GST Food Guide
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Introduction

Some food items are zero-rated for GST purposes while other food items are subject to GST at the standard rate. This guide will help you to understand whether or not the food items you sell are zero-rated.

The contents of this Guide are for explanatory purposes only. If you do not understand anything in this Guide or have questions related to your particular circumstances, contact us by:

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This Guide is correct at the time of publication (5 August 2015) and is intended to be a general guide on GST and food items. It is therefore not expected to be a substitute for a detailed research or exercise of professional judgment on taxation matters in the Maldives. Subsequent changes to the law can be found on the Maldives Inland Revenue Authority website: www.mira.gov.mv.
Zero-rated food items

Some food items are zero-rated for GST purposes. When a good or service is zero-rated, it means that:

- The supplier must not collect any GST from the recipient of the good or service, and
- The supplier can claim input tax he paid to other GST registered persons in relation to the supply. For more information on input tax, please refer to our Input Tax Guide (MIRA G820), and for a comprehensive guide on zero-rated goods and services, please refer to our Guide to Zero-rated Goods and Services (MIRA G807).

1. Rice, sugar and flour

Rice, sugar and flour imported by State Trading Organization plc (STO) for sale at the controlled price determined by the Ministry of Economic Development (MED) are zero-rated.

Example 1: Rice

Hassan owns a retail shop in Male' and is registered for GST. He sells various types of rice including rice sold at the controlled price (which were originally imported by STO), basmati rice, brown rice and red rice. Further, rice flour packets are also sold at the shop.

**GST implication**

The rice imported by STO and sold by Hassan at MED's controlled price will be zero-rated. However, GST must be charged at the standard rate on all the other types of rice and rice flour packets.
2. Salt

Salt that is manufactured for culinary purposes is zero-rated. However, salt that is manufactured for industrial purposes is taxable at the standard rate.

Example 3: Salt

Iodized table salt and sea salt used for cooking and preparing meals are zero-rated. However, salt manufactured to be used in industries such as pulp and paper industry, waste and water treatment, textiles industry and pharmaceuticals industry are taxable.
3. **Milk**

Milk from cows, goats, camels and sheep, and soya milk and rice milk, prepared specially for consumption are zero-rated if they have not been processed with products other than preservatives, vitamins and minerals, and if they are marketed as milk. This includes condensed milk and powdered milk.

![Example 4: Milk](image)

**Example 4: Milk**

Milk packets sold as low fat milk, skim milk, full cream milk, if unflavoured, are zero-rated. However, milk packets with added flavour (such as chocolate, strawberry or vanilla) are taxable at the standard rate.

4. **Cooking oil**

Vegetable oil, corn oil, olive oil, palm oil and sunflower oil are zero-rated. All the other types of cooking oils are taxable.

![Example 5: Cooking oil](image)

**Example 5: Cooking oil**

Peanut oil, almond oil, avocado oil, walnut oil, mustard oil and sesame oil are taxable at the standard rate.
5. **Eggs**

Zero-rated eggs include only raw chicken eggs. Eggs of other birds such as ducks and quails, and egg masses such as roe and caviar are taxable at the standard rate, irrespective of the state of the egg. Egg white and yolk sold separately will be zero-rated as long as they are raw, and not frozen.

### Example 6: Chicken eggs

Farish, who is registered for GST, operates a retail shop and a restaurant in Male’. Fresh chicken eggs and duck eggs are available in his shop.

**GST implication**

In this case, only the fresh chicken eggs sold by his shop are zero-rated. The duck eggs, even if sold uncooked, are taxable at the standard rate. Omelettes and boiled eggs, whether chicken or duck, served by the restaurant are also taxable at the standard rate.

6. **Tea leaves**

Unflavored tea leaves and tea bags used for making black tea are zero-rated. However, flavored tea leaves and tea bags, and ready-to-drink tea are taxable at the standard rate.

### Example 7: Tea leaves

Flavoured tea such as jasmine tea, peach tea, etc. and tea used for medicinal purposes, such as hibiscus tea, peppermint tea, green tea, white tea and ginger tea are taxable at the standard rate. Further, if you serve a cup of black tea, GST applies. Among popular blends of tea, English Breakfast is zero-rated while Earl Grey is not.
7. **Deep sea fish, reef fish and fish packed in the Maldives**

Deep sea fish includes skipjack tuna (*kalhubilamas*), yellow fin tuna (*kanneli*), mackerel tuna (*latti*), frigate tuna (*raagon’di*) and parts of such fish. Reef fish includes any fish (other than deep sea fish) with dorsal fin and tail fin, and parts of such fish.

Deep sea fish and reef fish packed in the Maldives are also zero-rated. Deep sea fish, reef fish and fish packed in the Maldives will be zero-rated even if they have been dried, smoked, salted or processed specifically for canning.

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**Example 8: Fish**

GST registered persons must not charge GST on the sale of reef fish such as groupers, snappers and barracuda, as they are classified under zero-rated fish. However, sale of octopus, prawns, cuttlefish and lobsters are subject to GST at the standard rate because they do not fall within the definition of deep sea fish or reef fish.

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**Example 9: Fish**

Moosa, who is registered for GST, runs a retail shop in his island. Moosa must not charge GST on the sale of tuna cans that were packed in the Maldives. However, tuna cans packed in other countries are taxable at the standard rate, regardless of whether or not the fish were originally caught in Maldivian waters.
Supply of fish used for aesthetic value is subject to GST at the standard rate.

**Example 10: Fish products**

Muna prepares various food items such as *masmirus* and *masfaiy* using fish and fish by-products. These products are then supplied to various retailers and resorts. In this case, assuming Muna is registered for GST, she must charge GST since the supply of *masmirus* and *masfaiy* are taxable at the standard rate.

**Example 11: Fish used for aesthetic value**

Iqbal runs a pet shop in Male’. He sells fish tanks, various aquarium supplies and several types of young reef fish. If Iqbal is registered for GST, he must charge GST on the sale of the reef fish, since they are sold for aesthetic value.

**8. Rihaakuru**

All types of *rihaakuru* are zero-rated.

**Example 12: Rihaakuru**

Zuhaira, who produces and sells various types of *rihaakuru*, including plain *rihaakuru*, *thehli rihaakuru* and *kulhi rihaakuru*. Zuhaira will not be required to charge GST on any of these products.
9. **Potatoes and onions**

All types of potatoes and onions are zero-rated. However, potatoes and onions will be subject to GST once they get processed.

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**Example 13: Potatoes and onions**

Saleem imports and sells various types of onions, including spring onions, red onions and white onions.

Saleem must not charge GST on these supplies since they are zero-rated. However, if Saleem sells products such as potato chips packets, canned potatoes, French-fries or onion rings, he must charge GST at the standard rate.

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10. **Ingredients used in making curry paste**

Zero-rated ingredients used in making curry paste include cumin (dhiri), fennel (dhaviggan’dhu), coriander seeds (kothan’biri), turmeric (reen’dhoo), garlic (lonum’dhu), ginger (in’guru), chili (githeyo mirus, tholhi mirus, riha mirus and vifuku mirus only), chili powder, cinnamon (fonithoshi), cardamom (kaafoorutholhi), peppercorn (aseymirus), dried chili, curry leaves (hikan’dhi faiy), pandan leaves (raan’baa faiy) and cloves (karanfoo). These items will be zero-rated even if they are supplied in powder form without mixing with anything else.

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**Example 14: Ingredients used in making curry paste**

Abdulla is a GST registered wholesaler and retailer of various spices. He also sells some of the spices in powder form. Abdulla must zero-rate the ingredients mentioned in the above list used, even those sold in powder form, as long as they are not mixed with one another.
11. **Coconuts and coconut products**

Coconuts in different stages of growth (including gobolhi, miri, kihaa, kurun’ba, gabulhi, kaashi, mudikaashi, kurolhi, etc.) are zero-rated. Dhiyaa hakuru, karuhakuru and rukuraa (toddy) are also zero-rated. Zero-rating applies even if rukuraa is sold in frozen form. Coconut milk, desiccated coconut and coconut oil will be zero-rated if they are produced in the Maldives.

Mariyam purchases ingredients from Abdulla and produces various types of curry paste and curry powder such as lonumirus havaadhu, kukulhu havaadhu and mas havaadhu. She supplies her products several shops.

Since these products are made by mixing various ingredients, Mariyam, if registered for GST, must charge GST from her supplies.

**Example 15: Curry paste**

Mariyam purchases ingredients from Abdulla and produces various types of curry paste and curry powder such as lonumirus havaadhu, kukulhu havaadhu and mas havaadhu. She supplies her products several shops.

Since these products are made by mixing various ingredients, Mariyam, if registered for GST, must charge GST from her supplies.

Adam, who operates a gaadiyaa near Dharubaaruge, sells kurun’ba, toddy and dhiyaa hakuru and many other snacks. He also supplies kurun’ba fani upon request.

Assuming that Adam is registered for GST, kurun’ba, toddy and dhiyaa hakuru will be zero-rated. However, he must charge GST on kurun’ba fani since the original form has been changed. He must also charge GST if kurun’ba fen and/or hevaa are served in a glass or a container other than the kurun’ba itself, or if substances (such as sugar or glucose) are added to the kurun’ba before serving it.

**Example 16: Kurun’ba fani**

Adam, who operates a gaadiyaa near Dharubaaruge, sells kurun’ba, toddy and dhiyaa hakuru and many other snacks. He also supplies kurun’ba fani upon request.

Assuming that Adam is registered for GST, kurun’ba, toddy and dhiyaa hakuru will be zero-rated. However, he must charge GST on kurun’ba fani since the original form has been changed. He must also charge GST if kurun’ba fen and/or hevaa are served in a glass or a container other than the kurun’ba itself, or if substances (such as sugar or glucose) are added to the kurun’ba before serving it.
12. **Carrots, cabbage, beans and tomatoes**

Green beans, long beans, and all types of carrots, cabbage and tomatoes are zero-rated if they are fresh and supplied without being processed. All other types of vegetables, grown locally or imported, are taxable at the standard rate. Frozen vegetables (including frozen carrots, cabbage, beans and tomatoes), vegetables sold in cans or packets such as canned tomato and mixed vegetable packets are subject to GST at the standard rate.

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**Example 17: Souvenirs**

Amina sells locally produced souvenirs to resorts and souvenir shops in Male’. Some of her products such as *ilosifathi, baiypolhi, mulhoashi* are made by using materials from coconut palm trees. Since such supplies are taxable at the standard rate, Amina must charge GST from the sale if she is registered for GST.

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**Example 18: Vegetables**

<table>
<thead>
<tr>
<th>Zero-rated</th>
<th>GST at Standard Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrot</td>
<td>Leeks, Capsicum, Broccoli, Bell Pepper, Eggplant <em>(Bashi)</em>, Bitter Gourd <em>(Faaga)</em>, Snake Gourd <em>(Chichanda)</em>, Bottle Gourd <em>(Thora)</em>, Drumstick <em>(Muran’ga tholhi)</em>, Butternut, Canned Mushroom, Banana Blossom <em>(Boashi)</em>, Beet Root, Corn Packet, Sweet Potato <em>(Kattala)</em>, Yam <em>(Ala)</em>, Zucchini, Cauliflower</td>
</tr>
</tbody>
</table>
All types of green leaves are subject to GST at the standard rate. For instance, kale leaves, launaea leaves (ku’lhafla faiy), collard greens (copee faiy), spinach (boaveli), coriander leaves, kangkong (kankun faiy) and parsley.

13. Fruits

All types of unprocessed fresh fruits are zero-rated. For the purposes of GST, “fruits” are considered to be only those fruits which grow on trees bearing flowers and which are edible in the raw state. Fruits are zero-rated whether locally grown or imported. Fruits sold in cans or packets such as canned pineapple and canned rambutan are taxable at the standard rate.

<table>
<thead>
<tr>
<th>Zero-rated</th>
<th>GST at Standard Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple</td>
<td>Peach</td>
</tr>
<tr>
<td>Orange</td>
<td>Plum</td>
</tr>
<tr>
<td>Avocado</td>
<td>Strawberry</td>
</tr>
<tr>
<td>Grapes</td>
<td>Stone Apple</td>
</tr>
<tr>
<td>Rambutan</td>
<td>Water Apple</td>
</tr>
<tr>
<td>Dragon fruit</td>
<td>Pomegranate</td>
</tr>
<tr>
<td>Banana</td>
<td>Kiwi</td>
</tr>
<tr>
<td>Pears</td>
<td>Dried Grapes</td>
</tr>
<tr>
<td>Raw Dates</td>
<td>Dried Dates</td>
</tr>
<tr>
<td>Passion Fruit</td>
<td>Canned Pineapple</td>
</tr>
<tr>
<td>Guava</td>
<td>Canned Fruit Cocktail</td>
</tr>
<tr>
<td>Cucumber</td>
<td>Dried Prunes</td>
</tr>
<tr>
<td>Lemon</td>
<td>Canned Rambutan</td>
</tr>
<tr>
<td>Mandarin</td>
<td>Fruit Salad</td>
</tr>
</tbody>
</table>

If you buy fresh fruits separately, they will not attract any GST. However, if you buy a mixed fruit packet or if you order a mixed fruit salad from a restaurant, the supply will be taxable at
the standard rate. Freshly squeezed fruit and vegetable juice and smoothies will also be subject to GST at the standard date.

14. Bread, buns and rusk

Ordinary bread (white bread and brown bread only), madu banas, butter buns, hotdog buns and burger buns, and all types of rusk are zero-rated if supplied without altering their form. Breadcrumbs which are made by grinding dried bread are also zero-rated.

Example 20: Buns

Faiha bakes burger buns and hotdog buns at her bakery and supplies them to several shops. In addition, she makes mini-burgers and hotdogs for kids’ parties and other functions using buns baked at her bakery.

Assuming that Faiha is registered for GST, she must charge GST from the mini-burgers and hotdogs which she supplies. However, supply of hotdog buns and burger buns (without altering their form) is zero-rated.
15. **Baby food**

Food products whose packaging or labeling indicates that they are specifically prepared for “babies” or “infants”, or that they are to be consumed by babies or infants below the age of 36 months, are zero-rated. Where only a minimum age (for e.g. “2 years and above”) is indicated, the minimum age must be less than 36 months for it to qualify for zero-rating. Since Maldives Food and Drug Authority (MFDA) do not consider “baby water” sold in the Maldives as a food specifically prepared for babies, GST applies to the “baby water” at the standard rate.

**Example 21: Baby food**

Baby cereal packets labelled for a specific age under 3 years, such as 0-6 months or below 2 years, are zero-rated. However, food items which are not labelled as such, even though consumed by children under the age of 3 years, are taxable at the standard rate (for example, yoghurt, custard).

**Mixed supplies**

A “mixed supply” is the supply of a good which is marketed as a separate supply but which comprises goods that are otherwise supplied separately. The form and nature of the component parts of the supply must not have been altered for it to qualify as a mixed supply.
For more information on mixed supplies and their GST implications, please refer to our Guide to Zero-rated Goods and Services (MIRA G807).

Packaging

Where a good is sold in normal packaging used in the market for such goods, and without any extra charge for the packaging, the same rate of GST as the good applies to the packaging. For example, packaging simply to contain, promote and protect the food it contains, is considered part of the supply of the food inside it, rather than a supply in its own right, and takes the same liability as its contents.

For more information on packaging and its GST implications, please refer to our Guide to Zero-rated Goods and Services (MIRA G807).
More Information

For more information, please refer to:

- Goods and Services Tax Act
- Goods and Services Tax Regulation
- MIRA Website: [www.mira.gov.mv](http://www.mira.gov.mv)
- Input Tax Guide (MIRA G820)
- Guide to Zero-rated Goods and Services (MIRA G807)