its key performance indicators and the current status of these indicators.

Strategic Priority 1: Design and implement innovative and targeted education and awareness programs

Key Performance Indicator	Status at the beginning of 2015
Establish a regionally recognised tax training institute	A Tax Training Centre was established in MIRA in 2012. It does not provide a nationally recognised certificate. However, it conducts information sessions on tax matters and a course for tax agents
95% of taxpayers scoring at least 90% in the survey examining the knowledge of taxpayers on basic tax matters	No comparable survey has been conducted yet.

Strategic Priority 2: Seek mechanisms to minimise the tax gap, and strengthen the tax administration

Key Performance indicator	Status at the beginning of 2015
Determine the tax gap and yearly reduction of the tax gap	The tax gap has not yet been determined. A model to determine the tax gap has also not been developed.
Enable online filing and payment for all taxes	GST, BPT and WHT can be filed online. Tax returns for other tax types cannot be filed online. Online payment facilities were not arranged for any of the taxes or fees.
Ensure that at least 75% of tax returns are filed online, and 50% of payments are made online	The online filing rate for the taxes that could be submitted online was very low. In 2014, online filing rate was at 0.3%. Online payment facilities were not arranged by the end of 2014.
MIRA presence in all atolls	At the end of 2014, the only MIRA branch outside the capital city was at HDh. Kulhudhuffushi. Hence, MIRA services were directly provided only to 1 atoll. This indicator does not include the provision of MIRA services through local councils.
Establish strong relationships with other tax authorities and build a network of tax treaties	By the end of 2014, several steps were taken to strengthen the relations with other tax authorities. As such, an MOU has been signed with Malaysian Tax Authority. Furthermore, through membership of international associations such as CATA, IFA, SGARTAR and ATAIC, there is the opportunity to build relationships with other tax authorities. In addition, MIRA officials visited Thailand, Philippines and Taiwan tax authorities' on study tours and built relations. At the start of 2015, no tax treaty was signed.

Strategic Priority 3: Protect the revenue base by promoting voluntary compliance and deterring abuse of the tax system

Key Performance indicator	Status at the beginning of 2015
Achieve at least 95% on-time filing and payment rate	Among the total returns that must be filed in 2014, 57.1% were filed on-time. On-time payment rate was not available.
Annual increment in the percentage of returns filed without errors	Among the returns filed in 2014, the percentage of returns without errors is 88.0%.
Establish a fully automated risk profiling and audit selection system	A risk profiling unit was formed and a manual risk profiling system was used to select taxpayers for audit. As such, 49 taxpayers were identified and selected for audits through risk profiling in 2014.

Strategic Priority 4: Improve the ability to provide assistance to taxpayers and manage debt collection

Key Performance indicator	Status at the beginning of 2015
Annual reduction in the arrears-to-collection ratio	The arrears-to-collection ratio for 2014 is 3.9%
Annual reduction in the number of days taken to collect arrears from a taxpayer	Age analysis of the arrears is not available at the end of 2014.



Strategic Priority 5: Implement sustainable cost saving strategies and strengthen governance

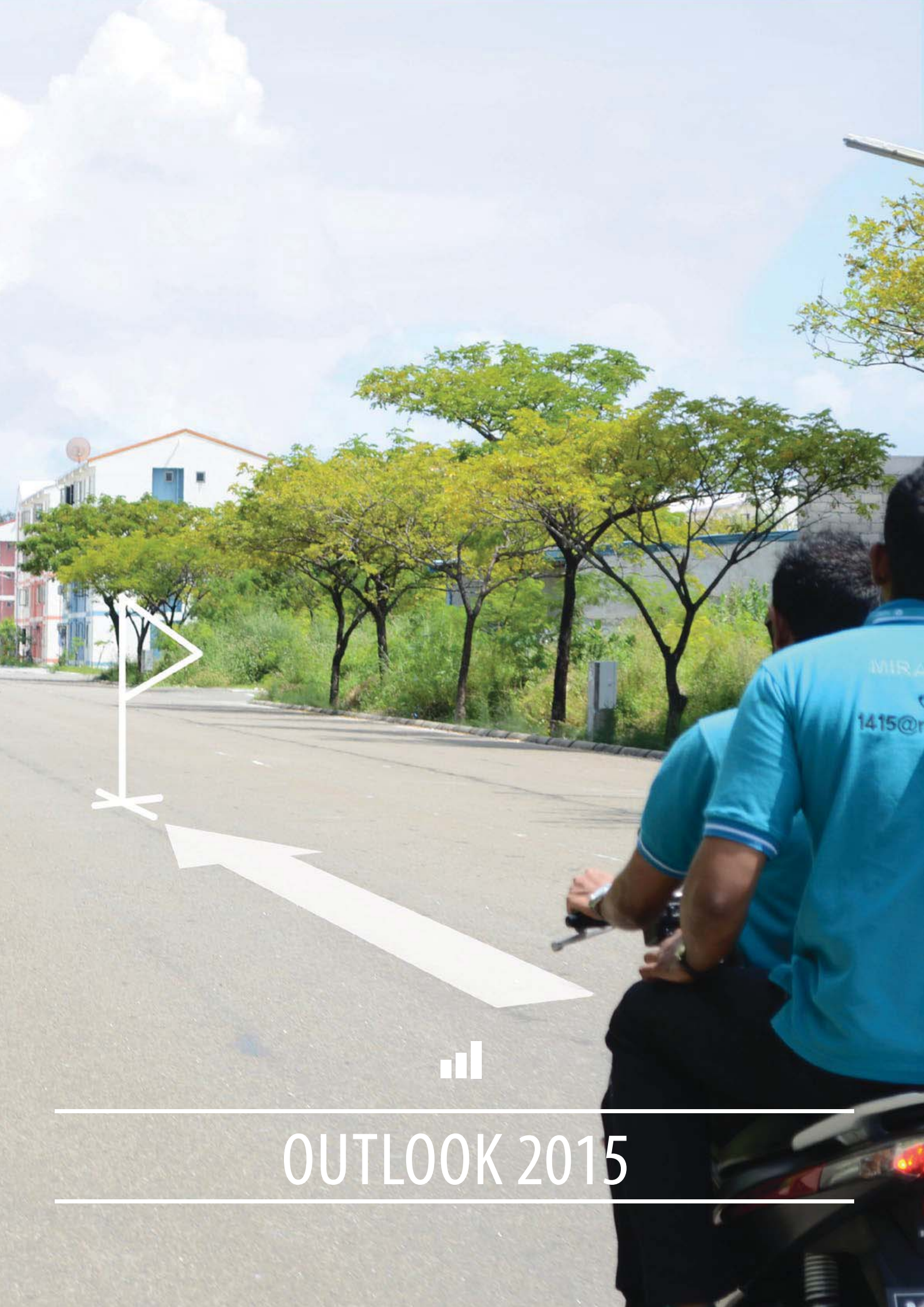
Key Performance indicator	Status at the beginning of 2015
Improve the spending-to-collection ratio to 40 Laari per MVR 100 collected	In 2014, for every MVR 100 collected, 51 Laari was spent.
Communicate the organisational risks to staff and take steps to minimise them	Standard Operating Procedures were made for all MIRA processes in 2014. Some of these processes were also audited.
Publication of information at continuous and regular intervals	Monthly Collection Reports, Quarterly Reports and Annual Reports are regularly published. Furthermore, information was provided on requests if there were no legal restrictions.

Strategic Priority 6: Implement resource management strategies aimed at increasing productivity

Key Performance indicator	Status at the beginning of 2015
At least 80% of staff achieving 75% marks or higher in the quarterly performance appraisal	Percentage of staff who achieved at least 75% in 2014 is at 63.9%.
Improve the graduate employees' ratio to 70%	The graduate employees' ratio is 50% at the end of 2014.
At least 20% of staff are members of a professional accounting body	The percentage of staff with the membership of a professional accounting body at the end of 2014 is 5.7%.
Retain at least 90% of staff annually	The staff retention ratio for 2014 is 75.0%.
Increase the working area per staff	The total working area at the end of 2014 is 13,924.2 sq. feet. Working area per staff is 64.5 sq. feet.

Strategic Priority 7: Provide business solutions and state of the art technology to strengthen both corporate affairs and tax administration

Key Performance indicator	Status at the beginning of 2015
Automate all administrative processes	With current processes of MIRA, to automate all functions, MIRA needs to develop around 30 applications. At the end of 2014, 10 applications were developed.
Improve service standards to fulfil the requirements of ISO9001	During 2014, Standard Operating Procedures were created and some of them were finalised.
Integrate all revenue collection into a single platform	At the start of 2015, 4 systems were used to collect revenue. 5 revenue codes were integrated to SAP.
Zero errors in data	Actions were taken to correct data errors in the systems. However, data errors that need to be corrected are still being identified.



OUTLOOK 2015



MIRA staff engaged in a discussion

“Emphasis will be given on automating the activities of MIRA in 2015”

For the year 2015, MIRA has set forth various goals, milestones and activities in order to expand and improve the work done by the organization. Likewise, the focus of any and all current activities will be to improve their efficiency, quality and time taken with regard to providing those activities.

With the start of 2015, the Strategic Plan 2015-19 will commence. As such, the work to achieve the strategic priorities highlighted in the plan will begin. The activities in this regard will include setting targets for all the activities of MIRA and monitoring their performance at regular intervals.

Although Tourism Tax was abolished at the end of 2014, a new tax named “Green Tax” will be collected from November 2015 onwards. Hence, preparations to implement this new tax will be carried out in 2015. These preparatory activities include consultation with key stakeholders in the tourism industry, drafting the relevant regulations, educating taxpayers and the public about Green Tax and establishing a collection mechanism for the tax.

New areas will be added to the locations of MIRA offices and collection centres to make the service more accessible to public living in various parts of the Maldives. As such, 2 new regional offices and 2 new collection centres will be opened in 2015. Furthermore, the online service provided by MIRA, MIRAconnect, will be expanded to include payment facilities and a more user-friendly interface.

Changes will also be brought to the awareness programs for the taxpayers and public, adopting a more targeted approach where the messages are conveyed to

the intended audience. The Tax Training Centre created to train taxpayers and those who engage in tax-related matters will also be developed to be an institute recognized by the Department of Higher Education, offering courses endorsed by the Maldives Qualification Authority. The institute will carry out certificate level courses that fit the national qualification criteria. Moreover, it will also introduce and run the “Continuing Professional Development (CPD)” program for the tax agents in 2015.

Emphasis will be given on automating the activities of MIRA in 2015. It includes both changes to be made to the SAP Tax and Revenue Management system and the automation of administrative functions. The changes to the SAP system include

the migration of 2 additional revenue codes to the SAP system.

Works will be carried out to establish a CRM system in 2015. It is expected that this project, carried out with the assistance of ADB, will improve the services provided by MIRA to taxpayers.

The revenue projection of MIRA for 2015 is MVR 12.78 billion. This projection depicts a 12.3% increase compared to 2014 revenue. The reasons for this increment are the rise of TGST rate from November 2014, the increase of Airport Service Charge rate from July 2014 onwards, and projected economic growth in 2015.

MIRA staff engaging in an activity to raise awareness about changes to tax legislations. MIRA uses variety of mediums to reach taxpayers and will continue to do so.





