

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



MALDIVES INLAND REVENUE AUTHORITY
Malé, Republic of Maldives

TAX RULING

Business Profit Tax: Charitable organizations

Reference No.: TR-2012/B7

Date of issue: Thursday, 3 May 2012

This ruling is issued pursuant to the authority granted under section 84 of the Tax Administration Act (Law Number 3/2010) as amended by Law Number 14/2011. Unless otherwise stated, all legislative references are to the Business Profit Tax Act (Law Number 5/2011). This ruling is legally binding.

Introduction

1. This ruling explains the terms “body, association or public institution” and “object of similar general public utility” in sections 10(e) and 15(a)(3).
2. This ruling also explains the procedure for gaining approval required under sections 10(e) and 15(a)(3) and the application of these sections.
3. Section 10 states:
“...
(e) Subject to Section 10(f), a donation made by any Person to a body, association or public institution which is approved by the MIRA and established for the promotion of Islam, relief of the poor, medical relief or education or any other object of similar general public utility shall be deductible in computing that Person’s taxable profits for the tax year in which the donation is made.”
4. Section 15 states:
“(a) The provisions of this Act, apart from this Section, do not apply to the following Persons:
...
(3) any body, association or public institution which is approved by the MIRA and established for the promotion of Islam, relief of the poor, medical relief or education or any other object of similar general public utility.”



- 2 -

Ruling

Meaning of “body, association or public institution”

5. For the purpose of sections 10(e) and 15(a)(3), “body” and “association” means any body or association which is:
 - (a) registered with the relevant Government authority under the Associations Act (Law Number 1/2003); or
 - (b) established in the Maldives pursuant to an Act of Parliament.
6. For the purpose of sections 10(e) and 15(a)(3), “public institution” means any institution which is:
 - (a) established for the purpose of providing a service to the public; and
 - (b) financed wholly or primarily through the State budget.

Meaning of “object of similar general public utility”

7. For the purpose of sections 10(e) and 15(a)(3), a body, association or public institution shall be considered as being established for “any other object of similar general public utility” if that body, association or public institution was established for the purpose of:
 - (a) providing humanitarian aid; or
 - (b) conserving the environment or wildlife; or
 - (c) enhancing social well-being; or
 - (d) promoting cultural activities; or
 - (e) promoting sports and recreational activities; or
 - (f) developing a profession or an industry; or
 - (g) developing a regional or island community.
8. Sections 10(e) and 15(a)(3) shall apply only to a not-for-profit body, association or public institution.

Approved bodies, associations and public institutions

9. Subject to paragraph 8 of this ruling, for the purpose of sections 10(e) and 15(a)(3) bodies, associations and public institutions approved by the MIRA are:
 - (a) Government agencies and State institutions; and
 - (b) Public hospitals and public health facilities; and
 - (c) Public schools and public educational institutions; and
 - (d) Island Councils, Atoll Councils and City Councils formed under the Decentralization Act (Law Number 7/2010); and
 - (e) Bodies, associations and public institutions approved by the MIRA in accordance with paragraph 10 of this ruling.