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MALDIVES
INLAND REVENUE
AUTHORITY

Record Keeping Guide

MIRA M816

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Taxpayers can rely on this guide as to the MIRA's interpretation of the relevant tax laws and regulations. If you do not understand anything in this guide or have queries related to your particular circumstances, call 1415 or send an email to 1415@mira.gov.mv.

I. Introduction

This guide intends to assist small businesses. The purpose of this guide is to explain how a small business should maintain records, as well as good practices and rules commonly followed by Maldivians for record keeping. This guide includes formats for persons who maintain their records manually.

The methods and formats described in this guide are not the only way for maintaining records. You can opt to maintain your records in numerous ways depending on your business and business needs.

Persons with annual turnover less than MVR 10 million can use this guide. Other persons can also use this guide as a guideline to maintain their records. This guide can be used for following purposes;

- To understand the reasons for maintaining records and how the record keeping process works
- To identify accounts/records to be maintained on daily, monthly or yearly basis
- To identify convenient formats to those who are required to maintain records manually

It is possible to maintain the accounts and records of your business on your own. Obtaining information of the record and documents to me maintained through this guide, and maintaining your records and documents in accordance with it will suffice.

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2. Accounting basis

There are two recognized accounting bases for accounting purpose. They are:

1. Cash basis
2. Accrual basis

The only difference between these two bases is the time or period for which income and expenses are recorded.

Accounting bases are only important for preparing of business accounts. GST return preparation and GST payment computation are based on the time of supply rule of the GST act.

2.1 Cash Basis

Cash basis are a convenient basis which small businesses (businesses with an annual turnover of less than or equal to MVR 10 million) may opt to prepare their accounts. For the purposes of calculating a person's taxable income on a cash basis, income is cash received during the year. Even though the corresponding goods or services have been offered in advance.

Similarly, even if expenses incurred on any given day, the amount will be included as an expense on the day the payment or bank transfer was made.

Therefore, those who prepare accounts on cash basis should not include goods or services provided to a debtor on credit as an income until the payment is received.

2.2 Accrual Basis

Accrual basis is a type of accounting basis that is prepared in accordance with the internationally accepted accounting standards, which are usually mandatory for large businesses. Income is defined as income receivable during the period on an accrual basis. Whether or not it is received in cash/bank for example, under accrual basis, for goods and services issued on credit during the period will be considered as revenue for the period.

The difference between these two bases can be seen in the table below.

Type	Cash basis	Accrual basis
Income	Only cash income received during the period	Income receivable during the period (whether or not it is received in cash/bank). Example, credit sales revenue
Expense	Only the expenditure incurred in cash during the period	Expenditure incurred during the period (even if not in cash). Example, when you receive your electricity bill for that month, the electricity cost for that month has already been incurred. Therefore, even if the electricity bill for that month is not paid, the expense should be recorded on the date of the electricity bill.

3. Why maintain record?

3.1 Reasons for maintaining records

The most important reasons to maintain business records properly are:

1. Knowing the profitability of the business and how to prepare for the future of the business (For example, to know to stop an unprofitable business and to invest in another profitable area)
2. Knowing business debts and liabilities
3. To demonstrate your financial positions to banks and other financial institutions and make it easier to obtain loans and capital needed for the business (for example, make it easier to prepare a business proposal to obtain a loan)
4. Self-assessment of the business performance and expansion of the business becomes easier
5. Ease of preparing tax returns and tax related accounts.

3.2 Record keeping and Law

Another reason to maintaining business records is that the laws in force in Maldives requires for the maintenance of business records. Failing to maintain records or keeping inaccurate or misleading records is a legal offense. In accordance with the Tax Administration Act (Law Number 3/2010);

- Documents required to be maintained under any taxation act must be maintained for a period of 5 years.
- Documents should be kept in Dhivehi or English.
- Documents must be kept in a place where the records are accessible to MIRA on demand.

3.3 Importance of using computer software to maintain records

Business transactions can be recorded and accounted manually without the use of computer software. However, it is very important that manually maintained records to be stored carefully and in order so that they are not lost.

There are numerous advantages to using computer software to maintain business records. They are as follows:

- All business accounts will be completed by computer without having to write all the accounts manually
- The computer generates many of the reports required for computation (important reports such as monthly income report, annual report, debt report and so on) created and the reports are easily downloaded
- Print invoices and receipts from the system rather than writing them by hand
- The storage space required for storing account can be relocated to computers (rather than filing the accounts previously written by hand, they are all preserved in the computer) and you no longer have to search for separate files and filing cabinets to keep accounts
- More time, effort and cost saving

If you are considering using a computer software, be aware of the following.

- Purchasing and maintaining such software will incur expenditures (but such an investment will increase the benefits later)
- Someone who understands how to utilize the software must be in charge of keeping the business record keeping
- The accounting maintained by the software also backs up the records on a regular basis and stores them somewhere other than the software (the purpose of this is to keep the business accounting stored even in case of a problem with the software).

3.4 Maintaining records in an electronic format

Records of business transactions can be maintained in electronic format. The original hard copy documents must be kept even if they are kept in an electronic format. Such documents must be maintained for a period of 5 years. When handling documents in electronic format, be aware of the following.

- The records must be readily printed on paper if required by MIRA
- The records must be readily accessed if required by MIRA
- Where the records are transferred from one format to another, the duplicate of the records must be confirmed to be identical to the original records
- If manually prepared records are transferred to an electronic format, such records must be in portable document format (PDF)
- The records must be secure from alteration by unauthorized parties
- A backup of software used for maintaining records or soft copies of the documents must be maintained
- An audit trial of records and any alteration to such records must be retrieved
- Where MIRA requires records to be printed on paper, the date of preparation of the original document must be clearly shown on the printed document

4. Separation of business and personal accounts

Business is often a personal endeavor to earn a living. It is work that you do for yourself in order to make money. Nonetheless, it is very essential to maintain business and non-business accounts separate. The reason why it is important to distinguish between business and non-business (private) accounts is that:

1. It identify the actual value of the business
2. It identify the progress of your own business in comparison to other businesses
3. It is compulsory to maintain separate business accounts under the laws of the Maldives

4.1 What are the ways in which business accounts can be separated?

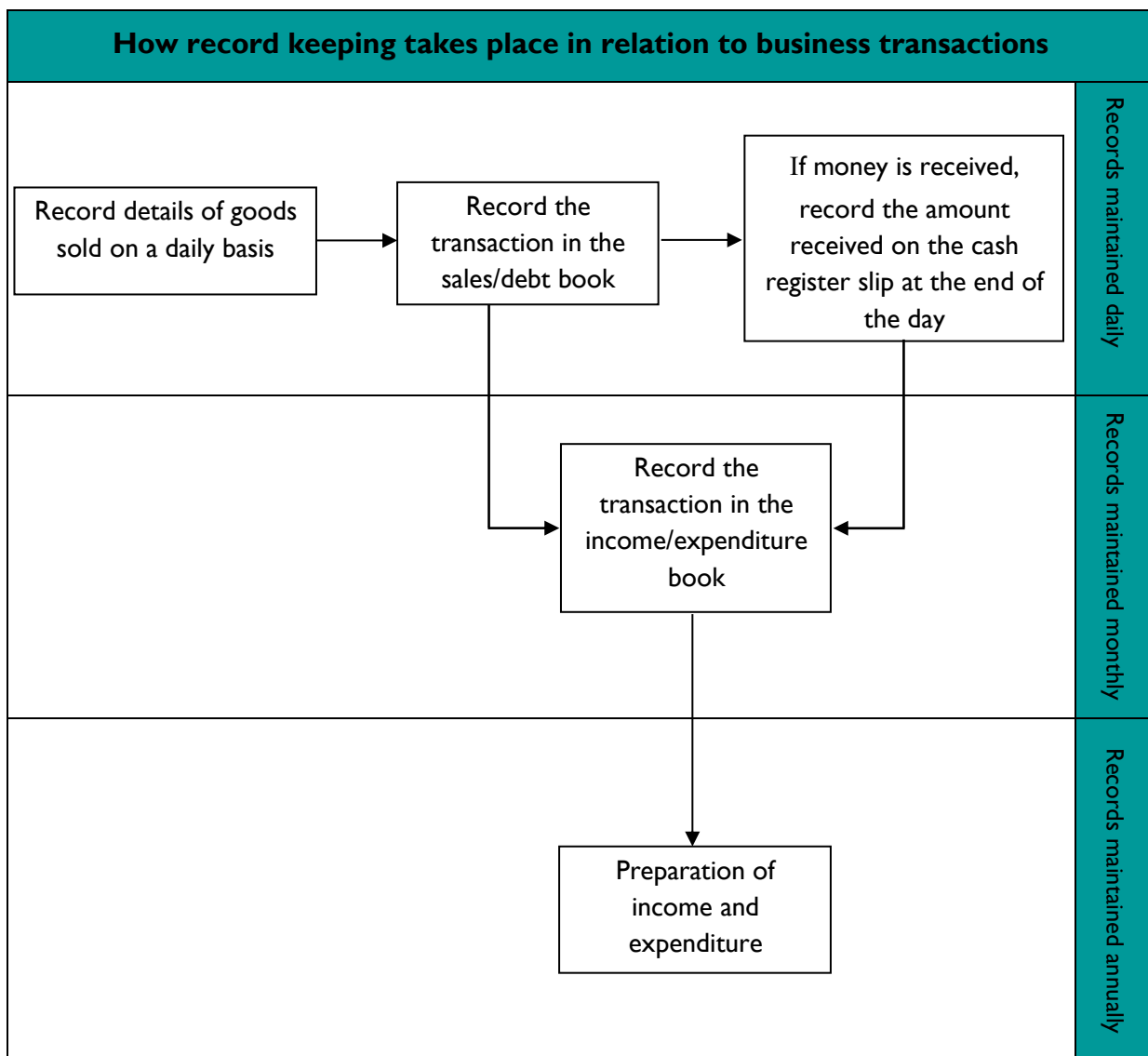
The following methods can be used to separate business accounts.

1. You can have a separate bank account for your business purposes. This bank account can be used to deposit business earnings. Business expenses (excluding personal expenses) can also be used through this account. In such cases, bank statements can be used as an important document to easily identify business income and expenditure.
2. If you use the same bank account for business and personal purposes, keep records of income and expenses for personal purposes. This includes withdrawals from the account for personal use. (Therefore, keep a note of the date and time of withdrawal.)
3. Certain expenses may be a both business and personal expenses. For example, a shopkeeper in his own home may have phone bills, electricity bills, or construction expenses that include both (personal and business use). In such cases, these two parts should be apportioned fairly.

5. Documents/Records maintained by small businesses

There are usually two type of business transactions. They are money entering the business (income) and money leaving the business (expense). The accuracy of these transactions is verified by maintaining the relevant accounts and documents.

Maintaining business records is relatively easy. The first thing in accounting is to understand how accounting process works. The maintenance of business accounts involves the following stages.



6. Essential documents to be maintained in business

6.1 Documents to be maintained on a daily basis

6.1.1 *Vikura* (Sales book)

Vikura is an important accounting document used by Maldivians that details the daily sales of goods or services. There are two methods for manually maintaining *vikura*.

1. Record only cash income in the *vikura* (record goods or services issued on credit in a separate book).
2. Record both cash sales and credit sales in *vikura*

The ideal practice to follow from the methods mentioned above is to record only cash transactions in the *vikura* and credit sales separately in the credit sales book (credit sales book is explained in 6.1.2).

<i>Vikura</i>				
Business owner name:	Mohamed Ahmed			
Business activity name:	ABC Store			
Tin:	1234567GST501			
Date:	1 April 2023			
Details	Standard rate goods	Zero-rated goods	Exempt goods	Total
1 Can pineapple	12			12
1 KG Rice		15		15
1 Packet biscuit	10			10
Total	22	15		37
Total amount recorded in the <i>vikura</i> at the end of the day				
Total revenue received end of the day (from the register slip)				
Total amount not recorded in the <i>vikura</i> at the end of the day (Difference between the above two figures)				
Prepared by:	Signature:			

Note: It is important to have a consistent format when writing the date. For example, you can enter the date in day/month/year format.

While maintaining the *vikura*, keep the following in mind.

- In the *vikura*, record all goods and services that were sold that day. Even if you were unable to record individual transactions, write the total unrecorded sales in the *vikura*'s last column. (Unrecorded revenue is the difference between total income received and revenue recorded in the *vikura*).
- Be careful to record each transaction as it occurs.




- While maintaining *vikura*, using a *vikura* book rather than individual papers will make it easier to maintain the *vikura*. Give each book you use as *vikura* a serial number in sequence and keep it in that order.

Note: *Vikura* must be maintained manually by businesses who do not use computer software for accounting purpose.

6.1.2 Credit sales book

It is very important to maintain the records for the goods and services sold on credit. The following are some of the reasons why a credit report is important:

1. Facilitate the recovery of credit sales
2. It makes it easier to take legal action in recovering money from the debtor in connection with credit sales (for example, filing a claim for recovery);
3. It simplifies the computation of total business income
4. Assist in calculating the net profit of the business

Credit sales book					
Business owner name:		Mohamed Ahmed			
Business activity name:		ABC Store			
Tin:		I234567GST501			
Debtor name, address and number:		Ali Mohamed, Sample house, 7777777			
Debtor ID number :		A123456			
Date	Details	Standard rate goods	Zero-rated goods	Total	Debtor signature
01.01.2023	1 Packet coast milk		155	155	
05.01.2023	1 case water	53		53	
13.01.2023	2 Kg Rice, 1 Coke bottle	29	10	39	
Total		165	82		
Total debt at the end of the month					247
Total outstanding debt in the previous month					530
Total debt payable (530+247 = 777)					777
Amount paid as debt money					700
Date of payment of debt					2 February 2023
Amount of debt outstanding (moving to the following month) (77 = (777-700))					77
Prepares by:		Signature			

While maintaining the credit sales book, keep the following in mind.

- Keep credit sales accounts in a different book or books. Provide a serial number to these books and keep them in the order in which they are completed.
- Write down the debtor's name, address, contact number and ID card number in the credit sales book. (This is intended to solve the difficulties encountered in recovering the debt money later and to make it easier to recover it legally.)
- When issuing goods to the debtor, record the transaction in the book immediately in front of the debtor and have him sign the transaction.
- Write down your daily credit sales transactions in this book and at the end of the month, prepare the total for that month. This is due to the fact that the debt is often settled at the end of each month. The total may be prepared at the time of payment if the payment is made before the end of the month.
- When the payment is received in relation to a credit sales, record the payment the same day it is received in the credit sales book. (For example, once paid, you can draw a line across the top of the transaction and have the owner sign it.).

- Carry forward the outstanding amount in the credit sales book for the following month.

Note: Credit sales book must be maintained manually by businesses who do not use computer software for accounting purpose.

6.1.3 Daily cash register total

The purpose of this document is to calculate the total cash amount in the cash register at the end of the day. This is a document showing the amount of cash received per day. At the end of each day, before closing the business, the cash in the cash register should be counted and a slip should be prepared as per the below format and it should be signed and stored. This document aid in the preparation of the *vikura* and credit sales book.

Daily cash register total		
Business owner name:	Mohamed Ahmed	
Business activity name:	ABC Store	
Tin:	1234567GST501	
Date:	1 April 2023	
Total of the cash register at the start of the day:	MVR 1000	
Notes (MVR)	Amount of notes	Total notes (MVR)
500		
100		
50		
20		
10		
5		
Total of MVR notes		
Total of coins		
Total amount received in MVR		
Total amount received in other currencies (Example Dollar)		
Income receive in cheque		
Income received in Cash/credit card		
Cash spend/withdrawn from the cash register		
Total income at the end of the day		
Cash register total/Amount taken home		
Prepared by:	Signature:	

The above slip is a very useful document that is still in commonly used by Maldivians. While preparing the slip, keep the following in mind.

- Write the amount of cash deposited to the cash register at the start of the day (float) in the slip. Keep the slip visibly in the cash register. (It is a good practice in businesses to put the same amount of money into the box at the beginning of each day's business. For example, MVR 1,000).
- If any amount is withdrawn from the cash register (For example, to pay daily wages, for personal use or to pay a bill), it should be recorded in the slip. Calculate the total amount withdrawn at the end of the day and write it on this slip. (if any good is taken for personal use, write the details of the goods withdrawn in a separate book. This should be noted in the *vikura* format).
- At the end of each day, count the total amount received in cash that day and record the amount on the slip mentioned above.
- Prepare the above slip at the end of each day and keep it separately after signing. (If filing, file in date order.)
- Total income at the end of the day is the total income of the box after deducting the expenses incurred that day. The amount after deducting expenses is total cash register / take home total.

Note: daily cash register is a document that can be maintained by business who maintain their accounts manually or via software.

6.1.4 Expense book

Recording business transactions requires recording expenses in addition to income. It is very important to keep track of day-to-day expenses as:

1. Recording expense daily, as it incurs, helps in recording all expenses more accurately.
2. Documenting your business expenses helps you to control and economize your expenses to see if you kept them at an appropriate level for the cash flow and growth of your business on a daily basis. This will increase the profitability of the business.

Expense book						
Business activity name: ABC Store Tin: 1234567GST501 Year and month: April 2023						
Date of expenditure	Type of expense	Details	Amount	Date of payment	Person whom Payment made	Total paid
02.01.2023	Rent	January rent	12,000	03.01.2023	Hassan Didi	12000
02.01.2023	Salary	January salary	5,000	03.01.2023	Suresh	5000
15.01.2023	Repair	Painting the shop	950	15.01.2023	Paint shop	950
Total expense at the end of the month			17,950			17,950
Prepared by:			Signature:			

While preparing the expense book, keep the following in mind.

- Get in the habit of recording each expense as it occurs.
- If the expense has incurred (i.e., if the bill has been received), record it in the expense book even if the money is not paid. Once paid, complete the paid column. (For example, when you receive a phone bill, write the amount in the expense book even if it is unpaid. Because even if it is an unpaid amount, it is still an expense that is incurred in the business. Once the amount is paid, it can be noted in the paid column).
- Remember to record the details of goods purchased for business purposes in your expense book every day.
- Also, at the end of each day, look at the expenses that occurred that day and think about how you can reduce expenses and economize.

Note: Expense book must be maintained manually by businesses who do not use computer software for accounting purpose.

6.1.5 Stock list

A stock list shows the cost that incurred in the purchase of goods.

Stock list							
Business owner name: Mohamed Ahmed Business activity name: ABC Store Tin: 1234567GST501 Year and month: April 2023							
Date	Type	Details	Unit	Quantity	cost per unit	Total cost	Price per unit
01.01.2023	Biscuit	Cream cracker	Packet	40	10	400	13
03.01.2023	Biscuit	Oreo	Packet	20	7	140	9
Total at the end of the month						540	
Prepared by:			Signature:				

While preparing this list, keep the following in mind.

- This list will only contain details of the goods purchased for resale. Do not include assets (example computers) purchased to use in the business. Such items shall be included in the Asset register referred to 6.3.3.
- Calculate the cost per unit in proportion to the purchase price and all costs incurred to bring the item to the store (for example, *naalu*). (As per the accounting standards, the cost of acquiring goods includes the purchase price and other expenses incurred to acquire the goods.)\
- Any cost included in the stock list should not be included in the expense book.
- In the statement of expenditure in 6.3.2, write the total amount in the stock list for each month as "Expenditure on Purchase of Goods Purchased for Sale"

Note: Stock list must be maintained manually by businesses who do not use computer software for accounting purpose.

6.1.6 Details of the goods lost or damaged

It is very important to keep track of damaged or lost goods purchased for business purposes. Some goods are inherently perishable goods. It is also possible that part or all of the goods purchased may be destroyed by natural disaster or fire. The reasons why it is important to keep details of lost or damaged goods are:

1. Easy to identify the details of the goods sold among the goods purchased for business purposes
2. Easy to identify changes in business profits due to damaged goods and evaluate the direction of the business
3. Identify the most perishable/fragile items and help reduce business costs

Details of the goods lost or damaged

Business owner name: Mohamed Ahmed
Business activity name: ABC Store
Tin: 1234567GST501
Year and month: April 2023

#	Date	Details	Quantity	Rate	Total (MVR)	Reason
1	03.01.2023	Flour	5	210	1050	Effected by sea water due to rough sea
2	12.01.2023	Milo Case	2	250	500	Stolen
Total at the end of the month					1550	
Prepared by:		Signature:				

While preparing details of the goods lost or damaged, keep the following in mind.

- Note the details of damage/faulty goods bought for business purpose separately.
- Note the details of the lost property as soon as it is known to be lost.
- If the property damage is caused by theft or fire keep the complete documentation (for example, a police report) to prove it.

Note: Details of the goods lost or damaged must be maintained manually by businesses who do not use computer software for accounting purpose

6.1.7 Details of goods withdrawn for personal use

Many people, especially small businesses, withdraw goods purchased business purpose for personal use. Details of goods withdrawn for personal use should be recorded separately. For example, if you took a case of milo case from the store for your own use, it should be recorded. If the business is registered for GST, the amount of GST subjected to those goods should be paid to MIRA.

Reasons to maintain details of goods withdrawn for personal use are:

1. Under the Income Tax Act, any goods taken for personal purposes is not deducted as a business expense, which makes it easier to calculate the amount
2. Ease of calculation of GST on goods taken for personal use
3. Identify the accurate benefits of the business

Details of goods withdrawn for personal use						
Business owner name: Mohamed Ahmed Business activity name: ABC Store Tin: 1234567GST501 Year and month: April 2023						
\$	Date	Details	Quantity	Rate	Total (MVR)	GST (MVR)
1	03.01.2023	Flour	1	210	210	11.89
2	23.01.2023	Milo case	1	250	250	14.15
Total at the end of the day					460	26.04
Prepared by:			Signature:			

While preparing details of goods withdrawn for personal use, keep the following in mind.

- Daily record the details of the goods withdrawn for personal use.
- If registered for GST, the amount of GST should be stated separately.
- At the end of each day, record the total amount of goods taken for personal use.
- Write the detail the goods taken for personal use in the output tax statement. (How to maintain the output tax statement is covered in 6.2.2.)

Note: Details of goods withdrawn for personal use must be maintained manually by businesses who do not use computer software for accounting purpose

6.1.8 Documents to maintain for the purpose of Plastic bag fee

For plastic bag fee purpose documents and records must be maintained to the extent that such documents are sufficient to ascertain that the amount of plastic bag fee collected from customer is in accordance with the acts and regulations.

Other than that, following details should be maintained daily for the purpose of plastic bag fee;

- Details of plastic bags bought
- Plastic bags received free of charge
- Details of plastic bags sold
- Details of plastic bags provided free of charge
- Details of discarded plastic bags
- Details of plastic bags returned by customers

6.2 Documents to be maintained on a monthly basis

6.2.1 Income statement

At the end of each month, prepare an income statement based on the *vikura* and cash register slip for that month. The benefits of this statement includes:

1. The business performance during the different days of the month, the days when the business improved and the difference between the month and other months being easily visible in one place
2. This statement will be an important document to be used in preparing the annual accounts
3. Easier preparation of tax returns (In this case, tax returns can be prepared based on this statement instead of doing separate calculations from books such as *vikura*.)

Statement of income – January 2023				
Business owner name: Mohamed Ahmed				
Tin: 1234567GST501				
Day	Standard rate GST goods	Zero-rated goods	Exempt goods	Total amount in the cash register at the end of the day
1	5500	1100	0	6600
2	4500	990	0	5490
3	4800	1010	0	5810
Total	14800	3100	17900	
Prepared by:		Signature:		

- If the total amount of cash received in the day is different from the amount in the cash register that means an amount has been withdrawn that day from the cash register. Hence, the amount withdrawn from the cash register should also be recorded in the Cash register slip.
- The most important document to support the completion of this statement is the cash register slip. So fill out this statement after completing the cash register slip every day. File this statement with all cash register slip at the end of the month. (Place cash register slips in date order when filing.)

Note: Statement of income must be maintained manually by businesses who do not use computer software for accounting purpose

6.2.2 Output tax statement

According to the Goods and Service Tax Regulation, if the annual turnover for the year exceeds MVR 5 million, you are required to submit an output tax statement along with your GST return. Others could maintain an output tax statement as per the below format. This method of maintaining output tax statement will make it easier to prepare the GT return.

Sheet I (Tax invoices)

Output Tax Statement

Customer TIN	Customer Name	Invoice No.	Invoice Date	Invoice Date	Value of Supplies Subject to GST at 8% or 16% (excluding GST)	Value of Zero-Rated Supplies	Value of Exempt Supplies	Value of Out-of-Scope Supplies	Your Taxable Activity Number
Total				-	-	-	-	-	

Sheet I (Other transactions)

Output Tax Statement

Your Taxable Activity No.	Value of Supplies Subject to GST at 8% or 16% (excluding GST)	Value of Zero-Rated Supplies	Value of Exempt Supplies	Invoice Date	Value of Out-of-Scope Supplies
Total				-	-

- This statement can be completed by referring to *Vikura*, Credit sales book and Details of goods withdrawn for personal use. Hence, daily after preparing the *vikura*, Credit sales book and Details of goods withdrawn for personal use, fill this statement. At the end of the month, calculate the sum of the three columns in each main column (*vikura*, Credit sales book and Details of goods withdrawn for personal use).
- Record all transactions during the month for which the GST time of supply applies in this statement.
- Record the total amount of goods taken for personal use each month on this statement.

- The transactions recorded in the *vikura* are transactions for which the payment is received; hence, the GST time of supply for those transactions will be the time of the payment.
- The GST time of supply for the credit sales will be the date in which the invoice is prepared or the date in which payment is received whichever comes earlier. An invoice must be prepared for each transaction within 3 days.

6.3 Documents maintained annually

6.3.1 Income Statement

Income statement is one of the most important documents that businesses should maintain. One of the best ways to measure the profitability of a business is through the income statement. The amounts to be entered in this statement are the "Total Income at End of Day" in column 2 of the monthly income statement. Therefore, not much further work is required to complete this statement. Write the total amount on your income statement for each respective month.

Income statement 2023	
Business owner name: Mohamed Ahmed	
Tin: I234567GST501	
Month	Total income
January	74,980
February	83,032
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	
Total	
Prepared by:	Signature:

Note: Income statement must be maintained by all business. Even if you maintain your records manually or via software it should be maintained.

6.3.2 Statement of expenditure

The statement of expenditure is a summary of expenditure incurred during the year. The purpose of this statement is to:

1. Identify the main expenses incurred during the year, and compare them with the other months and identify ways to reduce the expenditure
2. Identify cost control measures
3. Facilitate in business planning and budgeting for the following year
4. Easier preparation of income and expenditure statements

Fill out the expense statement in accordance with the expense book by summing the amounts in the book. Hence, it is not required to note each individual expense incurred in this statement. It is sufficient to calculate total of the figures in the expense book and include them in this statement. Any expenses not noted in the expense book also should be included in this statement. Expenses recorded in the expense book must be GST exclusive. In addition, the cost of purchasing the non-current assets will not be included in this statement. Those details must be recorded in the non-current asset register. Asset register is explained in 6.3.3

Expenditure statement

Business owner name: Mohamed Ahmed
 Tin: 1234567GST501
 Year: 2023

#	Expense type	Person whom payment made to/owed	January	February	March	April	May	June	July	August	September	October	November	December
1	Electricity Bill													
2	Phone Bill													
3	Salary	Hassan Didi												
4	Allowances paid to employees													
5	Petrol cost													
6	Loan interest													
7	Trade fee													
8	Repair													
9	Visa fee													
10	Insurance													
11	Zakat													
12	Donations													
13	Purchase cost													

Note: Any expense included in the expense statement may be maintained separately. For example, if you have more than one employee, you can manage the cost of employee salaries separately

6.3.3 Asset register

Asset register shows the assets bought for business purpose. Goods purchased for resale and stock are not included in the non-current asset register. Only the assets bought to use in the business are recorded in this register.

Even if this is a document, which is maintained annually, the assets should be recorded in it at the time of purchase. If an asset is disposed, it should be removed from the register. This way the registry will be completed accurately by the end of the year.

Non-current asset register			
Business owner name: Mohamed Ahmed Tin: 1234567GST501 Year: 2023			
Type of asset	Details of the asset	Date of purchase	Cost
Furniture	Table	01.01.2023	3,000
Computer	Dell Laptop	05.02.2023	10,000
Fitting	Air conditioner	08.03.2023	11,000
Prepared by:		Signature:	

Note: Asset register must be maintained by all business. Even if you maintain your records manually or via software it should be maintained.

6.3.4 Statement of Profit or Loss and other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income is a report that shows the business's annual financial results. The purpose of this report is to calculate the profit or loss from the business during the year. So based on the results of this report, you can make many business decisions. You can use this report to:

1. Examine the financial outcomes for the year and pinpoint areas that still require development. For instance, if expenditures have risen, it is possible to determine where the rise happened and improve the areas that want improvement, making it simpler to take action.
2. It is easier to maintain business's financial results and consider the expectations for the upcoming year.
3. Identify the most appropriate quantity of profit to be distributed and evaluate whether the distribution was highly beneficial for the company's shareholders.

4. Ease of preparing tax documents
5. Submit this document to the relevant authorities

Note: Those who are required to submit an income tax return are required to submit this form to MIRA.

Business owner name:	Mohamed Ahmed / ABC Store	
Tin:	I234567GST501	
Year:	2023	
Statement of Profit or Loss and other Comprehensive Income for the year ending 31 December 2023		
		MVR
A	Total income	1500000
B	Deduct: Cost of sales	(700000)
C	Gross profit	800000
D	Other expenses	
	Salaries and wages to employees	90000
	Rent	120000
	Pension	20000
	Zakat	15000
	Electricity	9500
	Phone bill	2400
	Stationary	3000
	Total other expenses	(259900)
E	Net profit	540100

1. Total income is the total income for the year excluding GST. The total income received during the year can be found in the "Income Statement" report.
2. Cost of goods is the cost of goods brought for sale in business. This amount can be found in the "Statement of Expenses" report.
3. Gross profit is the difference between the revenue from sales of goods and services and the direct costs incurred to generate that revenue during the time (the cost of purchasing the goods sold). The profit generated directly from the selling of goods or services.
4. Other business expenses incurred during the year can be found in the "Statement of Expenditure" report.
5. Net profit is the amount of profit remaining after deducting all business expenses from all income during the year. The financial position of the business is mostly indicated by the net profit.

Note: Statement of Profit or Loss and other Comprehensive Income must be maintained by all business. Even if you maintain your records manually or via software it should be maintained.

7 Input tax related transactions

7.1 Invoices related to input tax

Input tax is the amount of tax payable by a GST registered person when he purchases goods or services from another GST registered person. This amount is deductible from the tax payable by the recipient of the goods or services in his GST return. However, input tax can be deducted in this manner if the person has a valid tax invoice.

When collecting a tax invoice from another party, keep the following in mind.

1. Make sure the invoice has the name, address and TIN of the person who issued the goods or services
2. Make sure the invoice has your name, address and TIN (if these details are not on the invoice, you will not be able to deduct an amount as input tax).
3. Make sure the invoice says "Tax Invoice" in a prominent manner
4. Make sure the invoice date and number is written correctly
5. Ensure that the details of the goods purchased are written separately along with the price and the amount payable as GST

7.2 Maintaining records of input related invoices

When a tax invoice is received, the transaction should be recorded. Taxpayer must keep invoices for those transactions intact, and easily accessible in case they are needed. In doing this, it is important to keep invoices deducting input tax and other invoices separately (for example, in a separate file).

It is a good practice to schedule a specific day for such activities.

While filing or handling input tax deduction invoices, keep the following in mind.

1. File invoices in the order as it is written on the input tax statement
2. Instead of carrying invoices in bags, boxes, etc., keep them organized and stored in a file
3. Maintain the invoices for five years

Input tax related records must be maintained in accordance with the special format prescribed by MIRA. If an amount was been deducted as input tax in any GST return, the relevant input tax statement must be submitted to MIRA along with the return. Unless otherwise authorized by MIRA, individual tax bills deducted as input are not required to be submitted with the input tax statement.

Input Tax Statement

Tin:

Taxpayer Name:

Taxable Period:

Write "Revenue" to indicate revenue expenditure and "Capital" to indicate capital expenditure.

#	Supplier TIN	Supplier Invoice Number	Invoice Date	Invoice Total (excluding GST)	GST Charged at 6%	GST Charged at 8%	GST Charged at 12%	GST Charged at 16%	Your Taxable Activity Number	Revenue / Capital
Total				-	-	-	-	-		

Total Input Tax

You are not required to submit a separate input tax statement for each taxable activity. You have to submit one input tax statement for all taxable activities registered under your "TIN".

Some business that operate several taxable activities purchase goods in bulk for all business activities at once instead of purchasing goods separately for each activity. As a result, a single tax invoice may relate to more than one taxable activity. In such circumstances, the amount of input tax can be distributed among the taxable activities apportioned. One way to apportion this method is to apportion the input tax in proportion to the income generated by these activities. After this division, each of the amounts should be entered in a separate row of the input tax statement.

In the input tax statement, do not include tax invoices for which the supplier has not charged input tax (For example Zero-rated goods and services).

8 Issuing tax invoice and receipt

In accordance to the laws and regulations of Maldives, businesses are required to issue an invoice to identify the goods sold or services rendered if requested by a customer. In this regard, a tax invoice must be issued upon request by the buyer of the goods in transactions between two persons registered for GST. The buyer must have a valid tax invoice in order to deduct input tax.

Tax invoice is not only issued via print. It can be issued manually. If the tax invoice is issued manually, the following points must be considered.

1. Those who issue invoice manually must have a dedicated invoice book. The invoice book must meet following conditions.
 - a. Your name, address and Tin
 - b. Pre-printed serial number in the invoices
2. Put your stamp on the invoice when it is issued.

Below is a sample of a valid tax invoice.

Sample store
Majeedhee Magu, M. Sample house
Male', Maldives
Tin: 1234560GTS501

Date: 20 April 2023
Number: 0025

Tax Invoice

Customer

Local store
Majeedhee Magu, M. Local house
Male', Maldives
Phone: 3322261
Tin: 1234500GST501

Quantity	Details	Price	GST (8%)	Total
10	Pineapple can	200	16	216
1	Milk packet	180	0	180
2	Plastic bag	5	0.4	9.4
3	Plastic bag fee	-	-	6

Subtotal:	385
GST:	16.4
Total:	411.1

If the goods or services sold by a GST registered person to a non-GST registered person, a receipt may be issued instead of a tax invoice in connection with the transaction. If a receipt is issued manually, the receipt must have a printed serial number.

Below is a sample of a valid receipt.

Sample store
Majeedhee Magu, M. Sample house
Male', Maldives
Tin: 1234560GTS501

Date: 20 April 2023
Number: 0025

Receipt

Quantity	Details	Price	GST (8%)	Total
10	Pineapple can	200	16	216
1	Milk packet	180	0	180
2	Plastic bag	5	0.4	9.4
3	Plastic bag fee	-	-	6

Subtotal:	385
GST:	16.4
Total:	411.1

Taxpayer not registered for GST

Sample store
Majeedhee Magu, M. Sample house
Male', Maldives
Tin: 1234560

Date: 20 April 2023
Number: 0025

Receipt (Not registered for GST)

Quantity	Details	Price	Total
10	Pineapple can	200	200
1	Milk packet	180	180
2	Plastic bag	5	5
3	Plastic bag fee	-	6

Subtotal:	385
Discount:	0
Total:	391

9 Maintaining documents related to incomes other than business documents

Under Act Number 25/2019 (Income Tax Act) all types of income, including business income, as well as the following types of income, are taxable income for the purpose of income tax.

- Remuneration;
- Dividends / Interest;
- Fees for technical services/ Commissions / Royalty;
- Capital gain (Example; disposal of company shares / disposal of a vehicle, building or land)
- Income or gains of any other kind (including monies and assets received for no consideration (example gifts) and proceeds of any criminal or illegal activity)

Therefore, all documents relating to other types of income must be maintained for determining tax payable under the relevant law.

10 Relevant laws and regulations

- [Tax Administration Act \(Law Number 3/2010\)](#)
- [Tax Administration Regulation \(Regulation Number 2013/R-45\)](#)
- [Income Tax Act \(Law Number 25/2019\)](#)
- [Income Tax Regulation \(Regulation Number 2020/R-21\)](#)
- [Goods and Services Tax Act \(Law Number 10/2011\)](#)
- [Goods and Services Tax Regulation \(Regulation Number 2011/R-43\)](#)
- [Waste Management Act \(Law Number 24/2022\)](#)
- [Regulation on Collecting Plastic Bag Fee by Persons Registered for GST](#)



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