How to complete Interim Return 2020 (MIRA 603)

This is a step-by-step guide to help you fill in the Interim Return (MIRA 603, version 20.1). Most of your questions will be answered here. If you need more help, call 1415 or send an email to 1415@mira.gov.mv

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Read the following instructions before you read the rest of the guide.

1. You are required to file interim returns for the tax year 2020 if your annualized BPT payable for the tax year 2019 was more than MVR 20,000.
2. If your annualized BPT payable for tax year 2019 was more than MVR 20,000, and you do not choose to base your interim payment on the estimated income tax payable for the year 2020, complete Section A.
3. If this is your first tax year and your estimated income tax payable for this year is more than MVR 20,000 you are required to file interim returns and make interim payments. If this is your first tax year, estimate the interim payment payable in Section B.
4. If you have reasonable grounds to believe that your income tax payable for tax year 2020 will be less than your annualized BPT payable for tax year 2019, and would like to base your interim payment on the estimated amount of income tax payable for the tax year 2020, complete Section B. You can estimate the amount of interim payment either in the first or second interim return (or in both).
5. Notwithstanding the points 1, 2 3 and 4, you are not required to make an interim payment if your total income for the year is remuneration derived solely from one employer.
6. This return must be filed online via MIRAconnect if your annual income is MVR 10 million or more.
7. If you are using the fillable version of this form, respective figures will be calculated automatically.
8. If you are filing online, Boxes in gray will be calculated once you click “Check and calculate” button.
9. Wherever the word BPT is used in the return, for banks, it means Bank Profit Tax, and for others, it means Business Profit Tax.
10. All the figures in this return must be rounded off to 2 decimal places.
How to fill in the Interim Return 2020

Before you start populating the figures, you must fill in the following information in the box at the top of the return. If you are filing online, these information will be pre-filled for you.

- **TIN (Taxpayer Identification Number):** In this box, enter the TIN as shown on the Notification of Income Tax Registration issued to you. Your return will only be accepted with the correct TIN.

- **Taxpayer Name:** In this box, enter the name of the taxpayer as shown on the Notification of Income Tax Registration issued to you. If the taxpayer name does not match with the TIN, the return will be rejected.

- **Taxpayer Type:** Tick here the applicable boxes. If you are a non-resident shipping or aircraft operator who derives income specified in 11(r) of the Income tax Act, tick that box as well either box “Individual” or “Company/Partnership/Others” as appropriate. In all other cases, tick only one box.

- **Your total income for the year is remuneration derived solely from one employer:** Tick this box, if you are an individual and your total income for the year is remuneration from one employer only. If you tick this box, you are required complete Item I only, and you may leave the rest of the form blank. You must not tick this box if:
  - you have a business registered under your name at any time during the year 2020
  - you have a business permit/operating license issued to you at any time during the year 2020
  - your employment with your employer is not registered with MIRA
  - you have had more than 1 employers at any given time during the year 2020.

**Item I: This is your:**

Specify whether this is your first or the second interim return for the year 2020.

**Item II: What is your presentation currency?**

Presentation currency is the currency in which you present your financial statements. If your functional currency (i.e. the currency of your primary economic environment) is:

- Rufiyaa, then your financial statements must be presented in Rufiyaa.
- US Dollar, then your financial statements must be presented in US Dollar.
- neither Rufiyaa nor US Dollar, then your financial statements may be presented in either Rufiyaa or US Dollar.
Item III: Your interim payment is based on:

Specify whether you are going to base interim payment on your BPT payable for tax year 2019 or on your estimate of income tax payable for the year 2020. If the year 2020 is your first tax year, you must choose (b).

If you choose (a), complete Section A ONLY.

If you choose (b), complete Section B ONLY.

Section A: INTERIM PAYMENT PAYABLE BASED ON BPT OR BANK PROFIT TAX PAYABLE FOR TAX YEAR 2019

Complete this section if your Business Profit Tax or Bank profit Tax payable for tax year 2019 was more than MVR 20,000, and you do not choose to base your interim payment on the estimated income tax payable for the tax year 2020.

Item 1: BPT payable for tax year 2019

Enter here the amount in the box labeled “Tax payable for the year” on the BPT Return for the tax year 2019. (Box I of MIRA 304, version 19.1).

Item 2: Annualized BPT payable for tax year 2019

If your accounting period in the tax year 2019 was exactly 12 months, enter here the amount in Box 1. If your accounting period in 2019 was less than 12 months, annualize the figure in Box 1 using the formula below, and enter here.

\[
\text{Box 1} \times \frac{\text{Number of days in the accounting period in tax year 2019}}{365}
\]

Item 3: Interim payment due

Calculate your interim payment due by multiplying Box 2 by 0.50.

Item 4: EWT deducted by your payer

This Item is applicable to you only if you are an individual deriving income as remuneration.

If you wish to deduct the amount of Employee Withholding Tax (EWT) deducted by your payer from the remuneration payable to you in the year 2020 up to the point of submission of this return, you can enter that amount here.
Item 5: NWT deducted by your payer

This Item is applicable to you only if you are a non-resident doing business in the Maldives through a permanent establishment.

If you wish to deduct the amount of non-resident withholding tax (NWT) deducted by your payer from the payments payable to you up to the point of submission of this return, you can enter that amount here.

Item 6: BPT paid in excess to date

If you wish to deduct the amount of BPT paid in excess, enter that amount here.

Item 7: Interim payment payable

This is the amount you must pay as your interim payment. Calculate this amount by subtracting Box 4, Box 5 and Box 6 from Box 3. If this figure is negative, enter zero.

You are required to pay this amount if the amount in Box 3 is more than MVR 10,000 or USD 648.51. If the amount in Box 3 is less than or equal to MVR 10,000 or USD 648.51, you do not have an interim payment liability.

SECTION B: ESTIMATION OF INCOME TAX PAYABLE FOR TAX YEAR 2020

Complete this section only if this is your first tax year or if you have reasonable grounds to believe that your income tax payable for the tax year 2020 will be less than your BPT payable for the tax year 2019 and would like to base your interim payment on the estimated amount of income tax payable for the tax year 2020.

Tick this box, if this is not your first year and you have reasonable grounds to believe that your income tax payable for tax year 2020 will be less than your annualized BPT payable for tax year 2019.

Complete Part 1 and Part 2 before filling in Box 8 to Box 19. Part 2 should be filled only if you are a non-resident shipping or aircraft operator.

PART 1

If you are a non-resident shipping or aircraft operator, do not include in this part the income or expenses related to income specified in Section 11(r) of the Income Tax Act, i.e. income derived by a non-resident shipping or aircraft operator in international transportation, from
carrying passengers or livestock or mail or parcels or merchandise or goods on an aircraft or a ship which departs from a place located in the Maldives.

**Taxable income from business (before common deductions and loss relief)**

**Item 20: Business income**

Enter the total amount of revenue that you expect to earn from your business activities during the accounting period, excluding rental income from immovable property.

**Item 21: Rental income from immovable property**

Enter the total amount of rental income that you expect to earn from immovable property.

**Item 22: Total business income**

This is the sum of Boxes 20 and 21.

**Allowable deductions**

**Item 23: Allowable deductions**

In this box, enter the total amount of deductions expected for the year that are related to your business activities. This figure may include your contributions to Maldives Retirement Pension Scheme (MRPS) as an employer and Zakat al-mal paid by the business. Do not include any deductions related to rental income from immovable property if you write any amount in Box 24.

**Item 24: Deduction from rental income from immovable property**

If you expect to claim deductions under Section 28 of the Income Tax Act, enter an amount equal to 20% of the amount in Box 21. If you do not expect to earn any rental income from immovable property or if you do not wish to claim a deduction under Section 28, leave this box blank.

You can choose to deduct 20% from your rental income (the option given under Section 28 of the Act), only if you are preparing financial statements on cash basis.

**Item 25: Total allowable deductions**

This is the sum of Boxes 23 and 24.
Item 26: Taxable income from business before common deductions and loss relief

Calculate this figure by subtracting Box 25 from Box 22. Enter an amount here only if this figure is positive or zero. If the figure is negative enter the amount in Box 27.

Item 27: Loss from business

Refer to Item 26 above.

If the resulting figure from subtracting Box 25 from Box 22 is negative, enter that figure here.

**Taxable income from remuneration (before common deductions)**

*Items 28 to 33 applies to individuals who derives income as remuneration*

Item 28: Remuneration

In this box, enter the total remuneration (inclusive of pension contribution made to MRPS from your remuneration) that you expect to receive during the tax year 2020. This includes salary, wages, allowances and benefits derived by you as an employee or director or partner as consideration for services you render, and includes any compensation for loss of employment or service, restrictive covenant payment, and entry or exit inducement payment.

Item 29: Pension contributions made as an employee to MRPS

In this box, enter the amount of pension contributions expected to be made as an employee to MRPS. Do not include here any pension contributions made by you as an employer or on behalf of your employees.

Item 30: Special clothing required for work

In this box, enter the expected amount of total cost of special clothing required for work, which are specifically designed to be worn at work and not suitable to be worn outside of work. You may refer to section 32 (b)(3) of the Income Tax Act for further details.

Item 31: Cost of trainings, costs directly related to employment and costs contributing to employment promotions

In this box, enter the expected total cost of trainings which directly relates to your employment and expected costs directly related to the performance of your employment or directly contributing your employment promotion opportunities. You may refer to section 32 (b)(5) of the Income Tax Act for further details.
**Item 32: Necessary expenses for the performance of employment duties**

In this box, enter the expected amount of necessary expenditure that you would incur for the performance of your employment duties. You may refer to section 32 (b)(6) of the Income Tax Act for further details.

**Item 33: Taxable remuneration**

Calculate this figure by subtracting Box 29, Box 30, Box 31 and Box 32 from Box 28. If this figure is negative, enter zero.

**Taxable capital gains (before common deductions and capital loss relief)**

**Item 34: Capital gains derived**

Capital gain is the amounts derived from the disposal of movable, immovable, intellectual or intangible property in respect of which a deduction for capital allowance is not allowed under the Income Tax Act. If the amount by which the consideration received on disposal of the property exceeds the cost base of the property at the time of its disposal then it is a gain. Where the cost base of the property exceeds the consideration received on disposal of that property, the excess amount would be a capital loss.

In this box, enter the amount of capital gain that you expect to derive during the tax year 2020. You may refer to the section 30 of Income Tax Act and chapter 13 of Income Tax Regulation for further details on capital gain calculation.

**Item 35: Capital loss incurred**

In this box, enter the amount of capital loss that you expect to incur during the tax year 2020. You may refer to section 30 of Income Tax Act and chapter 13 of Income Tax Regulation for further details on capital loss calculation.

**Item 36: Taxable capital gains**

Calculate this figure by subtracting Box 35 from Box 34. Capital loss incurred in a given year can be deducted up to the amount of capital gain available in that year. Any remaining capital loss may be carried forward in accordance with the Income Tax Act and Income Tax Regulation.

If this figure is negative enter in box 37.

**Item 37: Capital loss available to carry forward**
See Item 36 above.

If the figure you get by subtracting the Box 35 from box 34 is negative, enter that figure here.

**Taxable income from gifts and other income (before common deductions)**

**Item 38: Gross amount of gifts and other income derived**

This Item is only applicable to individuals.

For purpose of Income Tax, “gift” means anything transferred by an individual, the government, or approved charity to another individual on own free will, in the form of money or otherwise, without any consideration.

Enter the value of the gifts expected to be received during the tax year.

Gifts received as below are exempt from Income Tax under the section 12(o) of the Income Tax Act, hence do not include amounts relating to below.

- Gifts received by an individual (up to a maximum of MVR 40,000/- (forty thousand) Rufiyaa per an accounting period)
- Gifts received from a related individual
- Wedding gift [gifts received, on not more than 30 days before the date of marriage and not more than 30 days after the date of marriage, to the person getting married]
- Gifts received from the government
- Gifts received from a charitable organization approved by the Commissioner General

**Item 39: Taxable income from gifts and other income**

Since, except for the common deductions, there are no deductions allowed for gifts, enter here the figure in Box 38.

**Item 40: Total taxable income before common deductions and loss relief**

This is the sum of Boxes 26, 33, 36 and 39.

**Common Deductions**

**Item 41: Taxable income excluding taxable income from business before common deductions and loss relief**

This is the sum of Boxes 33, 36 and 39.
Item 42: Zakat al-mal (excluding that paid by the business)
Fill in this box only if you are an individual.
Enter here, the expected amount of Zakat al-mal during the tax year, which is not related to your business.

Item 43: Zakat al-mal deductible (excluding that paid by the business)
In this box, enter the amount in Box 41 or Box 42, whichever is lower.

Item 44: Taxable income before donations and loss relief
Subtract Box 43 from Box 40 and enter in this box.

Item 45: Donations made to State institutions and approved charitable organizations.
In this box, enter the expected amount of donation to state institutions and charitable organizations approved by Commissioner General. List of approved charitable organization can be retrieved from MIRA’s website.

Item 46: 5% of taxable income before donations and loss relief
Calculate this figure by multiplying Box 44 by 0.05.

Item 47: Allowable donations
In this box, enter the amount in Box 45 or Box 46, whichever is lower.

Item 48: Taxable income before loss relief
To compute this figure, subtract Box 47 from Box 44.

Loss relief

Item 49: Capital loss carried forward from previous tax year
In this box, enter the amount of capital loss carried forward from previous tax year(s). You may refer to section 34 of Income Tax Act for further details. Capital loss carried forward from previous tax year(s) can be set off from the remaining capital gain after deducting the capital loss made in that year [that is, from net capital gain for the year, up to the net amount].
**Item 50: Capital loss deductible**

In this box, enter the amount in Box 36 or Box 41 or Box 49, whichever is the lowest.

**Item 51: Business loss carried forward from previous tax year**

In this box, enter the amount of business loss carried forward from previous tax year(s). You may refer to the section 33 of Income Tax Act for further details.

**Item 52: Business loss deductible**

In this box, enter here the amount in Box 26 or Box 48 minus Box 50 or Box 51, whichever is the lowest.

**Item 53: Taxable income for the year**

To compute taxable income for the year, subtract Box 50 and Box 52 from Box 48.

1. **Tax liability computation for banks (To be filled by banks only)**

Fill in this part only if you are a bank. Otherwise go to 2.

**Item 54: Tax liability for the year**

To compute tax liability for the year, multiply Box 53 by 0.25.

2. **Tax liability computation for persons other than banks and individuals**

Leave Item 55 to Item 58 blank, if you are a bank or an individual.

**Item 55: Size of the tax bracket available at 0%**

If your accounting period in the tax year 2020 would be exactly 12 months and that you would not be a company in a group of companies in the tax year 2020 this figure would be MVR 500,000 (USD 32,425.42).

To determine whether you are a company in a group of companies, please refer to the section 102-1 of the Income Tax Regulation.
If your accounting period for in the tax year 2020 would be shorter than 12 months, or you are a company in a group of companies, use the formulae below to calculate size of the tax bracket available to be taxed at 0%.

**Note 2:**
Tax-free threshold must be calculated as follows:

\[
\frac{\text{Number of days in the accounting period}}{365} \times \frac{\text{MVR 500,000 or USD 32,425.42}}{A+1}
\]

If you are a company in a group of companies, A is the number of subsidiaries in the group which are subject to income tax. If not, A is 0 (zero).

**Item 56: Amount subject to tax at 0%**
In this box, enter the amount in Box 53 or Box 55, whichever is lower.

**Item 57: Amount subject to tax at 15%**
To compute the figure, subtract Box 55 from Box 53. If the figure is negative, enter zero here.

**Item 58: Tax liability for the year**
To compute tax liability for the year, multiply, Box 57 by 0.15.

**3. Tax liability computation for Individuals**
Complete Item 59 only if you are an individual.

**Item 59: Taxable income**
Enter the figure in Box 53 here.

**Item 60 - Item 69: Tax liability for the year**
Use the formula below to compute figures for Item 60 to Item 69.
Divide the taxable income in Box 53 using the formulas above, filling each tax bracket starting from the bracket taxed at 0%, in that order.

Amounts entered for each tax bracket must not exceed the size of the bracket available.

**Item 70: Total tax liability for the year**

This is sum of Box 61, Box 63, Box 65, Box 67 and Box 69.
Example 1

Ali, an individual who started his business on 1 March 2020 has 306 days in his accounting year out of 365 days. Below is the computation of size of his tax brackets available for him.

A. Size of tax bracket available at 0% \[ = \frac{306}{365} \times 720,000 = 603,616.44 \]

B. Size of tax bracket available at 5.5% \[ = \frac{306}{365} \times 480,000 = 402,410.96 \]

C. Size of tax bracket available at 8% \[ = \frac{306}{365} \times 600,000 = 503,013.70 \]

D. Size of tax bracket available at 12% \[ = \frac{306}{365} \times 600,000 = 503,013.70 \]

Assuming his taxable income for the year (amount in Box 53) is MVR 4,900,000, below is how he will divide his taxable income to available tax brackets.

Here is how amount subject to tax at 15% is calculated.
\[ E = 4,900,000.00 - (603,616.44 + 402,410.96 + 503,013.70 + 503,013.70) \]
\[ = 2,887,945.20 \]

PART 2

This part applies only to the non-resident deriving income specified in 11(r) of the Income tax Act.

Complete this part if you are a non-resident shipping or aircraft operator in international transportation deriving income from carrying passengers, livestock, mail, parcels, merchandise or goods (income specified in Section 11(r) of the Income Tax Act).
**Gross Income**

**Item 71: Total amount of income derived as under section 11(r) of the Income Tax Act**

In this box, include any income derived by you as a non-resident shipping or aircraft operator in international transportation, from carrying passengers or livestock or mail or parcels or merchandise or goods on an aircraft or a ship which departs from a place located in the Maldives.

**Item 72: Tax liability for the year**

To compute this figure, multiply Box 71 by 0.02. This is the tax liability from income 11(r) of Income tax Act.

Now, go to Item 8 on page 2.

**COMPUTATION OF INTERIM PAYMENT PAYABLE**

**Item 8: Total tax liability**

If you are a bank, enter the figure in Box 54.

If you are a person other than a bank or individual, enter the figure in Box 58.

If you are an individual enter figure in Box 70.

**Item 9: Foreign tax credit**

If you are a non-resident, enter zero here.

Enter the amount of credit that you expect to claim during the tax year 2020 as a foreign tax credit. For more information on foreign tax credit, please refer the section 72 of Income Tax Act and chapter 15 of the Income Tax Regulation.

**Item 10: EWT to be deducted by your payer**

This Item applies to you only if you are an individual deriving income as remuneration.

If you wish to deduct the amount of employee withholding tax (EWT) that you expect your payer to deduct after this return is submitted, from your remuneration, you can enter that amount here.

**Item 11: NWT to be deducted by your payer**

This item applies to you only if you are a non-resident doing business in the Maldives through a permanent establishment (PE).
If you wish to deduct the amount of non-resident withholding tax (NWT) that you expect your payer to deduct from the payments payable to you after this return is submitted, you can enter that amount here.

**Item 12: Tax payable (exclusive of tax payable on income specified in Section 11(r) of the Income Tax Act)**

To compute this figure, subtract Box 9, Box 10 and Box 11 from Box 8. If this figure is negative, enter zero.

**Item 13: Tax payable for income specified in Section 11(r) of the Income Tax Act**

In this box, enter the amount in Box 72.

**Item 14: Total tax payable for the year**

This is sum of Box 12 and Box 13.

**Item 15: Interim payment due**

To compute Interim payment, multiply Box 14 by 0.50.

**Item 16: EWT deducted by your payer**

This Item applies to you only if you are an individual deriving income as remuneration.

If you wish to deduct the amount of Employee Withholding Tax (EWT) deducted by your payer from the remuneration payable to you in the year 2020 up to the point of submission of this return, you can enter that amount here.

**Item 17: NWT deducted by your payer**

This item applies to you only if you are a non-resident doing business in the Maldives through a permanent establishment (PE).

If you wish to deduct the amount of non-resident withholding tax (NWT) deducted by your payer from your income in the year 2020 up to the point of submission of this return, you can enter that amount here.

**Item 18: BPT paid in excess to date**

Enter zero if this is your first tax year.

If this is not your first tax year, you can enter the amount paid in excess as BPT to date.
Item 19: Interim payment payable

This is the amount you must pay as your interim payment. Calculate the interim payment payable by subtracting Box 16, Box 17 and Box 18 from Box 15. You are required to pay this amount only if it is positive and the amount in Box 15 is more than MVR 10,000 or USD 648.51. If the amount in Box 15 is less than or equal to MVR 10,000 or USD 648.51, you do not have an interim payment liability.

Declaration

If you are given discretion to file the return over the counter, you are required to complete this part.

Once the return is completed, you must sign the declaration, declaring that the information given on the return is true and correct and that you are authorized to sign the return.

If you are a company, the declaration must be signed by the managing director or an authorized signatory of the company registered with MIRA. If you are a partnership, it must be signed by the managing partner or an authorized signatory of the partnership registered with MIRA. If you are an individual, it must be signed by the legal owner of the business or an authorized signatory registered with MIRA. Companies, partnerships, cooperative societies and other legal entities must stamp their official seal in the relevant box.

If there are any issues with the return, we will contact the person who has signed the declaration.

For Office Use Only

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