



MALDIVES
INLAND REVENUE
AUTHORITY

މިރާ ޕޯސްޓް

MIRAPOST



MIRA has Launched 'Fansa-ahi'
Campaign



Volume 12
Number 4
April 2023

www.mira.gov.mv

MIRA has Launched 'Fansa-aahi' Campaign

Khadheeja Nashaya Naeem, Manager, Marketing



MIRA has launched a special campaign under the name 'Fansa-aahi', in order to improve tax compliance of taxpayers and to improve on-time return filing rate. The objective of this campaign is to improve the rate of tax returns submitted on time as per the deadlines.

Failure to file tax returns before the deadline is an offense punishable under the Tax Administration Act, hence, MIRA advises taxpayers to file their tax returns on time.

Under this campaign, MIRA will conduct activities

to encourage timely filing of tax returns to increase the proportion of tax returns filed on time. MIRA will also facilitate taxpayers who are registered at MIRA, who no longer conduct any business activity due to cessation of business or any other reason, to deregister their businesses under this campaign. In this regard, businesses identified by MIRA as inactive will be given the opportunity to deregister via email. Along with this, tax related fines of those who wish to deregister under this campaign would be waived off according to MIRA.

GST deadline for the month of March 2023 and 1st quarter of 2023 is 30 April 2023

Mariyam Waheed, Senior Tax Officer, Tax Academy



The deadline for GST registrants to file GST return and make payments for the month of March 2023 and first quarter of 2023 is 30 April 2023. Therefore, monthly filers as well as quarterly filers need to file their GST returns and make the payment before 30 April 2023.

The standard deadline to file the GST return and make payment is the 28 of the month following the taxable period. However, as the deadline in this case falls on a public holiday, it has been subsequently changed to 30 April 2023, the next working day.

Even if the business has been temporarily closed or the taxpayer has applied for deregistration, you must continue to file your GST return until your GST deregistration is confirmed by MIRA in writing.

Taxpayers whose annual turnover exceeds MVR 5 million and those required to submit input tax information sheet in respect of capital expenditure must submit their GST return through MIRA online portal "MIRAconnect". Furthermore, taxpayers with an annual turnover of MVR 50 million and above are required to make their GST payments through "MIRAconnect". MIRA advises those who are not mandatory to file online also to submit their tax return via MIRAconnect. GST "nil-return" can be filed either via MIRAconnect or via VaaruPay.

If the GST return is not filed by the deadline, a late filing penalty of MVR 50 per day and 0.5% of the GST liability would be imposed as fines. Additionally, if GST is not paid by the deadline, a late payment of penalty at the rate of 0.05% of the outstanding amount per day would apply to the taxpayer.

Non-resident withholding Tax

Mariyam Shaliya, Senior Tax Officer, Tax Academy



From 1 January 2023 onwards, income tax is imposed on the income of companies, partnerships and other legal entities, pursuant to the Income Tax Act (25/2019). Under this Act, persons who are residents of the Maldives are taxed from their worldwide income, whereas non-residents are taxed from the income derived from the Maldives.

Income earned in the Maldives by non-residents are taxed through a collecting mechanism known as non-resident withholding tax (NWT). Under this mechanism, any kind of payment included in Section 55 of the Income Tax Act is subject to non-resident withholding tax at the respective tax rate, if the payment is made by a person carrying on business in the Maldives to a person who is non-resident in the Maldives.

Accordingly, rental payment in relation to an immovable property situated in the Maldives, made to a non-resident by a person carrying on business in the Maldives, is subject to non-resident withholding tax. Hence, 10% should be

deducted as NWT, from the gross amount of the rental payment.

Payment of royalty is subject to 10% NWT. For the purpose of income tax, "royalty" includes consideration paid for any of the following purposes, excluding inter-carrier charges paid by one telecommunication service provider to another telecommunication service provider.

- use of, or the right to use of a computer software copyright
- use of, or the right to use of a copyright, patent, plant variety right, trademark, model, plan, secret formula or process, or a similar product
- use of, or the right to use of cinematographic film, videotape or other electronic recordings used for television broadcasting, taps or other electronic recording used for radio broadcasting, and film, video or other electronic recording used for internet broadcasting
- providing of industrial, commercial, or scientific knowledge or information
- use of, or the right to use of industrial, commercial, or scientific equipment or information
- transmission via satellite, cable, optic fiber or a similar technology

Interest and dividend paid to a non-resident by a person carrying on business in the Maldives are subject to NWT. Interest payments are subject to NWT only if the payment is made to a person other than a bank or financial institution approved by MIRA. NWT should be deducted from the gross interest and dividend payments at the rate of 10%.

Payments made to a non-resident public entertainer for their performances in the Maldives are subject to NWT. Public entertainers include stage, radio, television and internet artistes, musicians, athletes and individuals exercising any profession or vocation of a similar nature. Hence, NWT deduction of 10% of the gross

payment made to such entertainers should be made by the payer.

Additionally, insurance premium paid to non-resident insurers by persons conducting business in the Maldives is subject to NWT at the rate of 10%. This does not include reinsurance payments made to non-resident insurers.

A total of 5% of the gross amount of the payment made to non-resident contractors must be deducted as NWT. Non-resident contractors are persons who are non-resident, other than employees, who perform services of any kind in the Maldives, or supply the use of, or right to use of another person's services in the Maldives, under a contract, agreement or arrangement.

If the residency of the payee who receives any type of payment mentioned in Section 55 of the Income Tax Act cannot be determined at the time of payment, it shall be deemed that the person is not a resident in the Maldives and NWT shall be deducted accordingly.

Types of income subject to NWT

| | |
|---|-----|
| Rent in relation to immovable property | 10% |
| Royalty | 10% |
| Interest | 10% |
| Dividends | 10% |
| Fees for technical services | 10% |
| Commissions received in respect of services provided in the Maldives | 10% |
| Income received in respect of performances in the Maldives by public entertainers | 10% |
| Insurance premium | 10% |
| Income received for carrying out research and development in the Maldives | 10% |
| Income received by a contractor | 5% |

MIRA 602
Version 21.3



Non-Resident Withholding Tax Return INCOME TAX

| | |
|--|--|
| TIN (Taxpayer Identification Number) | Month Covered by this Return |
| <input type="text"/> | <input type="text"/> |
| <small>Your TIN as it appears on your Notification of Income Tax Registration</small> | <small>Specify the month covered by this return, in MM/YYYY format</small> |
| Taxpayer Name | |
| <input type="text"/> | |
| <small>Your name as it appears on your Notification of Income Tax Registration</small> | |

Please complete the table overleaf before filling in this page. Do not enter any negative figures in this return.

Experience the revamped "MIRAconnect" portal, a strategic initiative by MIRA aimed at enhancing the functionality and user-friendliness of our online services!

Wherever you are, file your tax returns and pay your taxes with a few clicks.

Anytime, Anywhere.



MALDIVES
INLAND REVENUE
AUTHORITY