



*Unofficial translation of the*

## **POLICY ON DEALING WITH PERSONS THAT ISSUE DISHONoured CHEQUES TO MIRA**

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### **DISCLAIMER OF LIABILITY**

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# **POLICY ON DEALING WITH PERSONS THAT ISSUE DISHONOURED CHEQUES TO MIRA**

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## **1. Introduction**

- (a) This Policy formulates the procedure that will be followed by the MIRA in dealing with the taxpayers and the persons who issue dishonoured cheques (cheques returned cheques as a result of insufficient funds in the bank account of the issuer or due to any other reason), in making payments to MIRA in relation to tax, fee, rent, royalty, fine and other monies payable to the MIRA.
- (b) This Policy is formulated pursuant to Section 3 of the Tax Administration Act (Law Number 3/2010).

## **2. Objective**

The objective of this Policy is to establish a fair and transparent procedure in dealing with persons that issue dishonoured cheques in relation to tax, fee, rent, royalty, fine and other monies payable to the MIRA.

## **3. Enforcing Institutions**

The criminal proceedings stated in this Policy shall be enforced with the support of Maldives Police Service and Prosecutor General's Office

## **4. Scope**

This Policy aims to establish the procedures in dealing with persons that issue dishonoured cheques in relation to tax, fee, rent, royalty, fine and other monies payable to the MIRA. Further it covers the penalties and actions against such persons under Section 39 (a) of the Statutory Instruments Act (Law No. 16/95).

## **5. Notification of dishonoured cheque**

Where a cheque issued to the MIRA is dishonoured for any reason, the person issuing such cheque will be notified via phone within 3 (three) days (exclusive of Government holidays) from receipt of such cheque from the Bank and the following shall be notified to the said person accordingly.

- (a) The amount specified in that cheque remains unsettled and that the person who issued such a cheque shall be treated as a person with outstanding payments and

where a fine or interest is applicable for the non-payment, such fines and interests shall accumulate up until the full settlement of outstanding dues.

- (b) The outstanding amount shall be paid within 3 (three) days either by cash or a bank guaranteed cheque and the person shall be blacklisted in accordance with Section 8 of this Policy.
- (c) The dishonoured cheque shall be returned to the person following the full settlement of the amount by cash or a bank guaranteed cheque.

## **6. Notice to settle the outstanding amount**

Where a person that issued a dishonoured cheque is not reachable over the phone or where such a person fails to settle the outstanding amount within 3 (three) days provided in accordance with Section 5(b) of this Policy, the first written Notice shall be issued to such person to settle the outstanding amount within 7 (seven) days. Where the Notice could not be delivered, such persons shall be treated in accordance with the Policy on Skip Tracing Persons with Outstanding Payments.

## **7. Returning the cheque on the settlement of outstanding amount**

- (a) Where the outstanding amount due in relation to a dishonoured cheque is fully settled, the cheque shall be returned to the issuer of the cheque.
- (b) The cheque shall be returned to the issuer of the cheque under Section 7(a) only presenting supporting documents to confirm the payment relating to such cheque, and National Identity Card or any other official document certifying the identity of the person to whom the cheque is returned.
- (c) The cheque can be returned to persons other than the issuer of the cheque under Section 7(a), provided that such person presents a document of no objection from the issuer in returning the cheque to such person, in addition to the documents stated in Section 7(b).

## **8. Blacklisting**

- (a) In this Policy, blacklisting refers to the process whereby a person is barred from making payments other than by a bank guaranteed cheque or cash, until expiry of a specified period from the date of receipt of dishonoured cheque.
- (b) Where a person fully settles the outstanding amount in relation to a dishonoured cheque within the period stated in Section 5 or Section 6 of this Policy, such persons shall be removed from the blacklist.

- (c) Where the outstanding amount in relation to a dishonoured cheque is not settled within the period stated in Section 6, such persons can only be removed from the blacklist 3 (three) months following the date of full settlement of the outstanding amount. Where the persons have been previously blacklisted, such persons can only be removed from the blacklist 6 (six) months following the date of full settlement of outstanding amount.
- (d) Where a person blacklisted in accordance with this Policy, is required to settle the an outstanding amount in United States Dollars and the amount exceeds USD 100 (One Hundred United States Dollars) within the blacklisted period, such amount shall be paid only by a bank guaranteed cheque.
- (e) Notwithstanding Section 8(a), cheques may be accepted in relation to outstanding amounts due by blacklisted persons under special circumstances as determined by the MIRA.

#### **9. Other means for the recovery of the outstanding amount**

Persons who fail to settle the outstanding amount in full, within the 7 (seven) day period provided under Section 6 of this Policy shall be dealt in the following manner.

- (a) Issue a Notice of 20 (twenty) days for the full settlement of outstanding amount of the dishonoured cheque;
- (b) Where the amount remains unsettled following the expiration of the period specified in Section 9(a), such cases shall be forwarded to the Prosecutor General's Office through the Maldives Police Service to proceed with taking legal action against issuer of the cheque, under the Statutory Instruments Act (Law No.16/95).
- (c) Where the amount remains unsettled following the expiration of the period specified in Section 9(a), action against the taxpayer in default shall be taken under the Enforcement Policy of the MIRA.

#### **10. Withdrawal of case upon settlement**

- (a) Where a person settles the outstanding amount in full, in relation to a case forwarded under Section 9(b) to the Maldives Police Service or to the Prosecutor General's Office, it shall be notified to those institutions accordingly.
- (b) Where a person settles the outstanding amount in full, in relation to a case filed with Civil Court pursuant to the Enforcement Policy of the MIRA, such cases shall be withdrawn from the Civil Court.

## **11. Payments by third parties**

- (a) Where the issuer of the dishonoured cheque and the taxpayer is different, copies of the documents sent to the issuer of the cheque, pursuant to this Policy, shall be sent to the taxpayer.
- (b) Where the issuer of the dishonoured cheque and the taxpayer is different, the taxpayer shall be subject to the provisions specified in Section 5 of this Policy. Under such circumstances, persons issuing the said cheques shall be prosecuted solely for the amount stated in such cheques.

## **12. Commencement**

- (a) This Policy shall come into effect from the date of its publication in the Government Gazette.
- (b) Where persons with outstanding payments due to a dishonoured cheque issued to the MIRA prior to the commencement of this Policy fail to settle the outstanding amount in full within 20 (twenty) days from the date of commencement of this Policy, such cases shall be forwarded to Maldives Police Service, without further notice
- (c) Following the commencement of this Policy, persons making payments to the MIRA by way of cheques shall register the bank accounts relating to the cheque as determined by the MIRA.