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MIRAPOST



2021

The GST deadline for
September 2021 and the
third quarter of 2021 is
28 October 2021

The GST deadline for the third quarter and the month of September 2021 is

28 October 2021

Ahmed Shaheen, Principal Tax Officer, Tax Academy

The deadline for GST registrants to file GST return and make payments for the month of September 2021 and the third quarter of 2021 is 28 October 2021.

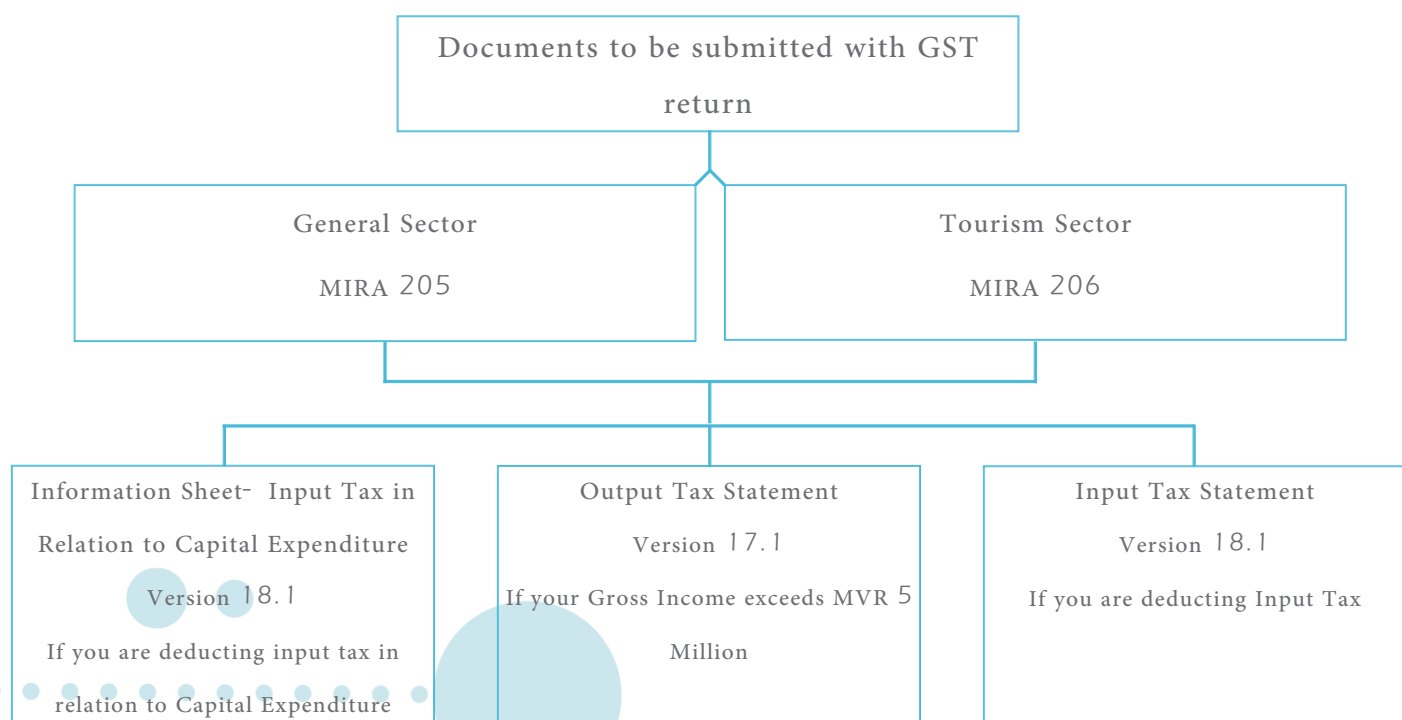
Small businesses usually file their GST returns based on calendar quarters. Notification of GST registration issued by MIRA states whether the taxpayer is quarterly filer or monthly filer. Taxpayers whose annual value of supplies does not exceeds MVR 1 million is required to file their GST returns based on calendar quarters while taxpayers whose annual value of supplies exceeds MVR 1 million is required to file GST returns every month.

Even if the business has been temporarily closed or the taxpayer has applied for deregistration, the GST returns must be filed and payments must be made until the GST deregistration is confirmed by MIRA, in writing. Moreover, even if a GST registered person have no transaction for the

period is still required to file GST returns by the deadline.

Taxpayers whose annual turnover exceeds MVR 5 million and those required to submit input tax information sheet in respect of capital expenditure must submit their GST returns through MIRA's online portal "MIRAconnect". Furthermore, taxpayers with an annual turnover of MVR 50 million and above are required to make their GST payments through "MIRAconnect". MIRA advices those who are not mandatory to file online also to submit their tax return via MIRAconnect. GST "nil-return" can be filed either via MIRAconnect or VaaruPay.

If the GST return is not filed by the deadline, a late filing penalty of MVR 50 per day and 0.5% of the GST liability would be imposed as fines. Additionally, if GST is not paid by the deadline, a late payment penalty at the rate of 0.05% of the outstanding amount per day would apply.



Capital Gain Withholding Tax

Ahmed Shaheen, Principal Tax Officer, Tax Academy

Section 11 (n) of the Income Tax Act states that the profits derived from the disposal of an immovable property situated in the Maldives is an income derived from the Maldives. In addition, the profits which is derived from the disposal of a share or any interest in a company, partnership or trust, where at the time of disposal of such share or interest, at any time during the past 365 days, more than 50% of the value of company, partnership or trust is directly or indirectly related to an immovable property situated in the Maldives is also an income derived from Maldives. Moreover, the profits derived from the disposal of a share or any interest in a company or partnership or trust which is resident in the Maldives is an income derived from the Maldives. This also includes profits derived from disposal of option or right in relation to a property aforementioned.

Subsequently, income derived from the disposal of an intellectual or intangible property used or registered in the Maldives or income derived under an agreement made in the Maldives for the disposal of such property is an income derived from the Maldives.

Hence, the abovementioned income is an income

derived from the Maldives, section 50-1 of the Income Tax Act outlines the way in which this income will be taxed. Therefore payment made in respect of such transaction is made to a non-resident or to a person the residency status of whom cannot be determined, the payer should withhold as tax 10% of gross amount of the payment. The payer here refers to the withholding agent and the non-resident is the recipient of the payment.

Thus, withholding agent is required to pay MIRA the deducted amount of tax. With regard to Capital Gain Withholding Tax (CGWT) one has to submit MIRA 608 form. It has to be filed online via MIRAconnect. The deadline to pay CGWT to MIRA is earlier of the date on which the withholding agent becomes the owner of any asset as a result of the transactions or the date on which the payment pertaining to the transaction is paid to the payee.

Even though withholding agent fails to deduct tax on such transaction, the withholding agent is liable to make the respective payment to MIRA.

MIRA
collects
MVR 1.98
billion as
revenue in
September
2021

SEPTEMBER 2021

Revenue Collection

Total revenue collection

MVR 1.98 billion

USD revenue collection

USD 63.45 million

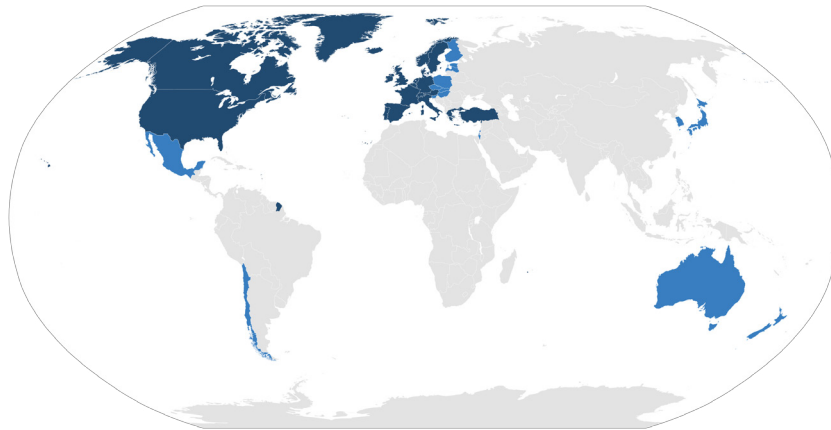
TOP REVENUE CONTRIBUTORS



Photo by Nigel Msipa on Unsplash

G20 has approved historic international tax agreement

Hussain Amir, Deputy Manager, Tax Academy



136 members of the OECD – G20 Inclusive Framework has reached an agreement on a historic tax deal. The announcement was made in a joint statement issued by the members after the special session of the Inclusive Framework on 8 October 2021. Members agreed to finalise the technical details and develop an implementation plan in the coming days. The political endorsement on the agreement was stamped by the members of the G20 during the Finance Ministers meeting of the G20 held on 13 October 2021.

The agreement in the Inclusive Framework was consensus based, meaning none of the 140 members of the Inclusive Framework has opposed the new framework. Though there was no opposition, 4 member countries including Kenya, Nigeria, Pakistan and Sri Lanka did not agree on the framework.

Important areas of agreement?

Multinational enterprises (MNEs) with global sales above EUR 20 billion and profitability above 10% will be covered by the new rules, with 25% of profit above the 10% threshold to be reallocated to market jurisdictions. The profit attributable to the market jurisdictions would be shared based on the proportion of the revenue earned by the MNE from the jurisdiction. Pillar 1 would be implemented via a multilateral convention.

The global minimum tax rate under the Pillar 2 is 15% and the tax rate under the subject to tax rule (STTR) is 9.5%.

The implementation of Pillar 2 would be carried by combining changes to the domestic legislation of the countries and a new multilateral instrument to amend the tax treaties.

Members agreed to complete additional works required to implement both Pillars by 2022 and start implementation by 2023.

Is the agreement a success?

The change to the century old international tax framework is long overdue. It is a triumph for vast majority of the countries to agree on any matter, let alone a matter related to taxation. It is a success for countries to agree that MNEs must pay a global minimum tax and allocating taxing rights from MNEs worldwide income to market jurisdiction based on value creation rather than physical presence of MNEs in the jurisdiction.

However, many civil societies and developing countries has raised concerns about the certainty and equity of the new framework. The Pillar which raises bulk of the additional revenue, Pillar 1 prioritizes the Income Inclusion Rule (IIR) in the rules ordering which benefits capital exporting, developed countries. Further, developing countries has voiced concerns regarding Pillar 1 as the only a small proportion of the MNEs profit is allocated to market jurisdictions and small number of in scope countries subject to the Pillar 1.

Despite the shortfalls in the agreement this is a step forward in the right direction and no doubt a historic achievement.

An MOU has been signed between MIRA and Labor Relations Authority

Ahmed Shaheen, Principal Tax Officer, Tax Academy

An MOU has been signed between Maldives Inland Revenue Authority (MIRA) and Labor Relations Authority (LRA) on 12 October 2021.

Under this MOU, MIRA and LRA have agreed to exchange information with one another and the documents that need to be submitted to both authorities by those who collect service charge under the Employment Act will now have to be submitted to MIRA only. Additionally, the payments being collected by LRA will be collected by MIRA

under this MOU. MIRA has also prepared an online system in order to facilitate those who have to submit documents for collecting service charge under the Employment Act and MIRA has facilitated to share the information collected through this system with LRA.

The Commissioner General of Taxation, Mr. Fathuhulla Jameel signed the MOU on behalf of MIRA, whereas, Director General, Mr. Ibrahim Rasheed Moosa signed the MOU on behalf of LRA.

MIRA Mobile Application



- Make payments
- Get tokens
- View upcoming tax deadlines
- Get latest news and updates
- View publications

