



**MALDIVES INLAND REVENUE AUTHORITY**

Malé, Republic of Maldives

# TAX RULING

## Business Profit Tax: Charitable organizations

---

**Reference No.:** TR-2014/B38

**Date of issue:** Sunday, 14 December 2014

*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 references to the Act are to the Business Profit Tax Act (Law Number 5/2011). This ruling is legally binding.*

### Introduction

1. This ruling replaces Tax Ruling Number TR-2012/B7 (Charitable organizations), issued on 3 May 2012, which:
  - (a) explained the terms “body, association or public institution” and “object of similar general public utility” in sections 10(e) and 15(a)(3) of the Act; and
  - (b) set out the procedure for gaining approval required under sections 10(e) and 15(a)(3) of the Act and the application of these sections.
  
2. Section 10 of the Act states:
  - (e) Subject to Section 10(f), a donation made by any Person to a body, association or public institution which is approved by the MIRA and established for the promotion of Islam, relief of the poor, medical relief or education or any other object of similar general public utility shall be deductible in computing that Person’s taxable profits for the tax year in which the donation is made.
  
3. Section 15 of the Act states:
  - (a) The provisions of this Act, apart from this Section, do not apply to the following Persons:  
...
    - (3) any body, association or public institution which is approved by the MIRA and established for the promotion of Islam, relief of the poor, medical relief or education or any other object of similar general public utility.



## **Ruling**

### **Meaning of “body, association or public institution”**

4. For the purpose of sections 10(e) and 15(a)(3) of the Act, “body” and “association” means any body or association which is:
  - (a) registered with the relevant Government authority under the Associations Act (Law Number 1/2003); or
  - (b) established in the Maldives pursuant to an Act of Parliament.
  
5. For the purpose of sections 10(e) and 15(a)(3) of the Act, “public institution” means any institution which is:
  - (a) established for the purpose of providing a service to the public; and
  - (b) financed wholly or primarily through the State budget.

### **Meaning of “object of similar general public utility”**

6. For the purpose of sections 10(e) and 15(a)(3) of the Act, a body, association or public institution shall be considered as being established for “any other object of similar general public utility” if that body, association or public institution was established for the purpose of:
  - (a) providing humanitarian aid;
  - (b) conserving the environment or wildlife;
  - (c) enhancing social well-being;
  - (d) promoting cultural activities;
  - (e) promoting sports and recreational activities;
  - (f) developing a profession or an industry; or
  - (g) developing a regional or island community.
  
7. Sections 10(e) and 15(a)(3) of the Act shall apply only to a not-for-profit body, association or public institution.

### **Approved bodies, associations and public institutions**

8. Subject to paragraph 7 of this ruling, for the purpose of sections 10(e) and 15(a)(3) of the Act, bodies, associations and public institutions approved by MIRA are:
  - (a) Government agencies and State institutions;
  - (b) Public hospitals and public health facilities;
  - (c) Public schools and public educational institutions;
  - (d) Island Councils, Atoll Councils and City Councils formed under the Decentralization Act (Law Number 7/2010); and
  - (e) Bodies, associations and public institutions approved by MIRA in accordance with paragraph 9 of this ruling.



**Procedure for approval by MIRA**

9. Bodies, associations and public institutions, other than those specified in paragraph 8(a)-(d) of this ruling, that wish to be approved by MIRA for the purpose of sections 10(e) and 15(a)(3) of the Act shall submit a completed “Registration of Charitable Organizations” (MIRA 103) form together with the information and documents specified therein, to MIRA.
10. Bodies, associations and public institutions approved by MIRA as of the date of issue of this ruling shall not be required to resubmit the registration form specified in paragraph 9 of this ruling.
11. The list of bodies, associations and public institutions approved by MIRA shall be published on the official website of MIRA.
12. The Commissioner General may, at his discretion, amend the list of bodies, associations and public institutions approved by MIRA in paragraph 8 of this ruling by publishing such amendments on the official website of MIRA.
13. Bodies, associations and public institutions approved by MIRA in accordance with paragraph 9 of this ruling shall submit an Annual Report and a Statement of Donations to MIRA in relation to a calendar year by 30th June of the following year, in a format prescribed by MIRA.
14. Where a body, association or public institution approved by MIRA in accordance with paragraph 9 of this ruling fails to submit the documents specified in paragraph 13 of this ruling by 31<sup>st</sup> July of the following year, it shall be removed from the list of bodies, associations and public institutions approved by MIRA. Where such body, association or public institution wishes to be reapproved by MIRA, it shall submit a new application in accordance with paragraph 9 of this ruling.
15. Bodies, associations and public institutions referred to in paragraph 8(e) of this ruling may use a logo designated by MIRA in their marketing materials, letterheads, websites, emails, and other such materials, to indicate that the body, association or public institution is approved by MIRA.
16. The logo specified in paragraph 15 of this ruling shall not be used by a body, association or public institution which is not approved by MIRA in accordance with paragraph 9 of this ruling, or after its removal from the list of MIRA approved bodies, associations and public institutions pursuant to paragraph 14 of this ruling.



- 4 -

**Application of section 10(e) of the Act**

17. Subject to section 10(f) of the Act, taxpayers may deduct donations made to a body, association or public institution in a tax year only if the relevant body, association or public institution was on the list of approved bodies, associations and public institutions published by MIRA in accordance with paragraph 11 of this ruling, on the date the donation was made.

**Application of section 15(a)(3) of the Act**

18. A body, association or public institution shall be exempt from business profit tax in a tax year only if that body, association or public institution was approved on or before the due date for filing its business profit tax return for that year had it not been granted the exemption.

**Date of Effect**

19. This ruling shall have effect from its date of issue.

20. This ruling supersedes Tax Ruling Number TR-2012/B7 issued on 3 May 2012.

*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.*