



MALDIVES
INLAND REVENUE
AUTHORITY

QUARTERLY REPORT

Quarter 1, 2015



*Celebrating 4 years of
Dedication*

ABBREVIATIONS

14Q1	2014, First Quarter
14Q2	2014, Second Quarter
14Q3	2014, Third Quarter
14Q4	2014, Fourth Quarter
15Q1	2015, First Quarter
15Q2	2015, Second Quarter
ACC	Anti-Corruption Commission
ACCA	Association of Chartered Certified Accountants
AEOI	Automatic Exchange of Information
CPD	Continuing Professional Development
BEPS	Base Erosion and Profit Shifting
BPT	Business Profit Tax
BnPT	Bank Profit Tax
CSTI	Civil Service Training Institute
GGST	Goods and Services Tax (Non-Tourism Sector)
GST	Goods and Services Tax (refers to both TGST and GGST)
LPEF	Lease Period Extension Fee
MIRA	Maldives Inland Revenue Authority
MVR	Maldivian Rufiyaa
OECD	Organization for Economic Co-operation and Development
SAARC	South Asian Association for Regional Cooperation
TGST	Goods and Services Tax (Tourism Sector)
USD	United States Dollar
WHT	Withholding Tax

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A. REVENUE COLLECTION

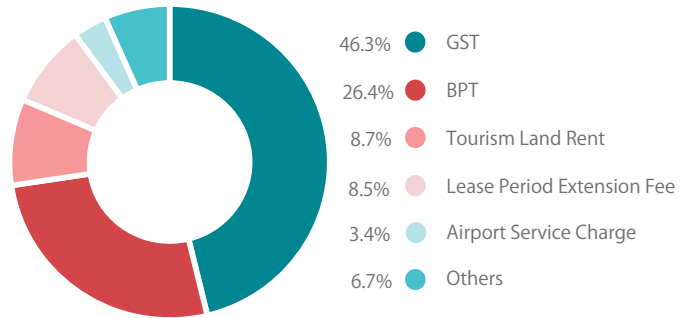
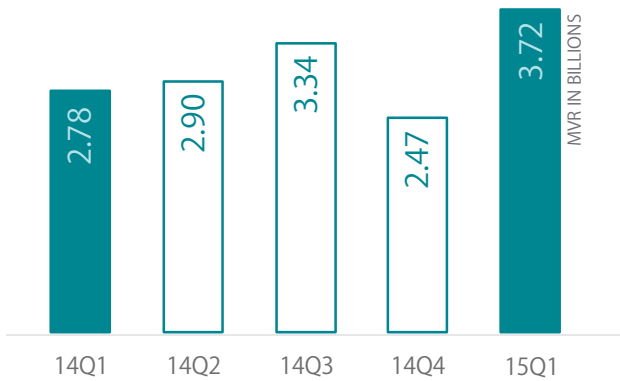
1. TOTAL REVENUE COLLECTION

1.1

TOTAL REVENUE COLLECTION

The total revenue collection for 15Q1 was MVR 3.72 billion.

It depicted a growth of 33.7% compared to the corresponding quarter, 14Q1, and 50.5% compared to the previous quarter, 14Q4.



1.2

TOP REVENUE CONTRIBUTORS IN 15Q1

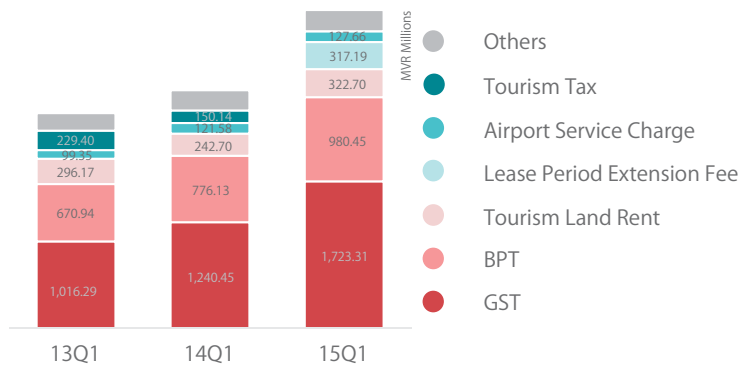
In 15Q1, almost half of the revenue came from GST. About a quarter of the revenue came from BPT. Meanwhile, Tourism Land Rent contributed 8.7%, Lease Period Extension Fee 8.5% and Airport Service Charge 3.4%

1.4

TOTAL REVENUE GROWTH

There was an increment of more than half a billion in the GST collection over 3 months when compared against 14Q1. In percentage terms, the GST revenue growth is 38.9%. BPT Revenue also grew by 26.6%. Lease Period Extension Fee was not collected in 14Q1 and hence it contributed heavily to the growth. Further, Tourism Land Rent and Airport Service Charge also registered positive growth.

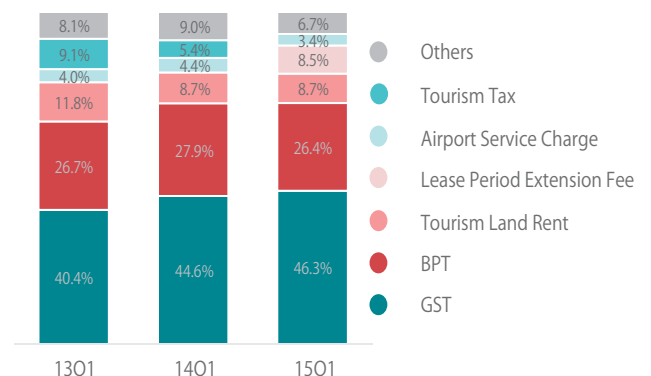
However, Tourism Tax declined, as it was abolished from December 2014. On other notable changes, revenue from Fines grew by 24.0%



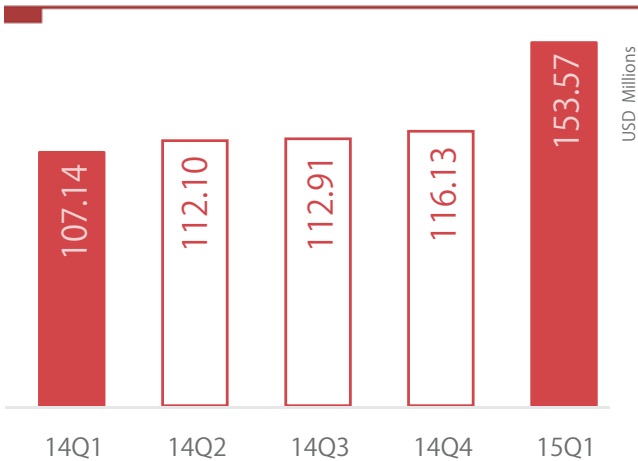
1.3

CHANGES TO TOP REVENUE CONTRIBUTORS

Over the last 2 years', Tourism Tax has been a major contributor to quarterly revenue collection. However, it was stopped from December 2014 and hence is no longer a major contributor. On the other hand, Lease Period Extension Fee has become a major contributor since its reintroduction in 14Q2. GST and BPT contributes an overwhelmingly high amount to the collection.



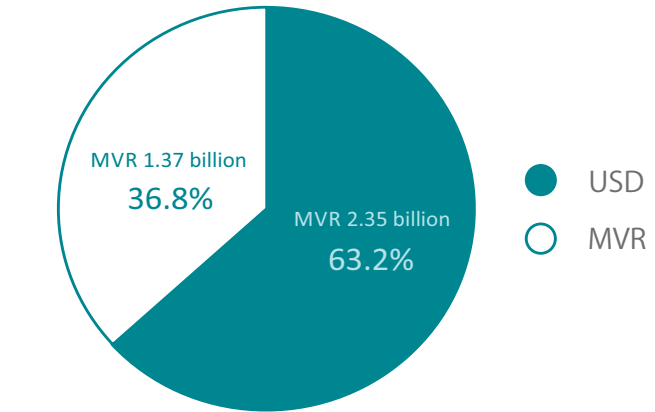
2. USD REVENUE COLLECTION



2.1

USD COLLECTION

15Q1 marks the highest USD collection since the inception of MIRA. USD 153.57 million was received as revenue in USD. This depicts a 43.3% growth compared to 14Q1 and 32.2% growth compared to 14Q4.



2.2

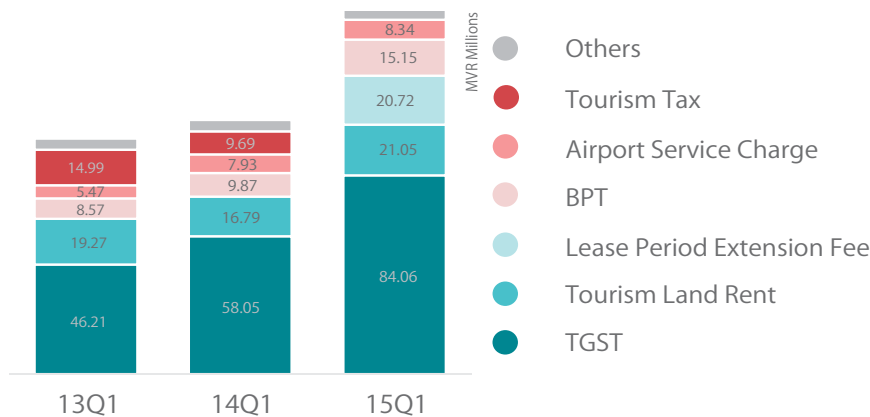
CURRENCY COMPOSITION

63.2% of the revenue collection was received in USD. This is higher than the USD share in the corresponding quarters of 2013 and 2014.

2.3

USD REVENUE GROWTH

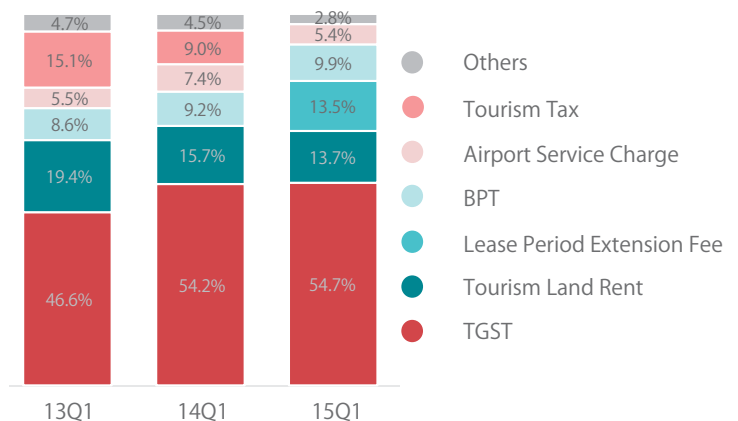
The effect of TGST rate change kicked in and brought hoards in revenue collection in terms of TGST. TGST revenue, wholly paid in USD, increased by 44.8% in 15Q1. In value terms, the increment was USD 26.02 million. Further, the USD revenue growth was accounted by the collection of Lease Period Extension Fee, unlike corresponding quarters. Revenue from Tourism Land Rent, BPT and Airport Service Charge also registered positive growth, while Tourism Tax decline due to non-collection.



2.4

USD COLLECTION BREAKDOWN

The Top 5 revenue USD revenue contributors accounted for 97.2% of the total USD revenue. TGST contributed 54.7% of the revenue. On changes to the breakdown compared to the 14Q1, Lease Period Extension Fee contributed 13.7% while Tourism Tax only accounted for a minimal amount of revenue. Although the revenue from Tourism Land Rent and Airport Service Charge grew, its share of revenue fell marginally. The share of BPT revenue received in USD increased in 15Q1.

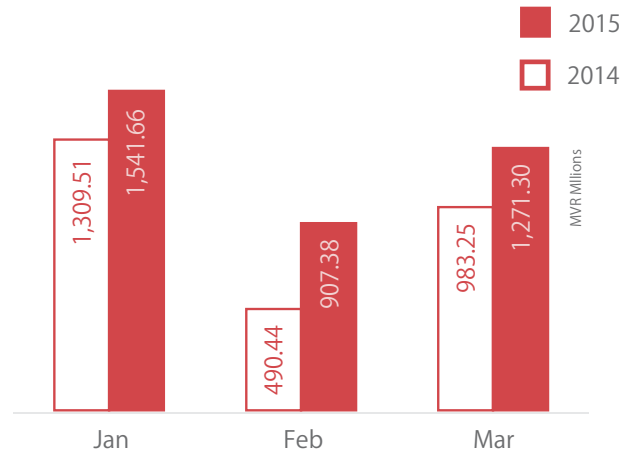


3. COMPARISON AGAINST CORRESPONDING QUARTER

3.1

COMPARISON AGAINST 14Q1: MONTH-WISE

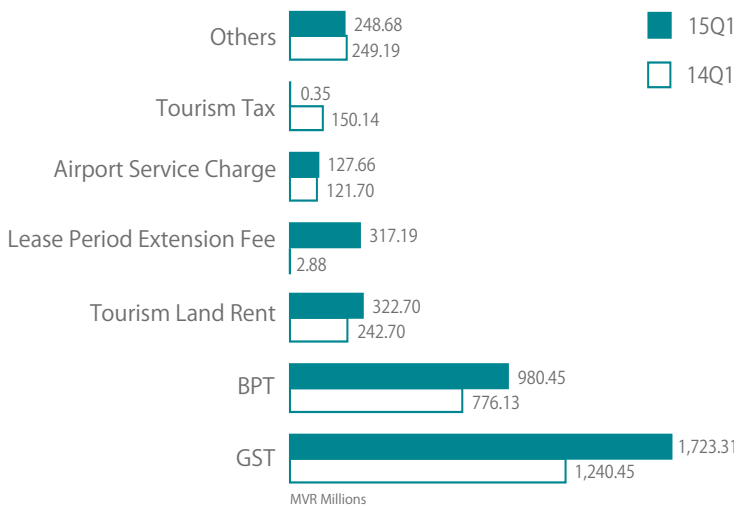
Revenue grew every month of 15Q1 compared to the months in 14Q1. In January, it grew by 17.7%, in February, it grew by 85.0% and in March, it grew by 29.3%



3.2

COMPARISON AGAINST 14Q1: REVENUE-WISE

All major revenues depicted growth, with the exception of Tourism Tax. Tourism Tax is no longer a major revenue, as it is stopped now. GST revenue increased by 38.9%, by almost half a billion Rufiyaa. BPT collection grew by 26.4%. Lease Period Extension Fee amounted to MVR 317.19 million compared to nil in 14Q1. Airport Service Charge also grew by 4.9%. On other notable changes in revenue in 15Q1, revenue from Fines grew by 24.0%.

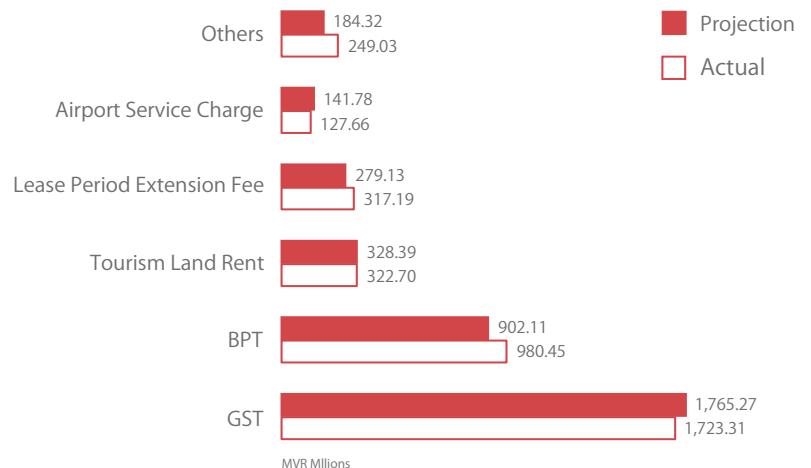


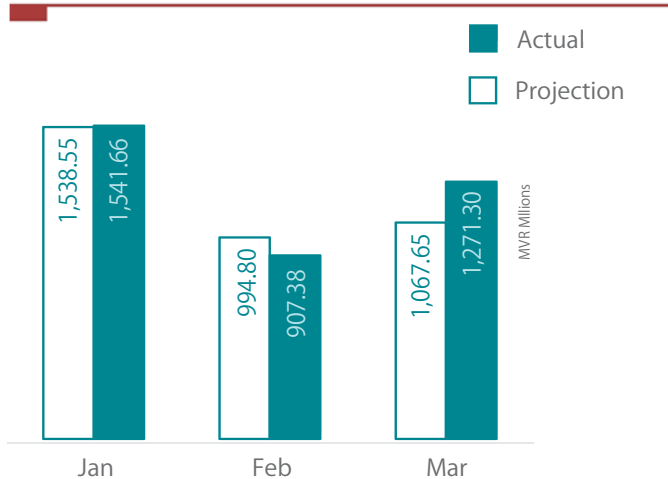
4. COMPARISON AGAINST PROJECTION

4.1

COMPARISON AGAINST PROJECTION: REVENUE-WISE

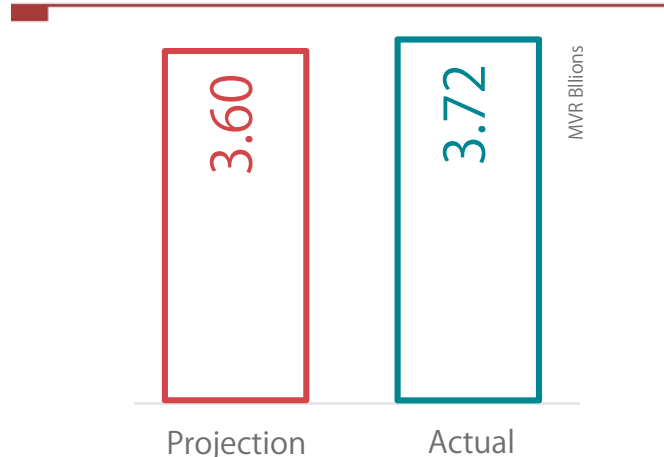
The collection of GST did not meet the projection, due to slow down in the tourist arrivals in 15Q1. As a result, the tourist arrivals projection was revised by the Ministry of Tourism and henceforth, MIRA projection was also changed accordingly. There was a 2.4% shortage in GST collection. Airport Service Charge also fell short of the expectation due to the unfavorable tourism performance in 15Q1 by 10.0%. However, revenue from BPT and Lease Period Extension Fee more than compensated the above-mentioned declines. BPT increased by 8.7% and Lease Period Extension Fee by 13.6%. Furthermore, revenue from Fines also surpassed the projection by 483.8%





4.2
COMPARISON AGAINST PROJECTION: MONTH-WISE

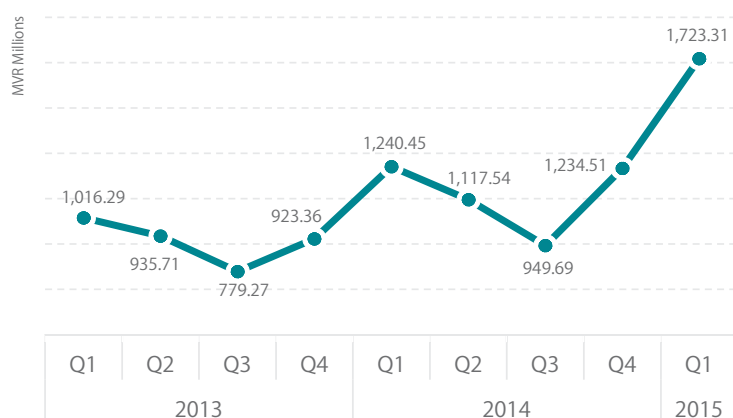
On a monthly basis, the revenue collection surpassed the projection in January and March. In February, there was a shortage. The major differences between months occurred due to deadline extensions falling in the next months.



4.3
REVENUE PROJECTION

The total revenue collection for 15Q1 surpassed the projection by 3.3%. The actual collection was MVR 3.72 billion and the projection was MVR 3.60 billion. The increment can be attributed to higher than expected collection in BPT, Fines, and Lease Period Extension Fee during 15Q1.

5. MAIN REVENUE CONTRIBUTORS



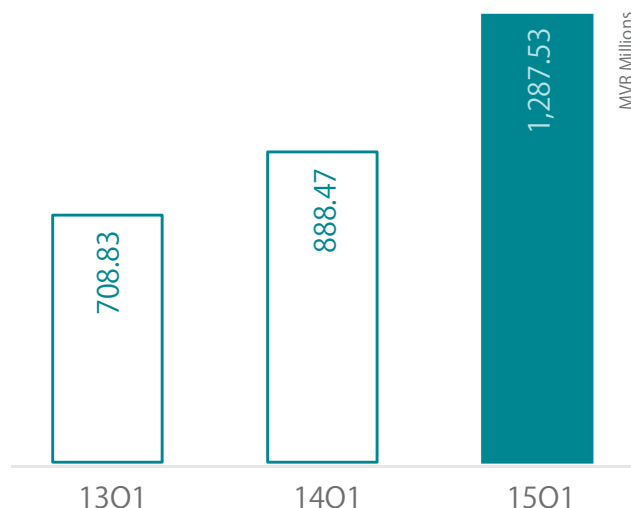
5.1
TOTAL GST COLLECTION

The total GST collection grew by 38.9% in 15Q1 compared to 14Q1. It also grew by 39.6% compared to 14Q4. The main reason for GST growth is the TGST rate change to 12% from November 2014 onwards from 8%.

Compared to the GST revenue projection, it fell short by 2.4%. This shortage occurred as the tourist arrivals estimation did not meet the actual arrivals during the quarter.

5.2
TGST COLLECTION

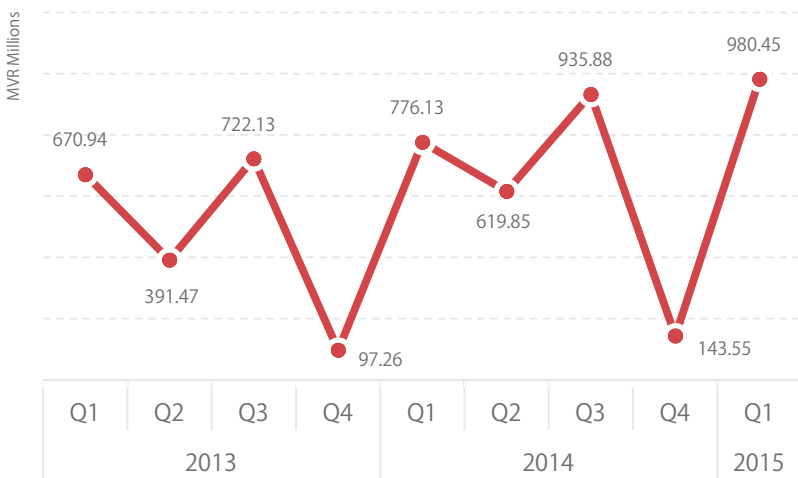
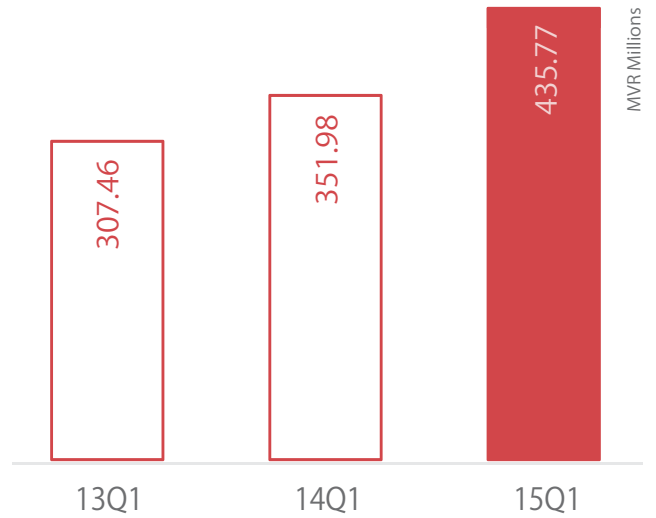
TGST collection in 15Q1 amounted to MVR 1.29 billion, depicting a growth of 44.9% compared to 14Q1 and 55.1% compared to 14Q4. The main reason for the increment is the TGST rate change from November 2014 onwards. Tourist arrivals may have increased compared to 14Q1, but it did not increase as much as the Ministry of Tourism projected. As a result, there is a decline of 3.0% in the TGST revenue collection compared to the projection.



5.3

GGST COLLECTION

GGST collection increased by 23.8% compared to 14Q1 and 7.8% compared to 14Q4, indicating growth in spending in the real economy. However, there was a marginal decline of 0.4% against the projection, indicating that the growth in spending was not as much as anticipated.

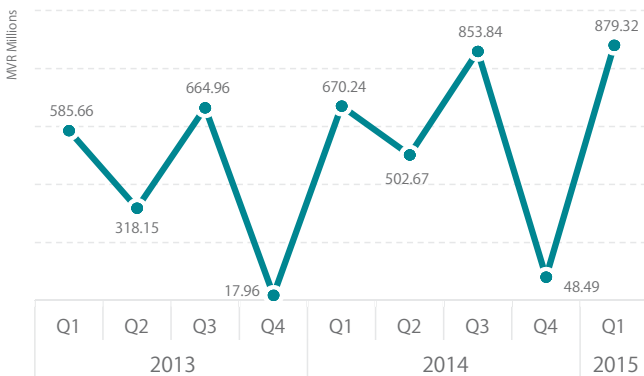


5.4

TOTAL BPT COLLECTION

The saw-tooth shape of quarterly BPT collection is shaped by major BPT deadlines. In Q1, the second interim payment is due and it forms a major part of the BPT revenue. As a result, the BPT collection hikes in Q1 of every year.

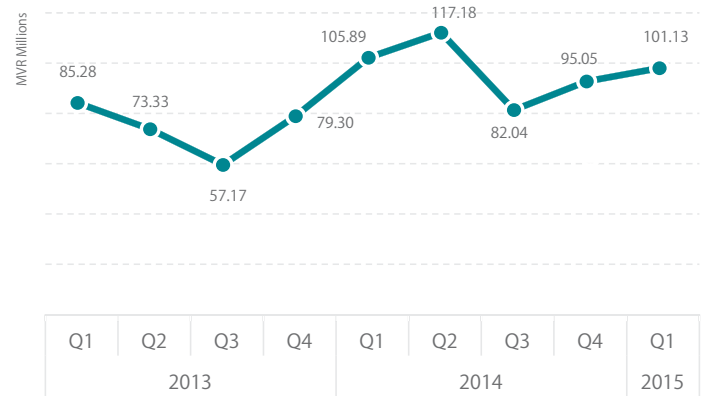
Total BPT collection grew by 26.3% in 15Q1. Further, it also surpassed the projection by 8.7 %



5.5

BPT COLLECTION

A large majority of the total BPT revenue for 15Q1 arrived from the profit component of the BPT collection. It recorded a 31.2% growth in 15Q1 compared to 14Q1. Compared to the projection also it grew by 11.0%.



5.6

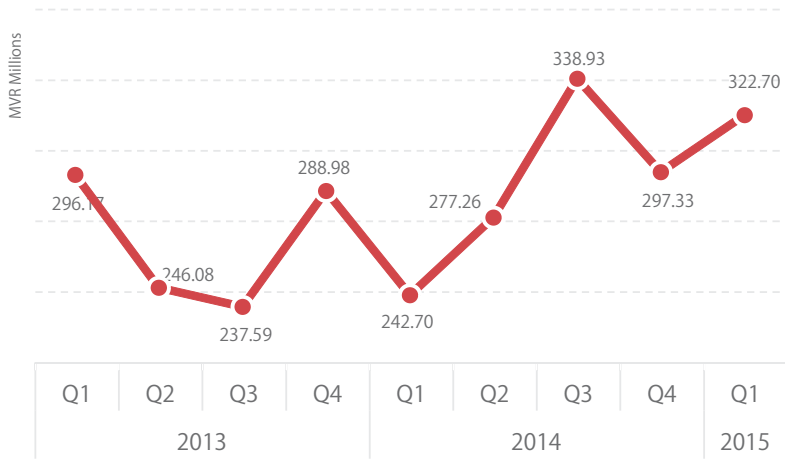
WHT COLLECTION

WHT declined by 4.5% compared to 14Q1 but grew by 6.4% compared to 14Q4. This indicates that locally resident companies obtaining services from non-resident companies abroad has declined compared to 14Q1 but it increased compared to the previous quarter. Compared to the projection, WHT collection fell short by 8.0% WHT accounted for 10.3% of the total BPT revenue for 15Q1.

5.7

TOURISM LAND RENT COLLECTION

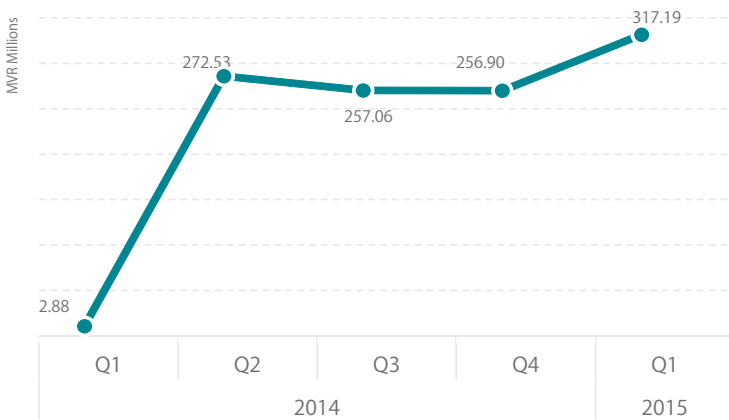
Tourism Land Rent grew by 33.0% in 15Q1 compared to 14Q1. It also grew by 8.5% compared to 14Q4. The growth was due to the payment of dues by some taxpayers in 15Q1 and the commencement of deferred rent after the period of deferment expired. Against the projection, Tourism Land Rent declined only by 1.7%.



5.8

LPEF COLLECTION

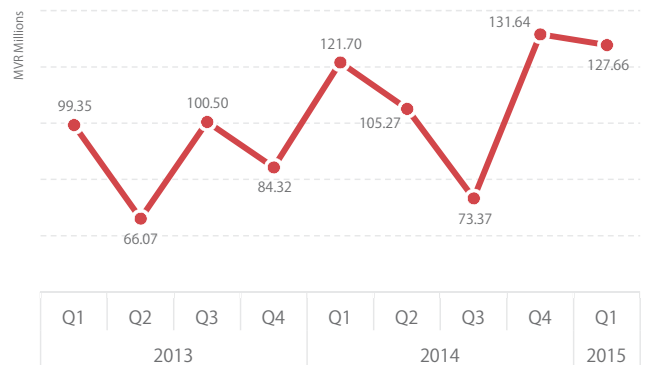
Lease Period Extension Fee (LPEF) was reintroduced in February 2014 and the first installment was received in May 2014. Hence, there were no collections in 14Q1. However, in 15Q1, the collection amounted to MVR 317.19 million. Compared to 14Q4, the fee increased by 23.5% and against the projection, it grew by 13.6%. This growth was due to advance payment of future installments and the payment of past unpaid installments by a few taxpayers.



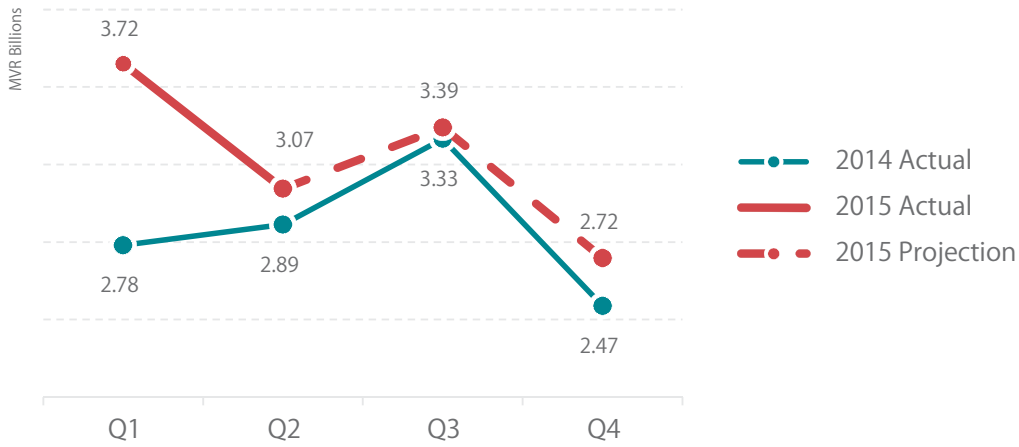
5.9

AIRPORT SERVICE CHARGE COLLECTION

Airport Service Charge collection amounted to MVR 127.66 million during the quarter. This depicted a growth of 4.9% compared to 14Q1. However, it declined by 3.0% compared to the previous quarter. It also fell short of the projection by 10.0% due to the adverse performance of the tourist arrivals in 15Q1, compared to the expected arrivals.



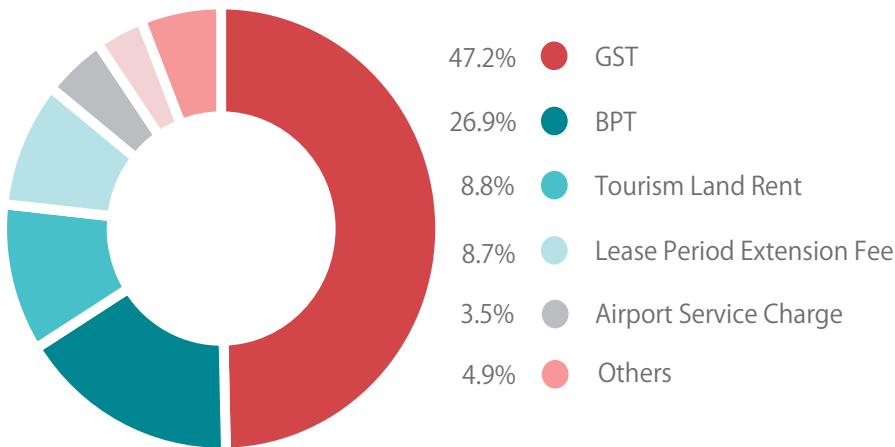
6. OUTLOOK



6.1

REVENUE OUTLOOK FOR 15Q2

MVR 3.07 billion is projected to be collected in 15Q2. This is 6.4% higher than 14Q2 total revenue.



6.2

15Q2 REVENUE BREAKDOWN

The main revenues will remain same as 15Q1, although a portion of Bank Profit Tax due in 2015 is expected to be received in 15Q2.

B. ACTIVITIES DURING THE QUARTER

TAXPAYER AWARENESS PROGRAMS

63
training sessions to new registrants
(424 participants)

7
information sessions to schools and
government offices
(376 participants)

232
one-to-one sessions in atolls



40
media interviews

18
media programs produced by MIRA

5
new auditor registrations

Tax Agents CPD program
(26 participants)

Licensing Tax Agents Program
(12 participants)

AUDITS AND INVESTIGATIONS

270
audits

MVR 45.29 million
additional tax

3
criminal investigations completed

6
investigation audits completed
MVR 2,186,021 (tax impact)

Tax type	No of audits	Tax impact (MVR)
GGST	105	12,097,222
TGST	45	10,205,572
WHT	65	18,809,083
BPT	54	4,218,091
BnPT	1	(44,701)
Total	270	45,285,268

COMPLIANCE



2,313

compliance visits

274

non-compliance notices issued

164

taxpayers names published under the policy on disclosure of non-compliant GST registered taxpayers

ENFORCED COLLECTIONS

Total enforced collections **MVR 289,092,098**

Amount recovered under:

Action Policy **MVR 3,923,891**

Bank Account Freezing Policy **MVR 1,054,584** (13 taxpayers)

Dues Clearance **MVR 66,302,329**

Dunning **MVR 120,332,557**

Court Cases **MVR 146,044**

Reminder calls/emails **MVR 97,332,693**

Enforcement Policy

was published in the gazette on 19 February 2015.



Final notices issued to **390** non-filers and **454** non-payers

Installment plans granted to **38** taxpayers

LEGAL ACTIONS



8

cases filed by MIRA with the Civil Court



6

cases filed against MIRA

1 with the High Court

5 with the Civil Court



1

case filed with the Civil Court was dismissed



9

judgements passed in favour of MIRA



0

judgements passed against MIRA

OBJECTIONS

21

objections received

6 GGST 2 TGST
6 WHT 7 BPT

11

objections completed

4 GGST 2 TGST
2 WHT 3 BPT

TAX RULINGS ISSUED

- B39 Submission of financial statements and appointment of auditors
- B40 Transfer of capital assets within a group of companies
- B41 Seventh amendment to the Business Profit Tax Regulation
- B42 Clarification on section 4 of the Business Profit Tax Act
- G23 Documents to be submitted with GST return
- G24 Twelfth Amendment to the Goods and Services Tax Regulation

HUMAN RESOURCE MANAGEMENT



230

staff working at MIRA at the end of the quarter

28

staff recruited during the quarter

14

staff terminated during the quarter

TRAININGS, SEMINARS AND CONFERENCES

10

trainings held (5 overseas, 5 local)
74 staff trained

24

staff studying for ACCA on scholarship

1

local seminar/conference attended
1 staff participated



OVERSEAS TRAINING

1. Compliance by Design - Instruments To Strengthen Tax Compliance: LHDNM-OECD held in Malaysia from 12-16 January 2015 (2 participants).
2. Policy Analysis and Revenue Statistics held in Korea from 2-6 March 2015 (1 participant).
3. SAARC seminar on taxation Issues in Digital Economy held in India from 17-20 March 2015 (4 participants).
4. Tax Treaty Seminar on Taking Forward the BEPS Tax Treaty Related Issues held in Malaysia from 16-20 March 2015 (2 participants).
5. Global Forum AEOI Training Seminar held in Turkey from 23-25 March 2015 (1 participant).

LOCAL TRAINING

1. Corruption Prevention (Batch 1) conducted by ACC on 25 January 2015 (7 participants).
2. Symposium on Forensic Accounting and Investigative Audit in Maldives conducted by integrated Learning Solutions Pvt Ltd 28-29 January 2015 (7 participants).
3. Effective Leadership Course conducted by Focus Education Centre from 10-11 February 2015 (2 participants).
4. "Youth in Maldives" workshop conducted by Ministry of Youth and Sports on 17 February 2015 (1 participant).
5. Office Dhivehi Training conducted by Dhivehi Bahuge Academy from 16-26 March 2015 (25 participants).
6. Stress Management Course conducted by CSTI from 29-31 March 2015 (23 participants).

C. QUARTER IN PICTURES



MIRA opened a collection centre in Fuvahmulah on 8 March 2015



MIRA's Enforcement Policy was published in the government gazette on 19 February 2015



MIRA licensed tax agents completed the first CPD program for the year, which was held from 29-30 March 2015



MIRA staff contributed to the HOPE campaign against Child Abuse



MIRA held a cleaning event of Hulhumale beach area in collaboration with HDC on 28 March 2015

D. DETAILED REVENUE FIGURES

Table 1 Total Revenue Contribution, 15Q1 (MVR)

Description	15Q1	% Share
Airport Service Charge	127,655,028	3.4%
Business Permits ¹	13,033,716	0.4%
Business Profit Tax	980,451,143	26.4%
Fines	72,019,340	1.9%
Goods and Services Tax (Non-Tourism Sector)	435,773,695	11.7%
Goods and Services Tax (Tourism Sector)	1,287,532,482	34.6%
Land Acquisition and Conversion Fee	15,856,042	0.4%
Land Sales Tax	14,481,342	0.4%
Lease Period Extension Fee	317,194,174	8.5%
Non-tourism Property Income ²	26,333,459	0.7%
Proceeds from Sale of Assets ³	2,083,005	0.1%
Resident Permit	57,504,810	1.5%
Revenue Stamp	10,149,374	0.3%
Royalties ⁴	19,835,044	0.5%
Tourism Land Rent	322,701,420	8.7%
Tourism Tax	354,421	0.0%
Vehicle Fee	15,208,696	0.4%
Vessels Fee	2,174,233	0.1%
Others	560	0.0%
Total	3,720,341,985	100%

¹ **Business Permits:** Company Annual Fee, Restaurant, Café, Canteen Fee, Flat Maintenance Fee, Partnership Fees, Import Trade Fee, Co-operative Society Fees, Trade Registry Fee, Foreign Investment Administration Annual Fee, Company Registration Fee, Foreign Business Fee

² **Non-tourism Property Income:** Uninhabited Islands Rent, Government Buildings Rent, Commercial Land Rent, Rent from land for Industry, Longterm Agricultural leased islands rent, Rent from Floating Jetty, Uninhabited Islands Administration Fee

³ **Proceeds from Sale of Assets:** Sale of items at auction, Sale of Government Buildings, Sale of Government Lands

⁴ **Royalties:** Duty Free Royalty, Foreign Investment Royalty, Fishing Royalty, Fuel re-export Royalty, Re-Export Royalty, Yellowfin Tuna Export Royalty, Skipjack Industry Royalty

⁵ **Others:** Reimbursement from previous year's budget

Table 2 Total USD Revenue Contribution, 15Q1 (USD)

Description	15Q1	% Share
GST(Tourism Sector)	84,063,236	54.7%
Tourism Land Rent	21,053,396	13.7%
Lease Period Extension	20,721,408	13.5%
Tourism Tax	15,150,263	9.9%
Airport Service Charge	8,337,842	5.4%
Others	4,247,831	2.8%
Total	153,567,578	100%

* Others: Royalties, Foreign Investment Administration Annual Fee, Sale of Government Land and Fines

Table 3 Comparison Against 14Q1 (MVR)

Description	Actual 15Q1	Actual 14Q1	% Growth
Airport Service Charge	127,655,028	121,582,982	4.9%
Business Permits ¹	13,033,716	12,562,110	3.8%
Business Profit Tax	980,451,143	776,129,964	26.3%
Fines	72,019,340	58,082,008	24.0%
Goods and Services Tax (Non-Tourism Sector)	435,773,695	351,978,690	23.8%
Goods and Services Tax (Tourism Sector)	1,287,532,482	888,473,246	44.9%
Land Acquisition and Conversion Fee	15,856,042	36,666,265	-56.8%
Land Sales Tax	14,481,342	8,739,197	65.7%
Lease Period Extension Fee	317,194,174	2,881,875	10906.5%
Non-tourism Property Income ²	26,333,459	26,635,773	-1.1%
Proceeds from Sale of Assets ³	2,083,005	1,555,555	33.9%
Resident Permit	57,504,810	51,347,020	12.0%
Revenue Stamp	10,149,374	9,475,502	7.1%
Royalties ⁴	19,835,044	28,439,771	-30.3%
Tourism Land Rent	322,701,420	242,698,340	33.0%
Tourism Tax	354,421	150,138,139	-99.8%
Vehicle Fee	15,208,696	13,457,635	13.0%
Vessels Fee	2,174,233	2,193,720	-0.9%
Others	560	40,000	-98.6%
Total	3,720,341,985	2,783,199,489	33.7%

* Refer to Table 1 footnotes for details

Table 4 Comparison Against Projection (MVR)

Description	Actual 15Q1	Projection 15Q1	% Growth
Airport Service Charge	127,655,028	141,784,232	-10.0%
Business Permits ¹	13,033,716	11,783,673	10.6%
Business Profit Tax	980,451,143	902,108,801	8.7%
Fines	72,019,340	12,336,698	483.8%
Goods and Services Tax (Non-Tourism Sector)	435,773,695	437,683,533	-0.4%
Goods and Services Tax (Tourism Sector)	1,287,532,482	1,327,589,234	-3.0%
Land Acquisition and Conversion Fee	15,856,042	-	
Land Sales Tax	14,481,342	6,320,247	129.1%
Lease Period Extension Fee	317,194,174	279,125,000	13.6%
Non-tourism Property Income ²	26,333,459	26,692,896	-1.3%
Proceeds from Sale of Assets ³	2,083,005	24,118,192	-91.4%
Resident Permit	57,504,810	47,894,545	20.1%
Revenue Stamp	10,149,374	9,521,035	6.6%
Royalties ⁴	19,835,044	30,507,024	-35.0%
Tourism Land Rent	322,701,420	328,391,524	-1.7%
Tourism Tax	354,421	-	
Vehicle Fee	15,208,696	13,012,580	16.9%
Vessels Fee	2,174,233	2,135,562	1.8%
Others	560	-	
Total	3,720,341,985	3,601,004,776	3.3%

* Refer to Table 1 footnotes for details

Table 5 TGST Breakdown, 14Q4

Category	Number of Taxpayers	Number of Returns	GST Liability (USD) **
Tourist Resort	117	358	75,439,855
Tourist hotel	18	54	1,341,039
Guest house	201	575	333,401
Tourist vessel	152	466	1,067,034
Picnic island	9	28	(34,677)
Diving School*	70	196	1,249,473
Shop*	97	280	561,932
Spa*	29	86	340,768
Water sports facility*	26	74	392,290
Other facility*	87	263	369,157
Travel agency service provider	446	1336	1,116,569
Foreign tourist vessels' agent	8	25	32,984
Domestic air transport provider	6	18	5,311,896

* Located on a tourist establishment

** Discrepancy between GST liability and collection is due to adjustments by the taxpayer

