



*Unofficial translation of the*

## **GOODS AND SERVICES TAX ACT**

**10/2011**

---

*In accordance with Article 92 of the Constitution, the “Goods and Services Tax Bill” passed in the 34<sup>th</sup> sitting of the 2<sup>nd</sup> session of the People’s Majlis held on Monday the 29<sup>th</sup> of August 2011, has become law and has been published in the Government Gazette upon its ratification by the President on Friday the 2<sup>nd</sup> of September 2011 (4 Shawwal 1432).*

**DISCLAIMER OF LIABILITY**

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

# TABLE OF CONTENTS

CHAPTER 1: PRELIMINARY .....	5
1. Introduction and citation .....	5
CHAPTER 2: INTERPRETATION.....	5
2. GST .....	5
3. Goods.....	5
4. Services .....	5
5. Consideration .....	5
6. Exempt goods and services .....	6
7. Zero-rated goods and services .....	6
8. Input tax .....	6
9. Output tax .....	6
10. Accounting basis .....	6
11. Registered person.....	7
CHAPTER 3: IMPOSITION OF GST .....	7
12. Obligation to charge GST.....	7
13. Taxable activity.....	7
14. Categories of GST.....	7
15. Tourism goods and services .....	8
16. General goods and services tax.....	9
17. Time of supply.....	9
18. Purpose of determining the time of supply .....	9
19. Value of supply .....	10
CHAPTER 4: EXEMPT GOODS AND SERVICES .....	10
20. Exempt goods and services .....	10
21. Consequence of exemption from GST.....	11
CHAPTER 5: ZERO-RATED GOODS AND SERVICES.....	12
22. Zero-rated goods and services .....	12
23. Consequence of zero-rating.....	12

CHAPTER 6: TAXABLE PERIOD.....	12
24. Taxable period.....	12
25. Alignment of taxable period.....	13
26. Notification upon occurrence of certain events.....	13
CHAPTER 7: TAX RETURN .....	13
27. Tax return.....	13
28. Deadline for filing the tax return .....	14
29. Information required on the tax return.....	14
30. Person preparing tax returns.....	14
31. Payment of tax together with the submission of tax return.....	14
32. Tax paid in excess.....	15
33. Tax payable as debt.....	15
CHAPTER 8: ACCOUNTING BASIS.....	15
34. Accounting basis .....	15
35. Documents required to be submitted upon change of accounting basis .....	16
36. Deductions .....	16
37. Setting off input tax against output tax .....	17
38. Disputed amounts.....	17
39. Money received by way of reimbursement, judgment, award or agreement.....	17
40. Discrepancies in the calculation.....	17
CHAPTER 9: TAX INVOICE.....	18
41. Issuing the tax invoice.....	18
42. Particulars required on a tax invoice.....	18
43. Issuing a receipt instead of a tax invoice .....	18
44. Credit note.....	19
45. Debit note .....	19
46. Dealing with credit notes and debit notes when accounting for tax .....	20
47. Issuing replicas.....	20
48. Record keeping.....	20
49. Supply of a good or service to more than one person .....	20
50. Requirement not to prepare more than one document for a single transaction .....	21

CHAPTER 10: REGISTRATION .....	21
51. Obligation to register .....	21
52. Commencement of collection of tax .....	22
53. Voluntary registration .....	22
54. Application to register .....	22
55. Application to terminate registration .....	22
56. Persons required to register .....	23
57. Conducting trade or providing services without registration .....	24
58. Request for removal from the register .....	24
59. Notification of changes to registration related information .....	24
CHAPTER 11: MISCELLANEOUS PROVISIONS .....	25
60. This Act to be read together with the Tax Administration Act .....	25
61. Public holidays .....	25
62. Currency for payment of tax .....	25
63. Amendment of tax returns .....	25
64. Commencement of this Act .....	25
65. Repealed laws .....	25
66. Schedule .....	26
67. Making regulations and administration .....	26
68. Definitions .....	26
SCHEDULE 1: ZERO-RATED ESSENTIAL GOODS .....	28

# GOODS AND SERVICES TAX ACT

## CHAPTER 1: PRELIMINARY

### 1. Introduction and citation

- (a) This Act contains the provisions for the imposition of “Goods and Services Tax” in accordance with this Act, on the value of goods sold and services supplied in the Maldives.
- (b) This Act shall be cited as the “Goods and Services Tax Act”.

## CHAPTER 2: INTERPRETATION

### 2. GST

For the purpose of this Act, GST refers to the Goods and Services Tax imposed under this Act on the value of goods sold and services supplied in the Maldives. The term “GST” hereinafter referred to in this Act shall refer to the Goods and Services Tax.

### 3. Goods

- (a) For the purpose of this Act, goods refer to the goods sold by a business conducted in the Maldives.
- (b) The definition specified in subsection (a) shall not include the following goods:
  - (1) Chose in action;
  - (2) Immovable property;
  - (3) Money.

### 4. Services

For the purpose of this Act, services refer to anything which is not goods.

### 5. Consideration

Consideration, in relation to a good purchased or service obtained by a person, refers to the payment made or any act or forbearance in respect of obtaining that good or service, whether by that person or by another person on his behalf.

## **6. Exempt goods and services**

Exempt goods and services refer to the goods and services exempted from GST in accordance with the provisions of this Act.

## **7. Zero-rated goods and services**

Zero-rated goods and services refer to the goods and services charged at the rate of 0% (zero per cent) in accordance with the provisions of this Act.

## **8. Input tax**

Input tax, in relation to a transaction between two registered persons, refers to the tax payable under this Act by the recipient of the good or service to the supplier of the good or service.

## **9. Output tax**

Output tax refers to the tax chargeable under this Act on the recipient of a good or service supplied by a registered person.

## **10. Accounting basis**

Accounting basis refers to the basis on which the tax collected pursuant to this Act shall be accounted for to the MIRA. Accounting bases include the invoice basis, payment basis and hybrid basis.

- (a) Invoice basis refers to the basis where output tax payable to the MIRA by a registered person under this Act is accounted for based on tax invoices issued by the registered person, and input tax to be claimed from the MIRA is accounted for based on tax invoices received by the registered person.
- (b) Payment basis refers to the basis where output tax payable to the MIRA by a registered person under this Act is accounted for based on payments received by the registered person, and input tax to be claimed from the MIRA is accounted for based on payments made by the registered person.
- (c) Hybrid basis refers to the basis where output tax payable to the MIRA by a registered person under this Act is accounted for based on tax invoices issued by the registered person, and input tax to be claimed from the MIRA is accounted for based on payments made by the registered person.

## **11. Registered person**

Registered person refers to persons required to be registered with the MIRA under this Act, and persons that register voluntarily with the MIRA in accordance with Section 53 of this Act.

## **CHAPTER 3: IMPOSITION OF GST**

## **12. Obligation to charge GST**

This Act requires the collection and payment of GST from the date of commencement of this Act, in the manner and extent prescribed in Sections 15 and 16 of this Act, on the value of goods sold and services supplied in the Maldives within the charge to tax.

## **13. Taxable activity**

- (a) For the purpose of this Act, taxable activity refers to any business conducted continuously or permanently for the supply of a good or service.
- (b) Notwithstanding subsection (a), the following activities shall not be considered as taxable activities:
  - (1) Employment or work undertaken for a salary or wage under an employment contract;
  - (2) Employment or work undertaken by a State employee;
  - (3) Employment or work undertaken as a member of the board of directors of a company;
  - (4) Exempt goods and services specified in Section 20 of this Act.

## **14. Categories of GST**

Tax chargeable under this Act shall be categorized into the following two major categories:

- (a) Tourism goods and services tax;
- (b) General goods and services tax.

## 15. Tourism goods and services

- (a) The following goods and services shall be considered as the tourism goods and services:
- (1) Goods sold and services supplied by tourist resorts, tourist hotels, guest houses, picnic islands, tourist vessels and yacht marinas authorized by the Tourism Ministry;
  - (2) Goods sold and services supplied by diving schools, shops, spas, water sports facilities and other such facilities being operated at the establishments specified in subsection (a)(1);
  - (3) Goods sold and services supplied by travel agency service providers authorized by the Tourism Ministry;
  - (4) Goods sold and services supplied to foreign tourist vessels entering the Maldives by their agents;
  - (5) Goods sold and services supplied by domestic air transportation service providers.
- (b) Goods and services specified in subsection (a) shall be taxed for the following periods at the following rates:
- (1) 3.5% (three point five per cent) from the date of commencement of this Act to 31 December 2011;
  - (2) 6% (six per cent) from 1 January 2012 to 31 December 2012;
  - (3) 8% (eight per cent) from 1 January 2013 onwards.
- (c) If a tourist vessel is chartered for a specific period, tax on that transaction shall be calculated based on the value of the charter.
- (d) If whole or part of, or specific rooms or a specific bungalow or room of a tourist resort or tourist hotel or tourist guest house or picnic island has been supplied for a certain period at a certain price, tax on that transaction shall be calculated based the total value of the transaction.
- (e) The Commissioner General shall have the authority to determine the necessary administrative procedures in relation to the changes in tax rates within the periods specified in subsection (b), in the Regulation formulated pursuant to this Act.

## **16. General goods and services tax**

Goods and services other than those specified in Section 15 of this Act shall be taxed for the following periods at the following rates:

- (a) 3.5% (three point five per cent) from the date of commencement of this Act to 31 December 2011;
- (b) 6% (six per cent) from 1 January 2012 onwards.

## **17. Time of supply**

(a) For the purpose of this Act, unless otherwise specified in this Section, the time of supply of a good or service refers to whichever occurs earlier of the following:

- (1) The time at which a tax invoice for such good or service is issued;
- (2) The time at which the recipient of such good or service makes full or partial payment.

(b) Notwithstanding subsection (a), where payment for a good being sold or service being supplied has been agreed to be made within a stipulated period under an installment agreement, each installment paid accordingly shall be regarded as a separate taxable transaction. The time of supply in relation to any such transaction shall be deemed to be the time the installment payment was received, or the time the installment payment would otherwise fall due, whichever is earlier.

(c) Time of supply of a good sold or service supplied in relation to the following types of taxable activities shall be determined in accordance with the Regulation made pursuant to this Section of this Act:

- (1) Goods sold and services supplied to related parties;
- (2) Goods and services supplied by means of a machine or meter or any other device operated by coins or tokens;
- (3) Goods and services the consideration for which is received through a voucher or other such thing;
- (4) Goods and services the consideration for which is received through points gained from a loyalty scheme.

## **18. Purpose of determining the time of supply**

The purpose of specifying the time of supply of a good sold or service supplied in Section 17 of this Act is to determine the taxable period under Section 24 of this Act during which the supplier of the good or service is required to account to the MIRA for tax paid by the recipient of the good or service.

## **19. Value of supply**

For the purpose of imposing tax under this Act, the value of a good sold or service supplied shall be the value calculated in the following manner:

- (a) Where the consideration for the good sold or service supplied is in money, the value of that good or service shall be such amount as, with the addition of the tax charged, is equal to the amount of the money.
- (b) Where the consideration for the good sold or service supplied is not in money, the value of that good or service shall be such amount as, with the addition of the tax charged, is equal to the market value of that consideration.
- (c) Where a good is sold or service is supplied under a credit contract, the value of that good or service shall be such amount as, with the addition of the tax charged, is equal to the price the supplier would have charged if the recipient of the supply had paid in full at the time that the credit contract was entered into.
- (d) Value of supply of a good sold or service supplied in relation to the following types of taxable activities shall be determined in accordance with the Regulation made pursuant to this Section of this Act:
  - (1) Goods sold and services supplied to related parties;
  - (2) Goods and services supplied by means of a machine or meter or any other device operated by coins or tokens;
  - (3) Goods and services the consideration for which is received through a voucher or other such thing;
  - (4) Goods and services the consideration for which is received through points gained from a loyalty scheme.

## **CHAPTER 4: EXEMPT GOODS AND SERVICES**

### **20. Exempt goods and services**

The following goods and services shall be exempt from tax under this Act.

- (a) Electricity services provided by an electricity service provider registered with the relevant Government authority or State institution;
- (b) Water facilities provided by a water supplier registered with the relevant Government authority or State institution;
- (c) Communication services provided by a communication service provider registered with the relevant Government authority or State institution;

- (d) Sewerage facilities provided by a sewerage supplier registered with the relevant Government authority or State institution;
- (e) Education provided by an educational institution registered with the relevant Government authority or State institution;
- (f) Health services provided by a health service provider registered with the relevant Government authority or State institution;
- (g) Services specified in the Regulation made pursuant to this Act, that facilitate and are essential for the provision of services specified in subsections (a) to (f);
- (h) Drugs authorized for sale by the relevant Government authority, and medical devices stipulated in the Regulation made pursuant to this Act, that are supplied by a pharmacy registered with the relevant Government authority or State institution;
- (i) Sale of goods received as donations or gifts by a non-profit body or association registered with the relevant Government authority or State institution;
- (j) Financial services stipulated in the Regulation made pursuant to this Act;
- (k) Rent earned from lease of immovable property;
- (l) International passenger transportation services;
- (m) Goods and services sold to persons exempted from GST by another Act;
- (n) Payments collected as fines.

## **21. Consequence of exemption from GST**

Exemption from GST shall have the following consequences:

- (a) Tax shall not be charged on the goods and services specified in Section 20 of this Act;
- (b) A registered person supplying a good or service specified in Sections 20(a) to (m) of this Act shall not claim from the MIRA tax paid to other registered persons, if any, in the course of business.
- (c) A tax invoice shall not be issued in relation to a good or service specified in Section 20 of this Act and, if an invoice is issued in relation to such good or service, it shall not include any GST.

## CHAPTER 5: ZERO-RATED GOODS AND SERVICES

### 22. Zero-rated goods and services

GST on the following goods and services shall be charged at the rate of 0% (zero per cent):

- (a) Essential goods specified in Schedule 1;
- (b) Goods and services exported from the Maldives;
- (c) Sale of a going concern.

### 23. Consequence of zero-rating

Zero-rating of goods and services specified in Section 22 of this Act shall have the following consequences:

- (a) The recipient of such good or service shall not be required to pay tax in relation to such transaction;
- (b) A registered person supplying such good or service may claim from the MIRA tax paid to other registered persons, if any, in the course of business.

## CHAPTER 6: TAXABLE PERIOD

### 24. Taxable period

- (a) Taxable period of registered persons shall be determined as follows:
  - (1) Every 3 (three) months, if the total value of goods and services supplied by a registered person is less than MVR 1,000,000 (One Million Rufiyaa) per month;
  - (2) Every month, if the total value of goods and services supplied by a registered person is more than MVR 1,000,000 (One Million Rufiyaa) per month.
- (b) Notwithstanding subsection (1), this Act does not prohibit a person within the category specified in that Section to choose a monthly taxable period with the approval of the Commissioner General.
- (c) Unless expressly specified otherwise in this Act, a taxable period shall end on the last day of a Gregorian month.

## **25. Alignment of taxable period**

The Commissioner General shall have the authority to align the end of the last taxable period for the year of a registered person with the end of the financial year of such person where the end of such taxable period under this Act and the end of the financial year does not coincide.

## **26. Notification upon occurrence of certain events**

- (a) Upon occurrence of one of the following events prior to the end of a taxable period, the Commissioner General shall be notified of the event within 30 (thirty) days of such occurrence:
- (1) Death of the registered person;
  - (2) Bankruptcy of the registered person;
  - (3) If the registered person is a company, the company resolves to wind up, or files an application in court to wind up;
  - (4) Declaration of the registered person's inability to settle its debts, either by itself or under a law;
  - (5) Transfer of the registered person's business to another person in accordance with the law, or merging that business with another person's business;
  - (6) Cessation of the business of the registered person for any reason.
- (b) Upon occurrence of an event specified in subsection (a), the end date of the taxable period shall be deemed to be the date on which such event occurred.
- (c) The MIRA shall have the authority to stipulate in the Regulation made pursuant to this Act the persons responsible for notifying the MIRA of the occurrence of an event specified in subsection (a).

## **CHAPTER 7: TAX RETURN**

### **27. Tax return**

Registered persons shall file a tax return with the MIRA in accordance with the Regulation made pursuant to this Act, prepared after calculating the amount of tax payable to the MIRA for each taxable period in accordance with this Act and the Regulation.

## **28. Deadline for filing the tax return**

- (a) A tax return required to be filed under Section 27 of this Act shall be filed on or before:
- (1) the 28<sup>th</sup> day of the month following the end of the taxable period;
  - (2) the date determined by the Commissioner General where the Commissioner General has decided to postpone the deadline for submission of tax returns due to any reasonable ground.
- (b) In the event that a registered person passes away or ceases to carry on his business, the part of the tax return for the taxable period up until the occurrence of such event shall be filed by the person legally obliged to do so, on or before the 28<sup>th</sup> day of the Gregorian month following the end of such taxable period.

## **29. Information required on the tax return**

Tax returns filed by registered persons shall contain the following particulars in accordance with a format determined by the Commissioner General:

- (a) Name of the registered person;
- (b) Taxpayer Identification Number (TIN);
- (c) Taxable period;
- (d) Total value of goods and services supplied by that person;
- (e) Deductions, if any, under Section 36 of this Act;
- (f) The amount of output tax payable;
- (g) The amount of input tax allowed to be deducted;
- (h) The amount of tax payable to the MIRA, after adjustments;
- (i) Any other information determined in the Regulation made pursuant to this Act.

## **30. Person preparing tax returns**

Unless proven otherwise, it shall be presumed that tax returns filed under this Act in the name of a registered person were prepared by that person or with that person's authorization.

## **31. Payment of tax together with the submission of tax return**

Registered persons shall calculate tax payable in respect of each taxable period in accordance with this Act and pay such tax to the MIRA on or before the deadline for filing the tax return for that taxable period in accordance with this Act.

### **32. Tax paid in excess**

- (a) If tax is paid to the MIRA in excess of the required amount, registered persons may apply to the MIRA to claim from the MIRA such excess amount paid.
- (b) The MIRA, upon receiving an application specified in subsection (a), may determine either of the following:
  - (1) Refund the amount if there are no amounts payable to the MIRA by the registered person; or
  - (2) Set-off the amount against the GST payable by the registered person in subsequent taxable periods.

### **33. Tax payable as debt**

Amounts payable under this Act as GST, from the time that it falls due until it is paid to the MIRA, shall be construed as debt owed to the State. The MIRA shall have the authority to recover such amounts as debt owed to the State in accordance with the provisions of the Tax Administration Act.

## **CHAPTER 8: ACCOUNTING BASIS**

### **34. Accounting basis**

- (a) Unless specified otherwise in this Act, the basis of accounting for tax shall be the invoice basis.
- (b) Notwithstanding subsection (a), upon a written request from a registered person to the Commissioner General, and if that person satisfies the conditions in subsection (c), that person may be granted with the approval to account for tax based on any of the following bases:
  - (1) Payments basis;
  - (2) Hybrid basis.
- (c) Approval to account for tax payable under this Act on a basis other than the invoice basis may be granted provided any of the following conditions is met:
  - (1) The registered person is a local council or government administration; or
  - (2) The registered person does not supply services for profit; or
  - (3) The registered person's annual taxable sales do not exceed MVR 2,000,000 (Two Million Rufiyaa).

### **35. Documents required to be submitted upon change of accounting basis**

- (a) Where the accounting basis of a registered person has been changed, information specified in the Regulation made pursuant to this Act shall be submitted to the MIRA in accordance with a format specified in that Regulation.
- (b) Information required to be submitted in accordance with subsection (a) shall be submitted before the deadline for submission of the tax return for the taxable period during which the person was required to change the accounting basis or permission to change the accounting basis was granted.

### **36. Deductions**

- (a) If the total value of a taxable service includes the tax levied under the Maldives Tourism Act (Law Number 2/99), the amount of such tax shall be deducted from the value of the service.
- (b) If the business of the registered person is conducted by using goods and services obtained from another registered person, tax in relation to that business shall be paid to the MIRA after having deducted input tax which is payable to the registered person who supplied such goods or services.
- (c)
  - (1) If the value of a good or service supplied by a registered person has been written off as irrecoverable debt from the books in a manner determined by the Commissioner General, the tax on such amount may be deducted from the output tax payable by that person.
  - (2) If any amount deducted in accordance with subsection 36(c)(1) is recovered by the registered person, whether in whole or in part, the tax on such amount shall be included in the tax return for the period in which that amount was recovered, and tax on such amount shall be paid.
  - (3) Where the registered person has conducted a transaction on credit and deducted input tax in relation to that transaction, and if the debt has not been settled in full or in part by the due date, the tax on such amount shall be included in the tax return for that period, and tax on such amount shall be paid.
  - (4) If the registered person has paid tax in accordance with subsection (c)(3), and if the debt is settled in full or in part, the tax on such amount shall be included in the tax return for the period in which that payment was made, and tax on such amount shall be deducted from the output tax payable by that person.

### **37. Setting off input tax against output tax**

- (a) A registered person may set off an amount authorized by this Act as input tax against the output tax payable in a taxable period, in the tax returns submitted in accordance with Section 27 of this Act.
- (b) If a registered person has obtained a good or service for the purpose of carrying on a taxable activity, the amount of input tax paid for such good or service may be set off in full against the output tax.
- (c) Notwithstanding subsections (a) and (b), input tax paid in relation to an exempt good or service specified in Section 20 of this Act shall not be set off against the output tax.
- (d) If a tax invoice has not been issued pursuant to Section 41 of this Act to a person who purchased goods or obtained services from a registered person, input tax in relation to such goods or services shall not be set off against the output tax under this Section.
- (e) This Section does not prohibit the set off of an amount deductible under this Act as input tax which has not been set off when the tax return for that taxable period was submitted, within 12 (twelve) months from the date during which such input tax ought to have been set off.

### **38. Disputed amounts**

If a dispute in respect of the value of a good sold or service supplied by a registered person has arisen between the registered person and the purchaser of that good or the recipient of that service, the amount in dispute shall be evident from a debit note or credit note. If the tax due for such a transaction has been accounted for by the time the dispute is settled, necessary adjustments to the amount of tax paid shall be made in the subsequent taxable period.

### **39. Money received by way of reimbursement, judgment, award or agreement**

If money received by way of a reimbursement, judgment of a court, arbitral award or out-of-court settlement, by a registered person in relation to a good sold or service supplied by him, includes amounts which are subject to tax in accordance with this Act, the person shall pay tax in relation to such amounts.

### **40. Discrepancies in the calculation**

If the Commissioner General finds any discrepancies in the tax payable by a registered person in respect of an assessment of tax payable by such person, where the variance is an outstanding amount, it shall be considered as tax payable by such person. Where the

variance is an excess payment, the Commissioner General shall allow the registered person to deduct such amount from the tax payable in the subsequent taxable period.

## CHAPTER 9: TAX INVOICE

### 41. Issuing the tax invoice

- (a) Where a registered person sells a good or supplies a service to another registered person, a tax invoice shall be issued within 28 (twenty eight) days, upon requests by the purchaser of such good or the recipient of such service.
- (b) Only one invoice shall be issued for each transaction in accordance with subsection (a).

### 42. Particulars required on a tax invoice

- (a) Unless otherwise specified in this Act, tax invoices issued by a registered person shall include the following particulars:
  - (1) "Tax Invoice" must be written in a prominent manner;
  - (2) Name, address and TIN of the seller of goods or supplier of services;
  - (3) Name, address and TIN of the purchaser of goods or recipient of services;
  - (4) Invoice number;
  - (5) Date of issue;
  - (6) Quantity and details of the goods sold or details of the services supplied;
  - (7) The value of the goods or services, excluding the amount of tax charged;
  - (8) Tax charged on the goods or services;
  - (9) The total value of the good or service inclusive of tax or, if the amount of tax has been included in the price of the good or service, a statement to such effect.
- (b) If the tax-inclusive value of the good sold or service supplied by a registered person is lower than MVR 5,000 (Five Thousand Rufiyaa), this Section does not prohibit the issuance of a tax invoice without the information specified in subsection (3).

### 43. Issuing a receipt instead of a tax invoice

A registered person shall have the discretion to issue a receipt instead of a tax invoice in relation to goods sold or services supplied, where the purchaser of such goods or the recipient of such services is not a registered person. Such receipts shall include the following particulars:

- (a) Name, address and TIN of the registered person;
- (b) Date of payment;
- (c) Receipt number;
- (d) Quantity and details of the goods or details of the services;
- (e) The value of the goods or services, excluding the amount of tax charged;
- (f) Tax charged on the goods or services;
- (g) The total value of the good or service inclusive of tax or, if the amount of tax has been included in the price of the good or service, a statement to such effect.

#### **44. Credit note**

If the value of a transaction for the sale of a good or supply of a service falls or is reduced for any reason after a tax invoice has been issued for that transaction, a credit note shall be issued to the purchaser of such good or the recipient of such service. Such credit notes shall include the following particulars:

- (a) "Credit Note" must be written in a prominent manner;
- (b) Name, address and TIN of the seller of goods or supplier of services;
- (c) Name, address and TIN of the purchaser of goods or recipient of services;
- (d) Date of issue;
- (e) Credit note number;
- (f) Reason for issuing the credit note;
- (g) Original tax invoice number, its date, amount of tax specified in that tax invoice, amount of tax calculated after the change in value, and the difference between the two.

#### **45. Debit note**

If the value of a transaction for the sale of a good or supply of a service increases or is raised for any reason after a tax invoice has been issued for that transaction, a debit note shall be issued to the purchaser of such good or the recipient of such service. Such debit notes shall include the following particulars:

- (a) "Debit Note" must be written in a prominent manner;
- (b) Name, address and TIN of the seller of goods or supplier of services;
- (c) Name, address and TIN of the purchaser of goods or recipient of services;
- (d) Date of issue;

- (e) Debit note number;
- (f) Reason for issuing the debit note;
- (g) Original tax invoice number, its date, amount of tax specified in that tax invoice, amount of tax calculated after the change in value, and the difference between the two.

#### **46. Dealing with credit notes and debit notes when accounting for tax**

In calculating the amount of tax payable by a registered person for a taxable period, credit notes and debit notes prepared by that person shall be dealt with in the same manner as specified in this Act for tax invoices.

#### **47. Issuing replicas**

If the purchaser of a good sold by a registered person, or the recipient of a service supplied by a registered person, loses the original of any of the following documents and requests for a copy of such document, the registered person shall make a replica of his copy of the document, attest it with stamp and signature, and issue it to the purchaser of the good or the recipient of the service:

- (a) Tax invoice;
- (b) Receipt;
- (c) Credit note;
- (d) Debit note.

#### **48. Record keeping**

- (a) Registered persons shall maintain the documents specified in the Regulation made pursuant to this Act for a period of 5 (five) years.
- (b) If the identification numbers on tax invoices, receipts, credit notes and debit notes issued for the purpose of this Act are not generated through software, such documents shall include a pre-printed serial number.

#### **49. Supply of a good or service to more than one person**

- (a) If a registered person supplies a good or service to more than one Person, a single tax invoice shall be issued in their name.
- (b) The amount of tax included in a tax invoice prepared under subsection (a) shall be claimed as input tax by the person stated in such invoice as the recipient of the supply.

## **50. Requirement not to prepare more than one document for a single transaction**

- (a) It shall be an offence to prepare more than one tax invoice, receipt, debit note or credit note under this Act for a single transaction.
- (b) Notwithstanding subsection (a), this Section does not prohibit the reproduction of a tax invoice, receipt, debit note or credit note made in relation to a completed transaction, after cancelling the original document issued for that transaction.

## **CHAPTER 10: REGISTRATION**

### **51. Obligation to register**

- (a) The following persons carrying on taxable activities in the Maldives at the date of commencement of this Act shall apply for registration with the MIRA, within 30 (thirty) days from the date of commencement of this Act.
  - (1) Persons whose total value of goods sold and services supplied during the past 12 (twelve) months exceeded MVR 1,000,000 (One Million Rufiyaa);
  - (2) Persons whose total value of sale of goods and supply of services for the following 12 (twelve) months is estimated to exceed MVR 1,000,000 (One Million Rufiyaa);
  - (3) Notwithstanding subsections (a)(1) and (2), persons supplying goods and services specified in Section 15 of this Act;
  - (4) Persons importing goods into the Maldives at the date of commencement of this Act.
- (b) If, at the end of any month, the total value of goods sold and services supplied during the 12 (twelve) months then ended, by a person who commences a taxable activity after the date of commencement of this Act exceeded MVR 1,000,000 (One Million Rufiyaa), such person shall apply for registration with the MIRA by the end of the subsequent month.
- (c) If, at the end of any month, the total value of goods sold and services supplied during the 12 (twelve) months then ended, by a person who has been carrying on a taxable activity when this Act came into effect exceeded MVR 1,000,000 (One Million Rufiyaa), such person shall apply for registration with the MIRA by the end of the subsequent month.
- (d) If, at the end of any month, the total value of sale of goods and supply of services for the following 12 (twelve) months of a person who commences a taxable activity after the date of commencement of this Act is estimated to exceed MVR 1,000,000 (One

Million Rufiyaa), such person shall apply for registration with the MIRA by the end of the subsequent month.

- (e) If, at the end of any month, the total value of sale of goods and supply of services for the following 12 (twelve) months of a person who has been carrying on a taxable activity when this Act came into effect is estimated to exceed MVR 1,000,000 (One Million Rufiyaa), such person shall apply for registration with the MIRA by the end of the subsequent month.
- (f) Persons who begin to supply the goods and services specified in Section 15 of this Act after the date of commencement of this Act, shall apply for registration with the MIRA within 30 (thirty) days from the date of commencement of such business.
- (g) Persons who begin to import goods into the Maldives after the date of commencement of this Act, shall apply for registration with the MIRA within 30 (thirty) days from the date of commencement of such import activity.
- (h) The amount of tax payable shall not be included in determining the thresholds specified in subsections (a)(1), (a)(2), (b), (c), (d) and (e).

## **52. Commencement of collection of tax**

Unless otherwise specified in this Act, persons applying for registration with the MIRA after the date of commencement of this Act shall commence collecting tax from the date determined by the Commissioner General in accordance with the Regulation made pursuant to this Act.

## **53. Voluntary registration**

A person carrying on a business or providing a service under a permit, but not required to be registered with the MIRA under Section 51 of this Act, shall have the discretion to voluntarily request to the Commissioner General to register the person with the MIRA.

## **54. Application to register**

An application for registration under this Act shall be made to the MIRA in accordance with the Regulation made pursuant to this Act.

## **55. Application to terminate registration**

- (a) Persons registered with the MIRA under Section 51 of this Act may submit an application for the termination of such registration under the following circumstances:

- (1) Persons whose total value of goods sold and services supplied at the end of any 12 (twelve) month period is less than MVR 500,000 (Five Hundred Thousand Rufiyaa);
  - (2) Persons whose total value of sale of goods and supply of services at the beginning of any 12 (twelve) month period is estimated to be less than MVR 500,000 (Five Hundred Thousand Rufiyaa);
  - (3) Persons who have ceased their taxable activities, with no intention to resume such activities during the following 12 (twelve) months.
- (b) Persons who apply for the termination of registration under subsection (a) shall cease the collection of tax in accordance with this Act, from a date determined by the Commissioner General.
- (c) Where the registration of any registered person is terminated, such person shall pay tax on goods in his possession at the time of termination, for which input tax has already been claimed.
- (d) Notwithstanding subsection (c), if the registered person is an importer of goods into the Maldives, and if such person's registration is cancelled or terminated, such person shall submit an account to the MIRA of the goods in his possession at the time of termination, which have been imported by him. Goods included in an invoice submitted accordingly shall be sold after a tax invoice has been issued. Tax shall be paid on the sale of such goods and a tax invoice shall be issued accordingly.

## **56. Persons required to register**

- (a) In registering a person carrying on a taxable activity in the Maldives with the MIRA pursuant to Section 51(a) to (g) of this Act, the person shall be registered as an individual or as one of the following legal entities:
- (1) Company;
  - (2) Partnership;
  - (3) Cooperative society;
  - (4) Association.
- (b) Where a business carried on under a permit or a service provided under a permit is registered with the MIRA in accordance with Section 51 of this Act, the Commissioner General, in accordance with the Regulation made pursuant to this Act, shall have the authority to notify the owners of such trade or service to register with the MIRA.

#### **57. Conducting trade or providing services without registration**

- (a) If a person required to register with the MIRA under this Act sells a good or provides a service without having registered, such person shall be deemed to be liable to pay tax in a manner similar to a person registered under this Act.
- (b) Where a person carrying on a business or providing a service in the Maldives under a permit, who is registered with the MIRA in accordance with Section 51 of this Act, conducts a taxable activity after the revocation of the permit or license issued by the relevant Government authority, such person shall be deemed to be liable to pay tax in a manner similar to a person registered under this Act.

#### **58. Request for removal from the register**

- (a) An application shall be made by a registered person to the Commissioner General in accordance with the Regulation made pursuant to this Act, within 10 (ten) days from the termination of taxable activities being carried on by that person in the Maldives, for the removal of his registration from the taxpayers' register.
- (b) Upon receiving an application under subsection (a), the registered person shall be removed from the taxpayers' register in accordance with the Regulation made pursuant to this Act, and shall be notified within 15 (fifteen) days of removal.

#### **59. Notification of changes to registration related information**

Registered persons shall notify the MIRA of the occurrence of any of the following events, within 30 (thirty) days from the date of such occurrence:

- (a) Changes to name, address or type or nature of business carried on by the registered person;
- (b) If the registered person is a company, changes to the Memorandum of Association or Articles of Association of the company;
- (c) Where a person registered under this Act enters into partnership with another registered person;
- (d) Where a person registered under this Act merges with another registered person;
- (e) Establishment of a company or business consortium in a foreign country consisting of shareholdings or financial interests of a person who has been registered under this Act or the financial interests of a shareholder or director of such person.

## CHAPTER 11: MISCELLANEOUS PROVISIONS

### 60. This Act to be read together with the Tax Administration Act

This Act shall be read together with the Tax Administration Act (Law Number 3/2010). Any word or expression used in this Act, unless specified otherwise, shall have the meaning such word or expression has in that Act.

### 61. Public holidays

If the due date specified in this Act for a particular purpose falls on a public holiday, such purpose shall be fulfilled on the first working day following such public holiday.

### 62. Currency for payment of tax

- (a) Tax payable in respect of taxable activities specified in Section 15 of this Act, shall be paid in United States Dollar or in any other foreign currency determined by the Commissioner General, which is accepted by the Maldives Monetary Authority.
- (b) Notwithstanding subsection (a), the Minister of Finance may determine that payment of tax shall be made in Maldivian Rufiyaa.
- (c) Tax payable in respect of taxable activities specified in Section 16 of this Act, shall be paid in Maldivian Rufiyaa.

### 63. Amendment of tax returns

An amendment to a tax return submitted by a registered person under Section 27 of this Act shall be made in writing to the MIRA, in accordance with the Regulation made pursuant to this Act, within 12 (twelve) months from the date on which that tax return was due.

### 64. Commencement of this Act

This Act shall commence 1 (one) Gregorian month after the date of its ratification and publication in the Government Gazette.

### 65. Repealed laws

The taxation system prescribed in the Tourism Goods and Services Tax Act (Law Number 19/2010) shall be repealed from the date of commencement this Act and that system shall be replaced by this Act.

## **66. Schedule**

The Schedule to this Act shall be an important part of this Act. The Act shall be complete only with the Schedule.

## **67. Making regulations and administration**

- (a) If the making of a regulation under this Act is assigned to a specific authority by this Act, it shall be that authority's responsibility to make and administer such regulation. Other regulations shall be made and administered by the MIRA.
- (b) Regulations required to be made pursuant to this Act shall be made and published in the Government Gazette within 30 (thirty) days from the date of ratification and publication of the Act in the Government Gazette.

## **68. Definitions**

Unless specified otherwise in this Act:

"Accounts" refers to the balance sheet, profit and loss statement, notes and schedules to the statements, directors' report, auditor's report, and any other document attached thereto, and therein.

"State employee" refers to an employee of the State, who is paid a salary or remuneration from the State budget.

"Commissioner General" refers to the Commissioner General of Taxation appointed pursuant to the Tax Administration Act (Law Number 3/2010).

"Irrecoverable debts" refers to "bad debts" written off in the accounts as irrecoverable, in accordance with international accounting standards.

"MIRA" refers to the Maldives Inland Revenue Authority established pursuant to the Tax Administration Act (Law Number 3/2010).

"Person" includes individuals, companies, partnerships, trusts and other bodies of persons.

"Trade" refers to buying and selling of goods for the purpose of generating an income, manufacture or technical work in the nature of trade, other such trade or any other such activity of the nature specified above.

"Local council" refers to the councils established under the Decentralization Act (Law Number 7/2010).

"Tax return" refers to the return prepared and filed under Section 27 of this Act.

"Tax invoice" refers to the document issued under Section 41 of this Act to a registered person who purchases goods or obtains services from another registered person.

“Taxable period” refers to the period determined under Section 24 of this Act for which tax shall be accounted.

“TIN” refers to the Taxpayer Identification Number assigned to each person registered with the MIRA.

## SCHEDULE 1: ZERO-RATED ESSENTIAL GOODS

1. Rice
2. Sugar
3. Flour
4. Salt
5. Milk
6. Cooking oil
7. Eggs
8. Tea leaves
9. Deep sea fish, reef fish, all types of fish packed in the Maldives, and *rihaakuru*
10. Potatoes, onions
11. Ingredients used in making curry paste (cumin, fennel, coriander, turmeric, garlic, ginger, chili, chili powder, cinnamon, cardamom, peppercorn, any other such ingredient)
12. *Dhiyaahakuru, kaashi, kurun'ba, rukuraa, and kuroolhi*
13. Carrots, cabbage, beans and tomatoes among vegetables
14. All kinds of fruits
15. Bread, buns and rusk
16. Baby diapers
17. Baby food
18. Cooking gas
19. Diesel
20. Petrol
21. Adult diapers

**Note: Rice, sugar and flour refer to such goods imported by the State Trading Organisation at any given time, and sold at controlled prices.**