

MIRAPOST

MIRA successfully completed its inaugural
"Stakeholder Consultation Event"



Important Deadlines:

28 October 2024

- Submission of Airport Tax & Fees Return and Payment for September 2024
- Submission of Green Tax Return and Payment for September 2024
- Submission of GST Return and Payment for September and 3rd Quarter of 2024

MIRA successfully completes its inaugural “Stakeholder Consultation Event”

Aminath Jadhuvaa Khaleel, Assistant Tax Officer, Marketing



The Maldives Inland Revenue Authority (MIRA) conducted a forum with key stakeholders as part of its efforts to gather input for the development of its strategic plan for the next four years.

Representatives from the Maldives Association of Tourism Industry (MATI), Maldives Association of Travel Agents and Tour Operators (MATATO), Maldives National Association of Construction Industry (MNACI), along with tax firms and auditors, were present at the meeting.

During the event, Commissioner General of Taxation, Hassan Zareer, emphasized the importance of collaboration with stakeholders to address challenges within the tax system and strengthen its framework. He reiterated MIRA's commitment to being a “facilitative” entity,

aiming to simplify and streamline tax services for taxpayers.

The forum covered three key areas of discussion. Participants explored MIRA's ongoing digital transformation, particularly focusing on ways to enhance the taxpayer experience. They provided suggestions for improvements to the authority's website to increase user-friendliness and efficiency. The discussion also highlighted the need to improve the handling of taxpayer queries and explored strategies to boost compliance while reducing tax debt.

As part of the “Gulhigen MIRA” initiative, the authority plans to hold further consultation sessions with taxpayers and other stakeholders in the near future.



MIRA's inaugural "Stakeholder Consultation Event"



GST treatment on courier services

Maryam Shaliya, Senior Tax Officer, Tax Academy

Chapter 4 of the Goods and Services Tax Act lists goods and services that are exempt from GST and Goods and Services Tax Regulation stipulates additional details with regards to said exemption.

According to the guidance issued by MIRA regarding the GST treatment of courier services, it is a service that delivers messages, packages, money, documents and mail, exhibiting the features of speed, security, tracking, signature upon delivery, and specialization and individualization of express services. There are two possible categories of exempted goods and services prescribed in Chapter 4 of the GST Act that seem relevant to this definition; postal services and international transportation services.

Postal services

According to section 20(c) of the GST Act, postal services provided by a postal service provider registered with the relevant government authority or state institution is exempt from GST. However, section 68 of the Act excludes courier service from the definition of “postal services”.

In contrast to the definition of courier services mentioned above, postal services are traditional mail transportation services between two places where receipt and delivery of the mail is the responsibility of the Post Office. The premium nature of courier services as compared to postal services give reason for the exclusion of courier services from the definition of postal services.

Hence, postal services provided by postal service providers registered with the Communication Authority of Maldives (CAM) are exempt from GST under this category. Domestic courier services are therefore subject to GST even if the service provider is registered with CAM.

International transportation services

Section 20(l) of the GST Act provides international transportation services with exemption from GST. Further, section 37(s) of the GST Regulation stipulates that international transportation services include transport of passengers or goods:

- (1) from a place in the Maldives to a place outside the Maldives; or
- (2) from a place outside the Maldives to a place in the Maldives; or
- (3) from a place outside the Maldives to another place outside the Maldives.

However, this does not include ancillary services including, but not limited to, ground handling, facilitation of passengers, packing, loading, lashing, securing, unloading, handling, stevedoring, storage, inspection and document preparation, or domestic transportation services, which are supplied in connection with international transportation.

Hence, even though domestic courier services are subject to GST due to its exclusion from the definition of postal services, international courier services are exempt from GST as it falls under the definition of international transportation

services.

Mixed services regarding international transportation

A single transaction between a courier service provider and its customer may contain ancillary services such as packing, storage and domestic transportation services, which are supplied in connection with international transportation etc., in addition to the international courier services provided. If so, even though it is one single transaction, GST must be charged on the value of ancillary services provided and must not be charged on the value of international courier services.

Practical implications for courier services

According to the specific GST treatment for

domestic and international courier services, service providers and taxpayers must keep in mind a few practical implications.

(1) GST must be charged for domestic courier services, but not for international courier services.

(2) A registered person providing courier services cannot claim input tax relating to the provision of international courier services but can claim input tax relating to the provision of domestic courier services and ancillary services.

(3) A tax invoice should not be issued in relation to international courier services. If an invoice is issued in relation to such courier services, it should not include any GST. However, a tax invoice should be issued in relation to domestic courier services. If an invoice is issued regarding such courier services, it should include GST.



MIRA joins the Belt and Road Initiative Tax Administration Cooperation Mechanism (BRITACOM)

Hoodhu Ibrahim, Senior Tax Officer, Marketing



Maldives Inland Revenue Authority has become a signatory to the Belt and Road Initiative Tax Administration Cooperation Mechanism (BRITACOM) Memorandum of Understanding (MoU). The MoU was signed by the Commissioner General of Taxation at the 5th Belt and Road Initiative Tax Cooperation Forum (BRITACOF), currently being held in Hong Kong.

BRITACOM is a prominent platform for fostering cooperation among tax administrations across the Belt and Road Initiative (BRI) region, with a focus on advancing tax administration capabilities, improving mutual assistance and promoting sustainable economic growth. With this MoU, the Maldives Inland Revenue Authority (MIRA) strengthens its commitment to collaborative efforts aimed at creating more

resilient and efficient tax systems.

Speaking on the significance of BRITACOM membership, the Commissioner General of Taxation highlighted the valuable opportunity the platform offers for enhanced cooperation and technical knowledge-sharing. He highlighted the role BRITACOM would play in building stronger ties with tax administrations across the BRI region and the avenue it would provide to exchange expertise and jointly address the complex challenges facing modern tax administrations. He further emphasized the importance of both regional and international cooperation in building robust tax systems.

MIRA is particularly focused on utilizing BRITACOM membership to foster collaboration on improving the tax administration's various functions. Maldives is eager to engage in shared problem-solving and dialogue with BRITACOM members to identify innovative solutions to common challenges, such as improving tax compliance and addressing cross-border tax issues.

MIRA looks forward to advancing the shared objectives of BRITACOM and playing a proactive role in its collaborative efforts.

Nine countries sign the Multilateral Convention to Facilitate the Implementation of the Pillar Two Subject to Tax Rule

Maryam Shaliya, Senior Tax Officer, Tax Academy



Background

Subject to Tax Rule (STTR)

In October 2021, over 135 jurisdictions joined the two-pillar solution to address the tax challenges arising from the digitalization of the economy. Pillar two of these solutions consists of two main rules that seek to ensure multinationals pay a minimum level of tax on their profits; Global Anti-

Base Erosion (GloBE) Rules, and Subject to Tax Rule (STTR).

Precisely, the STTR aims to restore some source taxation rights of developing countries that have been reduced under a tax treaty. STTR can be incorporated into bilateral tax treaties between OECD/BEPS Inclusive Framework (IF) members who are developing countries and IF members that apply corporate income tax rates below the

STTR minimum rate of 9%. The STTR gives the payer jurisdiction a taxing right on the difference between 9% and the nominal tax rate applied to the covered income in the payee jurisdiction and the tax treaty rate.

IF members that apply nominal tax rates below 9% have committed to incorporate the STTR into tax treaties when requested to do so by developing IF members. Consequently, more than 70 developing IF members are entitled to request to incorporate STTR into their tax treaties.

Implementation of the STTR

Jurisdictions may implement the STTR into relevant tax treaties individually via bilateral negotiations with contracting states. However, as this could possibly be a lengthy process, the OECD has designed a Multilateral Instrument (MLI) to facilitate a swift and efficient implementation of the STTR in existing bilateral tax treaties.

The MLI will amend covered tax agreements and implement the STTR and other provisions as annexes to those covered tax agreements. A covered tax agreement is any tax treaty in force between parties to the MLI which has been notified by both contracting jurisdictions as an

agreement that they wish to be covered by the MLI. To update an existing treaty with the MLI, both contracting parties of the treaty must sign the MLI and ratify the convention locally in their respective jurisdiction.

First signing ceremony of the MLI

The MLI has been open for signature since 2 October 2023. The first signing ceremony of the STTR MLI was held on 19 September 2024 in Paris, France. This marks a significant milestone in reforming the international tax system to mitigate the revenue losses of developing countries due to base erosion and profit shifting by multinational enterprises.

Barbados, Belize, Benin, Cabo Verde, Democratic Republic of Congo, Indonesia, Romania, San Marino, Türkiye are now signatories of the MLI to facilitate the implementation of the pillar two STTR. In addition to the signatory jurisdictions, Belgium, Bulgaria, Costa Rica, Mongolia, Portugal, Senegal, Seychelles, Thailand, Ukraine, Uzbekistan have expressed their intent to sign the convention upon finalization of their internal processes.

The MLI remains open for signature for all IF members.



Experience the revamped "MIRAconnect" portal, a strategic initiative by MIRA aimed at enhancing the functionality and user-friendliness of our online services!

Wherever you are, file your tax returns and pay your taxes with a few clicks.

Anytime, Anywhere.

