

BUSINESS PROFIT TAX



What is Business Profit Tax (BPT)?

Business Profit Tax (BPT) is a tax levied on the taxable profits of businesses that exceed MVR 500,000 in a tax year.

Taxable profit is the profit after deductions are made from the gross income, in accordance with the BPT Act and its Regulation.

Deductions Allowed	Deductions NOT Allowed	Deductions Allowed
<ul style="list-style-type: none">Expenditure incurred wholly and exclusively in the production of gross incomeCapital allowancesHead office expensesPension contributionsExpenses for welfare of employeesDonations made to approved organizations	<ul style="list-style-type: none">Domestic or private expensesCapital Expenditure Capital allowances are allowable deductionsFines or penalty interest payable for failure to comply with any law	<ul style="list-style-type: none">Specified bank interestIrrecoverable debtsPayments that have suffered withholding taxZakat al-malAudit feesRemuneration paid to directors, partners, substantial share holders and their associates

What are the deductions allowed from rental income?

Deductions allowed under the Act and the Regulation **OR** deduction of 20% of rental income is allowed.

If the taxpayer chooses this option, no other deduction is allowed.



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