

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



**MALDIVES INLAND REVENUE AUTHORITY**

Malé, Republic of Maldives

# TAX RULING

## Business Profit Tax: Effect of change of accounting period (Revised)

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**Reference No.:** TR-2013/B34

**Date of issue:** Saturday, 11 May 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, TR-2013/B27 and TR-2013/B31. This ruling is legally binding.*

### Introduction

1. This ruling replaces Tax Ruling Number TR-2013/B33 (Effect of change of accounting period), issued on 6 May 2013, which prescribed:
  - (a) the methods of calculation of the tax-free threshold and interim tax payments; and
  - (b) the due dates for filing returns and making tax payments,in respect of a transitional accounting period which results from the change in a taxpayer's accounting period.
2. Section 7 of the Regulation states that:

“A Person's accounting period shall not be changed without written consent of the MIRA, except on cessation of business.”

### Ruling

3. Where a Person has been granted authorization to change his accounting period in accordance with section 7 of the Regulation (“the Person”), and such change results in an accounting period of less than 12 months (“the transitional accounting period”), the Person shall file a tax return and statement of interim payment, and pay the interim payment for the transitional accounting period, as prescribed in this ruling.



4. The tax-free threshold specified in section 7 of the Business Profit Tax Act, which is applicable to the transitional accounting period, shall be adjusted on a pro-rata basis, using the following formula:

$$\frac{\text{MVR 500,000}}{(1 + A)} \times \frac{\text{Number of days in the transitional accounting period}}{365}$$

where A = the number of subsidiaries that are within the charge to tax in the Maldives.

5. (a) Where a transitional accounting period commences on or before 31 July in any tax year, the Person shall file statements of interim payment and pay the interim payments for the transitional accounting period by 31 July that falls within the transitional accounting period (being the first interim payment for the transitional accounting period) and by 31 January that falls immediately after the end of the transitional accounting period (being the second interim payment for the transitional accounting period), and each payment shall be calculated in accordance with the following formula:

$$\frac{\text{Tax payable for the accounting period immediately preceding the transitional accounting period}}{2} \times \frac{\text{Number of days in the transitional accounting period}}{\text{Number of days in the accounting period immediately preceding the transitional accounting period}}$$

- (b) Where a transitional accounting period commences after 31 July in any tax year, the Person shall file a statement of interim payment and pay the interim payment for the transitional accounting period by 31 January that falls immediately after the end of the transitional accounting period, and that payment shall be calculated in accordance with the following formula:

$$\text{Tax payable for the accounting period immediately preceding the transitional accounting period} \times \frac{\text{Number of days in the transitional accounting period}}{\text{Number of days in the accounting period immediately preceding the transitional accounting period}}$$

- (c) Paragraphs 5(a) and (b) of this ruling shall apply notwithstanding that an amount of interim payment in relation to a transitional accounting period and an amount of interim payment in relation to an accounting period preceding the transitional



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accounting period may be payable on the same due date or relate to the same tax year.

6. The Person shall calculate the interim payment payable for the accounting period immediately following the transitional accounting period using the following formula:

$$\frac{\text{Tax payable for the transitional accounting period}}{2} \times \frac{\text{Number of days in the accounting period immediately following the transitional accounting period}}{\text{Number of days in the transitional accounting period}}$$

7. The Person shall file his tax return for the transitional accounting period on or before the deadline specified in section 17(d) of the Business Profit Tax Act, and pay the final payment for the transitional accounting period in accordance with section 24 of that Act.
8. The tax return referred to in paragraph 7 of this ruling shall be filed together with financial statements prepared in accordance with Tax Ruling Number TR-2013/B28 (Submission of financial statements and appointment of auditors (Revised)) issued on 31 January 2013.
9. This ruling is subject to section 20(d) of the Regulation.

### **Date of Effect**

10. This ruling shall have effect from its date of issue.
11. This ruling supersedes Tax Ruling Number TR-2013/B33 issued on 6 May 2013.

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.*