

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



MALDIVES INLAND REVENUE AUTHORITY

Malé, Republic of Maldives

TAX RULING

Goods and Services Tax: GST treatment of agency commission

Reference No.: TR-2015/G28

Date of issue: Thursday, 15 October 2015

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 references to the Act are to the Goods and Services Tax Act (Law Number 10/2011) as amended, and all references to the Regulation are to the Goods and Services Tax Regulation (Regulation Number 2011/R-43) as amended. This ruling is legally binding.

Introduction

1. This ruling explains the GST treatment of commission charged by an agent for the agency services it supplies to its principal.
2. Paragraph 3 of Tax Ruling TR-2012/G8 states:

An agent that is a registered person is liable to account for GST on its supply of agency services that it makes to its principal and, where the principal is a registered person, the principal is entitled to an input tax deduction in respect of that supply of agency services.

Ruling

3. Where an agent supplies agency services to its principal, the commission charged by the agent in relation to such services shall be subject to GST at the rate applicable to the good or service being supplied by the agent on behalf of the principal.
4. Notwithstanding paragraph 3 of this ruling:
 - (a) where the good or service being supplied by the agent on behalf of the principal is exempt from GST, the commission charged by the agent shall be exempt from GST.
 - (b) where the good or service being supplied by the agent on behalf of the principal is out of scope of GST, the commission charged by the agent shall be out of scope of GST.

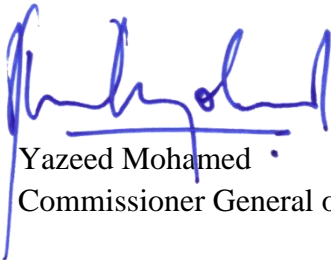


- 2 -

- (c) where the commission charged by the agent is in relation to the supply of goods and services referred to in Section 15(a)(5) of the Act, the commission shall be subject to GST at the prevailing non-tourism sector GST rate.
5. Notwithstanding paragraphs 3 and 4 of this ruling, commission earned by agents in relation to the collection of payment for bills issued by the principal shall be subject to GST.
6. This ruling shall be read together with Tax Ruling Number TR-2012/G8 (GST treatment of agency relationships) issued on 13 November 2012.

Date of Effect

7. This ruling shall have effect from its date of issue.



Yazeed Mohamed
Commissioner General of Taxation

This is the unofficial translation of the original ruling issued in Dhivehi. In the event of conflict between this translation and the Dhivehi version of this ruling, the latter shall prevail. Therefore, it is advised that both the Dhivehi version of this ruling and this translation be read concurrently.