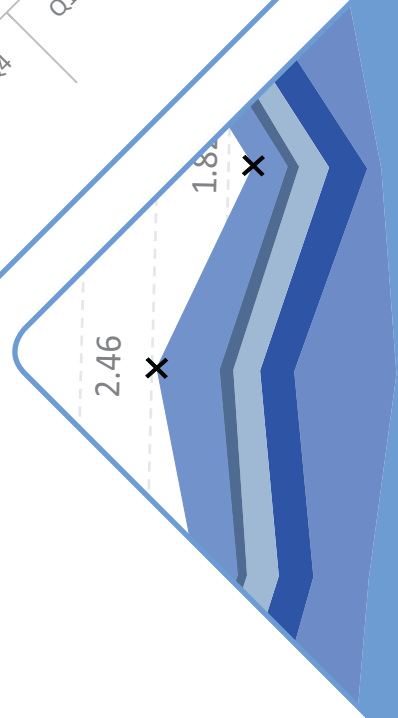




MALDIVES  
INLAND REVENUE  
AUTHORITY

# Quarterly Report

# Quarter 2 2014



# Acronyms

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13Q2	2013, Second Quarter
14Q1	2014, First Quarter
14Q2	2014, Second Quarter
14Q3	2014, Third Quarter
BPT	Business 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)
MIRA	Maldives Inland Revenue Authority
MVR	Maldivian Rufiyaa
SAARC	South Asian Association for Regional Cooperation
TA	Technical Assistance
TGST	Goods and Services Tax (Tourism Sector)
USD	United States Dollar
WHT	Withholding Tax

# What's inside

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# 1. Revenue Collection

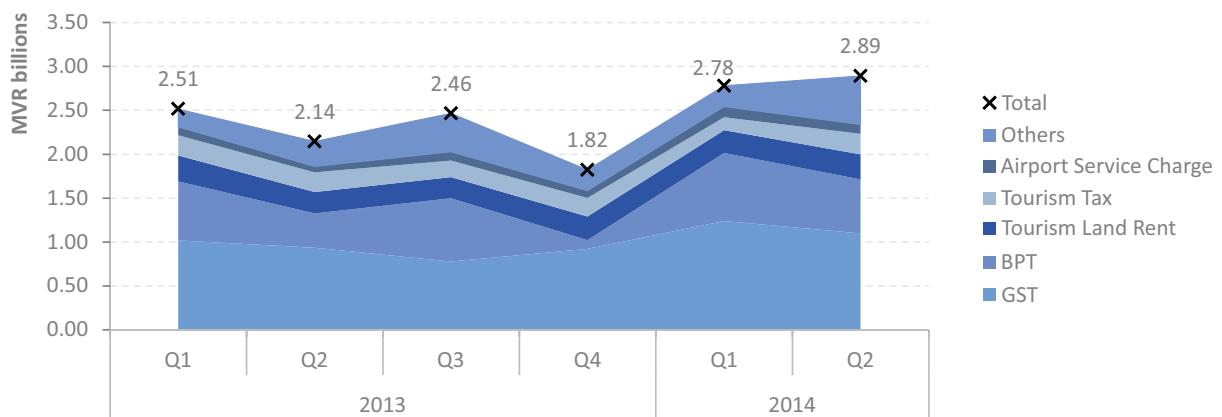
## 1.1 Total Revenue Collection

The total revenue collection for 14Q2 is MVR 2.89 billion, depicting a growth of 34.8% compared to the corresponding quarter of 2013 (13Q2) and 4.0% compared to the previous quarter (14Q1). The largest impact on the quarterly revenue growth was observed from BPT, GST and Lease Period Extension Fee. It has to be noted that the Lease Period Extension Fee was restarted in 14Q2 on enactment of the Fourth Amendment to the Maldives Tourism Act in February 2014. Previously, Lease Period

Extension Fee was collected in 2011 and 2012 but was halted due to court judgment.

The total revenue collected in the first two quarters of 2014 amounted to MVR 5.67 billion, depicting a growth of 21.7% compared to the same period of 2013. Notable contributions towards this growth stemmed from increments from GST, BPT, Lease Period Extension Fee, Fines and Airport Service Charge.

**Figure 1.1 Quarterly Revenue Breakdown**



In terms of the business cycle of the Maldivian economy, the second quarter of every year observes a slump in economic activity (driven by tourism) and thereby revenue collected by MIRA. However, the collection of Lease Period Extension Fee meant that this slump in revenue was overturned in 14Q2 and the revenue in fact grew by 4.0% compared to 14Q1. Major revenue codes such as TGST, BPT and Airport Service Charge recorded declines compared to 14Q1. Apart from Lease Period Extension Fee,

GGST, Tourism Land Rent, Tourism Tax and revenue from Resident Permit grew compared to the previous quarter. Tourism Tax recorded a growth as it was not collected fully in 14Q1, since it was reinstated only on 6th February 2014.

In terms of currency composition, 59.5% of the total revenue was collected in USD and 40.5% was collected in MVR.

**Table 1.1 Total Revenue Contribution, 14Q2 (in MVR)**

Description	14Q2	% Share
Airport Service Charge	105,082,871	3.6%
Bank Profit	95,777,203	3.3%
Business Permits <sup>1</sup>	4,963,432	0.2%
Business Profit Tax	615,864,117	21.3%
Fines	31,462,414	1.1%
Goods and Services Tax (Non-Tourism Sector)	377,460,139	24.9%
Goods and Services Tax (Tourism Sector)	718,598,906	13.1%
Land Sales Tax	3,932,193	0.1%
Lease Period Extension Fee	272,498,750	9.4%
Non-tourism Property Income <sup>2</sup>	25,463,708	0.9%
Proceeds from Sale of Assets <sup>3</sup>	24,222,312	0.8%
Resident Permit	54,075,760	1.9%
Revenue Stamp	8,459,348	0.3%
Royalties <sup>4</sup>	19,859,310	0.7%
Tourism Land Rent	284,786,825	9.9%
Tourism Tax	234,851,498	8.1%
Vehicle Fee	11,360,309	0.4%
Vessels Fee	1,577,797	0.1%
<b>Total</b>	<b>2,890,296,893</b>	<b>100%</b>

<sup>1</sup> **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

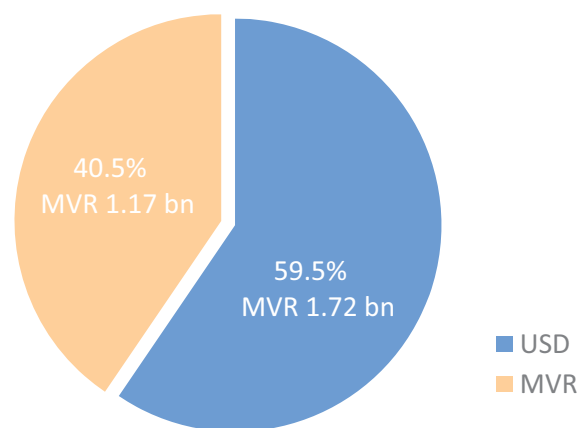
<sup>2</sup> **Non-tourism Property Income:** Uninhabited Islands Rent, Government Buildings Rent, Commercial Land Rent, Rent from land for Industry, Longterm Agricultural leased islands rent, Rent from Floating Jetty, Uninhabited Islands Administration Fee

<sup>3</sup> **Proceeds from Sale of Assets:** Sale of items at auction, Sale of Government Buildings, Sale of Government Lands

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

<sup>5</sup> **Others:** Reimbursement from previous year's budget

**Figure 1.2 Revenue Currency Composition 14Q2**



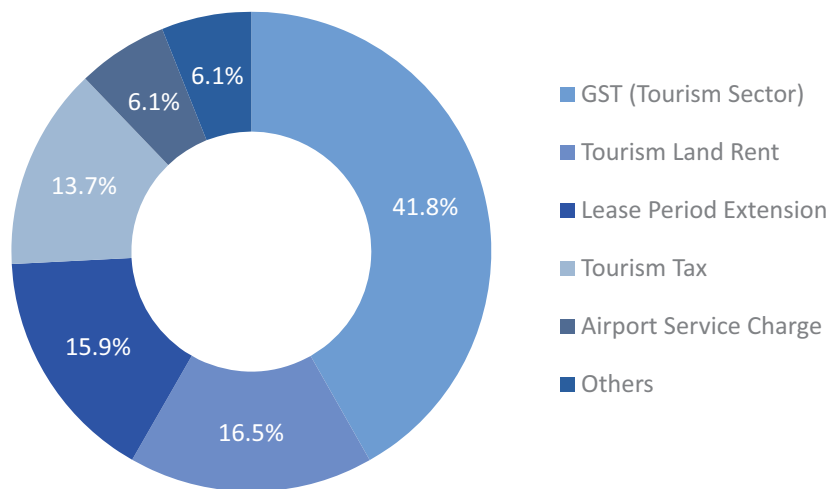
## 1.2 USD Revenue Collection

The revenue collected in USD amounted to USD 112.1 million. This shows a growth of 33.7% compared to 13Q2. The main reason for the increment was due to the growth in TGST and the collection of Lease Period Extension Fee in 14Q2. TGST, which has to be paid in USD, increased by 12.0% compared to 13Q2. Lease Period Extension Fee was not collected in 13Q2, and the collection of the fee in 14Q2 contributed to the growth heavily. Other notable increments compared to 13Q2 include the growth in BPT and Fines paid in USD. BPT paid in USD increased by more than 2,000 times in 14Q2 and Fines paid in USD increased by more than 22 times.

Compared to 14Q1, there was a growth of 5.0% in 14Q2. This was driven by the collection of Lease Period Extension Fee and increment from Tourism Tax. All other revenues received in USD declined in 14Q2 compared to the previous quarter, as expected in the second quarter slump.

The majority of the USD revenue came from TGST – 41.8%. Tourism Land Rent and Lease Period Extension Fee accounted for 16.5% and 15.9% of the USD revenue respectively. Meanwhile, Tourism Tax contributed 13.7% and Airport Service Charge contributed 6.1% of the USD revenue. The top 5 revenues collected in USD jointly contributed 93.9% of the total USD revenue.

**Figure 1.3 USD Revenue Contribution 14Q2**



**41.8%**

Majority of the USD revenue came from TGST

**Table 1.2 Total USD Revenue Collection, 14Q2**

Description	14Q2	% Share
Goods and Services Tax (Tourism Sector)	46,832,816	41.8%
Tourism Land Rent	18,499,672	16.5%
Lease Period Extension Fee	17,812,500	15.9%
Tourism Tax	15,309,637	13.7%
Airport Service Charge	6,847,286	6.1%
Others	6,800,524	6.1%
<b>Total</b>	<b>112,102,435</b>	<b>100%</b>

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

# 33.7%

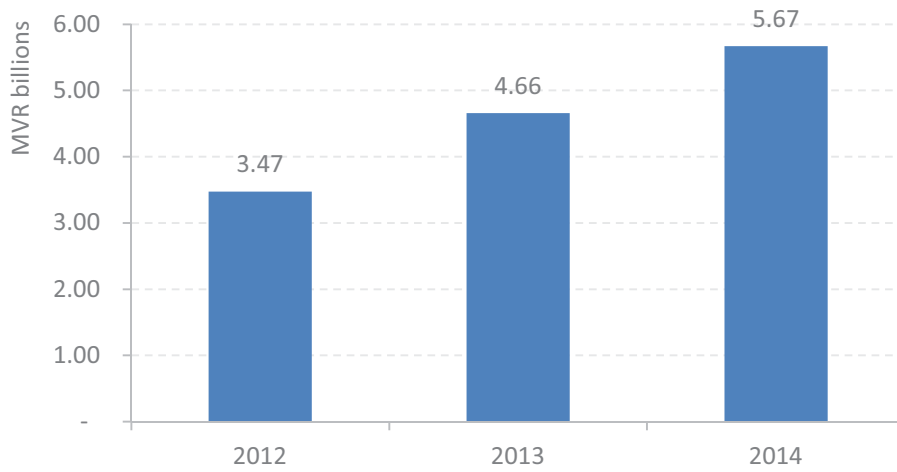
Growth in USD revenue collection compared to the corresponding quarter.

## 1.3 Cumulative Revenue up to 14Q2

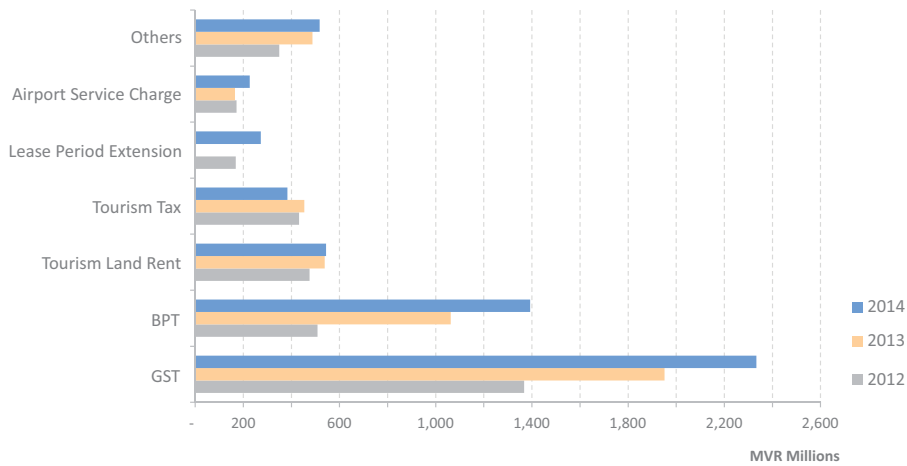
53.9% of the projected revenue for 2014 was collected by the end of 14Q2. The total collection for the first two quarters amounted to MVR 5.67 billion, showing a growth of 21.7% compared to the same period in 2013. The growth of revenue in the first two quarters from GST, BPT and Lease Period Extension Fee largely accounted for this growth. Revenue from GST grew by 19.6% and BPT recorded a growth of 31.1% in the first 6 months compared to the same period in 2013. Lease Period Extension Fee was not collected in 2013 and hence the

whole collection contributed to the revenue increment. Glancing at other revenue codes, Airport Service Charge grew by 37.1% and revenue from Fines increased by 237.3% in the first 6 months of 2014. On the other hand, revenue from Tourism Tax, Proceeds from Sale of Assets and Bank Profit Tax declined in the first 6 months by 15.6%, 44.5% and 16.9% respectively.

**Figure 1.4 Cumulative Revenue - First 6 months**



**Figure 1.5 Cumulative Revenue up to 14Q2**



**21.7%**

Growth in revenue compared to projected revenue up to 14Q2.



## 1.4 Comparison against 13Q2

There is a 34.7% increment in revenue collection in 14Q2 compared to the corresponding quarter of 2013. The increment was driven by growth in GST, BPT and Lease Period Extension Fee. GST and BPT increased by 17.4% and 57.3% respectively. Lease Period Extension Fee contributed MVR 272.5 million to the incremental revenue, as it was not collected in 2013.

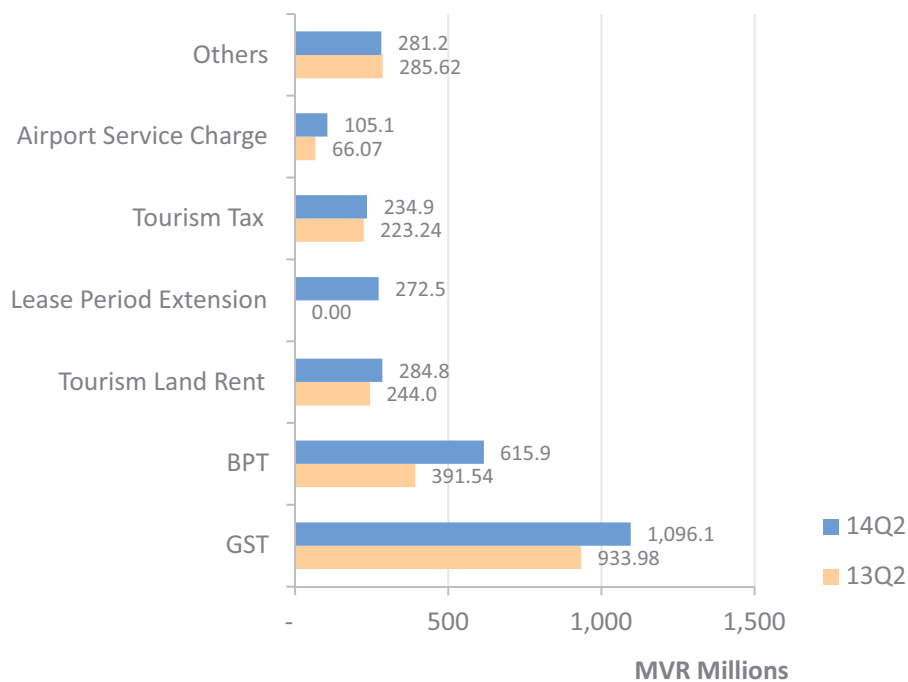
Notable variances in comparison to 13Q2 include growth of revenue from Tourism Land Rent (increased by 16.7%), Airport Service Charge (59.0%), Tourism Tax (5.2%) and Fines (176.0%). There are declines in revenue collected from Proceeds from Sale of Assets, Royalties and Land Sales Tax. Proceeds from Sale of

Assets fell by 16.8% compared to 13Q2, Royalties declined by 21.9% and Land Sales Tax decreased by 38.7%.

It is also observed that Bank Profit Tax collected in the second quarter declined significantly by 16.9%. The deadline for Bank Profit Tax is the end of July and most banks pay the tax in July. Hence, the total Bank Profit Tax for the year may still be favorable.

There are only minimal variances between the two corresponding quarters in collections from Business Permits, Revenue Stamp, Vehicle Fee and Vessel Fee.

**Figure 1.6 Quarterly Revenue Comparison**



**Table 1.3 Comparison Against 13Q2**

Description	Actual 14Q2	Actual 13Q2	% Growth
Airport Service Charge	105,082,871	66,074,601	59.0%
Bank Profit	95,777,203	115,288,506	-16.9%
Business Permits <sup>1</sup>	4,963,432	5,141,323	-3.5%
Business Profit Tax	615,864,117	391,543,076	57.3%
Fines	31,462,414	11,401,314	176.0%
Goods and Services Tax (Non-Tourism Sector)	377,460,139	293,371,623	28.7%
Goods and Services Tax (Tourism Sector)	718,598,906	640,604,803	12.2%
Land Sales Tax	3,932,193	6,414,666	-38.7%
Lease Period Extension Fee	272,498,750	-	-
Non-tourism Property Income <sup>2</sup>	25,463,708	22,115,899	15.1%
Proceeds from Sale of Assets <sup>3</sup>	24,222,312	29,098,760	-16.8%
Resident Permit	54,075,760	49,179,760	10.0%
Revenue Stamp	8,459,348	8,434,322	0.3%
Royalties <sup>4</sup>	19,859,310	25,443,010	-21.9%
Tourism Land Rent	284,786,825	244,008,181	16.7%
Tourism Tax	234,851,498	223,241,318	5.2%
Vehicle Fee	11,360,309	11,499,380	-1.2%
Vessels Fee	1,577,797	1,581,239	-0.2%
Others <sup>5</sup>	-	20,474	-100.0%
<b>Total</b>	<b>2,890,296,893</b>	<b>2,144,462,256</b>	<b>34.8%</b>

\* Refer to Table 1.1 footnotes for details

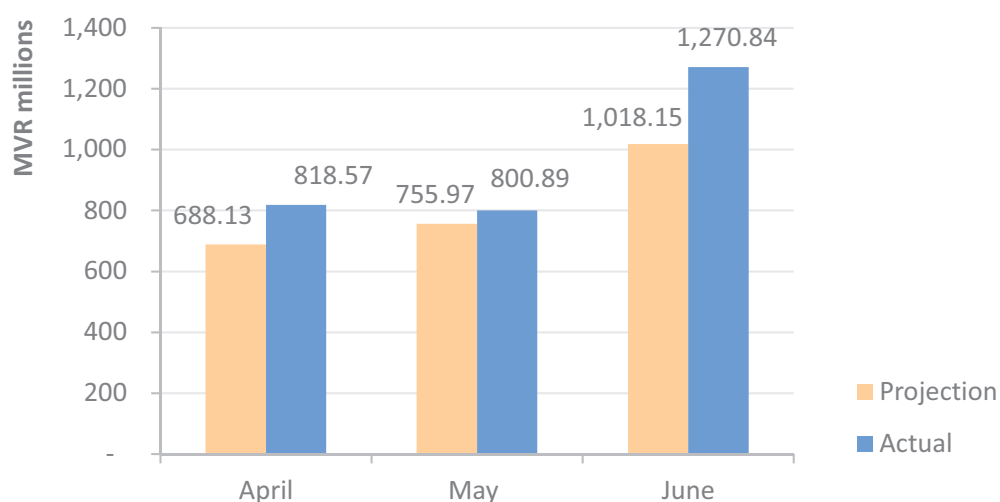
## 1.5 Comparison against 14Q2 Projection

The outturn compared to the projection for all 3 months of 14Q2 is favorable. As a result, the total outturn for the quarter is 17.4% higher than the total projection for the quarter.

The collection from BPT is almost twice as expected, perhaps showing higher profitability compared to the previous tax year. Outturn from GST also increased by 8.9%, and thereby favorably contributed significantly to the variance between the collection and projection for 14Q2.

The collection from Fines exceeded expectations by 88.4%. The revenue from Tourism Tax and Residential Permit exceeded the projection by 9.1% and 16.8% respectively. Revenue from Tourism Land Rent did not meet the expectations and was off the projection by 8.6%. Royalties, Land Sales Tax, Business Permits and Revenue Stamp also did not meet the projected revenue. All other revenues recorded a higher outturn than projected.

**Figure 1.7 Comparison against Projection - 14Q2**



**Table 1.4 Comparison Against Projection - 14Q2**

Description	Actual 14Q2	Projection 14Q2	% Variance
Airport Service Charge	105,082,871	98,229,484	7.0%
Bank Profit	95,777,203	90,000,000	6.4%
Business Permits <sup>1</sup>	4,963,432	5,537,633	-10.4%
Business Profit Tax	615,864,117	314,181,267	96.0%
Fines	31,462,414	16,699,359	88.4%
Goods and Services Tax (Non-Tourism Sector)	377,460,139	350,016,960	9.5%
Goods and Services Tax (Tourism Sector)	718,598,906	656,420,297	7.8%
Land Sales Tax	3,932,193	6,075,605	-35.3%
Lease Period Extension Fee	272,498,750	256,486,875	6.2%
Non-tourism Property Income <sup>2</sup>	25,463,708	24,061,921	5.8%
Proceeds from Sale of Assets <sup>3</sup>	24,222,312	24,264,462	-0.2%
Resident Permit	54,075,760	46,280,149	16.8%
Revenue Stamp	8,459,348	8,889,153	-4.8%
Royalties <sup>4</sup>	19,859,310	25,902,088	-23.3%
Tourism Land Rent	284,786,825	311,522,932	-8.6%
Tourism Tax	234,851,498	215,242,474	9.1%
Vehicle Fee	11,360,309	10,893,639	4.3%
Vessels Fee	1,577,797	1,544,252	2.2%
<b>Total</b>	<b>2,890,296,893</b>	<b>2,462,248,550</b>	<b>17.4%</b>

\* Refer to Table 1.1 footnotes for details

## 1.6 Main Revenue Contributors

### a. Goods and Services Tax

GST accounted for 37.9% of the total revenue collection in 14Q2, amounting to MVR 1.1 billion. This is 11.4% lower than 14Q1 but 17.4% higher than 13Q2. The majority of the GST revenue came from TGST, accounting for 65.6% of the total GST collection. The rest (34.4%) of the GST collection was from GGST. As a result, the total GST collection is largely dictated by trends in the tourism industry.

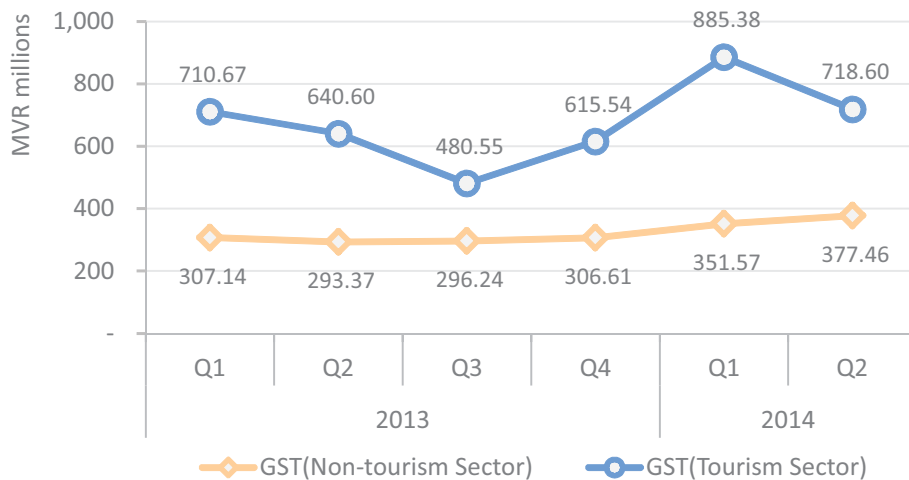
TGST declined by 18.8% compared to 14Q1, depicting the second quarter slowdown in tourism after the peak in the first quarter. However, compared against 13Q2, it showed a healthy

increment of 12.2%, depicting general positive trend in tourism in 2014 compared with 2013.

In contrast, GGST increased compared against both 13Q2 and 14Q1. Against 13Q2, it increased by 28.7%. Against 14Q1, it increased by 7.4%.

Compared against the projection, both TGST and GGST increased. TGST exceeded projection by 9.5% due to higher than expected number of tourist arrivals. GGST also increased by 7.8% against the projection.

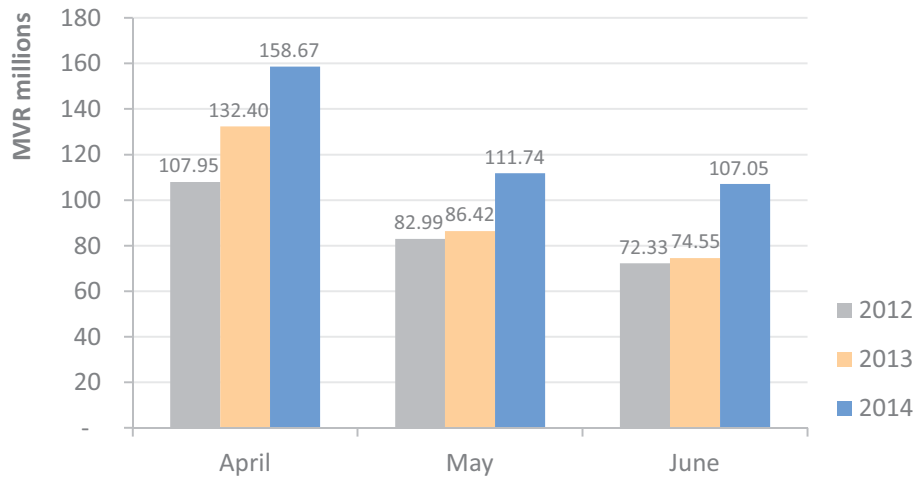
**Figure 1.8 Quarterly GST Collection**



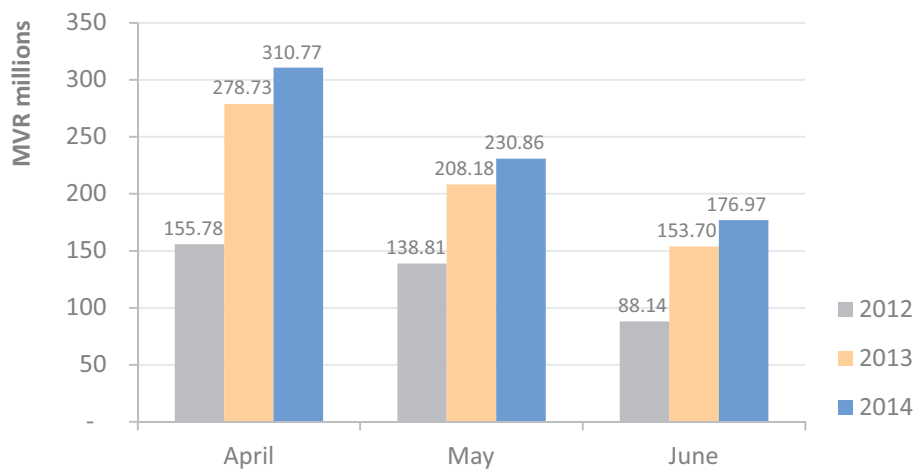
**17.4%**

Total Revenue collected during the quarter is 17.4% higher compared to the projections.

**Figure 1.9 Non-tourism Sector GST Collection**



**Figure 1.10 Tourism Sector GST Collection**



**Table 1.5 Tourism Sector GST Breakdown, 14Q2**

Category	Number of Taxpayers	Number of Returns	GST Liability (USD)
Tourist resort	114	337	29,689,538
Tourist hotel	20	44	570,050
Guest house	134	165	148,583
Tourist vessel	141	293	587,156
Picnic island	10	24	32,436
Diving school*	65	235	603,128
Shop*	90	345	366,638
Spa*	29	119	313,291
Water sports facility*	27	112	250,440
Other facility*	76	222	163,377
Travel agency service provider	410	635	518,013
Foreign tourist vessels' agent	1	1	259
Domestic air transport provider	6	17	2,383,345

\* Located on a tourist establishment

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

## b. Business Profit Tax

BPT accounted for 21.3% of the total revenue for 14Q2. BPT comes from two sources: WHT and profits component of BPT. In 14Q2, the total BPT collection from these two sources amounted to MVR 615.9 million. The majority of the BPT revenue comes from the profits component, accounting for 81.5% of the BPT revenue. In the second quarter, final payments for the BPT for tax year 2013 are paid. WHT accounts for 18.5% of the total BPT revenue.

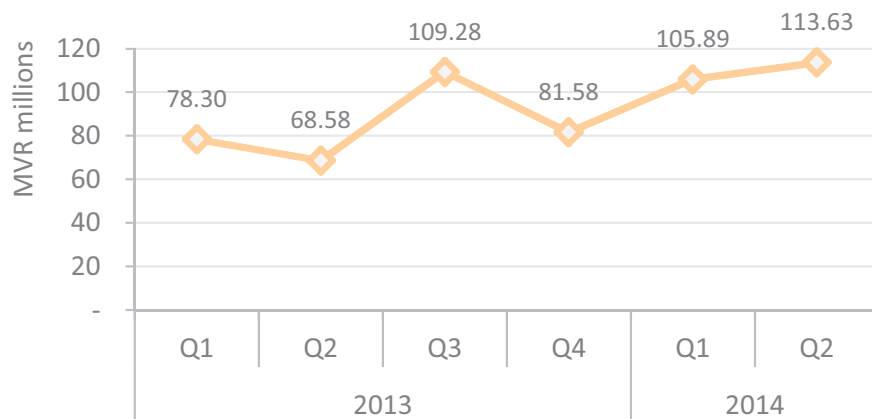
Revenue received from the profits component of BPT amounted to MVR 502.2 million in 14Q2. This is 55.5% higher than the collection in 13Q2. In comparison with projection, this component of BPT exceeded the expectation by 112.6%.

WHT recorded an increase 65.7% and 7.3% compared against 13Q2 and 14Q1 respectively. The outturn of WHT for 14Q2 is MVR 113.6 million. It is the third consecutive quarter that WHT has increased.

**Figure 1.11 Quarterly BPT (profit component) Collection**



**Figure 1.12 Quarterly WHT Collection**

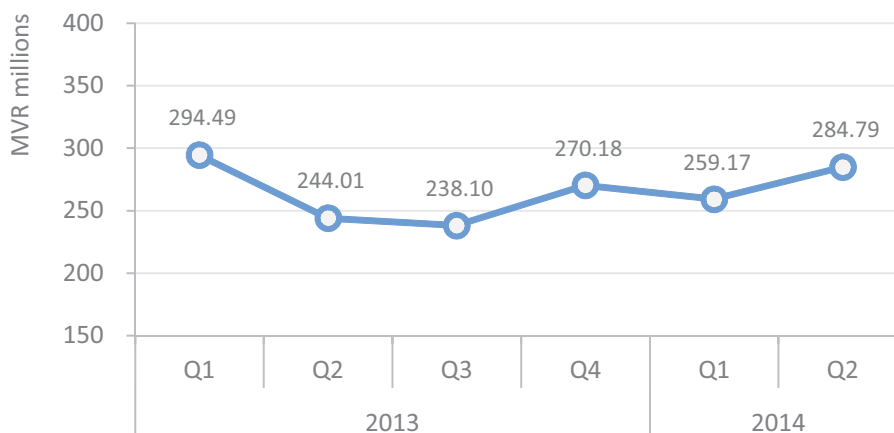


### c. Tourism Land Rent

Tourism Land Rent is paid quarterly and is a consistent revenue code among the top 5. In 14Q2, the collection from Tourism Land Rent amounted to MVR 284.8 million. It account-

ed for 9.9% of the total revenue for 14Q2. This depicted a growth of 16.7% compared against 13Q2 and 9.9% against 14Q1. However, against the projection, it fell short by 8.6%.

**Figure 1.13 Quarterly Tourism Land Rent Collection**



### d. Lease Period Extension Fee

Collection of Lease Period Extension Fee was originally started in 2010. However, following a court judgement, its collection was halted in early 2012. During this period, MIRA collected MVR 699.1 million as Lease Period Extension Fee from 26 resorts.

As a new revenue measure, the government proposed to restart the collection of Lease Period Extension Fee and this amendment was passed by the Parliament and ratified by the President in 14Q1. The fee was divided into 8

quarterly installments from the ratification date (6th February 2014) and the first installment was due on 5th May 2014.

MIRA collected MVR 272.5 million in 14Q2 as Lease Period Extension Fee. This accounts for 9.4% of the total collection for 14Q2. Payments were received from 74 resorts in 14Q2 as the first installment, and during the quarter in review, 2 resorts made the payment for the second installment as well.

**9.4%**

Revenue contributed by Lease Period Extension Fee

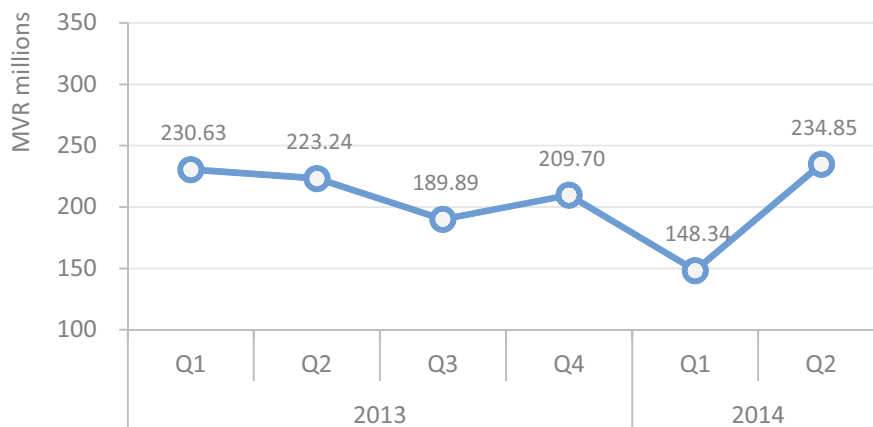
### e. Tourism Tax

The highest ever quarterly collection of Tourism Tax was recorded in 14Q2. The collection amounted to MVR 234.9 million. Tourism Tax recorded an increment of 58.3% compared against the previous quarter. Tourism Tax for the previous quarter was not collected for the whole quarter, as there was a break in the tax from 1st January to 5th February 2014. Com-

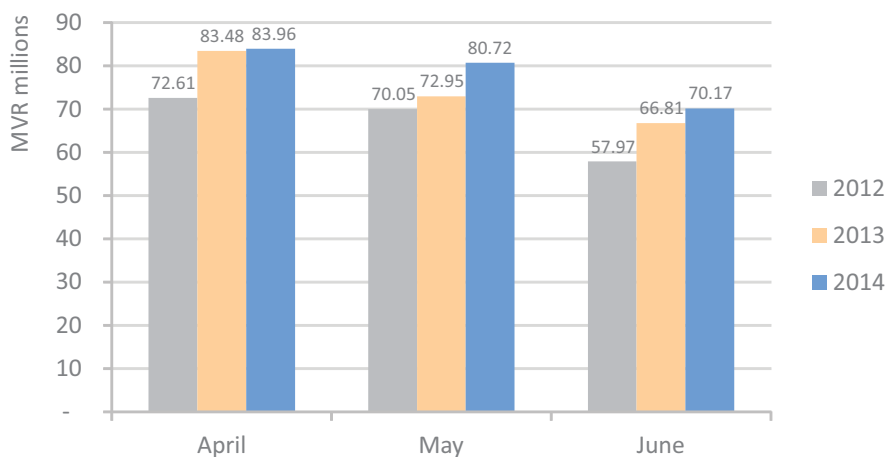
pared against 13Q2, Tourism Tax recorded a growth of 5.2%. It also exceeded the projection by 9.1%, driven by a higher than expected growth in tourist arrivals.

Tourism Tax accounted for 8.1% of the total revenue for 14Q2.

**Figure 1.14** Quarterly Tourism Tax Collection



**Figure 1.15** Monthly Tourism Tax Collection



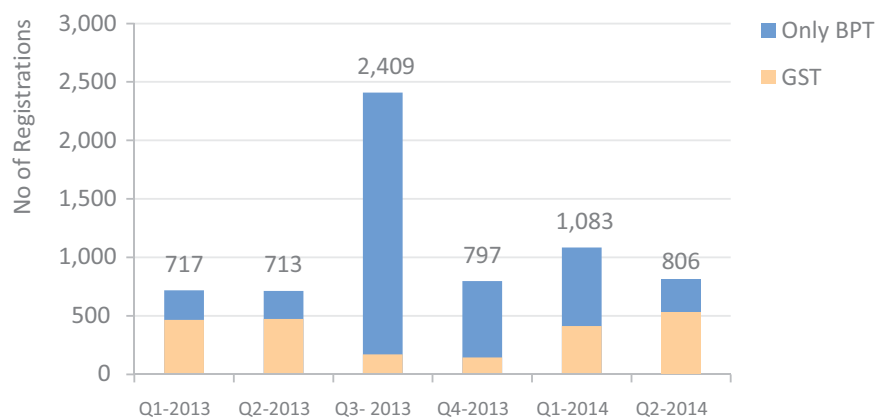


## 2. Registrations

In 14Q2, 806 new businesses registered with MIRA. There were also 526 new registrations for GST during the quarter. Compared with both 13Q2 and 14Q1, both BPT and GST registrations have fallen in 14Q2.

At the end of 14Q2, there are 20,559 taxpayers registered with MIRA while 7,528 taxpayers are registered for GST.

**Figure 2.1 Quarterly Registrations**



**20,559**

Total number of taxpayers registered at the end of 14Q2.

# 3. Activities during the Quarter

## Taxpayer Awareness Programs

**50** presentations to public, government offices and institutions (447 participants)

**7** presentations to schools and educational institutes (713 participants)

**58** media appearances

**15** media programs

## Audits

Tax Type	No. of Audits Completed	Tax impact MVR
BPT	35	2,537,424
WHT	30	3,137,795
GGST	101	6,871,974
TGST	36	7,519,331

**202** Audits

Total Tax Impact of Audits  
**MVR 20,066,524**

## Compliance

**4,648**

compliance visits conducted

**200** notices/last warnings issued to taxpayers in default

**88** notices issued to register potential taxpayers

## Debt Collection

Total enforced collections - **MVR 160,550,000**

Amount recovered under:

Action Policy - **MVR 5,986,586** (95 taxpayers)

Bank Account Freezing Policy - **MVR 3,927,867** (6 accounts)

Dues Clearance - **MVR 3,493,836** (794 taxpayers)

Installment Plan granted for **37** taxpayers

MIRA has collected over **MVR 1 Billion** as enforced collection since the establishment of the authority on 2 August 2010.

## Objections

17

objections received

10 GGST  
4 TGST  
3 WHT

15

objections completed

11 GGST  
3 TGST  
1 WHT

## Staff

197

staff working at  
MIRA at the end of  
the quarter

25

staff recruited  
during the  
quarter

7

staff terminated  
during the  
quarter

23 Trainings

5 Overseas, 5 Local  
13 in-house programs  
265 Staff trained

10 Conferences

18 Staff participated

11 staff

studying ACCA on sponsorship

## Trainings/Seminars/Conferences/Study Visits

### Overseas:

1. **Training on Advanced Auditing MNEs** held in Malaysia from 7-11 April 2014 (2 participants).
2. **SAARC Training Seminar on Exchange of Information and Large Taxpayer Units** held in Pakistan, from 7-11 April 2014 (2 participants).
3. **CATA Management Committee Meeting** held in London, from 8-9 April 2014 (1 participant).
4. **Workshop on Board Governance of Revenue Authorities** held in Mauritius from 14-16 April 2014 (2 participants).
5. **Training on Anti Money Laundering and Tax Evasion** held in Malaysia from 14-18 April 2014 (2 participants).
6. **Training on Advanced Auditing SMEs** held in Malaysia from 5-9 May 2014 (2 participants).
7. **International Tax Review Asia Tax Forum** held in Singapore from 7-8 May 2014 (2 participants).
8. **3rd Asian Tax Authorities Symposium** held in Jakarta, Indonesia from 3-5 June 2014 (2 participants).
9. **Knowledge Sharing Workshop on Electronic Tax Administration** held in Manila, Phillipines from 10-11 June 2014 (2 participants).
10. **Workshop on Taxation of International Transactions** held in Malaysia from 9-27 June 2014 (2 participants).

## Local:

1. **Maldives Cyber Security Conference** conducted by Cyber Security Maldives Pvt Ltd on 10 April 2014 (3 participants).
2. **Seminar on Digital Library Network in South Asia** (in cooperation with Ministry of Youth and Sports and National Library) from 12-14 April 2014 (1 participant).
3. **Information Security Technology Forum** conducted by HID Global and Thakral One on 13 April 2014 (3 participants).
4. **Training on Corruption Prevention** (Batch 2 and 3) conducted by ACC on 19 April 2014 and 7 June 2014 (31 participants).
5. **Stress Management Course** (Batch 1 and 2) conducted by CSTI on 31 May 2014 and 1-2 June 2014 (44 participants).
6. **Seminar on Efficiently Managing Small and Medium Practices** conducted by Audit Office on 10 June 2014 (1 participant).
7. **National Integrity Systems Assessment Stakeholder's Forum** conducted by Transparency Maldives on 17 June 2014 (1 participant).
8. **Time Management Course** conducted by CSTI on 21 June 2014 (12 participants).

## In-house Staff Development Programs:

1. **Code of Conduct** (Batch 2 and 3) - 19 April 2014 and 4 June 2014 (28 participants).
2. **Customer Care Training** (Batch 2) - 26 April 2014 (16 participants).
3. **Public Finance Regulation** (Batch 1, 2 and 3) - 29 April 2014, 8 May 2014 and 7 June 2014 (39 participants).
4. **Knowledge Enhancement Program** conducted by Tax Administration Advisor Professor Dr. Kevin Holmes from 11-29 May 2014 (19 participants).
5. **BPT Return Filing Workshop** (Batch 1, 2 and 3) conducted by Professor Dr. Kevin Holmes on 19 May 2014, 1 June 2014 and 16 June 2014 (57 participants).
6. **Audit Briefings** (Batch 1 and 2) conducted by Audit Consultant, Mr. Paul Cooper from 8-11 June 2014 (28 participants).
7. **Style Guide Training** was conducted for Senior Management on 14 June 2014 (11 participants).

## ACCA Scholarships

During the quarter, MIRA has introduced **ACCA Scholarships** along with employment opportunities, under which 10 applicants will be awarded to undertake ACCA studies in Male' while working at MIRA.

**MOU signed** with Maldives Monetary Authority (MMA) on 26 June 2014.

## Technical Assistance

During April 2014 an IT Specialist was hired for the maintenance of SAP Tax and Revenue Management system used by MIRA, and an audit expert was hired under the ADB TA 8525 - Enhancing Tax Administration Capacity.

Under the IMF TA, a strategic management expert, Ms. Barbara Hebert, worked at MIRA from 13-24 April 2014 to assist MIRA in developing its strategic management process.

## Tax Agents Regulation

The Tax Agents Regulation was published in the Government Gazette on 18 June 2014. It outlines the procedures that will be followed by the MIRA in granting and revoking a tax agent license, the scope of work that a tax agent shall be permitted to undertake and prescribes the code of conduct to be followed by tax agents.

MIRA is assigned the responsibility of issuing licenses to tax agents under the Tax Administration Act.

## Tax Rulings Issued

1. G18: First amendment to the Tax Ruling TR-2012/G8
2. G19: Imposition of GST on Immovable Property

## Legal cases

**5** cases filed by MIRA

- 4 case filed with the Civil Court
- 1 case filed with the High Court

**5** cases filed against MIRA

- 2 case filed with the Civil Court
- 1 cases filed with the High Court
- 2 case filed with the Tax Appeal Tribunal

**7** judgements passed in favor of MIRA

## 4. Quarter in Pictures



◀ Huravee Collection Center was opened on 24 April 2014.

▶ MIRA enters the premises of a defaulting taxpayer in Hulhumale' under a warrant from the Tax Appeal Tribunal



◀ MIRA participated in MACI Fair 2014 held in Dharubaaruge from 27-29 April 2014.

▶ Temporary additional counters and information desks were set up to provide services on GST and BPT deadlines in June 2014.





MIRA staff participated in the “World Blood Donor Day Celebration Walk” organized by Maldives Blood Service.



Awareness programs were conducted in the atolls during 14Q2.

MIRA placed information desks in STO Trade Center and Velaanage to increase taxpayer awareness on BPT deadlines.



Staff development programs conducted for MIRA Staff.

# 5. Outlook for the Next Quarter

## 5.1 Revenue Projection

The revenue projected for 14Q3 is MVR 3.0 billion. Tourism related revenue such as TGST, Tourism Tax, Tourism Land Rent and Airport Service Charge is expected to decline in 14Q3 compared to the first two quarters, as tourism enters the off-peak season in 14Q3. In 14Q3, MVR 909.7 million is expected as GST, MVR 310.1 million as Tourism Land Rent, MVR 201.2 million as Tourism Tax and MVR 91.8 million as Airport Service Charge.

However, revenue obtained from other sources will offset this decline from tourism related revenues. Most notably, the second interim payment of BPT will be due at the end of July 2014. As a result the collection of total BPT is expected to surge to MVR 841.5 in 14Q3. Further, most of the Bank Profit Tax will be collected in July/August 2014. MVR 267.7 million is projected to be received as Bank Profit Tax in 14Q3.

Since the Eid al-Fitr holidays coincide with the deadlines of GST, BPT and Bank Profit Tax, a large chunk of the revenue due in July will be received in August. Therefore, the collection in July will be lower and the collection in August will be unusually high. The surge in August collection will also be contributed by the deadline of the second installment of the Lease Period Extension Fee, due on 5th August 2014. However, the effect of holidays is unlikely to affect the quarterly total revenue.

Glancing at the share of revenue, GST will contribute 30.0% of the expected revenue for 14Q3. BPT will contribute 27.7%, Tourism Land Rent 10.2%, Bank Profit Tax 8.8%, and Lease Period Extension Fee 8.4%.

The revised estimates of MIRA show that MVR 10.5 billion will be collected in 2014. The revenue estimated for 14Q3 is 28.9% of this projection.

**Figure 5.1 Quarterly Revenue Projection**





## 5.2 Planned Activities

MIRA marks its 4th anniversary in 14Q3. Hence, several activities are planned to mark the anniversary, including a “tax week” where several tax awareness activities will be carried out. MIRA will undertake activities to further engage with the public during this week.

The deadlines for the payment of BPT first interim payment for tax year 2014, Bank Profit Tax and the second installment of Lease Period Extension Fee are in 14Q3. There will be several marketing activities to remind the taxpayers about the deadline.

MIRA’s strategic plan will be finalized and published in 14Q3. The strategic plan will highlight

the major areas that MIRA will focus on from 2015 to 2019.

The Tax Agents Regulation was published in the Government Gazette in 14Q2. As a result, initial licensing activities will be carried out in 14Q3. This includes receiving applications for tax agents, training the tax agents and issuing license to tax agents in the Maldives for the first time.

Furthermore, preparations to open a new regional office in the south of Maldives will be carried out in 14Q3.

**MIRAconnect**  
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MALDIVES  
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AUTHORITY

-  T-Building, Ameenee Magu, Male'
-  1415
-  (960) 332 2261
-  (960) 331 6577
-  [planning@mira.gov.mv](mailto:planning@mira.gov.mv)
-  [www.mira.gov.mv](http://www.mira.gov.mv)

