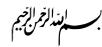




After First Amendment

Unofficial Translation of the **TAX ADMINISTRATION ACT**

Upon ratification of the First Amendment to the Tax Administration Act (Law Number 14/2011) on the 29th of December 2011, the Tax Administration Act (Law Number 3/2010), ratified on the 18th of March 2010, shall be as follows.



TAX ADMINISTRATION ACT

- Introduction**
1. (a) This Act contains the provisions for the establishment and implementation of an administrative framework for the purpose of tax administration in the Republic of Maldives.
 - (b) The Act shall be cited as the “Tax Administration Act”.

CHAPTER 1

Administration of Tax

- Establishment and perpetuation of the Maldives Inland Revenue Authority**
2. A separate and independent legal entity named the “Maldives Inland Revenue Authority (MIRA)” is hereby established under this Act. The administration of such place shall perpetuate indefinitely without any interruptions. And such place shall have the right to sue and be sued; acquire, receive and own moveable and immovable property in such manner as prescribed by law; engage in transactions under its own name and; have a distinct seal of its own.
- Main aims of the MIRA**
3. The main aims of the MIRA are as follows:
 - (a) Enforce the Taxation Acts and implement taxation policies.
 - (b) Carry out all work in respect of receiving all tax imposed by the State pursuant to the law.
 - (c) Ascertain whether the amount of tax payable has been calculated in accordance with the law and regulations and that any tax, fees or other monies payable are being paid in full as and when they fall due.
 - (d) Have regard for the rights of Taxpayers whilst exercising the authority of the MIRA.
 - (e) Give full and complete information to Taxpayers on the Taxation Acts and regulations, and make efforts to minimize the costs involved for Taxpayers in making tax payments.
 - (f) Plan a system, whereby the costs of administering tax will be minimized.

- (g) Prescribe the content and prepare tax returns, claims, statements, notices and other such forms required under the Taxation Acts and make any amendments, if required.
- (h) Use state-of-the-art technology to establish a convenient mechanism for the administration of tax.
- (i) Give professional advice in determining taxation policies if required by the Government.

Duties and responsibilities of the Board, establishment of the Board and other matters of the Board

- 4. (a) A Board of Directors shall be established in accordance with this Act in order to determine the administrative policies of the MIRA.
- (b) The main aims and responsibilities of the Board are as follows:
 - (1) Formulate regulations required to be made pursuant to the Taxation Acts and determine procedures to be adhered to by Taxpayers in order to assist them comply with the law.
 - (2) Review the assets of the Commissioner General of Taxation and employees of the MIRA and make regulations as required.
 - (3) Ensure the MIRA makes efforts to implement the tax administration policies determined by the Minister and advise the Minister on the changes required to achieve the objectives of the MIRA.
 - (4) Advise the Commissioner General of Taxation on the administration of the MIRA, where required.
- (c) A Board of Directors shall be established within 60 days of the establishment of the MIRA.
- (d) The Board of Directors shall consist of a total of 7 members including the Commissioner General of Taxation and the Deputy Commissioner General of Taxation who shall be appointed in accordance with Section 8 of this Act.
- (e) The members of the Board shall be appointed by the President of the Republic of Maldives with the approval of the People's Majlis. In this regard, the President shall review the applications made by persons for membership of the Board upon public announcement, order the names based on the results of such review, submit the names in that order to the People's Majlis for their approval, and then appoint those persons approved by the People's Majlis. In sending names in the aforementioned manner, more than the required number of names for Board membership should be sent. If the number of applicants is less than that required for the Board, then the names of all of the applicants shall be sent to the People's Majlis.

- (f) Persons appointed to the membership of the Board shall have the following characteristics:-
- (1) be a Muslim;
 - (2) be a citizen of the Republic of Maldives;
 - (3) be of sound mind;
 - (4) has attained the age of eighteen years;
 - (5) shall not be a person who has been convicted of an offence for which a "hadd" is prescribed in Islam in a Court of Law;
 - (6) shall not be a person who has been declared bankrupt;
 - (7) shall not be a person who has been convicted for an offence relating to bribery;
 - (8) shall not be a person who is filling an elected post, pursuant to elections held under the Constitution of the Republic of Maldives or under any of its laws;
 - (9) shall not be a person who holds an executive position of a Government or a private company or, any position on the Board of Directors of such a company;
 - (10) shall be a person who has experience in the financial, tax, business, economic or legal field and has the capability to professionally engage in discussions and decision-making related to taxation policies; and
 - (11) shall not be a person who holds membership of any political party.
- (g) Appointees to the Board shall hold their membership for a term of 5 years. All members, with the exception of those members who are removed in accordance with Section 5 of this Act, may be re-appointed for another term.
- (h) The Board shall appoint a Chairperson and a Deputy Chairperson from amongst the members of the Board.
- (i) The Deputy Chairperson shall discharge the duties and responsibilities of the Chairperson under the circumstances where the Chairperson is unable to attend to the work of the Board. Under such circumstances, the Deputy Chairperson shall have all the powers, which have been granted to the Chairperson under this Act.
5. (a) A member of the Board shall be removed from office by the President upon the occurrence of any of the circumstances specified herein:-

**Removal and
resignation of
members of the
Board**

- (1) is declared a bankrupt by a judgment of the court;
 - (2) is convicted on indictment for a criminal offence;
 - (3) no longer meets the criteria of membership prescribed in this Act;
 - (4) being found negligent in the performance of the official responsibilities of a member of the Board or where the Board is of the opinion that there has been a lack of care and the relevant committee of the People's Majlis is of the same opinion.
- (b) A member of the Board may resign from the Board by writing under his hand addressed to the President. The resignation of the member of the Board shall be deemed final, upon receipt of the letter by the President.
 - (c) In the event a member has, for any reason, resigned from the Board prior to the expiry of the term for which they had been appointed, a person shall be appointed for the remainder of term within no more than 60 days.

Salaries and benefits of members of the Board

- 6. The People's Majlis shall determine the salaries and benefits of the members of the Board.

Board meetings

- 7. (a) Board meetings shall be held at least once every Gregorian month.
- (b) Board meetings may be held under circumstances where the Chairperson sees it fit to hold such meetings necessary to discharge the responsibilities of the Board.
- (c) It shall be deemed that the quorum set by law to hold a meeting of the Board of Directors has been met if 4 of the members of the Board are present.
- (d) The Chairperson shall not participate in any of the votes taken to resolve any matter by the Board of Directors. The Chairperson may give a casting vote in the event an issue receives equal votes.
- (e) A person appointed by the Chairperson shall act as Secretary at meetings of the Board.

Appointing, removing and determining the salaries of the Commissioner General of Taxation and the Deputy Commissioner General of Taxation

- 8. (a) The President shall appoint the Commissioner General of Taxation and the Deputy Commissioner General of Taxation of the MIRA with the approval of the People's Majlis. In this regard, the President shall review the applications made by persons for the two posts upon public announcement, order the names based on the results of such review, send the names in that order to the People's Majlis for their approval, and then appoint those persons approved by the People's Majlis. In sending names in the aforementioned manner, more than the number of names required for the two posts should be sent.

- (b) With the consent of the People’s Majlis, the President, if he sees fit and by writing under his hand, may relieve the Commissioner General of Taxation or the Deputy Commissioner General of Taxation of their official duties.
- (c) The Deputy Commissioner General of Taxation shall discharge the duties and responsibilities of the Commissioner General of Taxation under the circumstances where the Commissioner General of Taxation is unable to carry out his functions at the MIRA.
- (d) The People’s Majlis shall determine the salaries and benefits of the Commissioner General of Taxation and the Deputy Commissioner General of Taxation.
- (e) The Commissioner General of Taxation or the Deputy Commissioner General of Taxation may resign from office by writing under their hand addressed to the President. Their resignation shall be deemed final, upon receipt of the letter by the President.
- (f) In the event the office of the Commissioner General of Taxation has been vacated for any reason, a person shall be appointed to the same office within 45 days.

Qualifications of the Commissioner General of Taxation and the Deputy Commissioner General of Taxation

9. Persons appointed to the office of the Commissioner General of Taxation and the Deputy Commissioner General of Taxation shall have the following qualifications:-
- (a) be a person who has obtained a Masters level degree in economics, finance, business or any other field related to taxation or, has obtained a qualification of the same level from an institution recognized by the Government or, has a minimum of 10 years of experience in a finance related field in the Government;
 - (b) shall not be a person who is be employed in any other job;
 - (c) shall not be a person who holds an executive position in a Government or a private company or, any position on the Board of Directors of such a company;
 - (d) shall not be a person who has been elected to a post pursuant to an election determined by statute;
 - (e) shall not be a person who has been convicted on indictment for an offence of theft, extortion, robbery, deception, criminal breach of trust, bribery and negligence;
 - (f) shall not be a person who has been convicted on indictment in a narcotics related case;
 - (g) shall not be a person who holds membership of any political party.

Duties and responsibilities of the Commissioner

10. (a) The Commissioner General of Taxation shall carry out all of the functions of the Commissioner General of Taxation as prescribed in this Act and in any other taxations laws, and oversee the day-to-day administration of the MIRA.

- General of Taxation and the Deputy Commissioner General of Taxation**
- (b) The functions of the Deputy Commissioner General of Taxation shall include discharging the duties and responsibilities of the Commissioner General of Taxation in the event the Commissioner General is unable to carry out the work of the MIRA, and carrying out any other work assigned by the Commissioner General.
- Budget of the MIRA**
11. (a) An estimated 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 MIRA and submitted to the Ministry of Finance and Treasury on or before the date it falls due in accordance with the Public Finance Regulation.
- (b) The MIRA shall prepare and audit its income statement and balancesheet in accordance with a manner determined by the Auditor General, and submit an annual report containing 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 a other income;
- (2) Work undertaken during the year to achieve the objectives of the MIRA, and their 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 of submitting the report to the People’s Majlis and the President.
- (d) Notwithstanding subsection (b), where a special circumstance has occurred, the Commissioner General of Taxation has the discretion to submit a special report in relation to such circumstance to the People’s Majlis and the President.
- Administration of the MIRA, appointing, removing and determining salaries of employees**
12. (a) The Commissioner General of Taxation may, in consultation with the Board, establish and dissolve any number of administrations in various regions of the Maldives as required for the strengthening of the administration of the MIRA. The responsibilities of the administrations established in this manner will be to carry out the functions relating to the work of the MIRA, which has been assigned to them by the Commissioner General of Taxation in consultation with the Board.
- (b) The Commissioner General of Taxation shall, in consultation with the Board and in accordance with the laws and regulations of the Republic of Maldives, appoint officers and employees and give job advancements, based on competency; appoint and remove agents and advisors; and determine salaries and terms of employment.

- (c) The Commissioner General of Taxation shall seek the consultation of the Ministry of Finance and Treasury in determining the salaries and benefits of the positions referred to in subsection (b).
- (d) The decisions of the Commissioner General of Taxation made pursuant to this Section shall be in writing.

13. All employees of the MIRA shall be entitled to legal immunity as provided below:-

- (a) No employee shall be held responsible in their individual capacity for any loss or legal action resulting from discharging their duties and obligations in accordance with this Act or any regulations made pursuant to this Act. The MIRA shall bear full responsibility under such circumstances.
- (b) However, the employee shall be held responsible for any offence, which is proven in court to have been committed by that employee in contravention of subsection (a). The MIRA shall not bear any responsibility in such circumstances.

Legal protection given to employees of the MIRA

14. (a) The work of the employees of the MIRA is carried out under the powers conferred by this Act and in accordance with the directions of the Commissioner General of Taxation.

(b) It shall be an offence to obstruct or influence the work of the Commissioner General of Taxation or any other person acting under the direction of the Commissioner General of Taxation, by using force, bribery, written or oral threats or, by aiding or abetting the commission of such acts. The penalty for such offence shall be:-

- (1) the imposition of a fine not exceeding Mrf 200,000; or
- (2) imprisonment or house arrest for a period between 3 and 36 months; or
- (3) both the imposition of a fine not exceeding Mrf 200,000 and imprisonment or house arrest for a period between 3 and 36 months.

Confidentiality

15. (a) An employee of the MIRA shall not reveal the content of any document made pursuant to any Taxation Acts or any information relating to Taxpayers, which has come into their possession by virtue of their office.

(b) Disclosure of the following information by an employee of the MIRA shall not be considered as a contravention of subsection (a):-

- (1) information which is already in the public domain;
- (2) information relating to another person who has consented in writing to its disclosure;
- (3) information revealed during civil proceedings under the Taxation Act;

- (4) information revealed during criminal proceedings under the Taxation Act or any other Act;
 - (5) information given to another employee acting in the course of their employment for the purposes of administration of the Taxation Acts;
 - (6) information revealed for the purpose of obtaining advice on the interpretation of Taxation Acts;
 - (7) information revealed in accordance with or for the purposes of any double tax relief agreement referred to in Section 51 of this Act;
 - (8) providing information, not included in subsection (b)(7) about persons required to pay taxation in the Maldives to officers authorized to administer taxation laws of a government or administration in relation to taxation imposed under any taxation laws of a country or administration outside the territory of Maldives.
 - (9) information revealed in pursuance of any agreement made between the Government of Maldives and a foreign government for the purpose of preventing or investigating any criminal offence;
 - (10) information revealed without disclosing the identity of any particular person, for the use of government statistics.
- (c) Every official of the MIRA shall, prior to commencing their duties under the Taxation Act, take and subscribe an oath of secrecy in relation to their duties.
- (d) The Board has the power to suspend any person who the Board of MIRA believes has broken the oath referred to in subsection(c) pending the verdict of the Court.
- (e) Any person who is convicted of breaking the oath referred to in subsection (c) shall be:-
- (1) removed from office and fined by an amount not exceeding Mrf 100,000; or
 - (2) removed from office and imprisoned or placed under house arrest for a period between 3 and 24 months; or
 - (3) removed from office, fined by an amount not exceeding Mrf 100,000 and imprisoned or placed under house arrest for a period between 3 and 24 months.
- (f) Any person who has been removed from office in accordance with subsection (e) shall not be appointed to a post with the MIRA for a period of 5 years from the date of removal.

- (g) For the purpose 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.
- Disclosure of information**
16. (a) Where any arrangements have effect by virtue of Section 51, the obligation as to secrecy imposed by Section 15 shall not prevent the disclosure to any authorized officer of the Government.
- (b) Without prejudice to subsection (a) above, where in any territory outside the Maldives, provision has been made for the allowance of relief from tax on Income, Section 15 of this Act shall not prevent disclosure to authorized officers of the Government in that territory of such facts as may be necessary to enable the relief of tax in that territory.
- (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.
- Signatories**
17. (a) Any notice or other document issued by the Commissioner General of Taxation or in the name of the MIRA shall be signed by the Commissioner General of Taxation or by a person who has been duly authorized by the Commissioner General of Taxation. All documents signed by the Commissioner General of Taxation or by a duly authorized person, shall be considered an authentic document, unless proven to the contrary as provided below:-
- (1) it is proven that a person other than the signatory named on the document has signed the document;
- (2) it is proven by a copy of the document that the signature is not valid.
- (b) A signature shall be deemed valid for the purposes of this Section whether it is printed, stamped or in manuscript.
- Service of documents**
18. (a) Any document required by or under any Taxation Acts to be served by the Commissioner General of Taxation or by any authorized person shall be served in accordance with this Section.
- (b) Service of documents on a person may be effected by the MIRA by serving the documents on any service agent in the Maldives notified to the MIRA as being authorized to accept service of documents on such person's behalf.
- (c) A document required to be served on a company or on a partnership resident in the Maldives shall be served in accordance with the following guidelines:-

- (1) by delivery to the company's or partnership's last known address in the Maldives notified to the MIRA in accordance with this Act; or
 - (2) by serving it personally, on the responsible person if a company, or on the representative partner if a partnership; or
 - (3) by delivery to the last known residential address of the responsible person of the company, or the representative partner of the partnership notified to the MIRA in accordance with this Act.
- (d) A document required to be served on a person other than a company or partnership, shall be served:-
- (1) by serving it personally on such person; or
 - (2) by delivery to the last known business address of such person notified to the MIRA in accordance with this Act; or
 - (3) by delivery to the last known residential address of the responsible person of such business notified to the MIRA in accordance with this Act.
- (e) Where a person has not notified an address to the MIRA in accordance with this Act, service of documents shall be made at the person's last address known to the MIRA.
- (f) Any document sent by post to any address in accordance with this Section shall be sent by registered post. A document sent in this manner shall be deemed delivered upon delivery of the document on the person or, to the address of that person.
- (g) Any tax return, notice or other document required to be delivered to the MIRA or the Commissioner General of Taxation shall be delivered to the MIRA at its head office in Male' unless the MIRA has agreed to accept delivery at another address.
- (h) Documents delivered in accordance with regulations enacted to provide for the electronic delivery of documents to the Commissioner General of Taxation shall be deemed authentic documents for the purposes of this Act.

Errors in documents such as assessments and notices

- 19.** (a) An "assessment" or other document issued by the MIRA in accordance with the Taxation Acts shall not be quashed, or be declared void or voidable, for want of form, or be affected by reason of any mistake, defect or omission provided it is in substance and effect in conformity with or in accordance with the intent and meaning of the Taxation Acts, and provided the person assessed by the document is identified by name or by the name by which he is usually known.
- (b) A person's tax assessment shall not be affected due to:-

- (1) mistake as to the full name of the person assessed; or the calculation of profits; or the amount of tax assessed; or
- (2) variance between the amount assessed as tax and the amount specified in the notice of assessment.
- (c) Despite the provisions in subsection (b), the assessment may be altered where it omitted the main particulars required to be specified in such an assessment, or was not duly served on the person intended to be charged.

- Electronic form** **20.** The Board shall have the authority and discretion to enact regulations allowing any tax return, notice, form or other document to be delivered to and by the MIRA using electronic means, and such regulations may contain different provisions for different circumstances.
- Provision of information on companies and entities payers** **21.** (a) The Registrar of Companies shall, within 3 months from the commencement of this Act, provide notice to the MIRA in respect of every company, which is either registered or resident in the Maldives.
- (b) The Registrar of Companies shall, after the commencement of this Act, provide notice to the MIRA in respect of every company incorporated in the Maldives within 2 months of incorporation.
- (c) The Registrar of Companies shall, after the commencement of this Act, provide notice to the MIRA of any company not registered in the Maldives, becoming resident in the Maldives within 2 months from the date it becomes so resident.
- (d) Any person (not being a company) carrying on business in the Maldives on the date of commencement of this Act must give notice to the MIRA of that fact, within 3 months from such date.
- (e) Any person (not being a company) commencing business in the Maldives after the commencement of this Act shall give notice to the MIRA of that fact, within 2 months from the date of commencement of such business by that person.
- Responsible persons** **22.** (a) Regulations made pursuant to this Act shall contain provisions for the determination of responsible persons who shall discharge the obligations of companies or partnerships under this Act and notification of such persons to the MIRA.
- (b) A taxpayer may authorise a representative to act on his behalf for the purposes of the Taxation Act except with respect to the payment of any tax or interest or imposition of any penalty for contravening the law.
- Registration of Taxpayers** **23.** (a) The MIRA shall maintain a register of all persons liable to give notice to the MIRA pursuant to Section 21 of this Act (the "Taxpayers Register").

- (b) Regardless of any notice given or not to the MIRA pursuant to Section 21, the MIRA may for the purpose of completing the Register of Taxpayers require a person to provide such information on a prescribed form.
 - (c) A notice under subsection (b) must be complied with before the end of the period stipulated in the notice, provided such period is not less than 30 days from the date of the notice.
 - (d) Any changes to the information provided in the Taxpayers Register must be notified to the MIRA by the responsible person within 15 days of the occurrence of the change.
- Issue of Taxpayer Identification Number**
- 24.** (a) The MIRA shall issue a Taxpayer Identification Number, to be known as a TIN, to every person registered under Section 23 of this Act. A registered person must use their TIN in all communications with the MIRA.
- (b) A failure to include a person's TIN in any document or information required to be submitted to the MIRA pursuant to the Taxations Acts shall be considered a failure to comply with the Taxation Acts.
- Tax Agent**
- 25.** (a) It shall be the responsibility of the MIRA to authorise tax agents to assist in the preparation of documents required under a Taxation Act, and the MIRA shall formulate a register of authorised tax agents and publicise it.
- (b) Tax returns and financial statements required to be submitted to the MIRA by a taxpayer shall be prepared on behalf of the taxpayer by a tax agent authorised under subsection (a).
- (c) Authorisation to act as tax agents in accordance with the provisions of the Regulation made pursuant to this Act shall be given to individuals.
- (d) Authorisation of tax agents in accordance with subsection (a) and termination of tax agents shall be determined in accordance with the Regulation made pursuant to this Act.
- (e) Notwithstanding the appointment of an authorised 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 authorised 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.

CHAPTER 2

Obligations

- Obligations of the taxpayer**
26. It is the obligation of every taxpayer under a Taxation Act to perform the following in paying tax under that Taxation Act.
- (a) Assess 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 withholding 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 the audit and investigation 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**
27. (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.
- (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 purpose of subsection (a), shall be maintained in accordance with the provisions of the relevant Taxation Act or in accordance with the provisions of the Regulation made pursuant to that Act.
- (c) Documents required to be maintained under a Taxation Act shall be maintained for a period not less than 5 (five) years commencing from the end of the tax year to which the document relates.

- (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 maintaining the accounts, the audited documents may be destroyed with the authorisation from the Commissioner General of Taxation.

Obligations on the payer of withholding tax

28. If a person is required to pay withholding tax under any Taxation Act, that person shall be obliged to perform the following.

- (a) Unless required and authorised 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 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 Act concerned requires that person to pay withholding tax on a monthly basis, that person shall within the period specified in a relevant Taxation Act, file a tax return with the MIRA for 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 return by employees

29. (a) If any person in addition to the 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.

CHAPTER 3
Power to Audit and Investigate

- Auditing**
30. (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.
- (e) To determine the legitimacy of tax returns, documents and other information required to be submitted by the taxpayer, and in circumstances where the amount of tax required to be paid by the taxpayer has to be determined, the Commissioner General of Taxation and persons appointed by the Commissioner General of Taxation shall have the power to enter the taxpayer's business premises and to their administrative office and conduct audits.
- Power to call for documents from Taxpayers**
31. (a) This Section shall apply where a Notice of Enquiry into the tax liability for any tax year of any person (the "Taxpayer") has been served on that person.
- (b) For the purpose of the enquiry referred to in subsection (a), the MIRA may at any time by notice require the Taxpayer, within such time (which shall not be less than 30 days) as may be stipulated in the notice to produce to the MIRA such documents as are in the Taxpayer's possession or power for the purpose of achieving the following objectives:-
- (1) whether and, if so, the extent to which the Taxpayer's tax return for that year is incorrect or incomplete; or

- (2) if the Taxpayer has not delivered a tax return for that year, the amount of his taxable profits for that year.
- (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 reason for 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 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 an offence involving fraud in the payment of tax or an offence involving tax evasion is committed, an investigation may be instigated within 3 (three) years from the date on which that offence is believed to have been committed.
- (g) The MIRA may take photocopies of, or make extracts from, any document produced under subsection (b).
- (h) An appeal may be made to the Tax Appeal Tribunal objecting to any requirement in a notice under subsection (b) to produce any document within 30 days of the date on which the notice is given.
- (i) Where, on an appeal under this Section, the Tribunal has confirmed the validity of any requirement of the notice, the notice shall have effect within 30 days from the determination of the appeal.
- (j) Regulations may provide for the extension of the time within which a notification by the MIRA in respect of tax liability under any taxation laws may be made where a person has appealed against a notice under subsection (b).
- 32.** (a) Subject to this Section, where a Notice of Enquiry into the tax liability of any person (the Taxpayer”) has been served on that person, MIRA may, for the purposes of the enquiry, by notice require any other person to deliver the same information to the MIRA or, where the person to whom the notice is given objects to doing so, to make available for inspection by the MIRA, such documents as are in his possession or power. If in the MIRA’s reasonable opinion such documents contain, or may contain, information relevant to any tax liability to which the Taxpayer is or may be, or may have been, subject, or to the amount of any such liability, the MIRA may order the submission of such documents.

Power to call for documents from others

- (b) A notice under this Section shall name the Taxpayer with whose liability the MIRA is concerned, and shall require documents to be delivered (or delivered or made available), or particulars to be furnished, within such time (which shall not be less than 30 days after the date of the notice) as may be specified in the notice.
- (c) The MIRA may take copies of, or make extracts from, any document made available to them under this Section.
- (d) A notice under this Section shall contain summary of the reasons why the notice is given, and a copy of the notice containing those reasons shall be sent to the Taxpayer named in the notice.

Power to require attendance for oral examination

- 33.** Where a Notice of Enquiry into the tax liability of any person (the "Taxpayer") has been served on that person, the MIRA may by notice require the Taxpayer or any other person whom they consider to be in possession of any information relating to the tax affairs of the Taxpayer to attend at a time and place specified in the notice to answer questions relating to the tax affairs of the Taxpayer.

Restrictions on powers under Sections 31, 32 and 33

- 34.** (a) A notice under Section 32 or 33 is not to be given unless the MIRA has reasonable grounds for believing:-
- (1) that the Taxpayer may have failed or may fail to comply with any provision of any Taxation Act; and
 - (2) that any such failure is likely to seriously prejudice the proper assessment or collection of tax.
- (b) Before a notice is given to a person by the MIRA pursuant to Section 31, 32 or 33, such person must be given a reasonable opportunity to deliver or make available the documents in question, and that person or the Taxpayer named in the notice need not produce documents relating to the conduct of any pending objection or appeal relating to tax due.
- (c) Copies of documents may be produced instead of originals. However, such copies shall be a photocopy of the original or copied 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 that notice, the original of that document shall be submitted to the MIRA within the period specified in that notice.

- (f) A notice under Section 32 of this Act, naming a deceased Taxpayer cannot be given if more than 6 years have elapsed since the death.
- (g) A notice under Section 31 or 32 of this Act does not oblige a person to deliver or make available any document:-
- (1) the whole of which originates more than 6 years before the date of the notice unless the MIRA have reasonable grounds for believing that tax has, or may have been, lost to the government owing to the fraud of the Taxpayer; or
 - (2) with respect to which a claim to legal professional privilege could be maintained without the consent of the lawyer's client; or
 - (3) which are the property of an auditor appointed in accordance with the Company's Act and were created by him or on his behalf for or in connection with the performance of his functions under that Act; and
 - (4) which are the property of a Tax Adviser and consist of relevant communications.
- (h) For the purposes of subsection(g)(4) "Relevant communications" means communications between the Tax Adviser and:-
- (1) a person in relation to whose tax affairs he has been appointed; or
 - (2) any other Tax Adviser of such a person. The purpose of which is the giving or obtaining of advice about any of those tax affairs except any document which contains information explaining any information, tax return, accounts or other document which the person to whom the notice is given has, as tax accountant, assisted any client of his in preparing for, or delivering to, the MIRA.
- (i) In this section—
- "Tax Adviser" means a person appointed to give advice about the tax affairs of another person (whether appointed directly by that other person or by another advisor advising him on tax); and
- "Tax Accountant", in relation to any person, means a person who assists or has assisted the other in the preparation or delivery of any information, accounts or other document which he knows will be, or is or are likely to be, used for any purpose of tax; and his clients are all those whom he has so assisted.
- "Tax Agent" means a person authorised 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.

Matters such as falsification of documents

35. (a) Subject to subsection (b) and (c), a person shall be guilty of an offence if he intentionally falsifies, conceals, destroys or otherwise disposes of, or causes or permits the falsification, concealment, destruction or disposal of, a document which he has been required by a notice under Section 31 or 32 to deliver, or to deliver or make available for inspection.
- (b) A person does not commit an offence under subsection (a) if he acts:-
- (1) with the written permission of the MIRA; or
 - (2) after the document has been delivered or inspected; or
 - (3) after a copy has been delivered in accordance with Sections 31, 32 or 33 and the original has been inspected; or
 - (4) in the case of records which the regulations require to be kept for any period, after the end of that period; or
 - (5) in any other case, at the end of the period of 2 years beginning with the date on which the notice is given, unless before the end of that period the MIRA has notified the person in writing that the notice has not been complied with to the satisfaction of the MIRA.
- (c) A person guilty of an offence under subsection(a) shall be liable on conviction to a fine not exceeding Mrf 250,000 or to imprisonment or house arrest for a period between 3 and 42 months, or to both such fine and imprisonment or house arrest.

Power to enter premises to obtain documents

36. (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 members in the Tribunal.

- (d) If the Tax Appeal Tribunal is satisfied on information on oath given by employees of the MIRA that:-
- (1) there is reasonable ground for suspecting that an offence involving serious fraud in connection with, or in relation to, tax is being, has been or is about to be committed; and
 - (2) evidence of it is to be found on premises specified in the information, the Tribunal may issue a warrant in writing authorizing the MIRA to enter the premises in accordance with the warrant, if required, at any time within 14 days from the time of issue of the warrant, search them and exercise any of the powers conferred by this Section.
- (e) Without prejudice to the generality of subsection (d):-
- (1) any offence which involves fraud is for the purposes of this Section an offence involving serious fraud if its commission had led, or is intended or likely to lead, either to substantial financial gain to any person or to serious prejudice to the proper assessment or collection of tax; and
 - (2) an offence which, if considered alone, would not be regarded as involving serious fraud may nevertheless be so regarded if there are reasonable grounds for believing or for suspecting that it forms part of a course of conduct which is, or but for its detection would be, likely to result in serious prejudice to the proper assessment or collection of tax.
- (f) The Tribunal shall specify in the warrant:-
- (1) the officer of the MIRA in overall charge (the "Officer In Charge");
 - (2) the times of day during which the powers may be exercised;
 - (3) if the Tribunal consider it necessary, that a police officer in uniform must be present when the powers are exercised.
- (g) The Officer In Charge entering the premises under the authority of a warrant under this Section may:-
- (1) take with him such other persons as appear to him to be necessary;
 - (2) seize and remove any things whatsoever found there which he has reasonable cause to believe may be required as evidence for the purposes of proceedings in respect of such an offence as is mentioned in subsection (d); and
 - (3) search or cause to be searched any person found on the premises whom he has reasonable cause to believe to be in possession of any such things; but no person shall be searched except by a person of the same sex.

- (h) In the case information stored in any electronic form is information that:-
- (1) the Officer In Charge who enters the premises as mentioned in subsection(g) has reasonable cause to believe may be required as evidence for the purposes mentioned in subsection(g)(2); and
 - (2) is accessible from the premises, the power of seizure under that subsection(g) includes a power to require the information to be produced in a form in which it is visible and legible and in which it can be taken away or from which it can readily be produced in a visible and legible form.
- (i) Nothing in subsection(g) authorizes the seizure and removal of items subject to legal professional privilege.
- (j) In subsection(i) "items subject to legal professional privilege" means:-
- (1) communications between a legal adviser and his client or any person representing his client made in connection with the giving of legal advice to the client;
 - (2) communications between a legal adviser and his client or any person representing his client or between such an adviser or his client or any such representative and any other person made in connection with or in contemplation of legal proceedings and for the purposes of such proceedings; and
 - (3) items enclosed with or referred to in such communications and made in connection with the giving of legal advice; or in connection with or in contemplation of legal proceedings and for the purposes of such proceedings, when they are in the possession of a person who is entitled to possession of them.
- (k) Items held with the intention of furthering a criminal purpose are not subject to legal professional privilege.
- (l) The Officer In Charge:-
- (1) if the person in charge of the premises concerned is present at the time the search is to begin, shall supply a copy of the warrant endorsed with his name to the occupier;
 - (2) if at that time the person in charge of the premises is not present but a person who appears to the officer to be in charge of the premises is present, shall supply such a copy to that person; and
 - (3) if neither subsection(l)(1) nor subsection(l)(2) above applies, such copy shall be left in a prominent place on the premises.

Procedure where documents are removed

(m) Where entry to premises has been made with a warrant under this Section, and the Officer in Charge has seized any items under the authority of the warrant, he shall endorse on or attach to the warrant a list of the items seized.

37. (a) An Officer In Charge who removes any item in the exercise of powers conferred by Section 36 shall, if so requested by a person showing himself:-

(1) to be the occupier of premises from which it was removed; or

(2) to have had custody or control of it immediately before the removal;

provide that person with a record of what the officer has removed.

(b) In this Section "Officer In Charge" means the officer named as such in the warrant authorizing the exercise of the powers under Section 36.

(c) Where any item which has been removed by the Officer In Charge as mentioned in subsection(a) is of such a nature that a photograph or copy of it would be sufficient:-

(1) for use as evidence at a trial for an offence; or

(2) for forensic examination or for investigation in connection with an offence;

it shall not be retained longer than is necessary to establish that fact and to obtain the photograph or copy.

(d) Subject to subsection(f), if a request for permission to be granted access to any item which:-

(1) has been removed by the Officer In Charge; and

(2) is retained by the MIRA for the purpose of investigating an offence;

is made to the Officer In Charge of the investigation by a person who had custody or control of the item immediately before it was so removed or by someone acting on behalf of any such person, that officer shall allow the person who made the request access to it under the supervision of an officer of the MIRA.

(e) Subject to subsection(f), if a request for a photograph or copy of any such thing is made to the officer in charge by a person who had custody or control of the thing immediately before it was so removed, or by someone acting on behalf of any such person, that officer shall:-

(1) allow the person who made the request access to it under the supervision of that officer of the MIRA for the purpose of photographing it or copying it; or

- (2) photograph or copy it, or cause it to be photographed or copied and complete the request within a reasonable time.
- (f) There is no obligation under this Section to grant access to, or to supply a photograph or copy of, any item if the Officer In Charge for the purposes of which it was removed has reasonable grounds for believing that to do so would prejudice:-
 - (1) that investigation;
 - (2) the investigation of an offence other than the offence for the purposes of the investigation of which the items was removed; or
 - (3) any criminal proceedings which may be brought as a result of:-
 - (i) the investigation of which he is in charge; or
 - (ii) any such investigation as is mentioned in subsection(f)(2).

Information relating to leases

- 38. (a) The MIRA has the discretion to require the below specified particulars with respect to the use of immoveable property:-
 - (1) any Lessee, occupier or former Lessee or occupier of land (including any person having, or having had, the use of land) to give such information as may be prescribed by the MIRA as to the oral and written agreements applying to the Lease, occupation or use of the land;
 - (2) any Lessee or former Lessee of land to give information as to any consideration given for the of the Lease and any rights pursuant to the Lease;
 - (3) any person who as agent manages land or is in receipt of rent or other payments arising from the occupation of land to furnish the MIRA with such particulars relating to such payments as may be specified in the notice.
- (b) In this Section "Lease" includes an agreement for a lease and any rights received pursuant to it, and any tenancy, but does not include a mortgage, and "Lessee" shall be construed accordingly but shall include the successor in title of a lessee.

Determining the amount of tax by the MIRA

- 39. (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 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) Name, address and TIN of the taxpayer;
- (2) Taxable period that relates to the determination;
- (3) The amount determined by the MIRA as being payable as tax;
- (4) The date required for payment.

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| Consequence of assessment by the MIRA | 40. | Where the MIRA determines an amount under this Section, it shall have the following consequences: <ol style="list-style-type: none"> (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 the amount required to be paid by the taxpayer for that period. |
| Procedure relating to more than one year | 41. | Where a notice of investigation under a Taxation Act refers to more than one taxable period, the assessment made by the MIRA shall apply to all periods stipulated in that notice. |
| Objection | 42. | If a taxpayer objects to a decision made by the MIRA, it shall be notified in writing to the MIRA within 30 (thirty) days from the date of notification of that decision, explaining in detail the reason for objection. |
| Procedure for objection | 43. | The procedure on dealing with objections made by taxpayers with regard to decisions made by the MIRA shall be specified in the Regulation made pursuant to this Act. |
| Right to appeal | 44. | 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 the decision was made. Nevertheless, it shall be an obligation on the taxpayer to pay the amount assessed by the MIRA, if any. If that amount is not paid, and any amount required to be paid by that date under a Taxation Act is not paid, the taxpayer shall have no right to appeal. |
| Refund or off-set | 45. | Where a judgment is made after reviewing the decision of the MIRA in accordance with the Regulation made pursuant to this Act with regard to an objection or appeal made, 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 for excess tax paid. |

CHAPTER 4
Recovery of Tax

Seizure of land or other property where tax is unpaid

46. (a) Where any tax or any other amount is unpaid by any person (the "Taxpayer In Default)", after the due date, the MIRA shall, in any tax year, issue to any person whom he may employ as bailiff for this purpose (the Bailiff") a warrant directing and authorizing the Bailiff to make a levy upon land or other property of the Taxpayer in default for the payment of the total amount remaining unpaid at the time the warrant is issued.
- (b) A warrant may be issued under subsection(a) whether or not any other action is taken to recover the unpaid tax, fine or other amount from the Taxpayer in Default or from a third party.
- (c) The Board shall make regulations providing for the execution of warrants issued in pursuance of subsection(a) and the disposal of property subject to levy.

Recovery of tax from a third party

47. (a) Where:-
- (1) any tax, fine or any other amount is unpaid by any person (the "Taxpayer In Default"), after the due date; and
- (2) the MIRA has reasonable grounds for believing that another person (the "Third Party"), owes or is about to pay a sum of money to the Taxpayer in Default or holds money for or on account of the Taxpayer In Default or of some other person for payment to the Taxpayer In Default or has the authority from some other person to pay money to the Taxpayer In Default;
- (3) the MIRA may by notice require the Third Party to pay to the MIRA such amount as does not exceed either the tax, fine or other amount unpaid or the sum referred to in subsection(a)(2).
- (b) A notice may be served under subsection(a) whether or not action is taken to recover the unpaid tax, fine or other amount from the Taxpayer In Default.
- (c) A Third Party served with a notice under subsection(a) must comply with the notice within 45 days of the date of service of the notice.
- (d) (1) In circumstances specified in subsection(a)(1), the MIRA by notice of the Commissioner General of Taxation may 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 defaulter.

- (2) Where a notice under subsection(d)(1) is made to a bank, it 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 mechanism, the MIRA shall inform the Maldives Monetary Authority to cease the freeze under subsection(d)(1).
- (e) Any person who has made a payment in pursuance of a notice under subsection(a) shall be given a receipt by the MIRA and shall be fully discharged from his liability to the Taxpayer In Default to the extent of the amount paid.
- (f) The Third Party may appeal against a notice under subsection(a) to the Tax Appeal Tribunal, in accordance with regulations, within 30 days of the date of service of the notice.
- (g) Any person who fails to comply with a notice under subsection(a) shall be liable for any amount of tax, fine and other sum due which he did not pay and it may be recovered from him as if he was himself a Taxpayer In Default.

Access to bank accounts

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

Civil suit for recovery of tax

49. (a) Any unpaid tax, fine or any other amount shall be recoverable as a civil debt due to the Government. The MIRA may recover it by action in the court. In the proceedings for the recovery of tax, a certificate signed by the Commissioner General of Taxation stating the name and address of the defaulter and particulars of the amount due from him shall be sufficient evidence of the amount due and sufficient authority for the court to give judgment.
- (b) In the court proceedings under subsection(a) for the recovery of tax, if there is any objection that the amount of tax is incorrect or is subject to objection or appeal, then the person shall have the right to appeal within 90 days from the date of the judgment.

Collecting non tax revenue in the same procedure as collecting tax

50. Unless specified otherwise in another Act, if a fee, or rent, or royalty, or fine, or any other money required to be paid to the MIRA by any person under any Act is not paid within the period required, 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.

CHAPTER 5
Relief in Case of Double Taxation

Agreement with other territories

51. (a) If the Government enters into an agreement with the Government of any other territory for the avoidance or relief of double taxation or for recovery of the taxes or any other related matter, including the exchange of information for the prevention of evasion or avoidance of tax or the investigation of cases of such evasion or avoidance, the provisions of the agreement shall apply so far as they provide:-
- (1) for relief from tax on income or profits;
 - (2) for charging income arising from sources in the Maldives to persons not resident in the Maldives; or
 - (3) for determining the income or profits to be attributable to persons not resident in the Maldives or their agencies, branches or establishments in the Maldives.
- (b) Such agreements may be referred to as double taxation relief agreements.

Limits on credit

52. (a) This Section shall have effect where, under double taxation relief agreements, tax payable in respect of any income or profits in the territory with the government of which the agreement is made is to be allowed as a credit against tax payable in respect of that Income or profits in Maldives.
- (b) "Foreign Tax" in this Section refers to tax charged by a country with which a double tax relief agreement has been established, on the income or profit derived from that country.
- (c) A credit shall be allowed against tax for any tax year provided the person entitled to the income is resident in the Maldives for that period, and subject to that, the amount of tax chargeable in respect of the Income shall, on a claim being made in that behalf, be reduced by the amount of the credit.
- (d) In computing the amount of the Income:-
- (1) no deduction shall be allowed in respect of Foreign Tax (whether in respect of the same or any other Income);
 - (2) where the tax chargeable depends on the amount received in the Maldives, that amount shall be increased by the appropriate amount of the Foreign Tax in respect of the Income;

- (3) where the Income includes a dividend and, under the agreement, Foreign Tax not chargeable directly or by deduction in respect of the dividend is to be taken into account in considering whether any, and if so what, credit is to be given against tax in respect of the dividend, the amount of the Income shall be increased by the amount of the Foreign Tax not so chargeable which falls to be taken into account in computing the amount of credit;
- (e) Where:-
- (1) the double taxation relief agreement provides, in relation to dividends of some classes, but not in relation to dividends of other classes, that Foreign Tax not chargeable directly or by deduction in respect of dividends is to be taken into account in considering whether any, and if so what, credit is to be given against tax in respect of the dividends; and
- (2) a dividend is paid which is not of a class in relation to which the arrangements so provide, then, if the dividend is paid to a company which controls directly or indirectly, not less than one-half of the voting power in the company paying the dividend, credit shall be allowed as if the dividend were a dividend of a class in relation to which the arrangements so provide.
- (f) Any claim for an allowance by way of credit under this Section for any tax year shall be made not later than two years after the end of that year. In the event of any dispute as to the amount allowable, the claim shall be subject to objection and appeal.
- (g) Where the amount of any credit given under the agreement is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable either in the Maldives or elsewhere, this Taxation Act does not prevent any changes from being made to the credit within 2 years from the time when such adjustments have been made whether in the Maldives or elsewhere.
- (h) The amount of the credit for Foreign Tax, which under any agreement is to be allowed against tax in respect of any income (the "Relevant Income") shall not exceed the tax attributable to the Relevant Income, determined in accordance with subsection (i).
- (i) The amount of tax attributable to a person shall be determined by applying the rate of tax payable by that person (before any credit under this Part) on his total Income for the tax year.

- Credit given without a double tax agreement**
53. (a) Where any person resident or ordinarily resident in the Maldives proves that he has paid, by deduction or otherwise, overseas tax on any part of his Income which arises from a source outside Maldives and which is also chargeable to Maldives tax, he shall be entitled to a credit against such Maldives tax equal to the overseas tax or Maldives tax on that part of his Income whichever is the less.
- (b) For the purpose of this Section, "Overseas Tax" means a business profits tax or tax of a similar character imposed by the laws of any territory other than a territory with which no agreement has been made under Section 51.
- (c) For the purpose of calculating the amount of credit to be allowed under this Section, agreements made in accordance with Section 52 in respect of relief of double taxation shall apply. Overseas Tax shall apply in the same manner foreign taxation is taken into consideration in that Section.

CHAPTER 6 Tax Appeal Tribunal

- Establishment of a Tribunal**
54. (a) A Tax Appeal Tribunal shall be established for the purpose of adjudicating matters related to this Act or any other Taxation Acts, within 90 days of ratification of this Act.
- (b) The Tribunal has full powers to review and deliberate, as it deems appropriate on matters determined by this Act or any other law to be adjudicated by the Tribunal.
- (c) The Tribunal has the power to summon persons, elicit witness statements, obtain proof and evidence or do anything necessary to verify and elicit the truth of a matter submitted to it.
- Appeal**
55. (a) Except in the circumstance specified in subsection (b), the decisions of the Tribunal shall be final and not subject to any further appeal.
- (b) A decision of the Tribunal if in ultra vires of its powers, or in contravention of *Shariah* principles or law, can be appealed as of right to the High Court within 30 days of such decision being made.
- Composition of Tribunal**
56. (a) (1) The Tribunal is composed of 5 members. The President with the approval of the People's Majlis shall appoint members to the Tribunal. The President shall appoint members approved by the People's Majlis, after having sent the names of all of the applicants for membership of the Tribunal acquired by means of a public announcement, to the People's Majlis.

- (2) There shall be a Chairperson and a Deputy Chairperson of the Tribunal. The chairperson and the deputy chairperson shall be elected by a secret ballot among the members.
- (b) From the members appointed to the Tribunal:-
- (1) A minimum of one member shall have legal experience related to taxation laws or have practical experience in the field of tax accountancy, either in the Maldives or elsewhere.
 - (2) A minimum of two members shall have at least 3 years experience in the legal field or have obtained higher education in the legal field.
- (c) The members of the Tribunal shall possess the following qualifications:-
- (1) be a Muslim;
 - (2) be a citizen of the Republic of Maldives;
 - (3) be of sound mind;
 - (4) has attained the age of eighteen years;
 - (5) be a person who has experience in the financial, tax, business, economic or legal field and has the capability to professionally engage in discussions and decision-making related to taxation policies;
 - (6) be a person who has not been convicted of an offence for which a “hadd” is prescribed in Islam;
 - (7) be a person who has not been declared bankrupt;
 - (8) be a person who has not been convicted for an offence relating to bribery;
 - (9) be a person who is not carrying out any elected post pursuant to the Constitution of the Republic of Maldives or any statute;
 - (10) be a person who does not hold an executive position in a Government or a private company or, a position on the Board of Directors of such a company;
 - (11) be a person who is not carrying out an appointed political post;
 - (12) be a person who does not hold membership in any political party.
 - (13) be a person who is not a civil servant;
 - (14) be a person who is not an employee of an Independent Institution.

Term of membership	57. A member of the Tribunal shall be appointed for a term of 5 years. A member may be re-appointed except for a member removed pursuant to Section 59.
Salaries and benefits of members	58. The members of the Tribunal shall be paid such salaries and allowances as determined by the People's Majlis in consultation with the Ministry of Finance and Treasure.
Removal from membership	<p>59. (a) A member of the Tribunal shall be removed from office by the President, upon the occurrence of any of the circumstances specified herein:-</p> <ul style="list-style-type: none"> (1) declared a bankrupt by a judgment of the court; (2) convicted on indictment for a criminal offence; (3) no longer meets the criteria of membership prescribed in this Act; (4) being found negligent in the performance of the responsibilities of a member of the Tribunal. <p>(b) A member of the Tribunal may resign from office by writing under their hand addressed to the President. The resignation shall be deemed final upon receipt of the letter by the President.</p>
Vacancy in office	60. In the event the office of a member has been vacated for any reason, prior to the expiry of the term for which they had been appointed, a person shall be appointed to the same office for the remainder of the term within a period not exceeding 60 days.
Administration and financial matters of the Tax Appeal Tribunal	<p>61. (a) The Tax Appeal Tribunal shall prepare and submit an estimated budget for the year including the Tribunal's capital expenditure, recurrent expenditure and estimated income, to the Ministry of Finance and Treasury, in accordance with the Public Finance Regulation, on or before the date specified in that Regulation.</p> <p>(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 Tax Appeal Tribunal.</p> <p>(c) The Tax Appeal Tribunal shall prepare and audit its income statement and balance sheet in accordance with a manner determined by the Auditor General, and submit an annual report containing the following information, before 31st May of each year to the People's Majlis and the President:</p> <ul style="list-style-type: none"> (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) Pending cases in 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 of submitting the report to the People’s Majlis and the President.

Tribunal regulations

62. A Regulation on the administration of the Tribunal, rules to be adhered to in review and consideration of matters before it and other matters relating to the Tribunal, shall be made by the Tribunal within 3 (three) months from the date of ratification of the First Amendment to the Tax Administration Act.

**CHAPTER 7
Offences and Penalties**

Application of this chapter

63. (a) Offences and penalties referred in this chapter shall apply in relation to Taxation Acts.
- (b) If an offence under 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 an offence shall be determined, in accordance with this Act.

Offences relating to tax evasion

64. (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 a required information in the tax return;
 - (4) Providing incorrect information or an incorrect answer to a request made in writing for such information or answer;
 - (5) Prepare and maintain documents and financial accounts required to be maintained under a Taxation Act incorrectly, or authorise 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 percent) of the amount of tax payable for the taxable period; and
 - (2) A fine not exceeding MVR 100 (One Hundred Maldivian 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 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 a tax 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.

Offences relating to failure to submit tax returns and information

65. (a) It shall be an offence to commit one 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 the amount deducted as withholding tax;
 - (5) Failure to maintain documents and financial accounts in accordance with this Act or the Regulation made pursuant to it;
 - (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 (8) shall be:
- (1) A fine of 0.5% (zero point five percent) of the amount of tax payable for the taxable period; and
 - (2) A fine not exceeding MVR 50 (Fifty Maldivian 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 for a period between 1 (one) and 6 (six) months.
- Offence of non-payment of tax by the deadline** 66. (a) Failure to pay tax on the required deadline by a taxpayer 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 per day from the payment deadline.
- Performing an act determined as an offence** 67. (a) Civil penalty under a Taxation Act shall be determined by a decision made by the Commissioner General of Taxation in accordance with the Act.
- (b) If a penalty has not been determined for an offence specified in this Act, the person committing such an offence shall be fined a maximum of MVR 5,000 (Five Thousand Maldivian Rufiyaa).
- Non-prohibition of other criminal claims** 68. This Act does not prohibit any criminal claim required under any other Act. Nonetheless, a person shall not be prosecuted for the same offence more than once.
- Period to take action** 69. (a) An action authorised 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) If the MIRA is unaware that an offence specified in this Act has been committed, or does not have sufficient evidence to take action in relation to that 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 comes later.
- Appealing civil penalties** 70. 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 on appeal the penalty has been reduced or cancelled, the MIRA shall refund all monies paid with regard to the penalty.
- Onus of proof** 71. 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.

CHAPTER 8 Supplementary Provisions

- This Act to be read together with other Taxation Acts** 72. This Act shall be read together with other Taxation Acts. And any word or expression 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 public holiday** 73. (a) Where an obligation under a Taxation Act is required to be performed on a certain date, and 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 interest charged on the non-performance of such an obligation shall commence from the first working day following that public holiday.
- Additional tax paid** 74. (a) Where the taxpayer in making payment to the MIRA makes an over payment, he may submit to the MIRA a request for a refund of that additional tax paid.
- (b) Where a request specified in subsection(a) is received by the MIRA, one of the following shall be determined by the MIRA:
- (1) Refund that amount to that person, if he has no outstanding owed to the MIRA;
- (2) Deduct that 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 not to refund the additional tax paid by the taxpayer to the MIRA.
- Relief from penalty** 75. (a) The Commissioner General of Taxation has the authority, under his own 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** 76. The payment required to be made to the MIRA under a Taxation Act, shall be a debt owed to the State by the person required to make that payment, from the time it is required to be paid until it is received by the MIRA, and the MIRA has the power to claim the outstanding payment due to the State in accordance with this Act.
- Power to extend the period** 77. Where a reasonable cause occurs refraining an obligation required to be performed within a certain period under a Taxation Act, the MIRA in accordance with the Regulation made pursuant to this Act, has the discretion to extend the period given for the performance of that obligation.
- Responsibilities in relation to tax payable by children** 78. Where the taxpayer under any Taxation Act is a minor under the age of 18, the person responsible for the payment of his tax and other obligations required under the Taxation Act shall be determined in accordance with the Regulation made pursuant to this Act.

Death or bankruptcy of a taxpayer	79.	Where a person required to pay tax under a Taxation Act dies or is declared bankrupt, the person responsible for payment of tax and performance of other obligations required under the Taxation Act on his behalf shall be determined in accordance with the Regulation made pursuant to this Act.
Aiding and abetting offences	80.	Any person who aids, abets, assists, counsels, incites or induces another person to commit an offence under any Taxation Acts shall be liable under this Act.
Extension of period to fulfill an obligation	81.	If a person, owing to absence from Maldives, disabling sickness or any other reasonable excuse, is prevented from fulfilling an obligation under this Act within the stipulated time, the MIRA or, on an application made in accordance with regulations, the Tax Appeal Tribunal may extend the period for fulfillment of such obligation or condone the delay as may be reasonable in the circumstances.
Documents required by the MIRA	82.	The documents required by the MIRA pursuant to this Act shall be submitted using the forms allocated for the same purpose by the MIRA. Documents submitted in any other manner except by using the allocated forms of the MIRA shall not be considered as documents submitted in accordance with this Act.
Power to make regulations and Commencement of this Act	83.	<p>(a) The provisions contained in this Act shall be administered and overseen by the MIRA.</p> <p>(b) This Act shall be enacted from the date of ratification of this Act.</p> <p>(c) Regulations pursuant to this Act shall be made within 6 months from the date of ratification of this Act.</p>
Tax rulings and notices	84.	<p>(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 laying down tax principles necessary 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.</p> <p>(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 administratively implementing the Taxation Acts and Regulations.</p>
Residence	85.	<p>(a) In the case of an individual, "resident" in a Taxation Act, refers to:</p> <ol style="list-style-type: none"> (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 that year with the intention of establishing his residence in the Maldives; or (3) a person who is ordinarily resident in the Maldives in that year, but leaves before the end of that year. <p>(b) a person who arrives in the Maldives in that year with the intention of establishing his residence in the Maldives; or</p>

- (c) For the purpose of a Taxation Act, if a partnership or trust or any other association carries on business in the Maldives, it shall be considered as a resident of the Maldives.
- (d) For the purpose of a Taxation Act, a company operated in the Maldives shall be considered as a resident of the Maldives.
- (e) If the company was formed outside the Maldives, the residence of that company shall be determined based on the location of its central management and control. If that location cannot be determined, the residence of that company shall be determined as the place of formation 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 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.

Definitions

86. (a) In this Act, unless the context otherwise requires—

“Authorized Representative” means a person authorized in writing by any other person to act on his behalf for the purpose of this Act;

“Documents” means anything in which information of any description is recorded;

“Commissioner General of Taxation” means the person appointed pursuant to Section 8 of this Act by the President to the post of the Commissioner General of Taxation of MIRA;

“Deputy Commissioner General of Taxation” means the person appointed pursuant to Section 8 of this Act by the President to the post of the Deputy Commissioner General of Taxation of MIRA;

“Notice of Enquiry” means a notice under any taxation law inquiring the amount of tax payable;

“Taxation Acts” means this Act and all other taxation laws.

“Board” means the Board of Directors of MIRA established pursuant to Section 4 of this 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 those 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 those Acts.

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

“Associates” 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) spouse of that person;
 - (2) grandmother, grandfather, mother, father, child, or sibling.
- (b) Any word or expression defined in any Taxation Act shall, unless otherwise prescribed in such Act, have the same meaning as it has in this Act.

DISCLAIMER OF LIABILITY – The Maldives Inland Revenue Authority shall not accept any liability or responsibility on cross-references made to this combined version of the Tax Administration Act in other laws, contracts, text books and other such documents. And any reliance whatsoever on the combined version of the Tax Administration Act shall do so at his/her own risk. Further in the event of conflict between the translations contained herein and the *Dhivehi* text of the Tax Administration Act and the First Amendment, the latter of both legislation shall prevail for all given purposes. Therefore, it is advised that both the *Dhivehi* text of the Tax Administration Act and the First Amendment be read concurrently with the English translation.