

Quarterly Report

Second Quarter 2011



MALDIVES
INLAND REVENUE
AUTHORITY

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1.0 Overview

The Maldives Inland Revenue Authority (MIRA) collected MVR 1.2 billion as revenue during the second quarter of 2011, which is a 108% upturn compared to the corresponding period of 2010 (MVR 644 million), which is 38% higher than the forecasted amount. Of this total revenue, the dollar receipts represent 81% (USD 70 million), which is an increase of 81% compared to the corresponding period of the previous year.

The increase in total revenue for the second quarter of 2011 is mainly due to the contribution from the Tourism Goods and Services Tax (T-GST), Bank Profit Tax and Airport Service Charges (including the outstanding revenue received as Airport Service Charge for 2010 and first quarter of this year) and the increase in Sale of Capital Assets.

The main contributors to the revenue for the second quarter are Tourism Land Rent, T-GST, Airport Service Charge and Tourism Tax, which represents 23%, 20%, 17% and 16% of the total revenue respectively. The substantial growth in the total revenue mainly attributes to the floatation in the dollar exchange rate, since US Dollar receipts represent a bulk of the total revenue.

In addition, collection of Residential Permit Fees and Foreigners Deposits from June 2011 also contributed to the increase in the revenue for the quarter. Although Tourism Land Rent (MVR 282 million) is the principal contributor to the second quarter's total revenue, the total amount collected as Tourism Land Rent decreased compared to the corresponding period of 2010 (MVR 302 million). Similarly, the revenue received from Land Sales Tax decreased during the same period.

By the end of this quarter, MIRA collected MVR 2.1 billion in total, an increase of MVR 995 million, which is 83% higher compared to the corresponding period of 2010. In addition, this is a 16% higher than the forecasted revenue for the period.

2.0 Highlights

2.1 Changes in Laws and Regulations

A preliminary draft of the regulations required to be made pursuant to the Business Profit Tax Act (Act Number 5/2011) was made available for public comments and review in June 2011. It was made available both in English and Dhivehi. By the end of June, 20 parties sent their comments and suggestions on the Regulation.

2.2 New Laws and Regulations

During the month of June 2011, the Government lodged four tax bills with the Parliament.

- a) Corporate Profit Tax Bill
- b) Personal Income Tax Bill
- c) Goods and Services Tax Bill
- d) Tax Administration Act Amendment Bill

2.3 Legal cases

During this quarter, 8 cases were filed with the Civil Court by MIRA. Of these cases, hearing has not yet commenced on 6 cases while a verdict has been delivered in favor of MIRA in one of the cases. Hearings of the other case are on-going.

2.4 Other activities

a) Taxpayer Awareness Programs

MIRA conducted 20 public awareness presentations with regard to the Business Profit Tax (BPT) during this quarter. The participants for the sessions were allowed to register through MIRA website and the phone. One of the main objectives of the sessions was to obtain stakeholder comments and views on the draft Regulation and discuss with them the practical issues in relation to the introduction and implementation of BPT.

b) Door-to-door Registration Campaign

On 18 June 2011, MIRA initiated a door-to-door registration campaign in Male'. During this campaign, the employees of MIRA visit all the houses and businesses (shops, restaurants, cafés etc.) of Male' to inform and encourage the taxpayers to register their businesses (or any other income deriving source) under the Tax Administration Act (Act Number 3/2010).

As of June, a total of 8,055 businesses (3,319 companies, partnerships and other corporate bodies and 4,736 individuals) have registered with the MIRA.

c) Audits

During the second quarter, the MIRA conducted audits on 50 T-GST payers. In addition, audits were conducted regarding the Airport Service Charge and some other revenue codes as well.

d) Compliance Visits

During this quarter, 122 T-GST compliance visits and 20 presentations regarding the Business Profit Tax were conducted.

Annex 1: Revenue Contribution

Table 1: Revenue Contribution of 2nd Quarter 2011 (April – June)

Description	2 nd Quarter (Apr – Jun)	% of total revenue
Tourism Tax	198,367,644	16%
Tourism Goods and Services Tax (T-GST)	246,245,496	20%
Bank Profit Tax	50,389,805	4%
Airport Service Charge	211,315,954	17%
Land Sales Tax	2,081,207	0%
Revenue Stamp	9,411,528	1%
Business Permits	5,598,777	0%
Vehicle Fee	10,570,407	1%
Vessels Fee	1,740,505	0%
Royalties	27,264,695	2%
Tourism Land Rent / Lease Rent	281,892,513	23%
Land Rent	23,894,836	2%
Resident Permit	3,925,650	0%
Other Fees and Charges (Lease Period Extension)	81,195,000	7%
Sale of Capital Assets	70,373,350	6%
Fines	15,519,362	1%
Total	1,239,786,729	100%

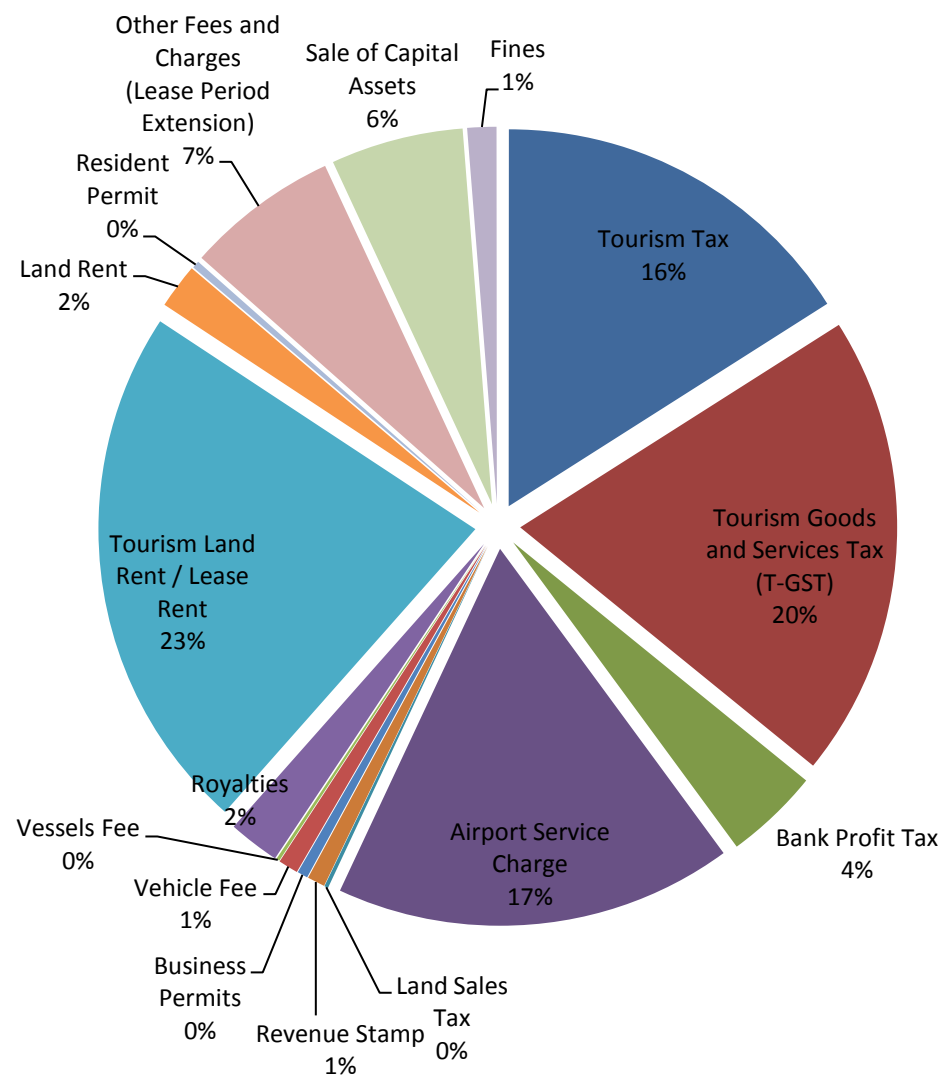
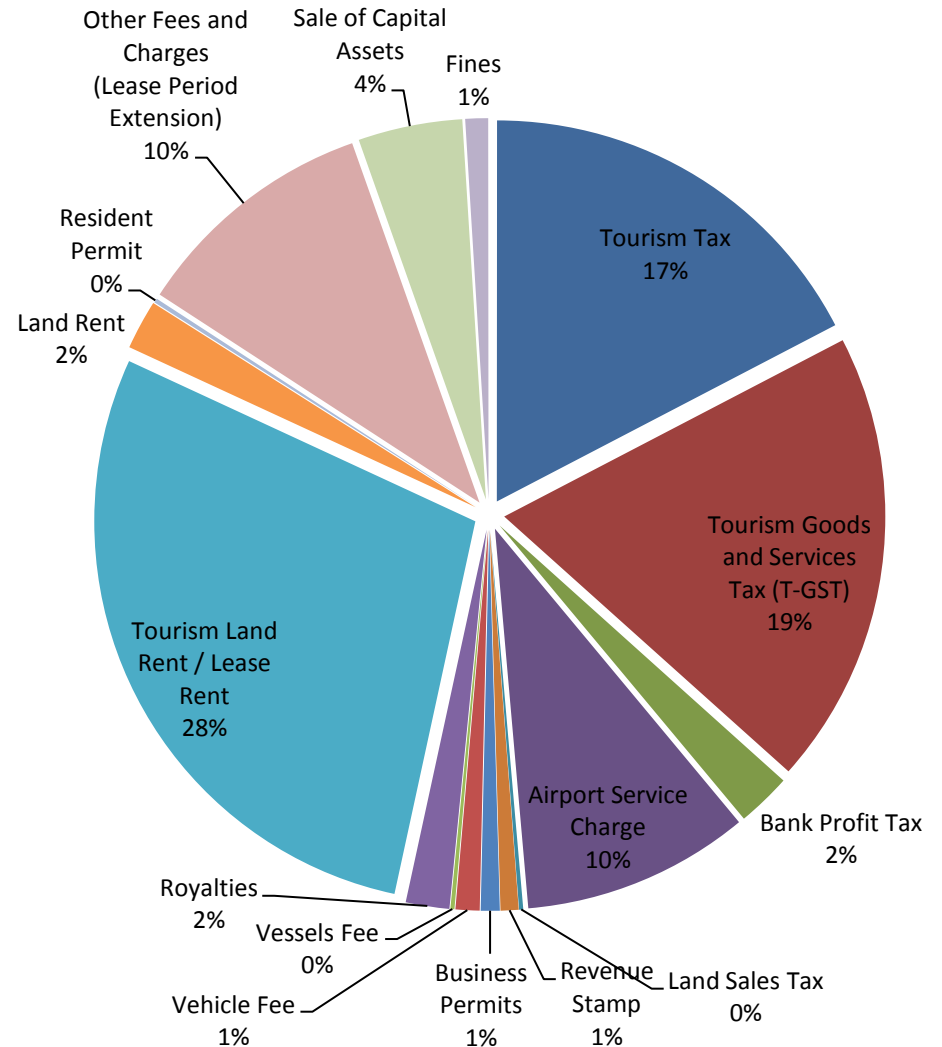


Table 2: Revenue Contribution up to June 2011

Description	Up to June 2011 (Jan - Jun)	% of total revenue
Tourism Tax	379,448,893	17%
Tourism Goods and Services Tax (T-GST)	421,864,662	19%
Bank Profit Tax	50,389,805	2%
Airport Service Charge	211,315,954	10%
Land Sales Tax	3,862,285	0%
Revenue Stamp	16,710,218	1%
Business Permits	17,527,977	1%
Vehicle Fee	22,539,648	1%
Vessels Fee	3,765,617	0%
Royalties	40,536,732	2%
Tourism Land Rent / Lease Rent	622,709,856	28%
Land Rent	46,018,410	2%
Resident Permit	3,925,650	0%
Other Fees and Charges (Lease Period Extension)	227,820,000	10%
Sale of Capital Assets	96,789,475	4%
Fines	21,527,183	1%
Total	2,186,752,363	100%



Annex 2: Total Revenue, 2nd Quarter 2010 – 2011

Description	Second Quarter (April to June)							Up to Second quarter (January to June)						
	Actual Revenue				Projection, 2011	Actual vs.		Actual Revenue				Projection, 2011	Actual vs.	
	2010	2011	Variance			Projection, 2011		2010	2011	Variance			Projections, 2011	
Tax Revenue	219,933,361	735,721,323	515,787,962	235%	512,751,542	222,969,781	43%	435,983,937	1,127,425,058	691,441,120	159%	955,328,720	172,096,338	18%
Tourism Tax	153,882,925	198,367,644	44,484,719	29%	165,630,565	32,737,079	20%	317,773,210	379,448,893	61,675,683	19%	347,579,473	31,869,420	9%
Tourism Goods and Services Tax (T-GST)	-	246,245,496	246,245,496	-	278,002,628	(31,757,132)	(11%)	-	421,864,662	421,864,662	-	451,445,056	29,580,394	(7%)
Bank Profit Tax	37,630,251	50,389,805	12,759,554	34%	-	50,389,805	-	53,362,398	50,389,805	(2,972,593)	(6%)	-	50,389,805	-
Airport Service Charge	-	211,315,954	211,315,954	-	39,596,888	171,719,066	434%	5,677,677	211,315,954	205,638,277	3622%	91,985,101	119,330,853	130%
Land Sales Tax	5,157,070	2,081,207	(3,075,863)	(60%)	3,952,890	(1,871,683)	(47%)	5,977,897	3,862,285	(2,115,612)	(35%)	4,861,411	(999,126)	(21%)
Revenue Stamp	6,155,178	9,411,528	3,256,350	53%	6,172,579	3,238,949	52%	13,136,048	16,710,218	3,574,170	27%	13,502,493	3,207,725	24%
Business Permits ¹	5,189,986	5,598,777	408,791	8%	5,291,660	307,117	6%	16,007,120	17,527,977	1,520,857	10%	17,144,435	383,542	2%
Vehicle Fee	10,251,879	10,570,407	318,528	3%	12,733,425	(2,163,018)	(17%)	20,589,493	22,539,648	1,950,155	9%	25,554,051	(3,014,403)	(12%)
Vessels Fee	1,666,072	1,740,505	74,433	4%	1,370,907	369,598	27%	3,460,095	3,765,617	305,522	9%	3,256,701	508,916	16%
Non-Tax Revenue	375,532,250	504,065,406	128,533,155	34%	388,224,945	115,840,461	30%	755,732,754	1,059,327,306	303,594,551	40%	928,442,567	130,884,738	14%
Royalties ²	16,265,097	27,264,695	10,999,598	68%	13,495,213	13,769,482	102%	34,629,422	40,536,732	5,907,310	17%	28,361,487	12,175,245	43%
Tourism Land Rent / Lease Rent	301,520,336	281,892,513	(19,627,823)	(7%)	232,637,244	49,255,269	21%	619,576,720	622,709,856	3,133,136	1%	697,911,731	(75,201,875)	(11%)
Land Rent ³	23,203,194	3,894,836	691,642	3%	23,804,910	89,926	-	45,151,966	46,018,410	866,444	2%	46,527,127	(508,717)	(1%)

Description	Second Quarter (April to June)							Up to Second quarter (January to June)						
	Actual Revenue				Projection, 2011	Actual vs. Projection, 2011		Actual Revenue				Projection, 2011	Actual vs. Projection, 2011	
	2010	2011	Variance			2010	2011	Variance		2010	2011		Variance	
Resident Permit	-	3,925,650	3,925,650	-	-	-	-	-	3,925,650	3,925,650	-	-	3,925,650	-
Other Fees and Charges (Lease Period Extension)	-	81,195,000	81,195,000	-	76,500,000	4,695,000	6%	-	227,820,000	227,820,000	-	95,625,000	132,195,000	138%
Sale of Capital Assets ⁴	804,039	70,373,350	69,569,310	8652%	14,795,911	55,577,439	376%	13,666,850	96,789,475	83,122,626	608%	25,850,985	70,938,491	274%
Fines	33,739,584	15,519,362	(18,220,222)	(54%)	26,991,667	(11,472,305)	(43%)	42,707,797	21,527,183	(21,180,614)	(50%)	34,166,238	(12,639,055)	(37%)
Total	595,465,610	1,239,786,727	644,321,116	108%	900,976,487	338,810,240	38%	1,191,716,692	2,186,752,363	995,035,672	83%	1,883,771,287	302,981,076	16%

Deposits

Foreigners Deposit collected to MIRA	-	3,223,545	3,223,545	-	-	-	-	-	3,223,545	3,223,545	-	-	-	-
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¹ Business Permits: Company Fee, Restaurant Café Canteen Fee, Partnership Fee, Import Trade Fee, Co-operative Society Fee, Trade Registry Fee, Foreign Investment Administration Fee, Foreign Business Fee, Flat Maintenance Fee

² Royalties: Duty Free Royalty, Foreign Investment Royalty, Fishing Royalty, Fuel Re-export Royalty, Re-export Royalty, Yellow fin Tuna Export Royalty, Skipjack Industry Royalty

³ Land Rent: Uninhabited Islands Rent, Government Building Rent, Commercial Land Rent, Industrial Land Rent, Long-term Agricultural Leased Island Rent, Rent from Floating Jetty, Uninhabited Islands Administration Fee

⁴ Sale of Capital Assets: Sale of Items at auction, Sale of Government Buildings, Sale of Government Land

Annex 3: Revenue Collected in US Dollar, 2nd Quarter 2011

Description	Second Quarter (April - June)				Up to Second Quarter (January - June)			
	2010	2011	Variance		2010	2011	Variance	
Tourism Tax	12,069,249	13,550,290	1,481,041	12%	24,923,389	27,936,643	3,013,254	12%
Tourism Goods and Services Tax (T-GST)	-	16,164,088	16,164,088	-	-	29,938,056	29,938,056	-
Duty Free Royalty	416,291	464,260	47,970	12%	861,954	951,177	89,223	10%
Foreign Investment Royalty	69,030	209,221	140,191	203%	87,290	444,016	356,726	409%
Fishing Royalty	-	29,122	29,122	-	382,070	38,625	(343,445)	-
Fuel Re-export Royalty	-	22,924	22,924	-	-	22,924	22,924	-
Re-export Royalty	2,178	5,932	3,755	172%	2,221	9,361	7,140	322%
Yellow fin Tuna Export Royalty	141,647	339	(141,308)	(100%)	325,645	38,381	(287,264)	(88%)
Skipjack Industry Royalty	172,377	-	(172,377)	(100%)	-	199,868	199,868	-
Airport Service Charge	-	10,945,553	10,945,553	-	-	10,945,553	10,945,553	-
Foreign Investment Administration Annual Fee	6,600	16,448	9,848	149%	48,600	73,128	24,528	50%
Other Fees and Charges (Lease Period Extension)	-	5,500,000	5,500,000	-	-	17,000,000	17,000,000	-
Tourism Lease Rent / Land Rent	23,648,654	18,492,856	(5,155,798)	(22%)	48,678,741	45,061,001	(3,617,740)	(7%)
Uninhabited Islands Administration Fee	4,000	-	(4,000)	(100%)	4,000	-	(4,000)	(100%)
Sale of Government Buildings	-	-	-	-	800,000	-	(800,000)	-
Sale of Government Land	-	4,198,783	4,198,783	-	-	4,198,783	4,198,783	-
Fines	2,267,198	684,675	(1,582,524)	(70%)	2,633,137	864,115	(1,769,022)	(67%)
Total	38,797,224	70,284,491	31,487,267	81%	78,747,047	137,721,631	58,974,584	75%

Annex 4: Revenue Comparison

Chart 1: Second Quarter Revenue, April to June 2010 - 2011

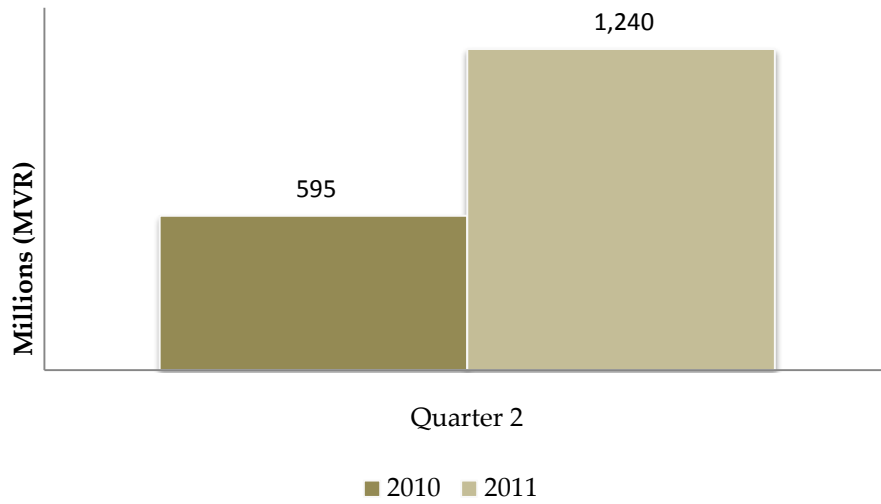


Chart 2: Quarterly Revenue, Quarter 1 - 2, 2010 - 2011

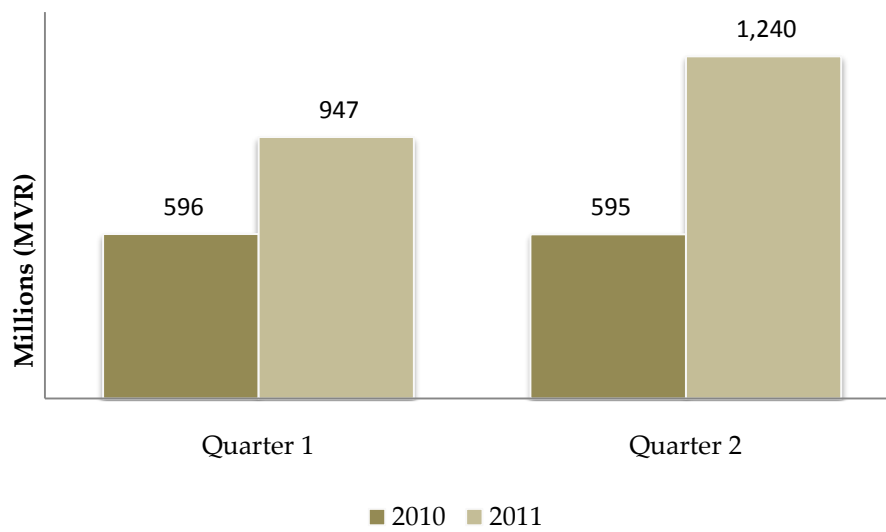


Chart 3: Monthly Revenue Comparison, January to June 2010 - 2011

