



MALDIVES
INLAND REVENUE
AUTHORITY

MIRA POST

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MIRA States the Rules to Determine the Boundary of Tourist Hotels and Tourist Guesthouses for GST Purpose



Upcoming Deadlines

December

28

Submission of Green Tax Return for November 2016 and payment of Green Tax

December

28

Submission of GST Return and payment of GST for November 2016

January

10

Payment of duty free royalty for December 2016

* If the deadline falls on a public holiday, then the new deadline would be the next working day

January

10

Payment of Trade Fee for January 2017

January

15

Submission of Withholding Tax Return and payment of Withholding Tax for December 2016

January

15

Submission of Remittance Tax Return and payment of Remittance Tax for December 2016

MIRA Lays Down the Rules to Determine the Boundary of Tourist Hotels and Tourist Guesthouses for GST Purpose



Aishath Hasna Ahmed,
Senior Officer, Technical Service

Goods and Services Tax Act states that goods sold and services supplied by diving schools, shops, spas, water sports facilities and other such places established on a tourist hotel or tourist guesthouse shall be considered as “tourism sector” business activities for GST purposes.

Pursuant to the Tax Ruling TR-2016/G40 (First amendment to the Tax Ruling TR-2016/G33), any business activity situated within the boundaries of a tourist hotel or tourist guesthouse would be considered as a place established on the respective tourist hotel or guesthouse, and therefore must be registered for tourism sector GST. The boundaries of a tourist hotel or tourist guesthouse would be determined based on the operating license or any other document issued by the Ministry of Tourism to that hotel or guesthouse.

In this regard, persons conducting business activities that are situated within the premises

of tourist hotels and tourist guesthouses are required to register for tourism sector GST or obtain a written document from the Ministry of Tourism which evidences that the activity is outside the boundaries of the tourist hotel or guesthouse (even though it is situated within its premises), by 1 January 2017. Where such a document is not obtained from the Ministry of Tourism by 1 January 2017, MIRA would register such business activities for tourism sector GST and notify the operator accordingly.

However, all the business activities conducted on premises of a tourist hotel or tourist guesthouse which is located on land leased by the Government, a City Council, an Atoll Council or an Island Council for the purpose of developing and operating a tourist hotel or a tourist guesthouse, must be registered for tourism sector GST.

For more information, taxpayers can call 1415 during office hours or email to 1415@mira.gov.mv or refer to Industry Tax Guide: Tourist Guesthouses which is available from the website of MIRA.



Output Tax Statement to be Submitted by Taxpayers with Annual Turnover Between MVR 20 million and MVR 30 million

Mariyam Waheed,
Assistant Officer, Maldives Tax Academy

GST registered persons whose annual turnover is less than MVR 30 million and more than or equal to MVR 20 million, are required to submit their Output Tax Statement along with the GST Return from 1 January 2017. When submitting the GST Return for taxable periods beginning on or after 1 January 2017, taxpayers with an annual turnover of less than MVR 30 million and more than or equal to MVR 20 million must submit an Output Tax Statement, along with the Return. This date was determined in an amendment to the previous dates decided for taxpayers with annual turnover of less than MVR 30 million to submit Output Tax Statements, brought through the Tax Ruling issued on 24 November 2016.

It was previously, decided that taxpayers whose annual turnover is less than MVR 30 million and more than or equal to MVR 10 million, should submit an Output Tax Statement from 1 January 2017 onwards. However, with this change, the above category has been divided into two groups, in which taxpayers with an annual turnover is less than MVR 20 million and more than or equal to MVR 10 million, is given an extension of 6 months

in preparation to submit Output Tax Statement. Taxpayers whose annual turnover is less than MVR 20 million and more than or equal to MVR 10 million must submit their Output Tax Statement from 1 July 2017 onwards. As was previously decided, taxpayers whose annual turnover is less than MVR 10 million should submit Output Tax Statement from 1 January 2018 onwards.

The Output Tax Statement was decided as one of the documents to be submitted along with the GST Return by Tax Ruling TR-G23/2015 issued by MIRA on 5 February 2015. However, instead of making it compulsory for all taxpayers to submit the Statement at once, taxpayers were divided into different categories based on their turnover, and MIRA decided a different deadline for each category to submit their Output Tax Statement. Taxpayers with annual turnover of more than MVR 30 million already submit the Output Tax Statement with their GST Returns.

Taxpayers must submit their Output Tax Statement through MIRA online portal 'MIRAconnect'. The login details will be emailed to the MIRA registered email address of the taxpayer. Output Tax Statement format and instructions to complete Output Tax Statement are available from MIRA website.

Airport Taxes and Fees Act Ratified

Mohamed Ali Waheed,
Deputy Director, Maldives Tax Academy

On 7 December 2016, the president ratified Airport Taxes and Fees Act.

With the new law coming to force on the same date, the Airport Service Charge (ASC) currently levied on passengers departing from the Maldives would now be collected under this law, and the Law Number 71/78 under which the ASC was previously collected is repealed. This law also brings the administration of the ASC within the fold of the Tax Administration Act. However, the existing ASC rates remain unchanged at USD 25 per foreign passenger and USD 12 per Maldivian passenger. The exemption given to persons with diplomatic immunity, transit passengers and children below the age of 2 also remains in force.

The other part of the law deals with the

introduction of Airport Development Fee (ADF), which would be collected, in addition to ASC, from passengers departing from the Maldives from Ibrahim Nasir International Airport on or after 1 May 2017. Though, the rates of ADF remain same as that of ASC, only passengers with diplomatic immunity are exempt from ADF.

Airlines that operate scheduled flights to and from Maldives are responsible for collection of ASC and ADF from their passengers, and filing returns and making payments to MIRA by 15th of each month. For flights such as chartered flights and private jets, it is the responsibility of the operator of the respective airport to collect, file and pay ASC and ADF to MIRA.

The administration and enforcement of this law, and making relevant regulations and policies have been mandated to MIRA.

A Business in Maldives is Not Exempt from Paying WHT even if the Transaction was Made via a Foreign Bank, The High Court Rules

Fathimath Shaufa,
Senior Officer, Legal Service

The High Court has ruled that no exception is given from paying withholding tax even if a foreign bank was used to make the payment as long as the beneficiary of the payment is a business registered in Maldives

The judgement states that withholding tax determined by MIRA in relation to a payment for advertising a guesthouse operated by Aishath Asima, regardless of the fact that the payment was made by her husband using a credit card issued by a foreign bank, as the beneficiary of the transaction is the business owned and operated by Aishath Asima, will be liable to pay withholding

tax on the transaction.

As such the High Court decided that there were no grounds to amend the decision made by the Tax Appeal Tribunal regarding the appeal filed by Aishath Asima.

The case is regarding the decision made by MIRA followed by an objection filed with regard to an assessment issued by MIRA to recover the tax payable to the state, which was then upheld by Tax Appeal Tribunal in 2014 following an appeal by Aishath Asima to the High Court Pursuant to section 6 of the Business Profit Tax Act, certain payments made or payable by a person carrying on business in the Maldives to a non-resident are subject to a final withholding tax at source at the rate of 10% of the gross amount of the payment.

From the annual 'CG Cup' tournament played amongst MIRA employees



MIRA Collects more than MVR 1 billion in November

OTHER TAXES AND FEES

MVR 175.97 MILLION

GREEN TAX

MVR 57.2 MILLION

LEASE PERIOD EXTENSION FEE

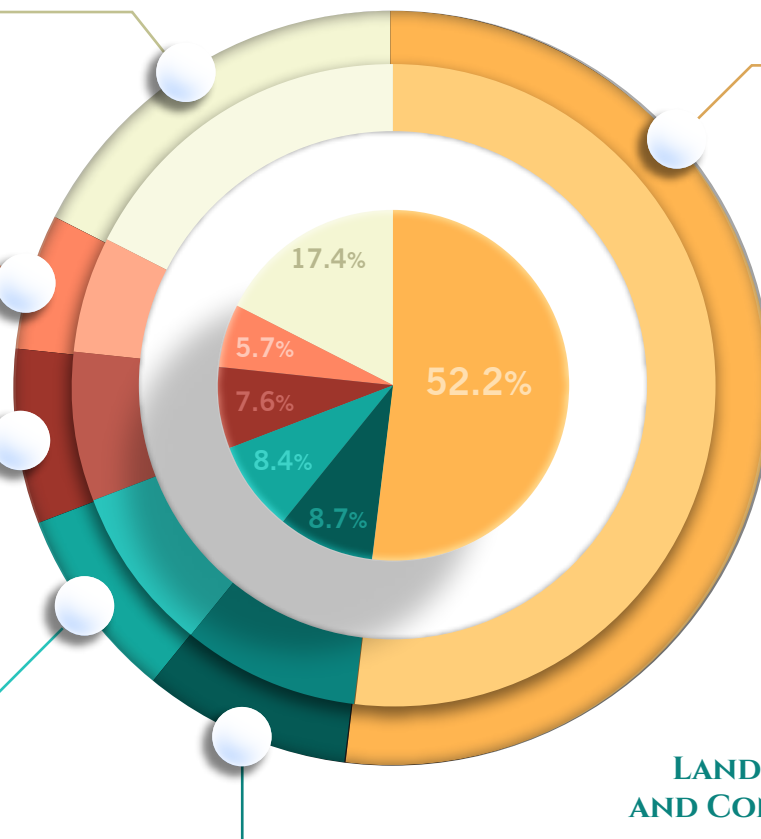
MVR 76.75 MILLION

BPT

MVR 84.74 MILLION

GST

MVR 525.96 MILLION



LAND ACQUISITION AND CONVERSION FEE

MVR 87.84 MILLION

Mariyam Juwairiyya,
Senior Officer, Policy, Planning and Statistics

The Maldives Inland Revenue Authority (MIRA) collected MVR 1 billion last November.

This is 21% higher than the revenue collected in November last year. This was mainly due to the increase in collection from TGST, Green Tax, Land Acquisition and Conversion Fee and Tourism Land Rent when compared to November of last year.

The total revenue collected up to November for this year amounts to MVR 13.29 billion. The total revenue collected up to November in last

year was MVR 12.08 billion.

The greatest share of the revenue collected for November 2016 attributed to GST with MVR 525.96 million or 52.2%. The second largest contributor was Land Acquisition and Conversion Fee (MVR 87.84 million or 8.7%). Other significant contributors include BPT (MVR 84.74 or 8.4%), Lease Period Extension Fee (MVR 76.75 or 7.6%), Green Tax (MVR 57.2 million or 5.7%) and other taxes and fees (MVR 175.97 million or 17.4%)

The revenue collected in November 2016, includes collection in USD of USD 42.2 million.

The Importance of Keeping Sufficient and Proper Business Records

Ali Hameed,
Senior Officer, Compliance

One of the most important parts of any business venture is about accounting and record keeping. To assess the status of a business in a daily basis and take timely actions, proper record keeping system is of utmost importance. The source of information needed to prepare tax returns and financial statements required by laws would also be the accounting or business records. Since businesses are run with the main aim of making a substantial profit and more often than not with hefty investments, if proper business records are not kept it would not be possible to evaluate the performance of the business to check whether it is achieving its financial targets.

It is imperative that a record keeping system to be reliable and accurate. Well-kept business records would be the basis of information needed to run the financial aspects of the business and to decide future direction of the business.

Using well trained staff, businesses must pay a special attention to record the information accurately in their record keeping systems. Proper internal control systems are integral to the establishment of a reliable record keeping system. A business decision made based on reports generated from an inaccurate system would certainly have the risk of ending up in chaotic outcomes.

One of the most important reason why businesses must keep clear and sufficient records is that it is mandatory under existing laws of the country. Not maintaining clear and sufficient business records is an offence under the law, and records required to be kept under tax laws must be maintained for a period of 5 years either in English or Dhivehi. Though keeping records manually is entirely permissible, it is important, in such cases, to keep them organized and safe. Using a computer software for accounting purposes is certainly highly encouraged, as the benefits would outweigh the cost of having and operating one.

GST Rules on Advance Payments Eased

Mohamed Haamy,
Principal Officer, Marketing and Taxpayer Relations

Amendments have been brought to the GST Regulation to ease GST treatment of advance payments.

The tax ruling issued by MIRA specifies that GST should now be accounted on just the amount received for any advance payment that is received before a tax invoice is issued. Before, when an advance payment is received, GST had to

be charged on the total payment instead of just the advance payment.

Additional changes to section 15 of the Goods and Services Tax regulation include the GST treatment of non-refundable deposits and retention money.

Further, a new requirement was added to the circumstances in which input tax cannot be claimed whereby, the input tax cannot be claimed by the taxpayer if the corresponding output tax has not been paid to MIRA.

MIRA Relaxes "Deemed Partnership" Registration Requirements

Ahmed Shimal,
Senior Manager, Registration Processing

MIRA relaxes requirement for "deemed partnerships" to register with MIRA. Deemed partnerships are arrangements where two or more persons jointly conduct a business activity without registering as a partnership under the Partnership Act.

If none of the business activities conducted by the deemed partnership requires a permit, and the deemed partnership does

not give any consideration to any person for work performed by that person for that partnership and average monthly gross revenue earned by the deemed partnership from all business activities carried out during any 12-month period does not exceed MVR 20,000, then that deemed partnership is not required to register with MIRA under the Tax Administration Act.

Nevertheless, such partnerships are required maintain proper and sufficient business records, and the option of voluntary registration is open to such partnerships.

Kudakudhinge Haveeru held by MIRA staff for the children of *Fiyavathi (Hulhumale')*



MIRA Staff Sign ACC's National Integrity Pledge

Shazma Thaufeeq,
Senior Officer, Marketing and Taxpayer Relations

On 27 November 2016, MIRA staff signed the National Integrity Pledge formulated under the National Integrity Plan by the Anticorruption Commission (ACC), aimed at eradicating corruption from Maldives.

During the ceremony held at ACC to sign the pledge, the Commissioner General of Taxation, Mr. Yazeed Mohamed noted that MIRA was a very transparent

organization with a very strong internal control system to reduce the risk of corruption, and due to the nature of the work of MIRA, employees of MIRA were required to submit an annual declaration of assets.

During his speech, the president of ACC, Mr. Hassan Luthfee said that signing the pledge did not mean that corruption existed in that particular institution but it rather meant that everyone was pledging to do their bit in wiping out corruption to establish public trust in the institutions of the country.



The National Integrity Pledge was signed by the senior staff of MIRA on the 27th of November 2016

Accounting Period of All Businesses Changes to 1 Jan - 31 Dec from 2017

Ahmed Shimal,
Senior Manager, Registration Processing

The accounting period of businesses whose accounting period is different from the calendar year will be changed to follow the calendar year (1 January to 31 December) from 2017. This will change all taxpayers' accounting periods to 1 January to 31 December and the only deadline to submit the BPT Return and make final payment for all taxpayers would be 30 June every year. This change offers many conveniences to taxpayers and MIRA alike. In this regard, all taxpayers having the same deadline for return submission and final payment helps them to be more mindful of the deadlines and eases the provision of services rendered by MIRA.

Tax ruling TR-2015/B45 requires taxpayers whose accounting period is not 1 January to 31 December to change their accounting period by requesting to change in writing to MIRA till 31 December 2016. Since it had come to MIRA's notice that there were still some taxpayers who had not requested to change their accounting periods this close to the deadline (31 December 2016) the accounting periods of all taxpayers who had not made a request has also been changed and notified.

Since a 'transitional' accounting period is created by changing the accounting period to 1 Jan - 31 Dec, taxpayers should take care to submit the Statements of Interim Payments, BPT Returns and pay the amount of tax for the transitional accounting period before the respective deadlines. Taxpayers should submit the first Interim Payment Statement and make the first interim payment before 31 July 2016 if their transitional accounting period began on or before 31 July 2016. Those who have not yet made their transitional interim payment and submitted the Statement of Interim Payment by this date must submit the statement and make payment as soon as possible for the relating fines to stop from accruing. The deadline for the second Statement of Interim Payment for

the transitional accounting period is 31 January 2017.

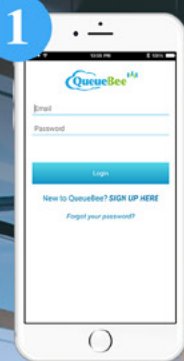
Taxpayers whose transitional accounting period starts after 31 July 2016 must also submit the Statement of Interim Payment and make payment before 31 January 2017. Taxpayers with transitional accounting periods should submit their BPT Return and make final payment for the transitional accounting period before 30 June 2017. Hence, 31 January 2017 should be marked as important date in their calendar.

The letter sent by MIRA regarding the change in accounting period will highlight important dates related to transitional accounting period. Moreover, a guide explaining how to calculate tax relating to the transitional period will be available from MIRA website.



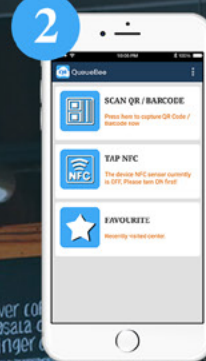


QueueBee

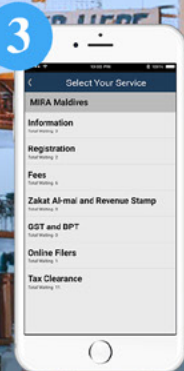


Download the 'QueueBee' App and register to use the application.

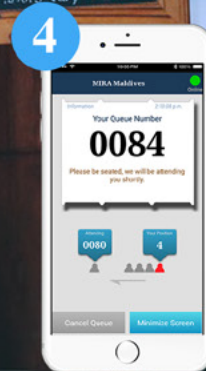
You only have to do this once!



Scan the QR code for MIRA services



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You will be alerted when your token number is called. Why not get a coffee in the mean time?

Service at your fingertips

QueueBee is our online token system designed to enhance service quality and minimize the time spent on queues. It allows you to get a queue number, monitor and track your real time queue status remotely using only your smart phone. There's no need to be physically chained to the waiting area at the customer service outlet. Queue status is updated real time ensuring you will not miss the queue! You will be notified when you are ready to be served. So you can go for a cup of coffee or even window shopping nearby while still queuing for your turn.

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