



Unofficial translation of the

FIRST AMENDMENT TO THE TAX ADMINISTRATION ACT

14/2011

In accordance with Article 92 of the Constitution, the “First Amendment Bill to the Tax Administration Act (Law Number 3/2010)” passed in the 25th sitting of the 3rd session of the People’s Majlis held on Monday the 19th of December 2011, has become law and has been published in the Government Gazette upon its ratification by the President on Thursday the 29th of December 2011 (4 Safar 1431).

DISCLAIMER OF LIABILITY

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

FIRST AMENDMENT TO THE TAX ADMINISTRATION ACT

1. Amend the subtitle of Section 11 of the aforementioned Act as “Budget and annual report of the MIRA”, and relabel the current section as Section 11(a) and insert the following subsections.

**Budget and
annual
report of the
MIRA**

11. (b) The MIRA shall prepare and have audited its income statement and balance sheet in the manner determined by the Auditor General, and submit an annual report comprising the following information, before 31st May of each year to the People’s Majlis and the President:
 - (1) Revenue collected by the MIRA during the year as tax and other income;
 - (2) Work undertaken during the year to achieve the objectives of the MIRA, and the outcome;
 - (3) Details of administrative activities carried out during the year with respect to the management of the MIRA and its employees.
- (c) The MIRA shall publish the report referred to in subsection (b) within 14 (fourteen) days following the submission of the report to the People’s Majlis and the President.
- (d) Notwithstanding subsection (b), where a special circumstance arises, the Commissioner General of Taxation has the discretion to submit a special report to the People’s Majlis and the President, in relation to such circumstance.

2. Insert a new subsection as follows to Section 15 of the aforementioned Act.

15. (g) For the purposes of this Section, employees of the MIRA shall include in addition to persons employed by the MIRA, persons appointed by the MIRA for a specific period to undertake a specific task.

3. Renumber Section 38 of the aforementioned Act as Section 16 and insert the following subsections.

- 16. (c) Disclosure of information relating to a defaulter of tax or fine payable under a Taxation Act shall not be considered a violation of the confidentiality requirement in Section 15.
- (d) Policies and decisions of the MIRA shall be disclosed on behalf of the MIRA to the media or any other party, by the Commissioner General of Taxation or by any person determined by the Commissioner General of Taxation.

4. Amend Section 21(b) of the aforementioned Act as follows.

- 21. (b) A taxpayer may appoint a person to act on his behalf for the purposes of the tax laws except with respect to the payment of any tax or interest or imposition of any penalty for contravening the law.

5. Insert the following Section after Section 23 of the aforementioned Act and renumber the subsequent Sections.

- Tax agent**
- 24. (a) It shall be the responsibility of the MIRA to authorize tax agents to assist in the preparation of documents required under a Taxation Act, and the MIRA shall compile a register of authorized tax agents and publicise it.
 - (b) Tax returns and financial statements required to be submitted to the MIRA by a taxpayer may be prepared on behalf of the taxpayer by a tax agent authorized under subsection (a).
 - (c) Authorization to act as a tax agent in accordance with the provisions of the Regulation made pursuant to this Act shall be given to individuals.
 - (d) Authorization of tax agents in accordance with subsection (a) and termination of tax agents shall be in accordance with the Regulation made pursuant to this Act.
 - (e) Notwithstanding the appointment of an authorized tax agent under subsection (a), it shall be the responsibility of the taxpayer to pay tax and fulfil other obligations required under a Taxation Act.

- (f) It shall be an offence for an authorized tax agent to act in contradiction with a provision of a Taxation Act or a regulation made pursuant to it.
- (g) The extent of work of tax agents shall be determined by the Regulation made pursuant to this Act.

6. Relabel Chapter 2 of the aforementioned Act as Chapter 3 and insert the following as Chapter 2.

Chapter 2

Obligations

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| Obligations on the taxpayer | <p>24. It is the obligation of every taxpayer under a Taxation Act to perform the following in paying tax under that Taxation Act:</p> <ul style="list-style-type: none"> (a) Assess correctly the amount of tax payable to the MIRA; (b) Make any deductions required under the Taxation Act; (c) Where withholding tax is payable under the Taxation Act, deduct the amount of tax from the relevant payment and pay such tax to the MIRA; (d) Pay tax within the prescribed period; (e) Maintain all the information about the taxpayer, documents, and financial accounts in accordance with the requirements; (f) Provide full cooperation in accordance with the Regulation made pursuant to this Act to the Commissioner General of Taxation and to a person appointed by the Commissioner General of Taxation in audits and investigations carried out for the purpose of determining the validity of tax returns, documents and other information submitted by the taxpayer to the MIRA and in the assessment by the MIRA of the amount of tax payable by the taxpayer. |
| Maintaining records | <p>25. (a) If the MIRA wishes to obtain and review information regarding the following in relation to a taxable period or periods of a taxpayer, the taxpayer must maintain documents and financial accounts sufficient for such purpose, in addition to the obligations of taxpayers in relation to the maintenance of documents and financial accounts under a Taxation Act:</p> |

- (1) Taxable profit or total amount of income, during a taxable period of the taxpayer;
 - (2) Expenses deducted in computing the taxable profit or income of the taxpayer;
 - (3) Additional information specified in the Regulation made pursuant to this Act.
- (b) Documents and financial accounts required to be maintained for the purposes of subsection (a), shall be maintained in accordance with the provisions of the relevant Taxation Act the Regulation made pursuant to that Act.
 - (c) Documents required to be maintained under a Taxation Act shall be maintained for a period of not less than 5 (five) years commencing from the end of the tax year to which the documents relate.
 - (d) Notwithstanding subsection (c), if the MIRA has completed the audit and investigation of the accounts of any person under a Taxation Act, and where any other law does not require the maintenance of such accounts, the audited documents may be destroyed with the authorization of the Commissioner General of Taxation.

**Obligations
on the payer
of
withholding
tax**

26. If a person is required to pay withholding tax under any Taxation Act, such person shall be obliged to perform the following:
 - (a) Unless required and authorized by law, no withholding tax shall be deducted from a payment made or remuneration paid by that person;
 - (b) If the Act concerned requires that person to pay withholding tax on a monthly basis, withholding tax required to be paid monthly to the MIRA shall be paid within the period specified in that Act;
 - (c) If the Act concerned requires that person to pay withholding tax on a monthly basis, the tax return pertaining to the withholding tax required to be paid monthly to the MIRA shall be filed together with the payment of withholding tax for the subsequent month.
 - (d) If the Act concerned does not require that person to pay withholding tax on a monthly basis, it shall be paid to the MIRA within the period specified in that Act;

- (e) If the Act concerned does not require that person to pay withholding tax on a monthly basis, the tax return for the period of payment of withholding tax to the MIRA required under that Act shall be filed together with the payment of withholding tax for the subsequent month;
- (f) If any payment has been made to the MIRA as withholding tax, obtain a withholding tax certificate from the MIRA in relation to that payment, and issue a copy of that certificate to the payee of the payment or to the person whose remuneration was affected by the tax deduction.
- (g) Even if the Taxation Act concerned requires that person to pay withholding tax on a monthly basis, that person shall within the period specified in the relevant Act, file a tax return with the MIRA stating the withholding tax payable or paid in a tax year, in addition to the tax return required to be filed with the MIRA every month.

Filing tax returns by employees

27. (a) If any person, in addition to remuneration received from employment, also receives other taxable income, that person shall include income derived from all sources when filing the tax return for his taxable period pursuant to the relevant Taxation Act, and since that person’s remuneration has been subject to withholding tax, his tax return shall also include details of such deductions.
- (b) Based on a tax return filed by a person specified in subsection (a), withholding tax paid may be deducted from the tax payable by that person.

7. Relabel Chapter 2 of the aforementioned Act as Chapter 3 and rename the chapter as “Power to Audit and Investigate”.

8. Insert the following Section before Section 24 of the aforementioned Act.

Auditing

23. (a) Subject to this Section, the Commissioner General of Taxation may by notice, inform the taxpayer that his accounts and documents are being audited in order to determine the amount of tax required to be paid for the tax year or years specified in the notice, and to verify that the amount calculated by the taxpayer is in accordance with the Taxation Acts.
- (b) The notice specified in subsection (a) shall be given by the MIRA

within 2 (two) years from the following dates:

- (1) Where the tax return is filed on or before the date required for filing, from the date required for filing;
 - (2) Where the tax return is filed after the date required for filing, or where an amended tax return is filed, from the date of filing that return or the amended return.
- (c) If a tax return is not filed by a person required to do so, a notice of assessment may be given to that person at any time.
- (d) Where a notice is given under subsection (a) or (c), the person addressed in the notice shall give full cooperation to the Commissioner General of Taxation and persons appointed by the Commissioner General of Taxation, to carry out the tasks specified in the notice.
- (e) To determine the validity of tax returns, documents and other information submitted to the MIRA by the taxpayer, and in circumstances where the amount of tax required to be paid by the taxpayer has to be determined by the MIRA, the Commissioner General of Taxation and persons appointed by the Commissioner General of Taxation shall have the power to enter the taxpayer's administrative office and business premises to conduct audits.

9. Insert the following subsections to Section 24 of the aforementioned Act and relabel subsequent subsections.

24. (c) Any investigation under subsection (a) shall commence before the expiry of 2 (two) years from the date required for filing the tax return for the taxable period in which the cause for the investigation occurred.
- (d) The administrative procedures for carrying out the investigation referred to in this Section shall be determined by the MIRA in the Regulation made pursuant to this Act.
- (e) A period of more than 2 (two) years shall not elapse between the date the taxpayer was notified of the decision to carry out an investigation under this Chapter and the date on which a notification was made on the determination of an amount under this Chapter.

- (f) Notwithstanding subsection (c), where the offence involves fraud in the payment of tax or tax evasion, an investigation may be instigated within 3 (three) years from the date on which that offence is believed to have been committed.

10. Amend Section 27(c) of the aforementioned Act as follows and insert the following subsections thereafter.

- 27. (c) Copies of documents may be produced instead of originals. However, such copies shall be a photocopy of the original or a copy made using an electronic device.
- (d) For the purpose of subsection (c), “copied using an electronic device” refers to the conversion of a document to a portable document format (pdf) using a computer or any other electronic device, or copying such document in any other format using a computer or any other electronic device.
- (e) Notwithstanding subsection (c), if the MIRA requires for the investigation the original of a document specified in the notice, the original of that document shall be submitted to the MIRA within the period specified in that notice.

11. Insert the following to Section 27(g) of the aforementioned Act.

- 27. (g) “Tax Agent” means a person authorized under this Act to prepare and submit tax returns and other documents to the MIRA on behalf of the taxpayer who is required to do so under a Taxation Act.

12. Insert the following subsections to Section 29 of the aforementioned Act.

**Power to
enter
premises to
obtain
documents**

- 29. (a) If there is a suspicion that an offence involving serious fraud in relation to tax is being, or is about to be committed, and if there is evidence that such an offence is being committed, and if the MIRA believes that evidence of it is to be found on premises specified in the information relating to tax, the MIRA may request the President of the Tax Appeal Tribunal or the member who at that time is undertaking the responsibilities of the President, to issue a warrant to enter such premises.
- (b) The validity of a warrant issued by the President of the Tax

Appeal Tribunal, or the member who at that time is undertaking the responsibilities of the President, upon request by the MIRA in accordance with subsection (a), shall be 36 (thirty-six) hours.

- (c) If the MIRA requires the validity of the warrant specified in subsection (b) to be extended, a request may be submitted to the Tax Appeal Tribunal with the reason for such an extension, and the validity of the warrant may be extended by not more than 14 (fourteen) days, if such an extension is approved by the majority of the total number of members in the Tribunal.

13. Insert the following Sections after Section 31 of the aforementioned Act and renumber the subsequent Sections.

**Determining
the amount
of tax by the
MIRA**

32. (a) The MIRA may determine the amount of tax required to be paid for a period by a taxpayer, based on the conclusions made after an audit or investigation of the taxpayer's accounts and documents. The determination made accordingly shall be referred to in this Act as the "amount assessed by the MIRA".
- (b) Where the amount assessed by the MIRA is determined under subsection (a), it shall be notified to the person assessed, and such notice shall include the following:
- (1) The name, address and TIN of the taxpayer;
 - (2) The taxable period to which the determination relates;
 - (3) The amount assessed by the MIRA as the amount of tax payable;
 - (4) The due date for payment.

**Consequence
of
assessment
by the MIRA**

33. Where the MIRA determines an amount under this Section, it shall have the following consequences:
- (a) If the tax return for the taxable period to which the assessment relates has been filed, that return shall be considered to have been amended in accordance with the assessment;
- (b) If the tax return for the taxable period to which the assessment relates has not been filed, the amount determined by the MIRA shall be considered as the amount required to be paid by the taxpayer for that period.

**Procedure
relating to**

34. Where a notice of investigation under a Taxation Act refers to more than one taxable period, the determination made by the MIRA shall

more than one year	apply to all periods stipulated in that notice.
Objection	35. Where a taxpayer objects to a decision made by the MIRA, such objection shall be notified in writing to the MIRA within 30 (thirty) days from the date of notification of that decision, and such notice shall explain in detail the reason for the objection.
Procedure for objection	36. The procedure for reviewing objections made by taxpayers concerning decisions made by the MIRA, shall be specified in the Regulation made pursuant to this Act.
Right of appeal	37. Where a taxpayer is not satisfied with a decision made by the MIRA with regard to an objection made in relation to a decision made by the MIRA, he shall have the right to appeal to the Tax Appeal Tribunal within 30 (thirty) days from the date that the decision was made. Nevertheless, the taxpayer shall be obliged to pay the amount assessed by the MIRA, if any. If that amount is not paid, and any amount required to be paid by the taxpayer by the due date under a Taxation Act is not paid in full, the taxpayer shall have no right to appeal.
Refund or offset	38. Where a judgment is made after reviewing the decision of the MIRA in accordance with the Regulation made pursuant to this Act concerning an objection or appeal, and it is decided that the amount of tax required to be paid by the taxpayer is lower than the amount assessed by the MIRA, that amount shall be given the same treatment stipulated in this Act as that for excess tax paid.

14. Insert the following subsection to Section 33 of the aforementioned Act.

33. (d) (1) In circumstances specified in subsection (a)(1), the MIRA may, by notice of the Commissioner General of Taxation, notify the Maldives Monetary Authority to notify a bank within the scope of the Maldives Banking Act (Law Number 24/2010) to freeze the bank account of a taxpayer in default.
- (2) Where a notice under subsection (d)(1) is served on a bank, the bank shall pay to the MIRA within 45 (forty-five) days from the date of notice, the amount specified in the notice in a manner determined by the MIRA.
- (3) Where the taxpayer pays the full amount in the notice specified in subsection (d)(1) within the period referred to

in subsection (d)(2) or comes to an agreement with the MIRA on a payment arrangement, the MIRA shall inform the Maldives Monetary Authority to cease the freeze under subsection (d)(1).

15. Insert the following Section after Section 33 of the aforementioned Act.

Access to bank accounts 34. Where any person is suspected to have committed an offence under a Taxation Act, that person's and his associates' bank accounts, and monies received and paid through a bank, and details of other transactions carried out through a bank, shall be obtained by the Commissioner General of Taxation where required, from all banks and other financial institutions within the scope of the Maldives Banking Act (Law Number 24/2010), through the Maldives Monetary Authority.

16. Insert the following Section after Section 34 of the aforementioned Act.

Collecting non-tax revenue in the same manner as tax 35. Unless specified otherwise in another Act, if a fee, rent, royalty, fine, or any other money required to be paid to the MIRA by any person under any Act is not paid within the required period, the MIRA, in collecting such money from such person, shall follow the procedures specified in this Chapter as being the procedures to be followed in collecting tax unpaid by a person required to pay tax under a Taxation Act.

17. Amend Section 36(b) of the aforementioned Act as follows.

36. (b) In this Section, "Foreign Tax" refers to tax charged by a country with which a double taxation agreement has been entered into, on the income or profit derived from that country.

18. Delete the following provision to Section 36(d)(1), (2) and (3) of the aforementioned Act.

"But notwithstanding anything in subsections (d)(1) to (d)(3), a deduction shall be allowed of any amount by which the Foreign Tax in respect of the Income exceeds the credit in respect of the Income."

19. Replace the reference in Section 37(c) of the aforementioned Act, from Section 35 to Section 36.

20. Amend Section 46 of the aforementioned Act, including its subtitle.

**Administration
and financial
matters of the
Tax Appeal
Tribunal**

46. (a) An annual budget shall be prepared in accordance with the Public Finance Regulation, which shall include the expected revenue, recurrent expenses and capital expenditure of the Tax Appeal Tribunal, and be submitted to the Ministry of Finance and Treasury on or before the date specified in the Public Finance Regulation.
- (b) Financial aid provided by any person, organisation or by a government of a foreign country to the Tax Appeal Tribunal shall only be utilised to carry out the responsibilities of the Tribunal.
- (c) The Tax Appeal Tribunal shall prepare, and have audited, its income statement and balance sheet in the manner determined by the Auditor General, and submit an annual report comprising the following information, before 31st May of each year to the People's Majlis and the President:
- (1) Work undertaken during the year to achieve the objectives of the Tribunal, and their outcome;
 - (2) Cases filed with the Tribunal;
 - (3) Cases cleared by the Tribunal and their judgments;
 - (4) Cases being reviewed by the Tribunal;
 - (5) Cases pending with the Tribunal;
 - (6) Details of administrative activities carried out during the year with respect to the management of the Tribunal and its employees.
- (d) The Tax Appeal Tribunal shall publish the report referred to in subsection (c) within 14 (fourteen) days following the submission of the report to the People's Majlis and the President.

21. Amend Section 47 of the Act as follows.

**Regulations
of the
Tribunal**

47. A Regulation which incorporates the administration of the Tribunal, the procedures to be followed in reviewing cases before it, and other matters related to the Tribunal, shall be formulated by the Tribunal within 3(three) months from the date of ratification of the First

22. Relabel Chapter 6 of the aforementioned Act as Chapter 7 and insert the following as Chapter 6.

Chapter 6
Offences and Penalties

- Scope of this chapter** 48. (a) Offences and penalties specified in this chapter shall apply in relation to all Taxation Acts.
- (b) If an offence specified in this chapter has been committed in relation to the tax payable under a Taxation Act, such an act shall be an offence, and a penalty for such offence shall be determined in accordance with this Act.
- The offences of tax evasion** 49. (a) It shall be an offence to commit one of the following acts, knowingly, intentionally, and with the intention to evade, or with the intention to facilitate a taxpayer to evade tax payable under a Taxation Act:
- (1) Failure to file a tax return required to be filed under a Taxation Act, or failure to give any notice or provide information required under such Act;
 - (2) Failure to include in the tax return, the taxable income or taxable profit or any other information important for the determination of the amount of tax in relation to the income and profit;
 - (3) Declaring false information or failure to include required information in the tax return;
 - (4) Providing an incorrect answer or incorrect information to a request made for an answer of specific information;
 - (5) Preparing and maintaining documents and financial accounts required to be maintained under a Taxation Act incorrectly, or authorizing such documents and financial accounts to be prepared and maintained incorrectly;
 - (6) Failure to submit financial accounts required to be submitted to the MIRA or submitting financial accounts prepared improperly;
 - (7) Alteration of information that might affect the taxable

amount;

- (8) Failure to deduct, or deposit, or include in financial accounts, or pay, withholding tax required to be deducted, deposited and paid to the MIRA;
 - (9) Contravene or hinder an investigation required to be conducted by the MIRA.
- (b) The civil penalty for an offence specified in subsection (a) shall be:
- (1) A fine of 0.5% (zero point five per cent) of the amount of tax payable for the taxable period; and
 - (2) A fine not exceeding MVR 100 (One Hundred Rufiyaa) for each day of delay from the date required to file a tax return or provide information or pay withholding tax.
- (c) The criminal penalty for an offence specified in subsection (a) shall be house arrest of the offender for a period between 3 (three) months and 1 (one) year.
- (d) Unless proven otherwise, for the purpose of this Section, it shall be deemed that a person has included incorrect information in a tax return, or failed to include information required in the return, or included incorrect information in documents and financial accounts required to be maintained, or failed to include such information in such documents, for the purpose of tax evasion.

The offence of failure to file tax returns and submit information

50. (a) It shall be an offence to commit any of the following acts not within Section 64 of this Act, without reasonable excuse:
- (1) Failure to file the tax return;
 - (2) Failure to submit financial accounts;
 - (3) Failure to submit information as required by law;
 - (4) Failure to pay an amount deducted as withholding tax;
 - (5) Failure to maintain documents and financial accounts in accordance with this Act or the Regulation made pursuant to this Act;
 - (6) Filing a tax return with incorrect information;
 - (7) Submitting financial accounts or documents with incorrect information;

- (8) Failure to register within the period required by a Taxation Act.
 - (b) The civil penalty for an offence specified in subsection (a)(1) to (a)(8) shall be:
 - (1) A fine of 0.5% (zero point five per cent) of the amount of tax payable for the taxable period; and
 - (2) A fine not exceeding MVR 50 (Fifty Rufiyaa) for each day of delay from the date required to file a tax return or provide information or pay withholding tax.
 - (c) The criminal penalty for an offence specified in subsection (a) shall be house arrest of the offender for a period between 1 (one) and 6 (six) months.
- The offence of non-payment of tax by deadline**
51. (a) Failure by a taxpayer to pay tax by the required deadline under a Taxation Act shall be an offence.
- (b) The penalty for the offence specified in subsection (a) shall be a fine of 0.05% (zero point zero five per cent) of the outstanding amount from the due date of payment.
- Performing an act determined as an offence**
52. (a) A civil penalty under a Taxation Act shall be determined by a decision made by the Commissioner General of Taxation in accordance with the law.
- (b) If a penalty has not been determined for an offence specified in this Act, the penalty for such offence shall be imposing a fine on the offender not exceeding MVR 5,000 (Five Thousand Rufiyaa).
- Non-prohibition of other criminal claims**
53. This Act does not prohibit any criminal claim made under any other Act. Nonetheless, no more than one criminal claim shall be made for the same offence.
- Period to take action**
54. (a) An action authorized by this Act shall be taken against a person who committed an offence specified in this Act, within a maximum period of 2 (two) years from the date that offence was committed.
- (b) Where the MIRA is unaware of the commitment of an offence specified in this Act, or lacks sufficient evidence to take action in relation to such an offence, the 2 (two) year period stated in subsection (a) shall commence from the date the MIRA becomes

aware of the offence or from the date when the MIRA believes that it has obtained sufficient evidence to take necessary action in relation to that offence, whichever date comes later.

Appealing civil penalties 55. Any civil penalty imposed under this Act shall be paid in full by its due date, notwithstanding that an appeal has been lodged in respect of that penalty. However, if the penalty is reduced or cancelled following such appeal, the MIRA shall refund such amounts paid.

Onus of proof 56. Unless specified otherwise in another Act, where a criminal prosecution in relation to an offence specified in this Act arises, the onus is on the prosecutor to prove that the offence was committed by the defendant. Where a civil lawsuit in relation to an offence specified in this Act arises, the onus is on the defendant to prove that he did not commit the offence.

23. Insert the following Sections before Section 48 of Chapter 6 of the aforementioned Act and renumber subsequent Sections.

This Act to be read together with other Taxation Acts 47. This Act shall be read together with other Taxation Acts. Any word or expression not used in this Act, unless the context requires otherwise, shall have the same meaning such word or expression has in those Acts.

Due date falling on a holiday 48. (a) Where an obligation under a Taxation Act is required to be performed on a certain date, if that date falls on a public holiday, the due date for the performance of that obligation shall be the first working day following that public holiday.
(b) Where an obligation required to be performed under a Taxation Act was not performed because its due date fell on a public holiday, the fine levied on the non-performance of such obligation shall commence from the first working day following that public holiday.

Additional tax payments 49. (a) Where the taxpayer makes a payment of more than the required amount, he may submit a request to the MIRA for a refund of such additional tax payment.
(b) Where a request specified in subsection (a) is received by the MIRA, the MIRA may take one of the following actions:
(1) Where the taxpayer has no outstanding amounts payable to the MIRA, refund the overpaid amount;

- (2) Deduct the overpaid amount from the tax payable by that person for subsequent taxable periods.
- (c) Notwithstanding subsection (a), where the MIRA believes that any taxpayer under a Taxation Act is deceitful in the payment of tax, the MIRA has the discretion to not provide a refund for the additional tax paid by the taxpayer to the MIRA.
- Relief from penalty** 50. (a) The Commissioner General of Taxation has the authority, at his discretion, to reduce penalties or postpone cases or combine two cases or to grant full relief from penalties.
- (b) The Commissioner General of Taxation has the authority to not impose criminal penalties, in a manner consistent among all taxpayers, for offences relating to the first 6 (six) months from the date of commencement of a Taxation Act.
- Tax to be treated as debt** 51. The amount payable to the MIRA under a Taxation Act shall be a debt owed to the State by the person obliged to make the payment, from the time it is required to be paid until it is received,, and the MIRA has the power to claim the outstanding payment due to the State in accordance with this Act.
- Power to extend period** 52. Where a reasonable cause that may hinder the fulfilment of an obligation within the required time period under a Taxation Act occurs, the MIRA has the discretion to extend the period provided for the fulfilment of such obligation in accordance with the Regulation made pursuant to this Act.
- Responsibilities in relation to minors required to pay tax** 53. Where the taxpayer under any Taxation Act is a minor under the age of 18, the responsibility for payment of tax and other obligations under the Taxation Act shall be undertaken by the person determined in the Regulation made pursuant to this Act.
- Death or bankruptcy of a taxpayer** 54. Where a person required to pay tax under a Taxation Act passes away or is declared bankrupt, the responsibility for payment of tax and other obligations under the Taxation Act shall be undertaken by the person determined in the Regulation made pursuant to this Act.

24. Insert the following Sections after Section 51 of the aforementioned Act.

- Tax rulings and notices** 52. (a) Tax rulings issued by the Commissioner General of Taxation for the purpose of amending a Regulation made pursuant to a

Taxation Act or for the purpose of establishing tax principles required for the implementation of Taxation Acts and Regulations, shall be part of the Regulation made pursuant to the Taxation Act to which the ruling relates.

- (b) Taxpayers shall fully comply with the tax rulings issued by the Commissioner General of Taxation under subsection (a) and notices issued by the Commissioner General of Taxation for the purpose of administering Taxation Acts and regulations.

- Residence** 53. (a) In the case of an individual, "resident in the Maldives" in a Taxation Act, refers to:
- (1) a person who is in the Maldives for 183 (one hundred and eighty-three) days or more in a year; or
 - (2) a person who arrives in the Maldives in a year with the intention of establishing his residence in Maldives; or
 - (3) a person who is ordinarily resident in the Maldives in a year, but leaves before the end of that year.
- (b) a person who arrives in Maldives in a year with the intention of establishing his residence in the Maldives; or
 - (c) For the purpose of a Taxation Act, if a partnership or trust or any other association carries on any business in the Maldives, it shall be considered a resident of the Maldives.
 - (d) For the purpose of a Taxation Act, a company operated in the Maldives shall be considered a resident of the Maldives.
 - (e) If the company was incorporated outside the Maldives, the residence of that company shall be determined with reference to the location of its central management and control. If that location cannot be ascertained, the residence of that company shall be deemed to be the place of incorporation or registration of that company.
 - (f) For the purpose of a Taxation Act, a company which:
 - (1) is no longer carrying on any business; or
 - (2) is being wound up outside the Maldives,
 - (3) shall be regarded as continuing to be resident in the Maldives if it was so regarded for those purposes immediately before it ceased to carry on business or, as the case may be, before any of its activities came under the

control of a person exercising functions which, in Maldives, would be exercisable by a liquidator.

25. Insert definitions of the following words and phrases to Section 52 of the aforementioned Act.

“Minister” refers to the Minister assigned with the responsibility for managing public finance.

“Taxpayer” refers to persons paying GST under the Goods and Services Tax Act, and persons paying CPT under the Corporate Profit Tax Act, and persons paying PIT under the personal Income Tax Act, and any Person required to pay withholding tax under the said Acts.

“Taxation Act” refers to the Goods and Services Tax Act, or the Corporate Profit Tax Act, or the Personal Income Tax Act.

“Tax Return” refers to the GST Return filed under the Goods and Services Tax Act, and the CPT Return filed under the Corporate Profit Tax Act, and the PIT Return filed under the Personal Income Tax Act, and the withholding tax return filed under the said Acts.

“Group of Companies” refers to groups that include a holding company and subsidiary companies.

“Associate” in any Taxation Act refers to:

- (1) any relative of that person;
- (2) a company within that group of companies;
- (3) a partner in a partnership with that person;
- (4) if that person has an interest in shares or obligations of a company, any other person having an interest in those shares or obligations.

“Relative” in any Taxation Act refers to:

- (1) the spouse of that person; or
- (2) the grandmother, grandfather, mother, father, child, or sibling.

26. Delete the two definitions of “Resident” in Section 52(a) of the aforementioned Act.

27. *[Translation of this Section is not necessary.]*

28. Renumber the Sections of the aforementioned Act after incorporating the insertions and deletions referred to in this Act.
29. Amend references to specific Sections or part of a Section in the aforementioned Act to reflect the amendments referred to in this Act.
30. This Act shall commence upon it being published in the Gazette of the Government of Maldives.