

MIRA POST



Do you want to appoint a
TAX AGENT?

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Would you like to appoint a tax agent?

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Who are tax agents?

Tax agents are individuals licensed by MIRA under the Tax Administration Act to assist taxpayers in fulfilling their obligations under various tax laws. Hence, taxpayers may appoint tax agents to help them fulfill their tax obligations and seek advice on tax-related matters. Tax agents are licensed after successfully passing an examination conducted by MIRA, they regularly participate in continuous professional development programs organized by MIRA and are well-versed in the relevant laws, regulations, and MIRA's policies. This ensures the accuracy of tax returns prepared by the taxpayer's appointed tax agent and ensures returns are submitted to MIRA on time, easing the

taxpayer's workload.

What work can the tax agent do?

The scope of a tax agent's work includes calculating the taxpayer's tax payable, preparing and filing tax returns and preparing any other documents the taxpayer is required to submit to MIRA in relation to their tax obligations under the applicable tax acts. Additionally, tax agent can prepare documents related to objections to be filed by the taxpayer in response to decisions made by MIRA or the Commissioner General. They may also provide advice to the taxpayer on their obligations under the tax acts and other related tax matters. Tax agents also communicate with MIRA on behalf of the taxpayer regarding their tax affairs.

How to appoint a tax agent?

Information regarding licensed tax agents is available under the 'Tax Professionals' tab on the MIRA website.

If a taxpayer wishes to appoint a licensed tax agent, they must submit a completed "Appointment of Tax Agent" (MIRA 114) form to MIRA. This form can be submitted through the MIRA's website or emailed to info@mira.gov.mv. Taxpayers are permitted to appoint only one tax agent at a time. Taxpayers are not allowed to appoint their employees or external auditors as tax agents.

When appointing a tax agent, the taxpayer should ensure they select the appropriate category of tax agent. Tax agent licenses are divided into two categories: Category 1 and Category 2. Category 1 tax agents are authorized to provide tax agent services to any taxpayer. However, Category 2 tax agents are permitted to offer tax agent services only to taxpayers with an annual turnover not exceeding MVR 10 million.

Charging fees for tax agent services

Tax agents may charge a fee for the services provided to the taxpayer. This fee is determined by the tax agent or as per an agreement between the tax agent and the taxpayer. MIRA has no involvement in setting the fee or in any agreement made between the taxpayer and the tax agent.

Removal of a tax agent

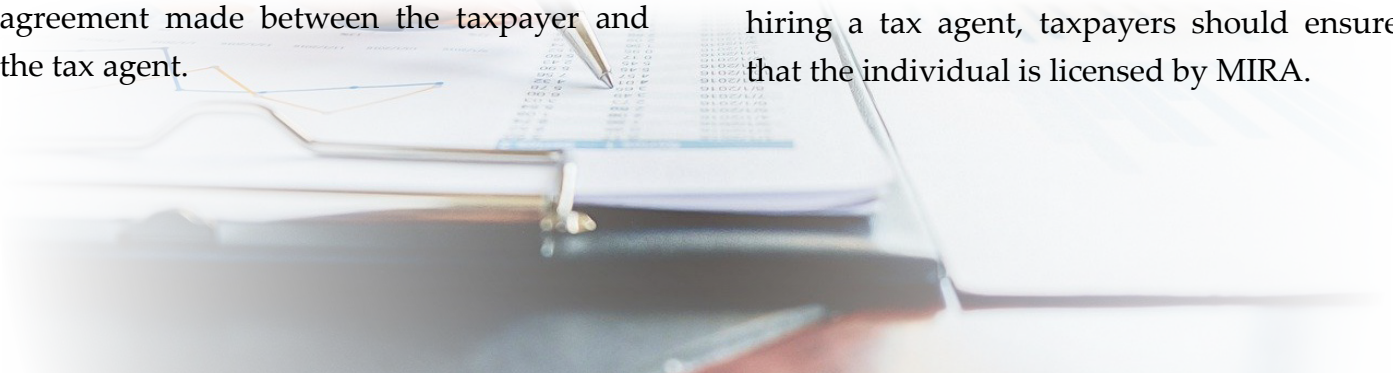
If a taxpayer wishes to remove the tax agent they have appointed, the request must be made in writing to the Commissioner General. Upon receiving the request for removal, MIRA must notify both parties of the cessation of the tax agent's appointment within 10 working days.

Taxpayer is responsible for the tax obligations

It is the responsibility of the taxpayer to fulfill their tax obligations as required by law and regulations. Any penalties or actions resulting from the failure to pay taxes, submitting tax returns, or for any other reason, will be imposed on the taxpayer. Regardless of whether a taxpayer appoints a tax agent, it is essential for the taxpayer to be familiar with the tax laws and regulations. The taxpayer must ensure that the tax agent submits tax returns on time and pays taxes by the specified deadlines. If the taxpayer has any concerns about the competence or conduct of the tax agent, they may file a complaint with MIRA.

Conclusion

Tax agents play a vital role in the tax system. When taxpayers appoint a tax agent and receive their services, it helps ensure compliance with tax laws. However, it is the taxpayer's responsibility to monitor the work of the tax agent and ensure that they are performing their duties effectively. Additionally, when hiring a tax agent, taxpayers should ensure that the individual is licensed by MIRA.



The launch of MIRA's Strategic Plan: from "enforcer" to a "facilitator"

Mariyam Waheed, Senior Tax Officer, Tax Academy



MALDIVES INLAND REVENUE AUTHORITY

Strategic Plan 2025-2028

The Maldives Inland Revenue Authority (MIRA) has launched its Strategic Plan for 2025-2028, outlining ambitious objectives such as performance improvement, driving change and enhanced engagement. The strategic plan of MIRA was launched by the Minister of Finance, Mr. Moosa Zameer. As MIRA approaches its 15th anniversary, the plan is centered on achieving a seamless and efficient taxation system by the end of 2028. The Objectives and Key Results (OKR)

based strategic plan was developed with the involvement of the senior management and staff of MIRA. The core of the strategic plan is the four perspectives formulated via the use of the balanced scoreboard (BSC) method. These perspectives are:

- Financial Sustainability
- Stakeholder Engagement
- Operational Efficiency
- Future-Ready Workforce

Each of these broader perspectives holds within

it, 9 organization level strategic objectives. The inclusive approach used to incorporate team member views and insight contributed significantly towards the plan's enhancement and sense of ownership towards the plan. With trust built into the plan and ensured accountability, this plan will guide MIRA's transformation from being perceived as an 'enforcer' to a 'facilitator'. Ultimately, the plan seeks to fulfill MIRA's core mission: to help Maldivians enrich their lives by contributing to a fair and just tax system. Below is an excerpt from the published strategic plan document.

Financial sustainability

This perspective is designed to transform MIRA into a forward-thinking organization by achieving financial stability and cost efficiency. It will involve creating a risk-based budget, refining processes to ensure sustainable growth, and shifting operations to a new facility to provide secure and efficient services.

Stakeholder engagement

This perspective is designed to enhance the stakeholder's experience by simplifying services and fostering voluntary compliance. It focuses on improving taxpayer satisfaction and building lasting relationships with stakeholders through a new facilitative approach and integrating all services into a single digital platform by 2028. Additionally, it aims to boost compliance through comprehensive education programs and increased awareness, targeting higher on-time filing and payment rates.

Operational efficiency

This perspective focuses on harmonizing MIRA's operational processes and increasing its efficiency by implementing a robust

risk management and information security framework, adopting cutting-edge technology, and improving compliance enforcement. It also includes automating processes of MIRA's key functions through advanced data integration.

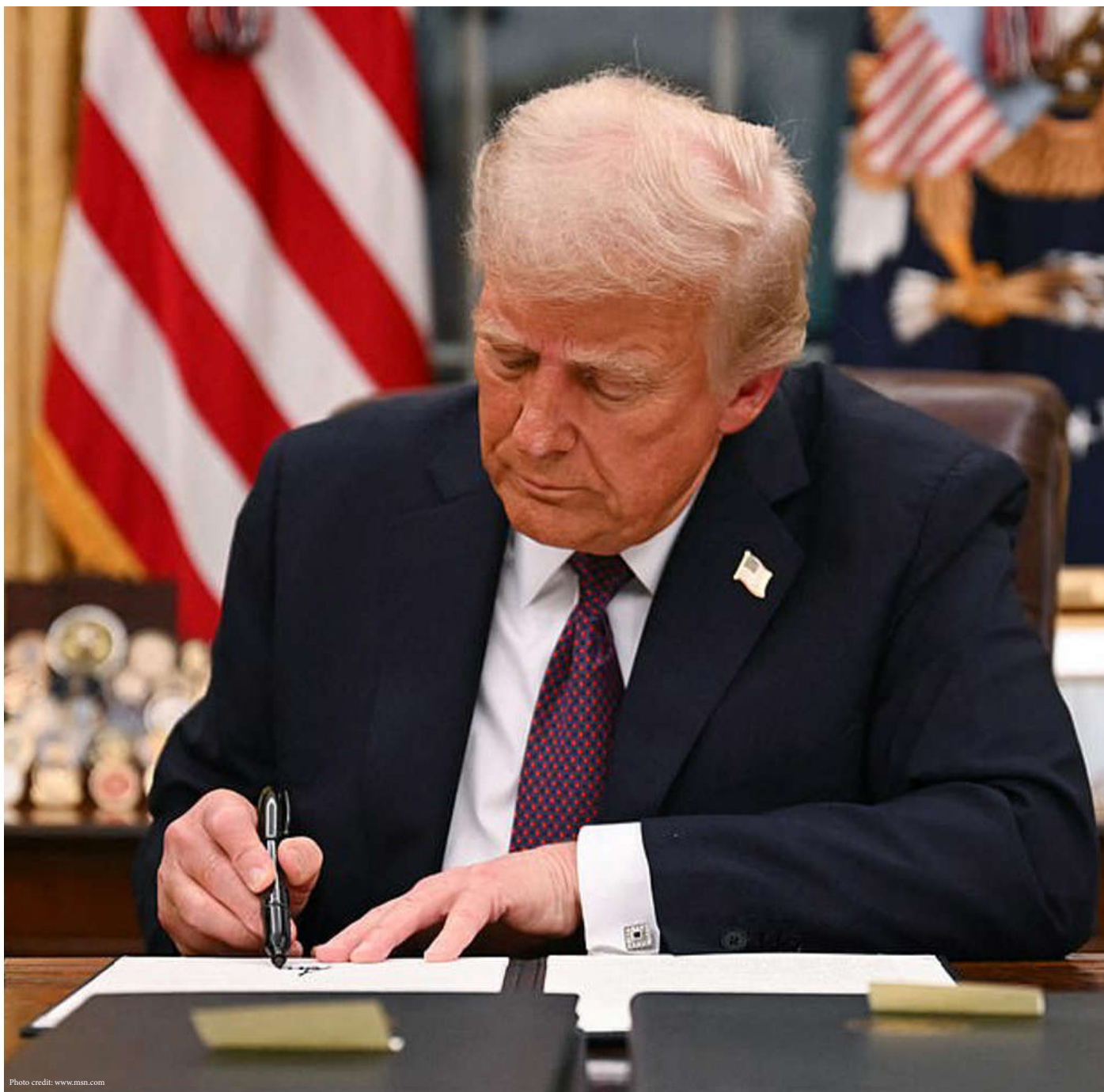
Future-ready workforce

This perspective is dedicated to creating an exceptional work environment at MIRA by improving employee satisfaction and retention while fostering a culture of continuous learning and development. It focuses on enhancing staff satisfaction through targeted initiatives, achieving high retention rates, and implementing a robust recruitment and succession plan. Additionally, it aims to build a future ready workforce and cultivate an agile environment, ensuring employees are equipped with the skills and flexibility needed to thrive in a rapidly changing landscape.

MIRA's Strategic Plan for 2025-2028 outlines a comprehensive roadmap for transforming the organization into a more efficient, responsive, and future-ready institution. By focusing on financial sustainability, stakeholder engagement, operational efficiency, and a future-ready workforce, MIRA aims to build a fairer and more effective tax system that benefits all Maldivians. As the organization works towards achieving these ambitious goals, it strives to foster greater taxpayer compliance, enhance public trust, and position itself as a supportive facilitator of the tax system rather than just an enforcer. Through these initiatives, MIRA will not only contribute to the country's economic growth but also ensure that its services remain aligned with the evolving needs of its stakeholders in the years ahead.

Is the global tax agreement on the verge of breaking down?

Hussain Amir, Deputy Director, Taxpayer Education



The new President of the United States, Donald Trump has effectively withdrawn from the Organisation for Economic Cooperation and Development (OECD) led global tax deal. President Trump issued a

memorandum, on his inauguration day, stating that the 'global tax deal has no force or effect in the United States' citing that the global tax deal allows extraterritorial taxation of income of the US companies. The global tax

deal consists of two pillars; where pillar one reallocates taxing rights of large multinational corporations (MNEs) from home countries to market jurisdictions where actual value is created and under pillar two MNE's will be required to pay a global minimum tax of 15%.

During the President Trump's first administration, the US withdrew from negotiations between the countries of the BEPS Inclusive Framework with rising tension between US and European countries due to the digital services tax introduced by the latter. The US investigated these unilateral measures and found those digital services taxes to be discriminatory and unfairly targets US companies leading to the US sanctioning retaliatory tariffs on imports from those countries. However, President Biden's administration prioritized the negotiations for a global tax deal and led to the October 2021 international consensus. Despite the agreement, progress on implementation has been slow in most countries, including the US, where Congress has not taken any action to implement the two-pillar solution.

What's next for the tax deal? The multilateral convention to implement the pillar one requires countries representing at least 600 points to sign up for the convention. The implementation of pillar one would be a mathematical impossibility without the support from the US, as US alone accounts for more than 486 points. The remaining countries collectively account

for 513 points. The convention will not enter into force, as it is, even all the other countries join the convention. Consequently, the future of pillar one, as it stands, seems bleak.

With the US reversing commitments made by the previous administration, it is all but certain that the US would not be implementing any part of the agreed deal including the global minimum tax or the pillar two. The US is exploring options for retaliatory or protective measures such as imposing tariffs on countries that adopt the two-pillar solution. However, with these actions other countries could re-introduce unilateral measures such as digital services tax. The withdrawal of these unilateral measures was a key point of agreement specially taken by the US. The retraction of its commitment could lead to proliferation of these measures potentially sparking a trade war.

Additionally, the announcement of President Trump to introduce a new government agency, the External Revenue Service, focused on collecting tariffs and other revenue from foreign countries indicates significant policy shift from the US from income taxes to external revenue from trade measures. The 180-degree turn in US tax policy and taking on strong measures to protect American businesses and workers, the two-pillar solution has hit a brick wall. Given the US stance, the future of the two pillar solutions is in jeopardy and could see further escalation of trade tensions between US and other countries.



India: GST on popcorn

Mariyam Waheed, Senior Tax Officer, Tax Academy

In recent months, a curious and somewhat amusing debate has taken center stage in India's Goods and Services Tax (GST) regime: the taxation of popcorn. This seemingly trivial issue has sparked widespread discussions about the complexity of the country's GST structure and the need for simplification. The debate centers around the different tax rates applied to various types of popcorn, with one of the most talked-about examples being the distinction between plain popcorn and caramel-coated popcorn. The differing tax treatment has drawn criticism, raising questions about the rationale behind such policies and their impact on both businesses and consumers.

Under the current GST framework, food items are taxed at varying rates depending on their nature. While plain (salted or spiced) loose popcorn, a popular snack at cinemas and malls, is taxed at a relatively low rate of 5%, however, if prepacked and labelled then it is taxed at 12%. Caramel popcorn, which falls into category of sugar confectionary, attracts a higher rate of 18%. The disparity between these rates has left both consumers and tax professionals puzzled, as the difference in taxation appears arbitrary given that the base product (popcorn) remains largely the same.

This inconsistency has sparked debates about the logic of treating the same product differently based on its flavor or preparation. As one example, a moviegoer who purchases plain popcorn at a cinema will be taxed at 5%, while a caramel version of the same popcorn will be taxed at 18%. The decision to impose different rates based on these minor differences not only complicates tax

administration but also causes confusion among consumers.

The popcorn conundrum is just one instance of a broader issue within India's GST framework: the complex and multi-tiered tax rates. Currently, India's GST operates under four main tax rates: 5%, 12%, 18%, and 28%. While the rationale for this multi-tiered system is to ensure that necessities are taxed at lower rates, with luxury goods being taxed at higher rates, the differentiation between seemingly identical products—such as caramel popcorn and plain popcorn—has made the system difficult to navigate. The complexity of the system has led to calls for simplification, with many advocating for a reduction in the number of tax rates.

Government officials argue that the current GST rates for items like popcorn is not always about simplicity but also about achieving specific policy goals, such as incentivizing certain types of consumption. Critics of the existing system contend that the marginal impact of taxing caramel popcorn at a higher rate is insignificant in terms of overall revenue, but the inconvenience it causes to citizens and businesses is substantial. The differentiation between similar products, such as packaged versus unpackaged snacks, often results in different tax rates, further complicating the tax landscape for consumers.

This situation highlights the need for greater clarity and consistency in tax policy. It also underscores the importance of simplifying the GST structure to ensure that businesses and consumers are not left, navigating a maze of rules and exceptions.

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.

