



MALDIVES
INLAND REVENUE
AUTHORITY

Quarter 3, 2016

QUARTERLY REPORT

ABBREVIATIONS

14Q3	2014, Third Quarter
15Q1	2015, First Quarter
15Q2	2015, Second Quarter
15Q3	2015, Third Quarter
15Q4	2015, Fourth Quarter
16Q1	2016, First Quarter
16Q2	2016, Second Quarter
16Q3	2016, Third Quarter
16Q4	2016, Fourth Quarter
ACCA	Association of Chartered Certified Accountants
ASC	Airport Service Charge
BPT	Business Profit Tax
CPD	Continuing Professional Development
GGST	Goods and Services Tax (Non-Tourism Sector)
GST	Goods and Services Tax (refers to both TGST and GGST)
GRT	Green Tax
MIRA	Maldives Inland Revenue Authority
MOU	Memorandum of Understanding
MVR	Maldivian Rufiyaa
TGST	Goods and Services Tax (Tourism Sector)
USD	United States Dollar
WHT	Withholding Tax

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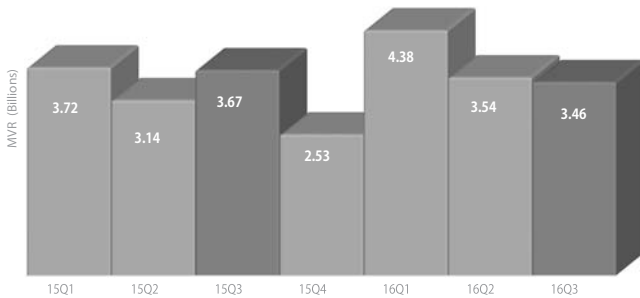
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A. REVENUE COLLECTION

1. TOTAL REVENUE COLLECTION

1.1

TOTAL REVENUE COLLECTION



The total revenue collection for 16Q3 was MVR 3.46 billion.

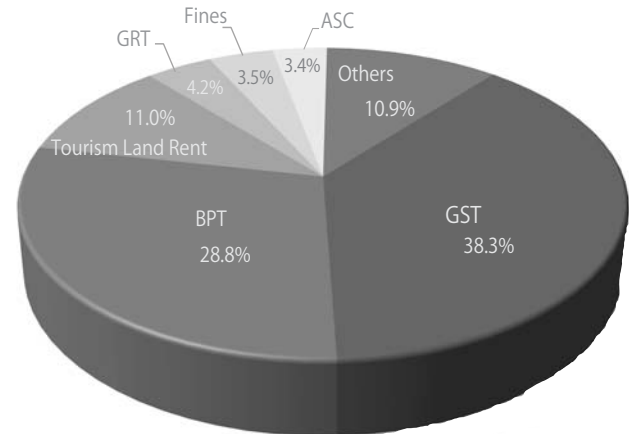
It depicted a slight decline of 5.8% compared to the corresponding quarter, 15Q3. Furthermore, the collection fell behind its projection by 7.0%.

1.2

REVENUE COMPOSITION

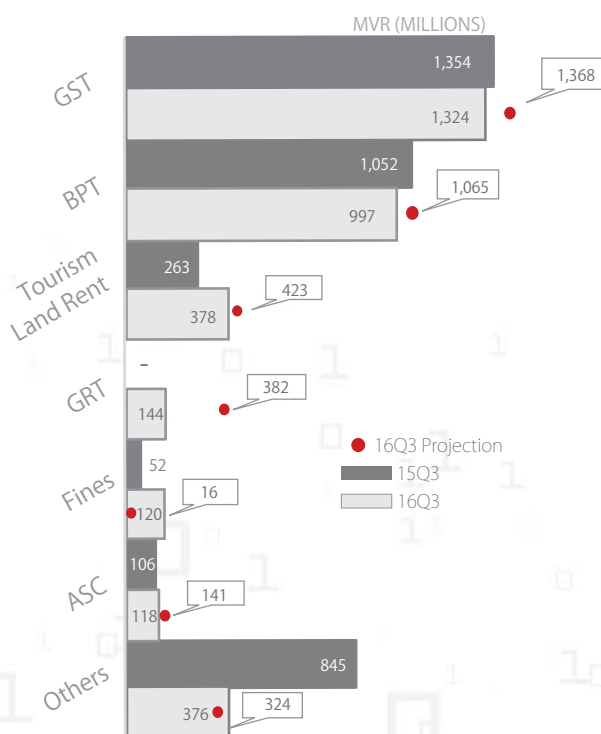
Top four revenue contributors for the quarter mutually account for 81.5% of the total revenue collection.

GST and BPT are the major revenue contributors during 16Q3. However, compared to 15Q3, GST and BPT decreased by 2.2% and 5.2% respectively. Moreover, these revenues fell below the projection by 3.2% and 6.4% respectively.



A significant growth was observed for Tourism Land Rent (11.0% share of collection), it exceeded 15Q3 collected by 43.9%. Nonetheless, a marginal decline of 0.8% in collection was observed compared to projection.

Green Tax contributed 4.2% of its share towards 16Q3 collection and surpassed projection by 2.1%.



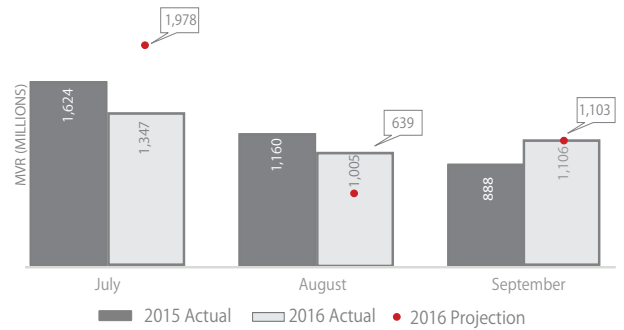
1.3

COMPARISON AGAINST 15Q3: MONTH-WISE

Compared to previous year, revenue received in July and August diminished by 17.1% and 13.3% respectively, whereas an increment of 24.6% was observed for September.

Projection for 16Q3 was MVR 3.72 billion, which meant that the collection fell behind its projection by 7.0%.

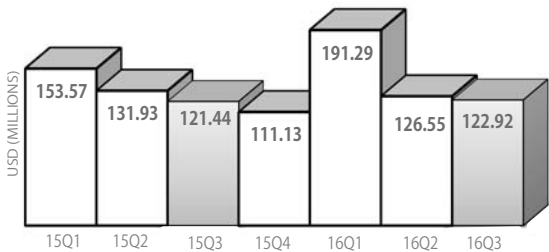
On a monthly basis, collection of August and September topped its projection by 57.3% and 0.3% respectively, while the collection of July fell behind by 31.9%.



2. USD REVENUE COLLECTION

2.1

USD COLLECTION



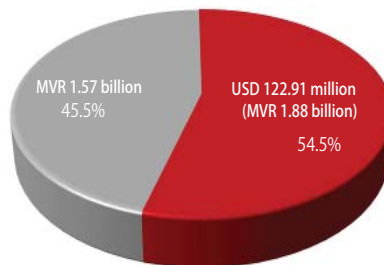
In 16Q3, USD 122.92 million was received as revenue in USD.

This is an increment of 1.2% compared to 15Q3 and a decrement of 2.9% compared to 16Q2.

2.2

CURRENCY COMPOSITION

Revenue collection in MVR amounted to MVR 1.57 billion which represents 45.5% of the collection.



54.5% of the revenue collection for 16Q3 was received in USD (equivalent to MVR 1.88 billion).

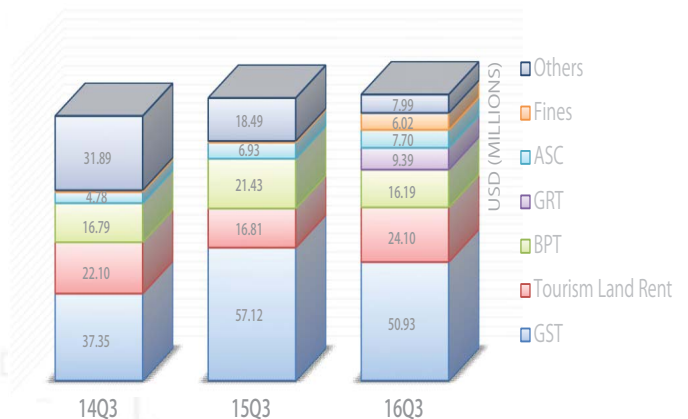
2.3

USD REVENUE GROWTH

The top USD revenue contributors account for 88.6% of the USD revenue collection.

Compared to 15Q3, Tourism Land Rent collection increased significantly by 46.9%, whereas TGST collection for the quarter lagged behind by 10.8%. And BPT collection declined by 24.5%. Airport Service Charge increased by 11.1% compared to 15Q3.

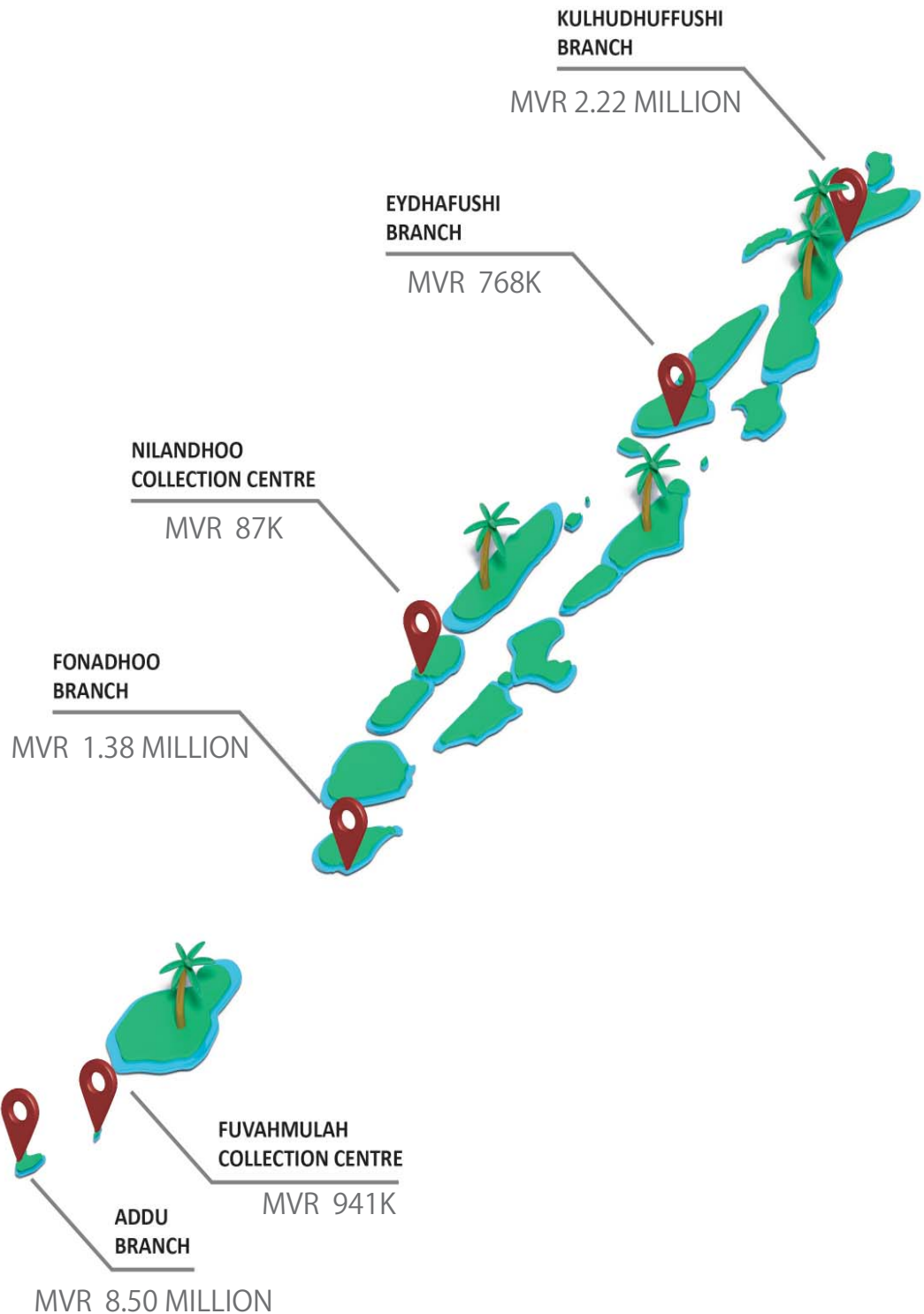
Furthermore, Green Tax contributed 7.6% share to the USD revenue collection and included in the top USD revenue contributor for 16Q3.



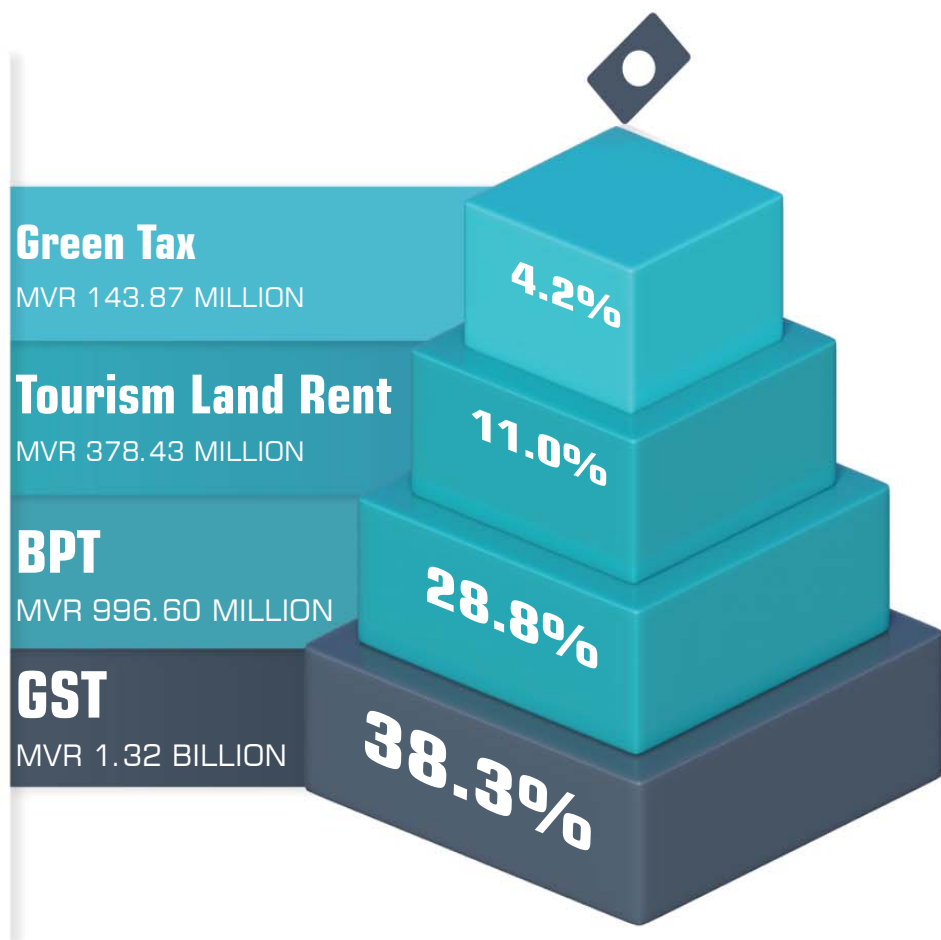
3. REGIONAL BRANCHES AND COLLECTION CENTRES

MIRA seeks to open either a regional office or a collection centre in all the atolls of Maldives by the end of 2017. As of now, four regional branches and two collection centres are in operation.

Collection from these branches and collection centres for 16Q3 are as follows:

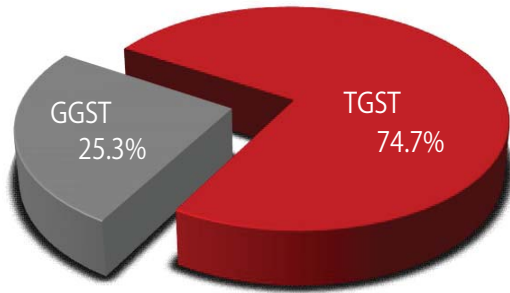


4. TOP REVENUE CONTRIBUTORS



4.1

TOTAL GST COLLECTION



Total GST collection for 16Q3 was MVR 1.32 billion. 74.7% of this revenue came from tourism sector while rest was from the general goods and services sector.

GST revenue in 16Q3 slightly decline by 2.2% compared to 15Q3. Also, the collection fell considerably by 16.9% compared to the previous quarter, 16Q2.

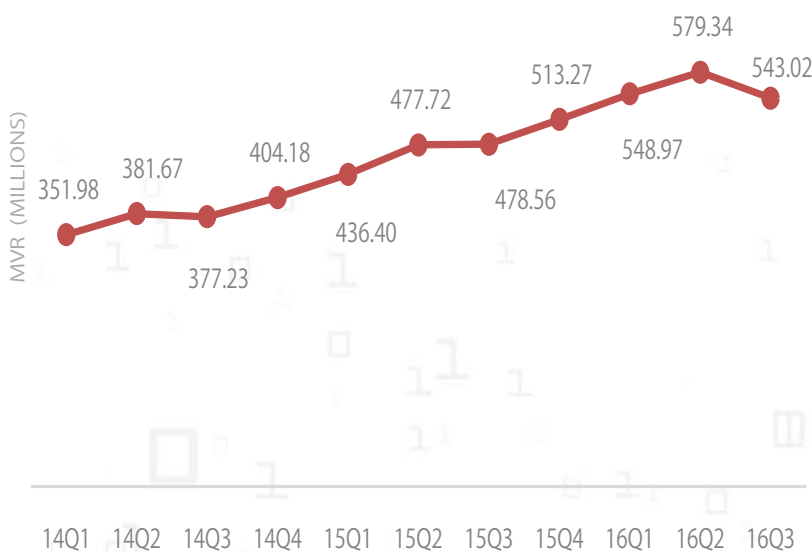
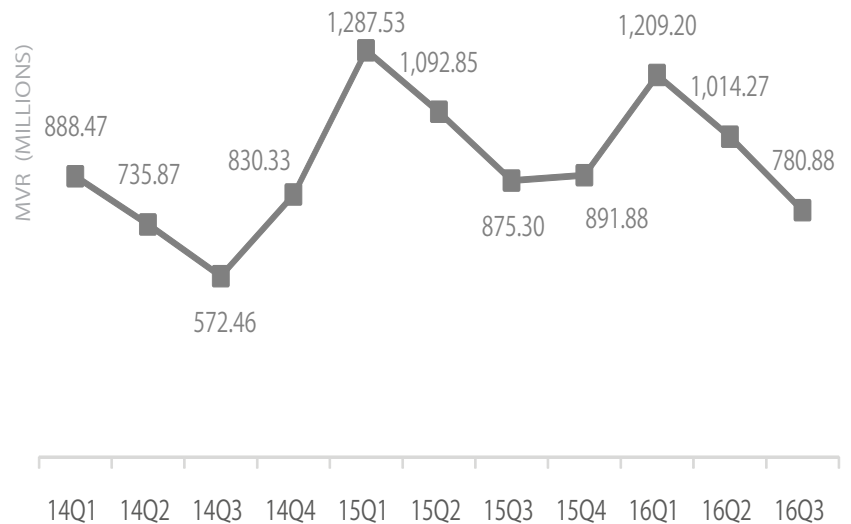
Compared to projection of GST (MVR 1.37 billion), collection declined marginally by 3.2%.

4.2

TGST COLLECTION

TGST collection in 16Q3 amounted to MVR 780.88 million, depicting a decline of 10.8% compared to 15Q3. Collection of 16Q3 fell behind by 23.0% compared to the previous quarter.

TGST was projected for MVR 849.26 million. Nonetheless, the collection was 8.1% lower than expectation.



4.3

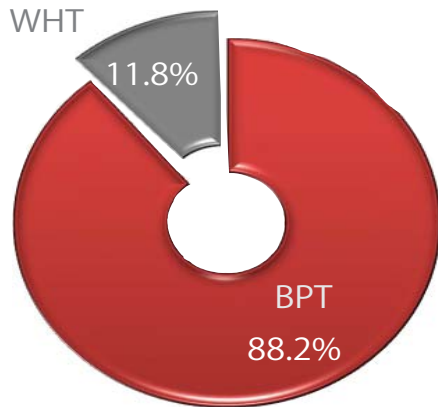
GGST COLLECTION

Revenue from GGST has shown an increasing growth trend over the quarters. However, in 16Q3, with the collection of 543.02 million, the trend shows a decrement of 6.3% compared to previous quarter.

Nonetheless, collection of 16Q3 topped the collection of 15Q3 and projection by 13.5% and 4.7% respectively.

4.4

TOTAL BPT COLLECTION



Total BPT collections consist of revenue received from the profit component of BPT and collection from WHT.

The total BPT collection for 16Q3 was MVR 966.60 million, in which 88.2% related to the profit component of BPT while 11.8% comprise WHT. Total BPT collection of 16Q3 fell slightly by 5.2% compared to 15Q3.

Compared against the projections (MVR 1.07 billion), collection of 16Q3 fell behind by 6.4%.

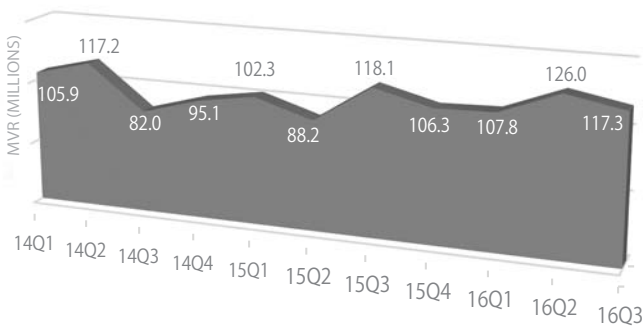
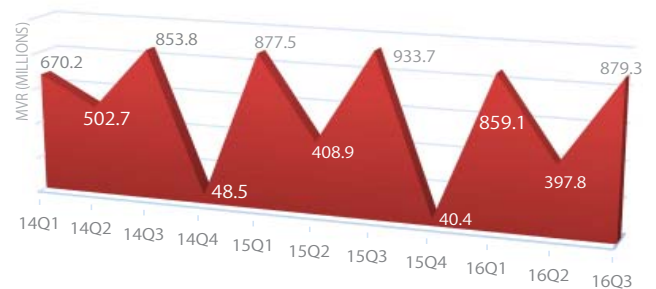
Revenue received from profit component of BPT in 16Q3 amounted to MVR 879.3 million.

The fluctuations in the trend are dictated by the BPT deadlines. Collection for third quarter is 1.2 times higher than 16Q2, since the deadline for the first interim payment fell within the third quarter.

Compared to projection (MVR 959.78 million), BPT collection for 16Q3 fell behind by 8.4%.

4.5

BPT PROFIT COMPONENT COLLECTION



4.6

WHT COLLECTION

WHT accounted for 11.8% of total BPT collection in 16Q3 which amounted to MVR 117.31 million. This shows a slight decline of 0.6% compared to 15Q3.

Compared to projections (MVR 105.28 million), actual collection depicted an increment of 1.4%.

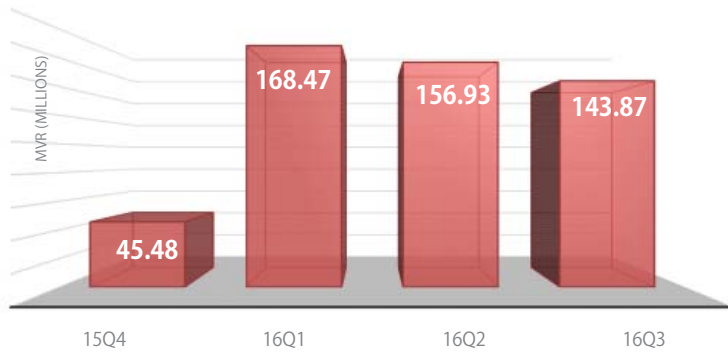
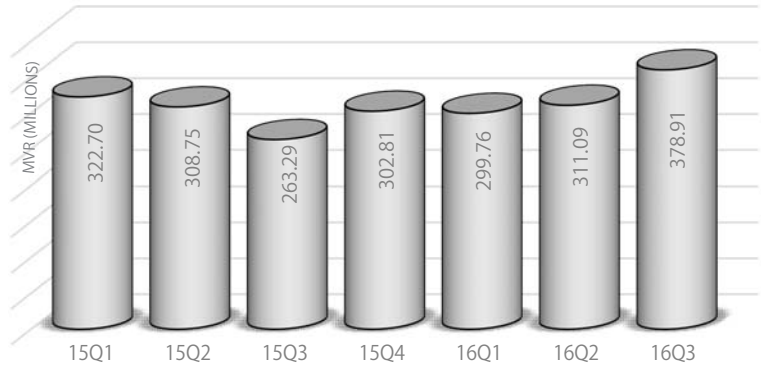
4.7

TOURISM LAND RENT COLLECTION

Tourism Land Rent collection backed 11.0% share of the total revenue.

An increment of 43.9% was recorded compared to 15Q3. Similarly, it was higher than the previous quarter by 21.8%.

Nonetheless, collection slightly fell behind the projection by 0.8%.



4.8

GREEN TAX COLLECTION

Green Tax commenced on 1 November 2015. It backed 4.2% share to the total revenue.

However, collection for the third quarter of 2016 fell by 8.3% compared to 16Q2.

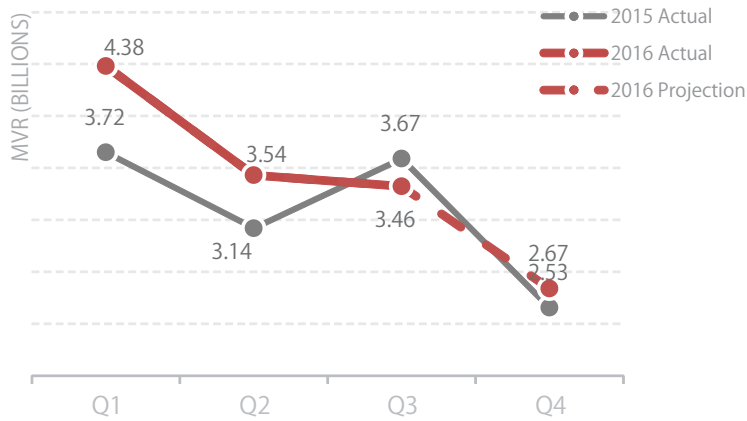
Nevertheless, Green tax outdid projection marginally by 2.1%.

5. OUTLOOK



5.1

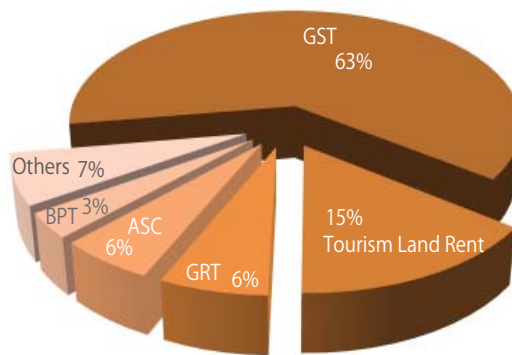
REVENUE OUTLOOK FOR 16Q4



MVR 2.67 billion is projected to be collected in 16Q4. This is 5.8% higher than the total revenue collection for 15Q4.

5.2

16Q4 REVENUE BREAKDOWN



GST is expected to be the major revenue contributor in 16Q4 followed by Tourism Land Rent and Green Tax. In addition, Airport Service Charge and BPT are expected to be included in the Top 5 revenue contributors for 16Q4.

B. ACTIVITIES DURING THE QUARTER

TAXPAYER AWARENESS PROGRAMS

10

training sessions to new registrants
(66 participants)

11

information sessions to schools and
government offices
(393 participants)



3 sessions

Tax Agents CPD program
(34 participants)

8 sessions

information sessions on Green Tax
(62 participants)

30

media interviews

3

media programs
produced by MIRA

AUDITS AND INVESTIGATIONS

347

audits

MVR 224.03 million

additional tax assessed



8

investigation audits completed
additional tax assessed: MVR 1,248,640

1

criminal investigations completed

Tax type	No of audits	Additional Tax Assessed (MVR)
GGST	143	16,937,182
TGST	57	11,901,371
WHT	69	21,848,991
BPT	50	36,362,991
Green Tax	28	4,679,939
Total	347	91,730,475

Total enforced collection **MVR 532,649,434**

Amount recovered under:

- Action Policy **MVR 5,903,882**
- Bank Account Freezing Policy **MVR 10,088,443** (122 taxpayers)
- Dues Clearance **MVR 326,124,031**
- Dunning **MVR 137,393,853**
- Court Cases **MVR 797,572**
- Reminder calls/emails **MVR 52,341,653**



Final notices issued to **5,209** non-filers and **1,335** non-payers
 Installment plans granted to **65** taxpayers

OBJECTIONS

24
objections received





10 GGST 4 TGST
 1 WHT 9 BPT

24
objections completed

9 GGST 7 TGST
 1 WHT 7 BPT

LEGAL ACTIONS



-  **6** cases filed by MIRA
6 with Civil Court
-  **3** cases filed against MIRA
-  **7** judgements passed in favour of MIRA
-  **0** judgement passed against MIRA

COMPLIANCE

1,494
compliance visits

366
non-compliance notices issued

137
non-compliant taxpayer names
published



TAX RULINGS ISSUED

- G36 Transfer of imported goods
- G37 Eighteenth amendment to the Goods and Services Tax Regulation
- B54 Tenth amendment to the Business Profit Tax Regulation
- E1 First amendment to the Green Tax Regulation
- A7 Mandatory online filing and payment of WHT and TGST

REGULATIONS ISSUED

2016/R-86 Remittance Tax Regulation

HUMAN RESOURCE MANAGEMENT



51
staff recruited during the quarter

13
staff terminated during the quarter

281
staff working at MIRA at the end of
the quarter

TRAININGS

15

trainings held (7 overseas, 8 local)

218 staff trained

12

staff studying for ACCA on scholarship



OVERSEAS TRAININGS

1. Training on Effective and Efficient use of Tax Incentives held in Korea from 4-8 July 2016 (2 participants).
2. SAARC seminar on Tax Treaty Negotiations and Applications held in Nepal from 11-13 July 2016 (2 participants).
3. Training on International Tax Avoidance and BEPS held in China from 18-22 July 2016 (2 participants).
4. Training on Tax Administration of Outbound Investment held in China from 29 August to 02 September 2016 (2 participants).
5. Exchange Server Training 2016 held in Sri Lanka from 29 August to 07 September 2016 (2 participants).
6. LHDNM-OECD: Introduction to the Application and Negotiation of Tax Treaties held in Malaysia from 26-30 September 2016 (2 participants)
7. 13th ATAIC Technical Conference held in Malaysia from 25-29 September 2016 (3 participants)

LOCAL TRAININGS

1. Customer Care Training on 'culture of dedication and creating first impression' conducted by Mr. Mohamed Zaushan from 22-24 August 2016 (30 participants).
2. Principles of International Taxation and Korea's Policy Experience conducted by Korea Policy Center from 30 August - 1 September 2016 (50 participants).
3. Corruption prevention conducted by Anti-Corruption Commission on 29 September 2016 (32 participants)
4. Customer Care Training conducted by Mr. Mohamed Zaushan on 7 September 2016 (27 participants).
5. Effective Communication Training conducted by Mr. Mohamed Zaushan from 25- 28 September 2016 (28 participants).
6. Training on IFRS 16 conducted by Auditor's General Office on 22 September 2016 (10 participants).
7. Tourism Industry Forum conducted by Ministry of Tourism on 27 September 2016 (1 participant).
8. Global Forum on Transparency and Exchange of Information for Tax purposes held by delegates of Global Forum on 25 August 2016 (29 participants)

QUARTER IN PICTURES



02 August: MIRA's 6th anniversary function



07 August: MIRA held an Open Day to celebrate the 6th Anniversary



5-21 September: Remittance Tax Stakeholder meetings



14 August: Certificate 1 in Taxation in Maldives course batch 2 commenced



13-15 July: MIRA's Board members visit Indian Department of Revenue



30 August - 1 September, 2016 | Malé, Maldives

30 August - 1 September: "Principles of International Taxation and Korean's Policy Experiences" - A Bilateral Program of OECD of the Korea Policy center with MIRA held in Malé, Maldives



4-6 August: MIRA participated in the Youth Challenge Opportunity Pool



11 August: Blood Donation Camp held in collaboration with Maldives Blood Services



8-11 August: Information sessions to schools



12 August: Thikudhinge Haveru held in collaboration with MMA, HDC, Police, MPAO, ACCA, Customs, MND, COM, NIC, CSC, Elections Service, MBS and HRCM



24-25 August: Global Forum Induction Program



23 August: Green Tax Awareness Programs in atolls

28-31 August: Double Tax Avoidance negotiations between United Arab Emirates and Maldives



26-29 September: 13th ATAIC Technical Conference held in Malaysia



26 September: Signing Memorandum of Understanding between MIRA and Inland Revenue Board of Malaysia on bilateral cooperation



COMMENCING
1 October 2016
INTRODUCING
Remittance Tax

3% will be charged from money sent abroad by expatriates employed under a work visa



D. DETAILED REVENUE FIGURES

Table 1 Total Revenue Contribution, 16Q3 (MVR)

Description	16Q3	% Share
Airport Service Charge	118,063,979	3.4%
Bank Profit Tax	95,147,881	2.8%
Business Permits ¹	5,349,415	0.2%
BPT	996,599,997	28.8%
Fines	119,953,984	3.5%
GGST	543,024,240	15.7%
TGST	780,883,951	22.6%
Green Tax	143,870,288	4.2%
Land Acquisition and Conversion Fee	96,838,652	2.8%
Land Sales Tax	4,422,927	0.1%
Lease Period Extension Fee	25,770,000	0.7%
Non-tourism Property Income ²	31,535,223	0.9%
Proceeds from Sale of Assets ³	1,466,379	0.0%
Resident Permit	63,193,720	1.8%
Revenue Stamp	12,302,154	0.4%
Royalties ⁴	17,770,573	0.5%
Tourism Land Rent	378,911,653	11.0%
Tourism Tax	-	0.0%
Vehicle Fee	17,619,255	0.5%
Vessels Fee	5,253,711	0.2%
Others ⁵	479,986	0.0%
Total	3,458,457,969	100%
<i>Zakat Al-Mal</i>	<i>8,106,314</i>	<i>-</i>
<i>Donation/Sadaqah</i>	<i>13,033</i>	<i>-</i>

¹ **Business Permits:** Company Annual Fee, Restaurant, Café, Canteen Fee, Flat Maintenance Fee, Partnership Fees, Import Trade Fee, Co-operative Society Fees, Sole Trader Registration Fee, Trade Registry Fee, Foreign Investment Administration Annual Fee, Company Registration Fee, Foreign Business Fee

² **Non-tourism Property Income:** Uninhabited Islands Rent, Government Buildings Rent, Commercial Land Rent, Rent from land for Industry, Longterm Agricultural leased islands rent, Rent from Floating Jetty, Uninhabited Islands Administration Fee

³ **Proceeds from Sale of Assets:** Sale of items at auction, Sale of Government Buildings, Sale of Government Lands

⁴ **Royalties:** Duty Free Royalty, Foreign Investment Royalty, Fishing Royalty, Fuel re-export Royalty, Re-Export Royalty, Yellowfin Tuna Export Royalty, Skipjack Industry Royalty

⁵ **Others:** Reimbursement from previous year's budget, International Airport fees

Table 2 Total USD Revenue Contribution, 16Q3 (USD)

Description	16Q3	% Share
TGST	50,934,444	41.4%
Tourism Land Rent	24,702,864	20.1%
BPT	16,192,081	13.2%
Green Tax	9,385,738	7.6%
Airport Service Charge	7,697,390	6.3%
Others	14,005,138	11.4%
Total	122,917,655	100%
<i>Zakat Al-Mal</i>	-	

*Others: Business Permits, International Airport Fees, Royalties, Foreign Investment Administration Annual Fee, Lease Period Extension Fee, Tourism Tax, Vessel Fee and Fines

Table 3 Comparison Against 15Q3 (MVR)

Description	Actual 16Q3	Actual 15Q3	% Growth
Airport Service Charge	118,063,979	106,223,053	11.1%
Bank Profit Tax	95,147,881	418,540,036	-77.3%
Business Permits ¹	5,349,415	7,207,785	-25.8%
BPT	996,599,997	1,051,748,017	-5.2%
Fines	119,953,984	52,229,278	129.7%
GGST	543,024,240	478,559,630	13.5%
TGST	780,883,951	875,304,137	-10.8%
Green Tax	143,870,288	-	
Land Acquisition and Conversion Fee	96,838,652	17,281,344	460.4%
Land Sales Tax	4,422,927	6,099,023	-27.5%
Lease Period Extension Fee	25,770,000	260,337,566	-90.1%
Non-tourism Property Income ²	31,535,223	28,325,976	11.3%
Proceeds from Sale of Assets ³	1,466,379	1,475,938	-0.6%
Resident Permit	63,193,720	60,936,550	3.7%
Revenue Stamp	12,302,154	9,365,859	31.4%
Royalties ⁴	17,770,573	19,086,482	-6.9%
Tourism Land Rent	378,911,653	263,290,207	43.9%
Tourism Tax	-	92,679	-100.0%
Vehicle Fee	17,619,255	14,437,035	22.0%
Vessels Fee	5,253,711	1,422,298	269.4%
Others ⁵	479,986	8	5796838.3%
Total	3,458,457,969	3,671,962,903	-5.8%

* Refer to Table 1 footnotes for details

Table 4 Comparison Against Projection (MVR)

Description	Actual 16Q3	Projection 16Q3	% Variance
Airport Service Charge	118,063,979	130,766,282	-9.7%
Bank Profit Tax	95,147,881	423,732,940	-77.5%
Business Permits ¹	5,349,415	3,937,948	35.8%
BPT	996,599,997	1,065,058,768	-6.4%
Fines	119,953,984	38,613,827	210.7%
GGST	543,024,240	518,821,874	4.7%
TGST	780,883,951	849,262,141	-8.1%
Green Tax	143,870,288	140,900,136	2.1%
Land Acquisition and Conversion Fee	96,838,652	15,977,912	506.1%
Land Sales Tax	4,422,927	9,698,318	-54.4%
Lease Period Extension Fee	25,770,000	-	
Non-tourism Property Income ²	31,535,223	25,516,780	23.6%
Proceeds from Sale of Assets ³	1,466,379	1,730,310	-15.3%
Resident Permit	63,193,720	67,741,867	-6.7%
Revenue Stamp	12,302,154	10,029,257	22.7%
Royalties ⁴	17,770,573	20,248,063	-12.2%
Tourism Land Rent	378,911,653	382,108,117	-0.8%
Tourism Tax	-	-	
Vehicle Fee	17,619,255	14,712,459	19.8%
Vessels Fee	5,253,711	1,470,209	257.3%
Others ⁵	479,986		
Total	3,458,457,969	3,720,327,208	-7.0%

Table 5 TGST Breakdown, 16Q3

Category	Number of Taxpayers	Number of GST Returns	GST Liability (USD) **
Tourist resort	129	371	83,520,264
Tourist hotel	18	39	2,245,214
Tourist guest house	393	428	1,069,196
Tourist vessel	124	290	1,010,492
Diving school*	59	140	1,793,884
Shop*	60	180	456,124
Spa*	16	62	493,484
Water sports facility*	25	51	655,004
Other places located on tourist establishments	111	196	468,680
Travel agency service provider	618	730	802,020
Foreign tourist vessels' agent	16	33	85,114
Domestic air transport provider	4	12	8,004,684

* Located on a tourist establishment

** Discrepancy between GST liability and collection is due to adjustments by the taxpayer



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