

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



MALDIVES INLAND REVENUE AUTHORITY

Malé, Republic of Maldives

TAX RULING

Business Profit Tax: Fifth amendment to the Business Profit Tax Regulation

Reference No.: TR-2013/B31

Date of issue: Wednesday, 10 April 2013

This ruling is issued pursuant to the authority granted under Section 84 of the Tax Administration Act (Law Number 3/2010) as amended by Law Number 14/2011. Unless otherwise stated, all legislative references are to the Business Profit Tax Regulation (Regulation Number 2011/R-35) as amended by Regulation Number 2011/R-47 and Tax Ruling Number TR-2012/B6, TR-2012/B11 and TR-2013/B27. This ruling is legally binding.

Introduction

1. This ruling amends sections 20, 37 and 65 of the Regulation.

Ruling

2. Insert the following subsection after section 20(c) of the Regulation:
 - (d) For the purposes of the Act and this Regulation, the number of days in a tax year shall be 365. For the avoidance of doubt, the 29th of February shall be ignored for the purpose of calculating the number of days in a tax year.
3. Amend section 37(b) of the Regulation as follows:
 - (b) A loss may be deducted under subsection (a) only by:
 - (1) a holding company that directly owns at least 99 per cent of the ordinary share capital of the company that incurred the loss: or
 - (2) a company in which at least 99 per cent of the ordinary share capital is directly owned by the holding company referred to in subsection (b)(i); or
 - (3) a company in which at least 99 per cent of the ordinary share capital is directly owned by the company that incurred the loss.
4. Amend section 37(d)(3) of the Regulation, and insert subsection (d)(4) as follows:
 - (d)(3) in the case of a holding company sharing the loss incurred by a subsidiary company and vice versa, the holding company directly held at least 99 per cent of the ordinary share capital of the subsidiary company continuously from the beginning of the accounting period in which the loss was incurred until the end of the accounting period in which the loss was offset or, in the



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case of a subsidiary company that offsets the loss incurred by another subsidiary company in the same group of companies, the holding company directly held at least 99 per cent of the ordinary share capital of both of the subsidiary companies continuously from the beginning of the accounting period in which the loss was incurred until the end of the accounting period in which the loss was offset; and

- (4) the company that incurred the loss could otherwise have carried it forward in accordance with section 13 of the Act.

5. Insert the following subsections after section 37(d) of the Regulation:

- (e) Losses incurred before the loss-making company became part of the group of companies referred to in subsection (d) shall not be deducted under subsection (a).
- (f) The amount of loss deducted by a taxpayer in any tax year shall not exceed the amount of taxable profit of the taxpayer calculated after deducting all deductions to which the taxpayer is entitled under the Act and this Regulation.
- (g) Amendments to subsections (b) and (d) via Tax Ruling number TR-2013/B31 shall apply from the tax year 2013.

6. Amend the side heading of section 37 of the Regulation as “Losses”.

7. Amend section 65 of the Regulation as follows:

Conversion of foreign currency transactions into Rufiyaa

Where a payment of an amount specified in Section 6(a) of the Act is made in a currency other than Rufiyaa, in making the payment of withholding tax to the MIRA, such amount shall be converted to Rufiyaa using an exchange rate within $\pm 2\%$ (plus or minus two per cent) of the rate published by the Maldives Monetary Authority on the date that the tax was liable to be withheld. The source of the foreign exchange rates adopted by a taxpayer must be used consistently.

Date of Effect

8. This ruling shall take effect from its date of issue.



Yazeed Mohamed
Commissioner General of Taxation

This is the unofficial translation of the original ruling issued in Dhivehi. In the event of conflict between this translation and the Dhivehi version of this ruling, the latter shall prevail. Therefore, it is advised that both the Dhivehi version of this ruling and this translation be read concurrently.