



MALDIVES
INLAND REVENUE
AUTHORITY

MIRA FS002

GST FACT SHEET

Foreign Tourist Vessels holding a Charter License



Version: 23.1

Foreign Tourist Vessels holding a Charter License- Fact Sheet

Section 105-1 of the GST Regulation stipulates that goods and services provided in the Maldives by a vessel holding a charter license from the Ministry of Tourism constitute a taxable activity. Section 15(a) of the GST Act states that goods and services provided by tourist vessels holding an operating permit from the Ministry of Tourism are considered to be tourism goods and services. Section 5(e) of the GST Regulation specifies that a charter license issued by the Ministry of Tourism is considered to be an operating permit. In short, supply of goods and services in the Maldives by a foreign tourist vessel holding a charter license from Ministry of Tourism is a GST taxable activity and the applicable GST rate is 16%.

Not all foreign tourist vessels are required to hold charter licenses. The Q & A set below aims to provide a brief overview of GST rules applicable to foreign tourist vessels that do hold charter licenses.

1 **What are the implications on foreign tourist vessels entering the Maldives, due to the 30th amendment to the GST Regulation?**

A charter license issued by the Ministry of Tourism to a foreign tourist vessel is deemed to be an operating permit issued to the agent of that vessel. Therefore, agents of foreign tourist vessels will be required to register with the MIRA under the GST Act and collect GST on goods and services provided by the vessel.

2 **Who is considered the operator of the foreign tourist vessel for the purposes of GST?**

The operator of the vessel is the agent under whose name the charter license is issued by the Ministry of Tourism.

3 **In which GST sector do goods and services provided by foreign tourist vessels fall?**

Goods and services supplied by foreign tourist vessels holding a charter license fall within the tourism GST sector.

4 **What arrangements are in place to register agents of foreign tourist vessels under the GST Act?**

Upon issuance of a charter license to a foreign tourist vessel, MIRA will register the agent under the GST Act based on information received from the Ministry of Tourism. The agent will not be required to submit a separate application for registration.

5 **Does each charter license necessitate a separate GST registration?**

The agent is obligated to register under the GST Act for each vessel separately, for each entry into the Maldives based on the charter license received upon entry. Subsequent charter licenses, while the vessel is in the Maldives, contribute to a taxable activity under the existing registration.

6 What will be the taxable period for an agent (operator) registered under the GST Act due to a charter license?

Unless the total value of goods and services supplied by the agent per month does not exceed MVR 1 million, the taxable period will be calendar quarters.

7 How will the agents be deregistered?

Upon the departure of the foreign vessel from the Maldives and clearance of all pending GST obligations in respect of that particular registration, MIRA will conclude the GST registration.

8 For the purposes of GST, what is considered the time a foreign vessel enters the Maldives?

The inward clearance time.

9 For the purposes of GST, what will be the time a foreign vessel leaves the Maldives?

The outward clearance time.

10 Does the 30th amendment to the GST regulation have any implications on Green Tax liabilities of a foreign tourist vessel?

No change in the administration and computation of Green Tax due to this amendment.

11 What are the deadlines for operators of foreign tourist vessels to file GST returns and make the GST payments?

The GST deadline is the 28th of the month following the end of the taxable period.

12 Can foreign tourist vessel operators file and pay GST on the day the vessel is set to leave the Maldives?

The GST return can be filed, and GST can be paid only after the respective taxable period ends.

13 Does GST have to be accounted for on the goods and services which are not supplied in the Maldives?

No

14 What would be the value of supply on which GST has to be accounted for, if a guest on a foreign tourist vessel has paid for a voyage that commenced outside the Maldives?

The taxable activity by the foreign tourist vessel would commence only after it enters the Maldives. GST has to be accounted for on the value of supply made by or through the taxable activity in the Maldives. Hence, the value of supply made by the taxable activity may be calculated by finding the amount attributable to the supplies made in the Maldives from the total consideration paid by the guest, on a fair and reasonable basis. One such basis could be the amount of time spent in the Maldives, provided that the goods and services supplied during the whole voyage is fairly uniform throughout.

To illustrate the calculation of the value of supply subject to GST, let's consider the following scenario.

Voyage: Monaco - Sri Lanka - Maldives - Singapore - Monaco

Total consideration paid in money for the whole voyage by an unrelated guest: USD 225,000

Duration of the whole voyage: 2160 hours

Time spent in the Maldives: 168 hours [Time elapsed between inward and outward clearance time]

Consideration attributable to the supplies made in the Maldives = USD 17,500 [=168/2160×225000]

Value supply = USD15,086

GST= USD 2,414

15 What are GST implications if a foreign vessel is chartered?

The leasing of vessels that occurs before the vessel becomes a taxable activity does not come under the charter specified in Section 15(c) of the GST Act and Section 107 of the GST Regulation. If a charter meeting the requirements in Section 107 of the GST Regulation occurs after it becomes a taxable activity in the Maldives, the value of supply would be the charter value as specified in the 15(c) of GST Act. In all cases, GST in respect of goods and services provided by, on or through a foreign tourist vessel must be accounted for by the operator (the agent).

16 What are the records to be kept by the operators [agents] of the foreign tourist vessels for the purposes of GST?

In general, the operators [agents] must keep sufficient and proper records to substantiate the figures declared in the GST returns. These may include, but are not limited to, the captain's declarations, documents to show inward clearance and outward clearance times, passenger manifest, crew details, agreements and email communications.

17 How does the "sales figure" declared in the GST return affect the "income" for the purposes of income tax?

The "sales" figures in the GST returns and Income Tax returns may not always coincide. The agents will recognize the revenue for the accounting purposes based on the accounting standards adapted by the agent




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