



Unofficial Translation of

GOODS AND SERVICES TAX REGULATION

This Regulation was made pursuant to the authority granted to the Maldives Inland Revenue Authority by the Goods and Services Tax Act (Law Number 10/2011), and has been published in the Government Gazette on Saturday the 1st of October 2011 (3 *Zul-Qaidha* 1432).

MALDIVES INLAND REVENUE AUTHORITY



Goods and Services Tax Regulation

- Introduction and citation**
1. (a) This Regulation was made pursuant to the authority granted to the Maldives Inland Revenue Authority by the Goods and Services Tax Act (Law Number 10/2011).
 - (b) This Regulation shall be cited as the “Goods and Services Tax Regulation”.
- Objective**
2. The objective of this Regulation is to establish policies and procedures with regard to the imposition of tax on the value of goods and services.

Chapter 1 Registration

- Application to register**
3. (a) Persons carrying on taxable activities that fall within Section 16 of the Act shall submit a completed “GST Registration: General Goods and Services” (MIRA 105) form along with the information and documents specified therein.
 - (b) Persons carrying on taxable activities that fall within Section 15 of the Act shall submit a completed “GST Registration: Tourism Goods and Services” (MIRA 104) form along with the information and documents specified therein.
 - (c) If a person carries on taxable activities in both the tourism sector and other sectors, taxable activities that fall within the two sectors shall be registered with the MIRA separately in accordance with Section 3(a) and 3(b).

- No requirement to re-register taxable activities in the tourism sector**
4. Taxable activities registered with the MIRA pursuant to the Tourism Goods and Services Tax Act (Law Number 19/2010) by the date of commencement of the Act shall not re-register.
- Persons required to register**
5. (a) Suppliers of goods and services referred to in Section 16 of the Act shall register with the MIRA in accordance with Section 56 of the Act, in the name of the person granted with the permit by the relevant Government authority or if no such permit is granted, such suppliers shall register in the name of the person conducting that business.
- (b) Suppliers of tourism goods and services referred to in Section 15 of the Act, conducting business with a permit from the Tourism Ministry, shall register with the MIRA in the name of the person granted with the permit by the Ministry.
- (c) Suppliers of tourism goods and services referred to in Section 15 of the Act, other than those referred to in Section 5(b) of this Regulation, shall register with the MIRA in the name of the person granted with the permit by the relevant Government authority or if no such permit is granted, such suppliers shall register in the name of the person conducting that business.
- Combined registration**
6. Unless otherwise specified in this Regulation, a taxable activity required to be registered with the MIRA under the Act shall be registered to include all taxable activities undertaken in the Maldives by the person carrying on such activities.
- Separate registration**
7. (a) Notwithstanding Section 6 of this Regulation, if a taxable activity undertaken by a person required to be registered fulfils the following requirements, an application for registration can be made for such taxable activity separate from other taxable activities carried on by such person, in a manner that does not contradict Section 3(c) of this Regulation:
- (1) Accounts with respect to such taxable activity are maintained separately from other taxable activities carried on by such person; and
- (2) Such taxable activity is located on a different island from where other taxable activities carried on by such person are located, or the nature and type of such taxable activity is different from that of other taxable activities

carried on by such person.

- (b) Notwithstanding Section 7(a) of this Regulation, where a person authorised with a permit by the relevant Government authority for the establishment of a tourist resort, tourist hotel, tourist guesthouse, tourist vessel, picnic island or yacht marina, conducts another business providing tourism goods and services on one of the said establishments, it shall be registered together with the establishment on which such business is carried out.

No requirement to register persons importing goods for a specific purpose

8. Notwithstanding other provisions of this Regulation, for the purpose of Section 51(a)(4) of the Act, the following importers of goods into the Maldives shall not register with the MIRA under the Act.

- (a) Persons importing goods solely for private purposes other than for production, if such person does not hold a permit to sell imported goods;
- (b) State institutions importing goods.

TIN

9. (a) Each person applying for registration under this Regulation shall be allocated a Taxpayer Identification Number (TIN). Persons applying for separate registration under Section 7 of this Regulation shall be allocated a separate TIN.

- (b) Registered persons shall declare the TIN, allocated to such person upon registration, on tax invoices, receipts, credit notes, debit notes and in all communications with the MIRA.

GST Registration Certificate

10. (a) Persons applying to register under this Regulation shall be provided with a GST Registration Certificate for every place where a taxable activity is conducted.

- (b) Every registered person shall display in a conspicuous place at the business premises of all taxable activities carried on by such person the GST Registration Certificate provided by the MIRA to indicate that the person is registered for GST.

Manner in which registration threshold shall be determined

11. In determining the registration threshold of MVR 1,000,000 (One Million Rufiyaa) specified in Section 51 of the Act, the value of goods and services supplied through taxable activities carried on by a person in the tourism sector, referred to in Section 15 of the Act, shall

not be included.

**Date on which
levying of tax
commences**

- 12.** (a) Tax shall be charged in accordance with the Act and this Regulation on the value of goods and services supplied by a person required to be registered under Section 51(a) of the Act from the date of commencement of the Act.
- (b) Persons required to register with the MIRA under Sections 51(b) to 51(e) of the Act shall charge tax in accordance with the Act and this Regulation from the first day of the month following the month, specified in the said sections, during which such persons are required to register.
- (c) Persons required to register with the MIRA under Section 51(f) of the Act shall charge tax in accordance with the Act and this Regulation from the day such person is granted the permit by the relevant Government authority to conduct business, or from the date of commencement of business, in cases where such a permit is not required.
- (d) Persons required to register with the MIRA under Section 51(g) of the Act shall charge tax in accordance with the Act and this Regulation from the day such person is granted the permit by the relevant Government authority to import goods.
- (e) Persons applying for voluntary registration under Section 53 of the Act shall charge tax in accordance with the Act and this Regulation from the day following the date of registration.

**Prohibiting
collection of GST
without
registration**

- 13.** (a) Unless otherwise specified in this Regulation, it shall be an offence for any person to charge tax if such person is not registered with the MIRA in accordance with the Act and this Regulation, or after such person's deregistration.
- (b) If a person required to register with the MIRA under the Act fails to do so within the required period, such person shall submit a tax return and pay tax to the MIRA on the value of goods and services supplied from the date required for registration, assuming that the applicable amount of tax has been included in the consideration received for such supplies.
- (c) Where a person has failed to charge tax on a supply of goods and services when required to do so under the Act (whether or

not such person is a registered person), the amount of tax payable by such person to the MIRA in respect of that supply shall be an amount calculated using the following formula:

$$\text{Amount of consideration received for the supply} \times \frac{t}{1+t}$$

where t is the tax rate specified in Section 15 or Section 16 of the Act that applies to the supply.

- (d) If tax is charged by a person not authorised to do so under the Act and this Regulation, or if tax is charged on a non-taxable good or service, or if tax is overcharged, unless such tax is refunded to the recipient of the supply, the Commissioner General shall have the power to require such amount to be paid to the MIRA.

Chapter 2 Time of Supply

- | | |
|---|--|
| Time of supply | 14. Unless otherwise specified in this Regulation, the time of supply in relation to goods or services supplied shall be deemed as the time at which a tax invoice or receipt or credit note or debit note is issued or at the time at which the full or partial payment for such goods or services was made, whichever comes earlier. |
| Advance payments and deposits | 15. The time at which an advance payment or deposit or a part of it is received for a specific good or service shall be deemed to be the time specified in Section 17(a)(2) of the Act. |
| Refundable deposits | 16. Tax shall not be payable on refundable deposits which have been collected for the purpose of compensating for any likely loss or damage to the property of a registered person and which would be refunded in full to the recipient of the property provided such property is not lost or damaged. |
| Failure to utilize goods or services after payment | 17. Where a person who has made an advance payment or paid a deposit for the supply of a good or service fails to utilize such good or service, and such advance payment or deposit is refunded to such person, and tax has been paid on the amount refunded by the registered person, then the registered person may set off such tax paid on the amount refunded from the tax payable for the taxable period in which such failure to utilize the good or service has |

occurred.

Time of supply of goods and services supplied to related parties

- 18.** A supply of goods and services to a related party takes place:
- (a) where the supply is to a registered person for his own use, at the time that the goods are taken for the person's own use or the services are performed for the person's own use;
 - (b) where the supply is to a person related to a registered person, at the time that the goods are made available to the recipient or the services are performed.

Time of supply of goods and services supplied from a machine or meter or other device operated by coins or tokens

- 19.**
- (a) Where a supply is by means of any machine, meter, or other device operated by a coin, the time of supply is the time that any such coin is taken from that machine, meter, or other device.
 - (b) Where a supply is by means of any machine, meter, or other device operated by a token, the time of supply is the time that any consideration is received for such token.

Time of supply where consideration for a supply is a voucher or other such thing

- 20.**
- (a) The issue or sale of a voucher or other such thing is a supply of goods and services.
 - (b) Where the consideration for a supply of goods and services is the redemption of a voucher or other such thing, the time of supply of the goods or services is the time of supply of that voucher or other such thing.
 - (c) Where the consideration for a supply of goods and services is partly the redemption of a voucher or other such thing and partly other consideration, the time of supply of the goods or services is:
 - (1) to the extent that the consideration is redemption of the voucher or other such thing, the time determined in accordance with Section 20(b) of this Regulation;
 - (2) to the extent that the consideration is not redemption of the voucher or other such thing, the time determined in accordance with Section 17 of the Act.

- Time of supply where consideration for a supply is points gained in a loyalty scheme**
21. (a) Where the consideration for the supply of goods and services is the redemption of points gained by the recipient in a loyalty scheme, the time of supply of the goods and services is the time that the loyalty points are redeemed.
- (b) Section 21(a) of this Regulation applies whether or not the operator of the loyalty scheme is the supplier of the goods and services.
- Time of supply where consideration is for participation in a lottery**
22. (a) Where a person pays an amount to participate in a lottery, the amount of money paid to participate is treated as a payment for the supply of services by the conductor of the lottery.
- (b) The time of supply of the services specified in Section 22(a) of this Regulation is the time that the person pays the amount of consideration to participate in the lottery.
- Preparing a tax invoice or receipt**
23. (a) A registered person shall issue a tax invoice or receipt within 3 (three) days from the following dates, for all goods supplied:
- (1) Where the goods are removed from the place of supply, the date on which such goods are removed;
- (2) Where the goods are not removed from the place of supply, the date on which such goods are made available to the recipient.
- (b) A registered person shall issue a tax invoice or receipt within 3 (three) days from the date of completion of services, for all services supplied.
- (c) Although a tax invoice or receipt is not issued under Section 23(a) and 23(b) of this Regulation in relation to a good or service supplied by a registered person, that transaction shall be included in the tax return for the taxable period to which the time of supply specified in Section 17 of the Act relates.
- Issuing credit and debit notes**
24. (a) Where a tax invoice is issued for a good or service supplied by a registered person, and the value of such good or service has changed for any reason, a credit note or debit note shall be issued within 3 (three) days from the date such change was identified.

- (b) Where a credit note or debit note in relation to a good or service supplied by a registered person is not issued within the period specified in Section 24(a) of this Regulation, that transaction shall be included in the tax return for the taxable period to which the time of supply specified in Section 17 of the Act relates.

Chapter 3

Value of Supply

Value of supply of goods and services supplied to related parties

25. (a) The value of supply of goods and services supplied to related parties shall be:
- (1) such amount as, with the addition of the tax charged, is equal to the open market value of the good or service, if the supply is for the supplier's own consumption;
 - (2) such amount as, with the addition of the tax charged, is equal to the amount paid by the recipient of the good or service, if the recipient is a related party who is also registered;
 - (3) such amount as, with the addition of the tax charged, is equal to the higher of the amount paid by the recipient of the good or service and the open market value of the good or service, if the recipient is a related party who is not registered;
- (b) For the purpose of the Act and this Regulation, "open market value" means the consideration in money that the supply of a good or service would generally fetch if supplied in similar circumstances in the Maldives at the date of supply, being a supply freely offered and made between persons who are not associated.
- (c) Where the open market value of any supply of goods and services cannot be determined under Section 25(b) of this Regulation, the open market value is the consideration in money that a similar supply would generally fetch if supplied in similar circumstances in the Maldives at the date of supply, being a supply freely offered and made between persons who

are not related.

- (d) Where the open market value of any supply of goods and services cannot be determined pursuant to Section 25(b) or Section 25(c) of this Regulation, the open market value is determined in accordance with a method approved by the MIRA which provides a sufficiently objective approximation of the consideration in money that could be obtained for that supply of those goods and services.
- (e) For the purpose of Section 25(c) of this Regulation, “similar supply” means any other supply of goods and services that, in respect of the characteristics, quality, usage, quantity, functional components, materials, and reputation, is the same as, or closely or substantially resembles the supply of goods and services made by the supplier.
- (f) The open market value of a supply includes any goods and services tax charged pursuant to the Act on that supply.
- (g) Where a supply of goods and services is made to a person indirectly via another person that is related to the supplier of the goods and services, the consideration for the supply of the goods and services is the greater of the amount referred to in Sections 19(a) and 19(b) of the Act that the person:
 - (1) who enjoys the benefits of the goods or services pays any person for that benefit; or
 - (2) that is issued with a tax invoice for the supply of the goods or services pays for the goods or services.

Value of supply of goods and services supplied from a machine or metre or other device operated by coins or tokens

- 26.** The value of supply of goods and services supplied from a machine or metre or other device operated by coins or tokens shall be such amount as, with the addition of the tax charged, is equal to the value of the coins or tokens.

Value of supply where consideration for a supply is voucher or other such thing

- 27.** The value of the supply of goods and services supplied in consideration for the redemption of a voucher or other such thing shall be such amount as, with the addition of the tax charged, is equal to the value of the voucher or other such thing.

- Value of supplies involving a loyalty scheme** 28. (a) Where an amount of consideration is paid for a supply of both goods and services and points in terms of a loyalty scheme, the whole amount of the consideration is attributable to the supply of the goods and services and no amount of the consideration is attributed to the loyalty points.
- (b) The value of the supply of goods and services where the whole or any part of the consideration for the supply is points gained in a loyalty scheme shall be such amount as, with the addition of the tax charged, is equal to the open market value of the same supply to a person who pays only money for the supply.
- Value of supply where consideration is for participation in a lottery** 29. The value of supply of a good or service where consideration is for participation in a lottery shall be such amount as, with addition of the tax charged, is equal to the higher of the open market value of the good or service and the total consideration received from participants.
- Tourism tax not being part of value of supply** 30. Tourism tax collected in accordance with Maldives Tourism Act (Law Number 2/99) is a deduction allowed under Section 36(a) of the Act and hence, such tax collected for a given supply shall not form part of the consideration for such supply.

Chapter 4

Exempt Goods and Services

- Electricity, water, sewerage and telecommunication services** 31. (a) For the purpose of Section 20(a) of the Act, exempt electricity services refers to the electricity service provided by power houses registered with the Maldives Energy Authority, via a meter or for a fixed charge.
- (b) For the purpose of Section 20(b) of the Act, exempt water facilities refers to the water service provided via a meter by persons authorised by the Environmental Protection Agency to operate desalination plants.
- (c) For the purpose of Section 20(c) of the Act, exempt telecommunication services refers to telecommunication services provided with the authorization of the Telecommunication Authority of Maldives by persons authorised by the said Authority.

- (d) For the purpose of Section 20(d) of the Act, exempt sewerage facilities refers to the sewerage service provided by persons authorised by the Environmental Protection Agency.
- (e) For the purpose of Section 20(g) of the Act, services provided by persons referred to in Section 31(a) to 31(d) of this Regulation, which are not authorised to be provided by any other person without appropriate permission, shall be exempt, including the supply by those persons of goods necessary for the supply of such services.

Education service **32.** For the purpose of Section 20(e) of the Act, exempt education service refers to the following:

- (a) Education services provided by preschools, schools, vocational institutions, colleges and universities run by the Government;
- (b) In addition to those specified in Section 32(a) of this Regulation, education services provided by preschools, schools, vocational institutions, colleges, universities and tuition centres operated with the authorisation of the Education Ministry;
- (c) For the purpose of Section 20(g) of the Act, services supplied by canteens, bookshops and such businesses supplying services of benefit to students, conducted without public access, within the places specified in Section 32(a) and 32(b) of this Regulation.

Health service **33.** For the purpose of Section 20(f) of the Act, exempt health service refers to the following:

- (a) Health services provided by clinics, health centres, health posts and other such health facilities run by the Government;
- (b) In addition to those specified in Section 33(a) of this Regulation, health services provided by hospitals and clinics operated with the authorization of the Health Ministry.
- (c) For the purpose of Section 20(g) of the Act, services supplied by places supplying services of benefit to patients, conducted without public access, within the places specified in Section 33(a) and 33(b) of this Regulation.

Drugs and medical devices

34. (a) For the purpose of Section 20(h) of the Act, exempt drugs and medical devices refers to drugs approved by the Maldives Food and Drug Authority and medical devices referred to in Section 34(b) of this Regulation, sold by pharmacies registered with the Health Ministry.
- (b) For the purpose of Section 20(h) of the Act, medical devices refers to any instrument, apparatus, appliance, material or other article, whether used alone or in combination, including the software necessary for its proper application intended by the manufacturer to be used for human beings for the following purposes, and which does not achieve its principal intended action in or on the human body by pharmacological, immunological or metabolic means, but which may be assisted in its function by such means:
- (1) diagnosis, prevention, monitoring, treatment or alleviation of disease;
 - (2) diagnosis, monitoring, treatment, alleviation of or compensation for an injury or handicap;
 - (3) investigation, replacement or modification of the anatomy or of a physiological process;
 - (4) control of conception.

Financial services

35. For the purpose of Section 20(j) of the Act, financial services refers to the following services supplied with the authorization of the relevant State institution:
- (a) the operation of current accounts, deposit accounts, savings accounts and investment accounts;
 - (b) the exchange of currency, whether by the exchange of bank notes or coin, by crediting or debiting accounts, or otherwise;
 - (c) the issue, payment, collection, or transfer of ownership of a letter of credit or bill of exchange;
 - (d) the issue, allotment, drawing, acceptance, endorsement, renewal or transfer of ownership of a debt, or buying and selling such financial instruments on stock exchanges;

- (e) the issue, allotment, renewal or transfer of ownership of a share, or buying and selling such financial instruments on stock exchanges;
- (f) underwriting or sub-underwriting the issue of debt or shares;
- (g) the provision of loans, advances and credit;
- (h) the provision, taking or release of a guarantee, indemnity, security, or bond in respect of the performance of obligations under Sections 39(c) to 39(g) of this Regulation;
- (i) credit financing of hire purchase arrangements;
- (j) the provision or transfer of ownership of an insurance contract or the provision of re-insurance in respect of any such contract;
- (k) the provision, or transfer of ownership, of an interest in a superannuation fund or retirement pension fund, or the management of such fund;
- (l) the provision or assignment of a futures contract in an arm's length transaction if:
 - (1) the contract does not provide for the delivery of a commodity; or
 - (2) the contract provides for the delivery of a commodity and the supply of the commodity is an exempt supply; or
 - (3) the contract provides for the delivery of money;
- (m) the provision of a financial option;
- (n) the payment or collection of any amount of interest, principal, dividend, or any other amount in respect of any debt, share, credit arrangement, contract of insurance, superannuation fund or retirement pension fund, futures contract or hedge fund;
- (o) agreeing to do, or arranging, any of the activities specified in this Section, other than providing advice or consultancy.
- (p) Supply of a service specified in Sections 35(a) to 35(o) of this Regulation in accordance with the principles of Islamic *Sharīah*.

Rent from immovable property

- 36.** For the purpose of Section 20(k) of the Act, rent from immovable property refers to:
- (a) all payments received as rent from immovable property;
 - (b) security deposits and advance rental payments or any other payments received in relation to the immovable property, to the extent that the lessor of the property has the right to consume it in part or in full;
 - (c) all payments received in relation to the rented property not resulting from the responsibilities of the lessee specified in the lease agreement;
 - (d) payments received in respect of anything affixed to the immovable property;
 - (e) payments received under an insurance policy obtained to compensate for the non-payment of rent;
 - (f) any payment received for breach of a lease agreement by the lessee.

International transportation

- 37.** For the purpose of Section 20(l) of the Act, international transportation service refers to tickets issued by airlines and their sales agents for international travel.

Fines

- 38.** For the purpose of Section 20(n) of the Act, fines refers to any fine imposed by a Government institution, regulatory authority, court, tribunal, or any other body with a statutory authority in the Maldives to levy a fine, or fine required to be paid to the supplier of a good or service where the recipient of the good or service fails to make payment by the due date.

Chapter 5

Zero-rated Goods and Services

Charging tax on zero-rated essential goods

- 39.** Reference to this chapter shall be made in charging tax on different types of goods under various categories of zero-rated essential goods specified in Schedule 1 of the Act.

**Zero-rated
essential goods**

40. (a) For the purpose of items 1, 2 and 3 of Schedule 1 of the Act, rice, sugar, and flour refers to such goods imported by the State Trading Organization plc for sale at the controlled price determined by the Economic Development Ministry.
- (b) For the purpose of item 4 of Schedule 1 of the Act, salt refers to salt manufactured specially for culinary purposes, but not labelled as manufactured for industrial purposes.
- (c) For the purpose of item 5 of Schedule 1 of the Act, milk refers to milk from cows, goats, camels, sheep or soya or rice milk prepared specially for consumption, which is not processed with products other than preservatives and which is marketed as milk.
- (d) For the purpose of item 6 of Schedule 1 of the Act, cooking oil refers to vegetable oil, palm oil, corn oil, sunflower oil and olive oil used commonly for cooking.
- (e) For the purpose of item 7 of Schedule 1 of the Act, eggs refer to fresh chicken eggs.
- (f) For the purpose of item 8 of Schedule 1 of the Act, tea leaves refer to unflavoured tea leaves and tea bags used for making black tea.
- (g) For the purpose of item 9 of Schedule 1 of the Act,
- (1) Deep sea fish refers to skipjack tuna, yellowfin tuna, mackerel tuna, frigate tuna and parts of such fish.
 - (2) Reef fish refers to any other fish with dorsal fin and tail fin not specified in Section 40(g)(1) of this Regulation, and parts of such fish.
 - (3) Fish packed in the Maldives refers to all types of deep sea and reef fish packed in the Maldives.
 - (4) Sections 40(g)(1), 40(g)(2) and 40(g)(3) shall include fresh fish, dried fish, smoked fish, salted fish and fish especially processed for canning.
 - (5) Deep sea and reef fish shall not include fish supplied for

aesthetic value.

- (h) For the purpose of item 10 of Schedule 1 of the Act, potato and onion refers to all types of potato and onion.
- (i) For the purpose of item 11 of Schedule 1 of the Act,
 - (1) Chilli refers to *githeyo mirus*, *tholhi mirus*, *riha mirus* and *vifuku mirus*.
 - (2) Ingredients used in making curry paste shall include cumin, fennel, coriander, turmeric, garlic, ginger, chilli, chilli powder, cinnamon, cardamom, peppercorn, dried chilli, curry leaves, pandan leaves and cloves.
 - (3) Items specified in Section 40(i)(2) of this Regulation shall be zero-rated even if they are supplied in powder form without being mixed with anything else.
- (j) For the purpose of item 12 of Schedule 1 of the Act,
 - (1) *Dhiyaa hakuru* includes *karuhakuru*.
 - (2) Coconuts, *kurun'ba* and *kuroolhi* includes *gobolhi*, *miri*, *kihaa*, *gabulhi*, *mudikaashi*, and coconut milk, desiccated coconut and coconut oil produced in the Maldives.
- (k) For the purpose of item 13 of Schedule 1 of the Act,
 - (1) Vegetables refer to fresh produce supplied without being processed.
 - (2) Beans refer to green beans and long beans.
 - (3) Carrots, cabbage and tomatoes include all types of carrots, cabbage and tomatoes.
- (l) For the purpose of item 14 of Schedule 1 of the Act, fruits refer to unprocessed fresh fruit grown on trees bearing flowers and are edible in the raw state.
- (m) For the purpose of item 15 of Schedule 1 of the Act,
 - (1) Bread refers to ordinary bread (“white bread” and “brown bread”) supplied without altering its form.

- (2) Buns refer to *madu banas*, butter buns, hotdog buns and burger buns supplied without altering its form.
- (3) Rusk refers to all types of rusk supplied without altering its form.
- (n) For the purpose of item 16 of Schedule 1 of the Act, baby diapers include cloth diapers.
- (o) For the purpose of item 17 of Schedule 1 of the Act, baby food refers to all types of baby food produced for children under the age of 3 (three) years, and labelled as such.
- Goods and services exported from the Maldives** 41. (a) For the purpose of Section 22(b) of the Act, goods and services exported from the Maldives refers to goods exported by an export license holder or re-export license holder, goods supplied by duty free shops, and services exported by a registered person.
- (b) For the purpose of Section 41(a) of this Regulation, services exported refer to services provided by a person in the Maldives to a person outside the Maldives, which are consumed outside the Maldives.
- Disposal of going concern** 42. For the purpose of Section 22(c) of the Act, the disposal of a going concern shall be a zero-rated supply only if the purchaser of the business is registered with the MIRA under the Act. Where the purchaser of the business is not a registered person, that person shall register voluntarily with the MIRA prior to carrying out the transaction in order for the transaction to be zero-rated.

Chapter 6

Imposition of GST

- Output tax and input tax** 43. (a) Tax charged on the value of goods and services supplied by a registered person shall be such person's output tax.
- (b) A registered person supplying goods and services to another registered person shall charge tax on the value of such goods and services in accordance with the Act, and such tax shall be the input tax of the recipient of the good or service.

- (c) The recipient of a good or service from a registered person shall be liable for payment of tax charged on that supply in accordance with the Act.
- (d) Where a registered person supplies goods and services which are purchased from another registered person, tax in relation to that supply shall be paid to the MIRA after deducting the amount of input tax, in accordance with the Act and this Regulation, from the output tax payable by such person.

Circumstances where input tax cannot be claimed

44. (a) Input tax in relation to a good or service purchased by a registered person shall not be set-off against such person's output tax where:
- (1) the recipient of the good or service does not possess a valid tax invoice issued by the supplier in accordance with the Act and this Regulation; or
 - (2) 12 (twelve) months has elapsed from the end of the taxable period under such person's accounting basis in which the input tax could have first been claimed; or
 - (3) the good or service is not supplied in the Maldives; or
 - (4) input tax cannot be claimed under any section of this Regulation for the expenditure incurred to purchase the good or service.
- (b) For the purpose of Section 44(a) of this Regulation, a valid tax invoice refers to the original of a tax invoice prepared with all the particulars stated in Section 42(a) of the Act. For the avoidance of doubt, a tax invoice issued under Section 42(b) of the Act does not constitute a valid tax invoice for the purpose of Section 44(a) of the Regulation.

Expenditure on which input tax cannot be claimed

45. Input tax in relation to capital and revenue expenditure incurred by a registered person shall not be claimed if such expenditure is incurred for:
- (a) the supply of exempt goods and services;
 - (b) the supply of both taxable supplies and exempt goods and services, to the extent of a reasonable estimate of such input tax which was incurred for the supply of exempt goods and

services;

- (c) indirect expenses incurred in the supply of a good or service (expenses not directly attributable);
- (d) benefits to persons other than employees;
- (e) goods and services purchased for personal use or for non-business purposes;
- (f) subscription fees of clubs or associations;
- (g) goods purchased for free-of-charge distribution;
- (h) fund raising activities;
- (i) the purchase of goods and services for which tax has been charged by the supplier in contradiction to the Act and this Regulation if the supplier has not paid the output tax in relation to such supply to the MIRA.

Input tax in relation to capital expenditure

46. Notwithstanding Section 45 of this Regulation, input tax in relation to capital expenditure incurred in the supply of goods or services by a registered person shall be deducted from the output tax in accordance with Section 37 of the Act in the following manner:

- (a) If the capital expenditure incurred by a registered person for the supply of a good or service is directly attributable to such supply, input tax in relation to such expenditure shall be deducted from the output tax in the following manner:
 - (1) If the gross capital expenditure incurred in the acquisition of similar products or for the same purpose is MVR 500,000 (Five Hundred Thousand Rufiyaa) or less, input tax in relation to such expenditure shall be deducted from the output tax of the taxable period in which such expenditure was incurred.
 - (2) If the gross capital expenditure incurred in the acquisition of similar products or for the same purpose is between MVR 500,000 (Five Hundred Thousand Rufiyaa) and MVR 5,000,000 (Five Million Rufiyaa), input tax in relation to such expenditure shall be deducted from the output tax equally over 12 (twelve) taxable periods from

the taxable period in which such expenditure was incurred.

(3) If the gross capital expenditure incurred in the acquisition of similar products or for the same purpose is MVR 5,000,000 (Five Million Rufiyaa) or more, input tax in relation to such expenditure shall be deducted from the output tax equally over 36 (thirty six) taxable periods from the taxable period in which such expenditure was incurred.

(4) In applying Section 46(a)(1) to (3) of this Regulation, the amount deducted with respect to capital expenditure for any taxable period shall not exceed the output tax for that period. Where the amount deducted exceeds the output tax in any taxable period, such excess shall be carried forward to the subsequent taxable period.

(b) If a registered person incurs capital expenditure for the supply of both exempt goods and services and taxable goods and services, input tax in relation to a reasonable estimate of the amount of capital expenditure that can be associated with the supply of exempt goods and services shall not be deducted from such person's output tax. However, input tax in relation to a reasonable estimate of the amount of capital expenditure that can be associated with the supply of taxable goods and services may be deducted from such person's output tax in accordance with Section 46(a) of this Regulation.

Input tax in relation to goods and services purchased prior to GST registration

47. (a) A registered person may claim input tax in relation to goods purchased prior to GST registration, in accordance with other provisions of this Regulation, if:

(1) such goods are purchased for the supply of taxable goods or services; and

(2) such goods have not been sold or used prior to registration; and

(3) the purchase price or part of the purchase price of such goods has been paid prior to registration; and

(4) records have been maintained in accordance with the

relevant provisions of this Regulation.

- (b) A registered person may claim input tax in relation to services obtained prior to GST registration, in accordance with other provisions of this Regulation, if:
- (1) such service is obtained for the supply of taxable goods or services; and
 - (2) such service is not obtained in relation to a good or service supplied prior to registration; and
 - (3) such service is obtained not before 6 (six) months of registration; and
 - (4) the purchase price of such service has been paid prior to registration; and
 - (5) records have been maintained in accordance with the relevant provisions of this Regulation.
- (c) This Regulation does not prohibit a registered person from claiming input tax where such person does not possess a tax invoice which fully complies with the Act, if such person holds documents that prove to the satisfaction of the MIRA that the good or service is purchased by the registered person and not by another party.

**Not deducting
input tax without
settling the debt**

48. (a) Where a registered person has incurred a debt and deducted an amount of input tax in relation to the amount of the debt but fails to pay the whole or part of the debt by the due date for payment or such other date as may be agreed between the person and the person's creditor, that person shall treat as output tax in the taxable period in which the person fails to meet its obligations in respect of the debt the portion of the amount of input tax deducted as the amount unpaid bears to the total amount of the debt.
- (b) Where a registered person has accounted for output tax in accordance with Section 48(a) of this Regulation and subsequently pays all or part of the debt owing, that person may claim a deduction as input tax under Section 36(c)(1) of the Act of that portion of the amount of output tax charged in relation to his failure to pay the debt as the amount

subsequently paid bears to the amount unpaid referred to in Section 48(a) of this Regulation.

Relief for persons supplying mainly taxable goods and services

49. Notwithstanding anything in this Regulation, where the value of exempt goods and services supplied by a registered person is less than 5% (five per cent) of the total value of goods and services supplied by such person, and the value of such exempt goods and services is less than MVR 10,000 (Ten Thousand Rufiyaa) per month, such person may claim the full amount of input tax without making any adjustments.

Output tax of mixed supplies

50. (a) For the purpose of this Section, mixed supplies refers to goods and services marketed as separate supplies, comprising goods and services that are otherwise supplied separately, without altering the form and nature of the component parts of the supply.
- (b) Where a mixed supply comprises goods and services chargeable to tax at the same rate, output tax shall be calculated on the value of such supply.
- (c) Where a mixed supply comprises goods and services chargeable to tax at different rates, output tax shall be calculated as follows:
- (1) If 98% (ninety-eight per cent) or more of the total value of the mixed supply is the value of zero-rated goods and services, such supply shall be zero-rated.
- (2) If more than 2% (two per cent) of the total value of the mixed supply is not the value of zero-rated goods and services, tax shall be charged on the value of such goods and services that would have been charged had they been supplied separately.
- (d) Where a part of the mixed supply comprises exempt goods or services, output tax shall be calculated as follows:
- (1) If 98% (ninety-eight per cent) or more of the total value of the mixed supply is the value of exempt goods and services, such supply shall be exempt.
- (2) If more than 2% (two per cent) of the total value of the mixed supply is the value of goods and services

chargeable to tax, tax shall be charged on the value of such goods and services that would have been charged had they been supplied separately.

- (e) For the purpose of Sections 50(c) and 50(d) of this Regulation, to determine whether or not the value of component parts of a mixed supply exceed the thresholds specified in Section 50(c) and 50(d) of this Regulation, the value of such good or service supplied individually shall be considered.

Packaging

- 51. (a) Where zero-rated or exempt goods are supplied with a packaging, and the packaging is necessary for the supply of such goods, the tax treatment of such good shall apply to the packaging.
- (b) Notwithstanding Section 51(a) of this Regulation, where zero-rated or exempt goods are supplied with a packaging, and the packaging is chargeable to tax at a rate other than zero-rate and could be sold separately, tax shall be charged on the value of such packaging that would have been charged had it been supplied separately.
- (c) For the purpose of this Section, packaging necessary for a supply refers to packaging of goods without an extra charge, including normal packaging used for such goods in the market.

Service charge

- 52. (a) Service charges on the supply of a good or service shall be subject to tax at the same rate as such supply.
- (b) The service charge referred to in Section 52(a) of this Regulation shall not include tips paid voluntarily by the recipient of the good or service to the supplier.

Discounts

- 53. (a) Where an unconditional discount is offered for a good or service, tax shall be charged on the discounted price.
- (b) Where a conditional discount is offered for a good or service, tax shall be charged on the amount paid by the recipient of the good or service.
- (c) If the same tax invoice or receipt contains zero-rated goods or services and goods or services chargeable to tax at a different rate, and where a discount has been given from the gross total shown on the invoice or receipt, for the purpose of calculating

tax the discount amount shall be apportioned between the goods and services proportionately, based on the value of goods or services contained therein.

Goods and services supplied free-of-charge

54. (a) Of the goods and services supplied free-of-charge or on complimentary basis, tax shall not be charged on the value of goods and services supplied for the promotion of the business or for business purposes.
- (b) Of the goods and services supplied free-of-charge or on complimentary basis, tax shall be charged goods and services other than those goods and services referred to in Section 54(a) of this Regulation, assuming that the applicable amount of tax has been included in the open market value of such good or service.

Delivery charges

55. Tax shall be charged on charges over and above the value of a good, for the delivery of such good to its recipient, at the rate specified in the Act.

Refunding the consideration paid for a good or service

56. Where tax has been paid to the MIRA in relation to a good or service supplied by a registered person, and the recipient of such good or service receives a refund of the consideration paid for it for any reason, the amount of tax paid for such transaction may be deducted from the output tax of the taxable period in which the refund was made.

Lost or damaged goods

57. Where a good chargeable to tax is lost or damaged, the tax treatment of such good shall be as follows:
- (a) If a good is lost or damaged before it is sold, tax shall not be paid on such good.
- (b) If a good is lost or damaged after it was sold but before being delivered to its recipient, tax shall be paid on such good.

Chapter 7

Irrecoverable Debts

Circumstances where tax paid on irrecoverable debts can be deducted

58. For the purpose of Section 36(c)(1) of the Act, any amount of tax paid on irrecoverable debts may be deducted by the registered person under the following circumstances:

- (a) A court passing a judgement to the effect that the debt or part of it is irrecoverable; or
- (b) The debtor has been liquidated or adjudged bankrupt; or
- (c) The debt has been written off as irrecoverable in accordance with International Financial Reporting Standards or in accordance with another accounting standard approved by the MIRA.

Deducting tax paid on irrecoverable debts

59. The amount of tax paid on irrecoverable debts may be deducted from the output tax of subsequent taxable periods, with the authorisation from the Commissioner General. In requesting for the Commissioner General's authorisation, the registered person shall submit the following documents in relation to the supply:

- (a) Copies of all tax invoices, receipts, credit notes and debit notes with respect to that supply;
- (b) Documents proving that the registered person has accounted for and paid tax thereon;
- (c) Documents proving that one of the circumstances specified in Section 58 of this Regulation, in relation to the consideration required to be paid for that supply, has occurred.

Recovery of debts written off

60. (a) Where a registered person has written off a bad debt in accordance with Section 59 of this Regulation, the registered person may make a deduction as input tax under Section 36(c)(1) of the Act of that portion of the amount of tax charged in relation to that supply as the amount written off as a bad debt bears to the total consideration for the supply.

(b) Where any amount in respect of which a deduction has been made in accordance with Section 60(a) of this Regulation is at any time wholly or partly recovered by the registered person, that portion of the amount of the deduction allowable under Section 60(a) of this Regulation as the amount of the bad debt recovered bears to the bad debt written off is output tax charged in relation to a supply of taxable goods and services made during the taxable period in which the bad debt is wholly or partly recovered.

- (c) Section 36(c)(1) of the Act shall not apply unless the registered person has properly accounted for output tax on the value of the supply in a taxable period earlier than the taxable period in which the deduction in respect of the debt write-off is claimed.

Chapter 8

Tax Invoice

- | | |
|--|--|
| Requirement to issue a full tax invoice | 61. Notwithstanding Section 42(b) of the Act, registered persons shall include the particulars specified in Sections 42(a)(1) to 42(a)(9) of the Act on the tax invoice issued to another registered person in relation to the supply of a good or service, if requested by such person. |
| Requirement to issue one tax invoice per transaction | 62. A registered person may issue a single tax invoice in relation to a supply comprising goods and services chargeable to tax at different rates and exempt goods and services, and such tax invoice must indicate separately the value and details of goods and services chargeable to tax at different rates and exempt goods and services. |
| Pro forma invoice | 63. For the purpose of the Act and this Regulation, a pro forma invoice shall not be considered as a tax invoice, and a pro forma invoice shall be clearly marked with the words "This is not a Tax Invoice". |
| Cancellation of tax invoice, receipt, credit note, debit note | 64. For the purpose of Section 50(b) of the Act, a tax invoice, receipt, credit note or debit note may be cancelled if:

(a) any information, other than the value of supply, in such document is to be changed;

(b) the recipient of a good or service requests a tax invoice with all the particulars specified in Section 42(a) of the Act after a tax invoice is issued under Section 42(b) of the Act;

(c) the goods or services supplied are exchanged for another good or service. |
| Requirement to include the amount of tourism tax on the tax invoice | 65. Where the amount of tourism tax charged on a transaction under the Maldives Tourism Act (Law Number 2/99) is not stated clearly on the tax invoice, receipt, credit note or debit note issued by a registered person, such person shall not deduct such amount under Section 36(a) of the Act. |

Issuing credit notes

66. A registered person must issue the recipient of the goods and services with a credit note that meets the requirements of Section 44 of the Act where:

- (a) a registered person makes a supply of goods and services and,
 - (1) the supply has subsequently been cancelled; or
 - (2) the supply was not zero-rated or exempted from tax when it should have been, or tax has been charged in excess; or
 - (3) the previously agreed consideration for the supply, which has been included in a tax return for an earlier taxable period, has been reduced (including, any discount given); or
 - (4) the goods and services supplied, or part of them, have been returned to the registered person; or
 - (5) for any other reason, the consideration received by the registered person is lower than the amount at which the supply was originally made; and
- (b) the registered person has provided a tax invoice in relation to the supply; and
- (c) as a result of an event specified in Section 66(a) of this Regulation, the amount shown on the tax invoice as tax charged on that supply is incorrect, or the registered person has filed a tax return for an earlier taxable period showing output tax that, as a result of one of the above events, is incorrect.

Issuing debit notes

67. A registered person must issue the recipient of the goods and services with a debit note that meets the requirements of Section 45 of the Act where:

- (a) a registered person makes a supply of goods and services and,
 - (1) the supply was zero-rated or exempted from tax when it should not have been, or a lower amount of tax has been charged than required; or

(2) the previously agreed consideration for the supply, which has been included in a tax return for an earlier taxable period, has been increased; or

(3) for any other reason, the consideration received by the registered person is higher than the amount at which the supply was originally made; and

(b) the registered person has provided a tax invoice in relation to the supply; and

(c) as a result of an event specified in Section 67(a) of this Regulation, the amount shown on the tax invoice as tax charged on that supply is incorrect, or the registered person has filed a tax return for an earlier taxable period showing output tax that, as a result of one of the above events, is incorrect.

Earlier taxable period

68. For the purpose of Section 66 and Section 67 of the Regulation, “earlier taxable period” means the taxable period in which the supply of the goods and services was made or any other taxable period before the taxable period in which the events stated in Section 66(a) or Section 67(a) of the Regulation occurred.

General provisions on credit and debit notes

69. Tax payable by a registered person for a taxable period must be accounted for as follows:

(a) deducting the aggregate amount of tax shown on credit notes issued by the registered person during the taxable period, and adding the aggregate amount of tax shown on credit notes received by the registered person during the taxable period;

(b) adding the aggregate amount of tax shown on debit notes issued by the registered person during the taxable period, and deducting the aggregate amount of tax shown on debit notes received by the registered person during the taxable period.

Chapter 9 Taxable Period

Threshold for determining

70. (a) For the purpose of Section 24(a) of the Act, whether or not the value of goods and services supplied by a registered person

taxable period

exceeds the threshold of MVR 1,000,000 (One Million Rufiyaa) per month specified in that Section shall be determined with reference to the average value of goods and services supplied by such person during the past 12 (twelve) months and the estimated average value of goods and services for the following 12 (twelve) months.

- (b) A taxable period of 3 (three) months may be elected under Section 24(a)(1) of the Act by any person only if both the monthly averages specified in Section 70(a) of this Regulation are less than MVR 1,000,000 (One Million Rufiyaa).

Application to change taxable period

- 71. (a) A registered person who applies to change the taxable period shall complete the relevant form (MIRA 207) and furnish any information and documents specified therein, and the taxable period as requested in the form shall only be changed with the written approval of the Commissioner General.
- (b) A person granted the right to change the taxable period under Section 71(a) of this Regulation shall change the taxable period in accordance with the approval, from the subsequent taxable period following the taxable period in which the approval is granted.

Frequency of change of taxable period

- 72. Registered persons shall not be permitted to change their taxable period by application to the Commissioner General more than once a year.
- 73. (a) Notwithstanding Section 72 of this Regulation, where the average value of goods and services supplied by a registered person during the past 12 (twelve) months exceeds MVR 1,000,000 (One Million Rufiyaa), or the estimated average value of goods and services for the following 12 (twelve) months exceeds MVR 1,000,000 (One Million Rufiyaa), the Commissioner General may notify such person to file tax returns on a monthly basis.
- (b) Under the circumstance where the Commissioner General has notified the change of the taxable period in accordance with Section 73(a) of this Regulation, such change shall take effect from the subsequent taxable period following the taxable period in which such notice was served.

Chapter 10

Accounting Basis

**Change of
accounting basis**

74. (a) For the purpose of changing the accounting basis from the invoice basis to another basis under Section 34(b) of the Act, the threshold of MVR 2,000,000 (Two Million Rufiyaa) specified in that Section shall be determined with reference to the total value of goods and services supplied by such person during the past 12 (twelve) months and the estimated total value of goods and services for the following 12 (twelve) months.
- (b) Permission to change the accounting basis under Section 34(b) of the Act from the invoice basis to another basis shall be granted only if both the averages specified in Section 74(a) of this Regulation are less than MVR 2,000,000 (Two Million Rufiyaa).
- (c) A person granted the right to change the accounting basis under Section 74(b) of this Regulation shall change the accounting basis from the subsequent taxable period following the taxable period in which the approval is granted.
- (d) A registered person who applies to change the accounting basis shall complete the relevant form (MIRA 207) and furnish any information and documents specified therein.

**Documents to be
submitted upon
change of
accounting basis**

75. (a) Where the accounting basis is changed under Section 34 of the Act, the registered person shall submit the following information to the MIRA in a format prescribed by the Commissioner General.
- (1) Details of outstanding debts owed to the registered person in relation to the taxable activity;
 - (2) Details of outstanding amounts payable by the registered person in relation to the taxable activity;
 - (3) Any other information determined by the Commissioner General.
- (b) The information required to be furnished under Section 75(a) of this Regulation shall be furnished on or before the deadline for filing the tax return for the taxable period in which the

forms.

- Signatories to a tax return** 79. Tax returns filed with the MIRA by the registered person shall be signed by the registered person or by another person registered with the MIRA to sign tax returns on behalf of the registered person.
- Postponement of filing of tax return** 80. (a) A registered person may apply to the Commissioner General to extend the period for filing tax returns under the following circumstances:
- (1) The registered person suffers from sudden serious illness;
 - (2) Death of the registered person;
 - (3) Any other reasonable cause.
- (b) The Commissioner General shall, at his discretion, grant an extension based on the grounds referred to in Section 80(a) of this Regulation, and the registered person shall act in the manner approved by the Commissioner General from the date of approval.
- Paying tax during period for which extension was granted** 81. Any registered person granted an extension of the period for filing tax returns shall pay an estimated amount of tax as and when it would otherwise fall due had the extension not been granted, as follows:
- (a) Tax paid in the corresponding taxable period of the previous year or the tax declared in the last tax return filed, whichever was greater; or
 - (b) An estimated amount of tax calculated, with the approval of the Commissioner General, in a manner other than that prescribed in Section 81(a) of this Regulation.
- Filing return and paying tax upon expiry of extension** 82. (a) Upon expiry of the extension granted under Section 80 of this Regulation, the registered person shall file the tax returns applicable for the period for which the extension was granted at the time of filing the tax return for the subsequent taxable period.
- (b) The registered person shall, by the time specified in Section 82(a) of this Regulation, pay tax for the current taxable period along with any tax which has fallen short and applicable fines

during the period for which the extension was granted. Any tax paid in excess shall be set off against tax liabilities of the registered person. Interest shall not be applicable to any such tax paid in excess.

Amending the tax return

83. (a) If a registered person files an amended tax return within 12 (twelve) months from the date of filing a return, such amended return shall be deemed to be a written notice submitted under Section 63 of the Act.
- (b) A registered person may file an amended tax return after 12 (twelve) months from the date required for filing a return only on application in writing to the Commissioner General and upon his instructions.
- (c) If additional tax is required to be paid in relation to the amended tax return submitted under this Section, such tax and fines in relation to such tax shall be paid to the MIRA on the day of filing the amended return.
- (d) If a registered person is qualified for a tax refund in relation to the amended return filed under this Section, the refund amount shall be deducted from the output tax of that person's subsequent taxable periods, in a manner notified by the MIRA. No interest shall be payable on the excess tax paid.

Requirement to hold tax invoices

84. For the purpose of Section 37(d) of the Act, a registered person must hold the tax invoice referred to in that Section at the time that the person files the return for the taxable period to which the input tax deduction relates.

Requirement to hold credit and debit notes

85. A registered person is not allowed a deduction in respect of any adjustment to tax if that person does not hold a credit note that complies with the requirements of Section 44 of the Act or a debit note that complies with the requirements of Section 45 of the Act, at the time that the person files the return for the taxable period to which the adjustment relates.

Chapter 12 Payment of Tax

**Payment of tax
without
submitting a tax
return**

86. (a) Any registered person, who has failed to file his tax return on time, may pay an amount of money to the MIRA to be credited to his account.
- (b) Monies credited to the account of the registered person under Section 86(a) of this Regulation shall only be set off against the person's tax liabilities once the tax return has been filed.
- (c) Any amount paid in excess, after having set off an amount in accordance with Section 86(b) of this Regulation, shall be set off against the tax liabilities of the registered person in the subsequent taxable period, and any amount which falls short shall be paid together with any fines incurred on such amount, from the date such amount fell due until the date the outstanding amount was settled.
- (d) A registered person shall not be allowed to claim interest where an amount in excess of his tax liability was credited to his account as prescribed in Section 86(a) of this Regulation.

**Input tax
exceeding output
tax**

87. (a) For the purpose of Section 32(b) of the Act, where input tax on a tax return submitted by a registered person exceeds output tax on such return, that person's return showing the amount of the excess for the period shall constitute an application for the claim for the amount of the excess.
- (b) The MIRA shall not be required to refund to a registered person any amount of the excess of input tax over output tax for a taxable period where it believes that the supplier of goods or services to the registered person has or may have acted fraudulently and failed to pay the output tax corresponding to the amount of the tax refund.

Chapter 13 Deregistration

Application to deregister or for removal from the register

88. (a) Persons applying for deregistration under Section 55 of the Act and persons applying for removal from the register under Section 58 of the Act shall submit a completed “GST Deregistration” (MIRA 106) form with the relevant information and documents specified therein.
- (b) An application for removal of a person from the register under Section 58 of the Act shall be processed after considering the following:
- (1) The taxable activity carried on in the Maldives by such person has ended;
 - (2) All necessary documents required to be submitted to the MIRA by such person in accordance with the Act have been submitted, and all amounts payable to the MIRA by such person have been settled in full.
- (c) If a person is deregistered under Section 55 of the Act, or is removed from the register under Section 58 of the Act, such person shall return to the MIRA all GST Registration Certificates issued to him under Section 10 of this Regulation, within 15 (fifteen) days of receiving notification of deregistration or removal from the register.

Date on which charging of tax shall terminate

89. (a) Persons applying for deregistration under Sections 55(a)(1) and 55(a)(2) of the Act shall cease to charge tax in accordance with the Act and this Regulation, from the day following the date of deregistration.
- (b) Persons applying for deregistration under Section 55(a)(3) of the Act shall cease to charge tax in accordance with the Act and this Regulation from the day following the date on which the taxable activity was discontinued.

Discretion to not deregister persons registered voluntarily

90. The Commissioner General shall have the discretion to not deregister a person who has registered voluntarily under Section 53 of the Act until 2 (two) years has elapsed since registration, even though such

person applies for deregistration.

Requirement to pay tax on goods on hand at the time of discretion

- 91.** Where a person other than a person specified in Section 55(d) of the Act is deregistered, such person shall pay to the MIRA the amount of input tax that has been claimed in relation to goods on hand at the time of deregistration.

Chapter 14 Record Keeping

Record keeping

- 92.** (a) Every registered person shall, for the purpose of accounting for tax, keep the following records:
- (1) Tax invoices and receipts issued and received by the registered person;
 - (2) Credit notes, debit notes, or other documents which evidence an increase or decrease in consideration that is paid or received;
 - (3) Statements showing details of output tax declared on each tax return and statements showing details of input tax claimed on each tax return;
 - (4) Documents to prove import or export of goods;
 - (5) Details of goods acquired by the registered person for his private use or for a purpose other than business, and details of goods taken for private use;
 - (6) Details of goods or services supplied for free or on a complimentary basis, and details of goods lost, damaged, or returned by the recipient;
 - (7) Business agreements;
 - (8) Other documents required for the calculation of tax payable by that person.
- (b) The Commissioner General by public notice may add to the list of documents required to be maintained by registered persons under Section 92(a) of this Regulation.

- (c) The receipts and related documents required to be maintained under Section 92(a) of this Regulation shall be maintained in a manner in which the date and mode of receipt of payment for goods or services supplied by the registered person can be readily ascertained.
- Notice to submit documents** **93.** (a) Where the MIRA requires a document specified in Section 92(a) of this Regulation, the Commissioner General shall have the power to notify the registered person to submit documents specified in the notice within 7 (seven) days of the date of the notice.
- (b) Where the MIRA requires a document not specified under Section 92(a) of this Regulation, the Commissioner General shall have the power to notify the registered person to submit documents specified in the notice within 21 (twenty one) days of the date of the notice.
- Documents pertaining to goods and services supplied to exempt persons** **94.** Where under Section 20(m) of the Act a good or service supplied by a registered person is exempted from GST by another Act, the registered person shall maintain sufficient records which evidence that the supply of the good or service is exempt.
- Period, language and currency of records** **95.** (a) Tax related records of a registered person shall be kept for a period of 5 (five) years from the end of the taxable period to which they relate. Such records shall be maintained either in Dhivehi or English and, unless otherwise prescribed in this Regulation, the amounts in such records shall be in Rufiyaa or United States Dollar.
- (b) Notwithstanding Section 95(a) of this Regulation, tax invoices, receipts, credit notes and debit notes may be prepared in any foreign currency other than the United States Dollar, which is acceptable to the Maldives Monetary Authority. However, such documents shall specify the amount of tax included therein in Rufiyaa or United States Dollar.
- (c) For the purpose of Section 95(b), the exchange rate used in converting the tax amount in documents prepared in a currency other than United States Dollar, to United States Dollar or Maldivian Rufiyaa, shall be a rate within $\pm 2\%$ (two per cent) of the rate published by the Maldives Monetary

Authority on the date of such transaction.

- Keeping records in an electronic format** **96.** Records relating to tax of a registered person may be retained in electronic format only if:
- (a) the records can be readily printed on paper if required by the MIRA; and
 - (b) the date of preparation of documents can be identified when the records are printed on paper; and
 - (c) the records can be readily retrieved and viewed to allow the MIRA to ascertain the amount of tax payable by such person; and
 - (d) where the records are transferred from one format to another, the duplicate of the records can be confirmed to be identical to the original records; and
 - (e) they are secure from alteration by unauthorised parties; and
 - (f) the records are not altered due to a change or upgrade to the software; and
 - (g) there is a secure backup of the software and records kept in electronic format; and
 - (h) an audit log report of all such records can be generated; and
 - (i) the program documentation may be produced to the MIRA if the registered person is requested to do so.
- Place to keep records** **97.** The accounting records required to be maintained under this Regulation shall be kept at the principal place of business in the Maldives of the registered person.
- Making copies** **98.** For the purpose of Section 47 of the Act,
- (a) A duplicate copy of an original document must state in a prominent manner the word “Duplicate”;
 - (b) A statement attesting that the document is a duplicate copy of the original document must be clearly shown on the duplicate copy of the document;

- (c) The registered person who issues the duplicate copy must sign the statement referred to in Section 98(b) of this Regulation or, where the registered person is not an individual, a person authorised by the registered person to sign the tax returns of the registered person must sign the statement; and
- (d) Where the registered person is not an individual, the seal or official stamp of the registered person must appear next to the statement referred to in Section 98(b) of this Regulation.

Chapter 15

Transitional Provisions

- | | |
|--|---|
| Cut-off date | <p>99. (a) For the purpose of the Act, the cut-off date shall be 00:00 hours on 2nd October 2011, and tax shall be payable on the value of goods and services supplied in accordance with the Act from such date based on the time of supply.</p> <p>(b) If a registered person is granted a permit by a State authority for the conduct of business on a 24-hour basis, or if the registered person conducts business 24 hours per day, the charging of tax shall commence from the time specified in Section 99(a) of this Regulation.</p> <p>(c) Persons not falling within Section 99(b) of this Regulation shall commence charging tax from the time of opening their business on 2nd October 2011.</p> <p>(d) Notwithstanding other provisions of this Regulation, if a person supplying goods or services specified in Section 16 of the Act, has supplied goods or services before the commencement of the Act and where the tax invoice in relation to that transaction was prepared or the payment or partial payment in relation to that transaction was made on or after the date of commencement of the Act, no tax shall be charged on such transaction.</p> |
| Transactions before the ratification of the Act | <p>100. (a) Notwithstanding Sections 17(a) and 17(b) of the Act, where a person registered with the MIRA other than under the Tourism Goods and Services Tax Act (Law Number 19/2010), signs an agreement before the ratification of the Act for the supply of goods or services, and the agreement was entered into under</p> |

the supplier's normal commercial practices, and work on the delivery of the goods and services so mentioned in the agreement has begun prior to the ratification of the Act, tax shall not be chargeable on that supply if the tax invoice is issued or part or whole of the payment is received for that supply within 1 (one) year from the date of commencement of the Act.

- (b) Notwithstanding Section 52 of this Regulation, where a person registered under the Tourism Goods and Services Tax Act (Law Number 19/2010), supplies goods or services under an agreement entered into under normal commercial practices, and as per such agreement, tax for such supply is calculated without including a service charge in the total value of that supply, and work on the delivery of the goods and services so mentioned in the agreement has begun prior to the ratification of the Act, no tax shall be charged on the service charge levied under the agreement, within 1 (one) year from the date of commencement of the Act.
- (c) Where under Sections 100(a) and 100(b) of this Regulation tax is not chargeable on a transaction made by a registered person, that person shall prove to the MIRA that the transaction was concluded under normal commercial practices.

Transactions made during the period between the passing of the Act and its commencement

- 101.**
- (a) Registered persons shall not conduct any transaction during the period between the passing of the Act and its commencement with intent to avoid tax.
 - (b) A registered person shall submit the following particulars, upon request, to the MIRA within the period specified by the MIRA:
 - (1) Details of advance payments and deposits received, contracts signed, and tax invoices issued during the period between the passing of the Act and its commencement for the supply of goods and services, if such goods or services would be physically supplied at any time after the commencement of the Act.
 - (2) Details of advance payments and deposits received, contracts signed, and tax invoices issued during the period corresponding to the period between the passing

of the Act and its commencement, during the year 2010, relating to services physically supplied on or after 2nd October 2010.

- (c) If a registered person supplies goods or services on or after the date of ratification of the Act, and no tax invoice was prepared for the total value of that transaction at the date of commencement of the Act or if the total value of that transaction was not obtained, tax shall be paid on the value of the transaction where a tax invoice was not prepared or where the value of such transaction was not obtained.

Tax return of T-GST registered persons for September 2011

- 102.** (a) The tax return for September 2011 of a person registered under the Tourism Goods and Services Tax Act (Law Number 19/2010), required to be filed under Section 13 of that Act, shall be filed on or before 28th October 2011 and that taxable period shall begin on 1st September 2011 and end on 1st October 2011.

- (b) The consequence of filing the tax return under Section 102(a) of this Regulation shall be that the person registered under Tourism Goods and Services Tax Act is not liable to file a separate tax return for October 2011 under that Act.

Relief given to persons maintaining documents without the use of software

- 103.** Notwithstanding any other provision in this Regulation, if the documents of a registered person are maintained without the use of software, such documents shall be maintained up to the end of December 2011 in accordance with a specimen determined by the MIRA.

Chapter 16

Miscellaneous Provisions

Goods and services supplied in the Maldives

- 104.** For the purpose of the Act, the place of supply of a good or service shall be determined with reference to this Section.

- (a) Goods and services are supplied in the Maldives if the supplier is in the Maldives at the time that the goods and services are supplied.
- (b) Goods and services are supplied in the Maldives if the supplier is outside the Maldives and:

- (1) the goods are in the Maldives at the time of the supply; or
 - (2) the services or part of such services are physically performed in the Maldives by a person who is in the Maldives at the time the services are performed.
- (c) (1) A company or other incorporated entity is a supplier in the Maldives if it is incorporated in the Maldives.
- (2) A partnership or any other unincorporated body is a supplier in the Maldives if it is established in the Maldives.
- Taxable activity** **105.** A taxable activity includes anything done in connection with the beginning or ending, including the disposition, or a premature ending, of a business.
- Related party** **106.** For the purpose of this Act and the Regulation “related party” means:
- (a) Companies within the same group of companies;
 - (b) A shareholder and the company in which the shareholder holds 5% (five percent) or more of the shares of the company;
 - (c) A partnership and any of its partners;
 - (d) An individual and:
 - (1) his or her spouse; or
 - (2) his or her parent, grandparent, child (including a stepchild), brother, sister, half-brother or half-sister; or
 - (3) the wife or husband of a person stated in Section 106(d)(2) of this Regulation;
 - (e) Any person associated with a person who is associated with another person under Sections 106(a) to 106(d) of this Regulation.
- Value of charter** **107.** For the purpose of Section 15(c) of the Act, value of a charter refers to the total value received in money or otherwise, in consideration for the charter of a tourist vessel, by the charterer of such tourist vessel.

Manner in which the thresholds in the Act shall be determined	<p>108. (a) In considering the thresholds specified in Sections 24(a), 34(c), 51 and 55(a) of the Act, reference shall be made to the total value of taxable goods and services supplied by the registered person.</p> <p>(b) Where a taxable activity is registered separately under Section 7 of this Regulation, all taxable activities carried on by the registered person shall be included in considering the thresholds specified in Section 24(a), 34(c), 51 and 55(a) of the Act.</p>
Pricing policy	<p>109. (a) A registered person shall display in the premises where the taxable activities are carried out, their tax policy; whether the value of the goods or services displayed includes tax or whether tax is charged in addition to the value displayed. The policy so chosen by that person shall not be varied in relation to different goods and services supplied by the same taxable activity.</p> <p>(b) Notwithstanding Section 109(a) of this Regulation, persons not using software to maintain records shall display to customers the value of the goods and services inclusive of the amount of tax chargeable for such goods and services.</p>
Refunds	<p>110. For the purpose of Section 32(b)(1) of the Act, excess payments made to the MIRA under the Act by a registered person shall be refunded to him when he terminates all taxable activities carried on by him in the Maldives.</p>
Approved software	<p>111. Registered persons, whose annual taxable sales exceeds an amount determined by the MIRA, shall only use software approved by the MIRA for the purpose of preparing tax related documents. Nonetheless, registered persons shall be given 2 (two) years from the date of publication of an approved list of software by the MIRA, to comply with the software requirement of the MIRA.</p>
Person responsible for notifying MIRA of the occurrence of certain events	<p>112. For the purpose of Section 26(c) of the Act, where any event specified in Section 26(a) of the Act occurs, such occurrence shall be notified to the MIRA by the person determined as such under the Tax Administration Act (Law Number 3/2010) and the Regulation made</p>

pursuant to that Act.

- Change in tax rates** 113. If the tax invoice for goods and services supplied by a registered person is prepared or if payment or partial payment for the goods or services is made before the effective date of rate changes specified in Section 15 and 16 of the Act, tax on such transaction shall be charged at the rate prevailing at the time of supply of that transaction in accordance with Section 17 of the Act.
- Complying with the law and regulation** 114. Registered persons shall fully comply with the Regulation herein, including any other rulings issued by the Commissioner General in the course of administering tax for the purpose of the Act.
- This Regulation to be read together with taxation Acts** 115. This Regulation shall be read together with the Goods and Services Tax Act (Law Number 10/2011) and the Tax Administration Act (Law Number 3/2010) and regulations made pursuant to the Acts. Any word or expression not defined in this Regulation, unless the context otherwise requires, shall have the same meaning such word or expression has in the Acts.
- Commencement of the Regulation** 116. The date of commencement of this Regulation shall be the date of commencement of the Goods and Services Tax Act.
- Definitions** 117. (a) In this Regulation, unless otherwise specified:
- “Authorised service” refers to a service provided with a permit, license or registration obtained from a government authority or a state institution for the provision of that service.
- “Authorised trade” refers to a trade conducted in the Maldives with a permit, license or registration obtained from a government authority or a state institution for the establishment and conduct of that trade.
- “Immovable property” refers to land, uninhabited islands, lagoons, reefs, reef knolls, buildings, warehouses, plants, factories, monuments and any other such property.
- “Group of companies” refers to a parent company and any other companies in which the parent company directly or indirectly holds 50% (fifty percent) or more of the voting rights of the other company, or otherwise controls the other company.

“Travel agency service providers” refers to travel agents, tour operators and other parties engaged in arranging travel on a commercial basis to persons travelling to the Maldives.

“Loyalty scheme” refers to a scheme where the recipient of goods or services can redeem points.

“Act” refers to the Goods and Services Tax Act (Law Number 10/2011).

“Tourism tax” refers to the tax levied under the Maldives Tourism Act (Law Number 2/99).

“Taxable goods and services” refers to goods and services taxable under the Act, including zero-rated goods and services specified in Section 22 of the Act. For the avoidance of doubt, it does not include exempt goods and services specified in Section 20 of the Act.

- (b) For the purpose of this Regulation, singular includes plural and plural includes singular.

DISCLAIMER OF LIABILITY – The Maldives Inland Revenue Authority shall not accept any liability or responsibility arising out of any reliance whatsoever on the translations contained herein. In the event of conflict between the translations contained herein and the *Dhivehi* Goods and Services Tax Regulation, the latter shall prevail for all given purposes. Therefore, it is advised that both the *Dhivehi* Goods and Services Tax Regulation and its English translations be read concurrently.