



Unofficial translation of the

POLICY ON ACCESSING INFORMATION OF BANK ACCOUNTS OF TAXPAYERS AND FREEZING THEIR BANK ACCOUNTS

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Policy on Accessing Information of Bank Accounts of Taxpayers and Freezing their Bank Accounts

Chapter 1 Introduction

- Introduction**
1. (a) This Policy formulates the procedures in freezing bank accounts of taxpayers in default in the payment of tax, fee, rent, royalty or other money required to be paid to the MIRA under Taxation Acts or any other Act and obtaining details of their bank accounts and transactions for the purpose of audits and investigations undertaken by the MIRA.
 - (b) This Policy is formulated in accordance with Section 47 (d), 48 and 50 of the Tax Administration Act (Law No. 3/2010).
- Objective**
2. The objective of this Policy is to formulate a just and fair procedure in obtaining details of the transactions of the bank accounts of taxpayers and freezing their accounts.
- Enforcing Institution**
3. This Policy shall be enforced by the MIRA with the collaboration from the MMA and the Banks.

Chapter 2 Freezing Bank Accounts

- Background**
4. The MIRA has the discretion under Section 47 (d) of the Tax Administration Act (Law No. 3/2010) to freeze bank accounts of persons in default in the payment of tax, fee, rent, royalty or other money required to be paid to the MIRA under Taxation Acts or any other Act.

**Circumstances in
freezing bank accounts**

5. (a) The MIRA shall determine the following before freezing the bank accounts of persons in default of outstanding dues to the MIRA.
- (1) That 50 (fifty) days has elapsed from the date of deadline for making payments; and
 - (2) That the notices required to be issued to persons under the Enforcement Policy of the MIRA in relation to the outstanding dues has been sent.
- (b) Notwithstanding Section 5 (a), the MIRA has the discretion to notify to freeze the bank accounts of the taxpayers under following circumstances.
- (1) The MIRA has reasonable grounds for believing that the taxpayer acts or intends to act in such a manner to evade or purposefully delay the payment of money required to be paid; or if the MIRA has reasonable grounds to believe that the taxpayer's actions may cause severe difficulties or delays in obtaining the outstanding dues.
 - (2) The MIRA has reasonable grounds for believing that the taxpayer is intending to leave Maldives, or in the case of a company, intending to cease residency in Maldives, or to transfer any funds or assets out of Maldives and that might hinder the recovery of the unpaid amounts.

**Notification to freeze
bank accounts**

6. (a) The notification to freeze bank accounts held by persons in default in paying outstanding dues to the MIRA, shall be issued to the banks through the MMA. Such notices shall be issued by the MIRA to the MMA through the designated form and it shall include the following details.
- (1) Name, address and TIN of the taxpayer in default;

- (2) Registration Number or Identity Card number and other information that would help identify the bank account numbers of the taxpayer in default;
- (3) The outstanding amount;
- (4) The reason for freezing the account.

(b) The MMA shall notify the banks in writing within 2 (two) days, upon receipt of notice sent by the MIRA under this Policy

**Notifying the MIRA
after freezing the bank
account**

7. (a) The banks, on receipt of the notice issued by the MMA under this Policy, shall freeze the bank accounts forthwith in accordance with the notice.

(b) On receipt of the notice specified in Section 7 (a) the bank shall within 3 (three) days notify the MIRA in writing, details of the accounts frozen, or whether an account does not exist at the bank under the person whose account requires to be frozen, or if the account of the person has been frozen under a Court Order or in any other manner. Further, the bank shall furnish the following details of the frozen accounts in relation to the notice specified in Section 7 (a).

- (1) Name and permanent address of the owner of the accounts being frozen;
- (2) Business Registration Number or Identity Card number of the account owner;
- (3) The time and date freezing was effectuated and the balance in the frozen accounts at that time;
- (4) Details of credit arrangements or other arrangements (if any) in relation to the accounts; or details of any liens or any other charges by the bank on the money in the accounts;

**Notification of the
frozen bank accounts to**

8. The MIRA shall notify the bank account owner on freezing of the bank

the taxpayer

account within 2 (two) days from the receipt of the notice stated in Section 7 of this Policy.

Procedure on dealing with frozen accounts

9. Where more than one bank account is frozen or where the accounts frozen are in more than one bank, the MIRA shall determine the account and the bank from which the outstanding amounts would be recovered in accordance with the following.
 - (a) Where sufficient funds are available to settle the outstanding dues in full in more than one bank account, the account from which the money is to be withdrawn shall be determined after deliberation with the taxpayer.
 - (b) Where individual bank accounts frozen do not have sufficient funds to settle the outstanding dues in full, and if the accounts held by that person in one particular bank have sufficient funds to settle the outstanding dues in full, the money shall be withdrawn from the accounts in that particular bank.
 - (c) Where individual accounts frozen do not have sufficient funds, and if the accounts of that person held in separate banks have sufficient funds, the banks from which the money is to be withdrawn shall be determined after deliberating with the taxpayer.
 - (d) Where individual accounts frozen do not have sufficient funds to settle the outstanding dues in full, and if the aggregate funds in the accounts held by the person in one bank is insufficient to settle the outstanding dues in full, the accounts and the banks from which money is to be withdrawn shall be determined after deliberating with the taxpayer.
 - (e) Where the taxpayer does not cooperate in determining which account or accounts the money shall be withdrawn from under Section 9 (a), (c) and (d) the MIRA shall have the discretion to make such

determination.

Withdrawal

10. (a) Following the determination of the account for withdrawal of money in accordance with Section 9 of this Policy, the MIRA shall within 5 (five) days notify that decision to the relevant bank where the money is withheld. The said notice shall request the release of accounts excluding those from which the money was determined to be withdrawn, and a copy of the notice shall be sent to the owner of the account and the MMA.
- (b) The bank, on receipt of the notice specified in Section 10(a) shall immediately act accordingly
- (c) In accordance with Section 10 (a), the bank shall within 7 (seven) days pay the MIRA the amount specified in the notice from the specific account(s).

Providing the opportunity to pay

11. The Taxpayer may consult and agree with the MIRA in relation to the options available for settling the outstanding dues, within 3 (three) days of being notified of the frozen bank accounts in accordance with Section 8 of this Policy.

Notification of receipt of money

12. The MIRA shall notify the bank to unfreeze the accounts on the receipt of outstanding amount. A copy of this notice shall be sent to the MMA and to the taxpayer.

Allowing money for basic necessities

13. In settling the full outstanding dues from the money in the frozen accounts, the MIRA shall have the discretion to release an amount not exceeding 20% of the available funds in the accounts, where the MIRA believes that the taxpayer would not have sufficient funds to meet basic necessities if the money is withdrawn from the frozen account. However, this can only be arranged after coming to an agreement with the taxpayer regarding the means to settle the payment.

Chapter 3

Access to Details of Bank Account

Background

14. For the purpose of an audit or investigation carried out by MIRA due to a person being accused of an offence specified in a Taxation Act, the MIRA has the discretion under Section 48 of Tax Administration Act (Law No.3/2010) to obtain details of that person's bank accounts or accounts of persons associated with that person, money sent and received via bank, and details of other transactions undertaken via the bank.

Requesting for bank account details

15. (a) Requests by the MIRA to the MMA for bank account details in accordance with Section 14 of this Policy shall be made by the designated form. The form shall include the following details.
- (1) Name and address of the taxpayer;
 - (2) Business Registration number or Identity Card number of the taxpayer;
 - (3) Period for which the details of the bank account are required ;
 - (4) Purpose for accessing the details of transactions of bank account.
- (b) Within 2 (two) days of receipt of the form to access the bank account details, the MMA shall notify the banks to provide the required details to the MIRA.

Providing details of the bank account

16. (a) In accordance with Section 15 of this Policy, within 7 (seven) days of receipt of notice sent by the MMA the bank shall provide in writing the details of the accounts requested to the MIRA.
- (b) The document sent under Section 16 (a) shall specify the details of money deposited, withdrawn and transferred from and to the

account, and details of other transactions undertaken by the owner using the account for the period requested by the MIRA.

Chapter 4

Other Provisions

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| Non-responsibility for loss | 17. The MIRA, MMA and banks shall not be responsible for any financial loss or any other loss caused in any way to the owner of the account for complying with the provisions of this Policy. |
| Confidentiality | 18. Any information obtained by the MIRA and banks under this Policy shall not be disclosed to any persons in a manner that contradicts the relevant laws and regulations. |
| Determining the date of payment | 19. For the purpose of determining fine(s) or for any other purpose, the date of receipt of money by the MIRA shall be the date in which the MIRA received that money in accordance with Section 10 (c) of this Policy. |
| Computation of Days | 20. Government holidays shall be excluded in computing days for the purpose of this Policy. |
| Definitions | 21. “MIRA” refers to the Maldives Inland Revenue Authority established under the Tax Administration Act (Law Number 3/2010). “MMA” refers to Maldives Monetary Authority established pursuant to the Maldives Monetary Authority Act (Law Number 6/81). “Bank” refers to the banks and financial institutions that come under the scope of the Maldives Banking Act (Law Number 24/2010) |