



MALDIVES
INLAND REVENUE
AUTHORITY

QUARTERLY REPORT

Quarter 4, 2015



5 YEARS OF
EXCELLENCE

ABBREVIATIONS

13Q4	2013, Fourth Quarter
14Q3	2014, Third Quarter
14Q4	2014, Fourth Quarter
15Q3	2015, Third Quarter
15Q4	2015, Fourth Quarter
16Q1	2016, First Quarter
ACC	Anti-Corruption Commission
ACCA	Association of Chartered Certified Accountants
AGM	Annual General Meeting
BPT	Business Profit Tax
CATA	Commonwealth Association of Tax Administrators
CPD	Continuing Professional Development
GGST	Goods and Services Tax (Non-Tourism Sector)
GST	Goods and Services Tax (refers to both TGST and GGST)
LPEF	Lease Period Extension Fee
MIRA	Maldives Inland Revenue Authority
MMA	Maldives Monetary Authority
MOU	Memorandum of Understanding
MVR	Maldivian Rufiyaa
NBS	Nation Bureau of Statistics
SGATAR	Study Group on Asian Tax Administration and Research
TGST	Goods and Services Tax (Tourism Sector)
USD	United States Dollar
WHT	Withholding Tax

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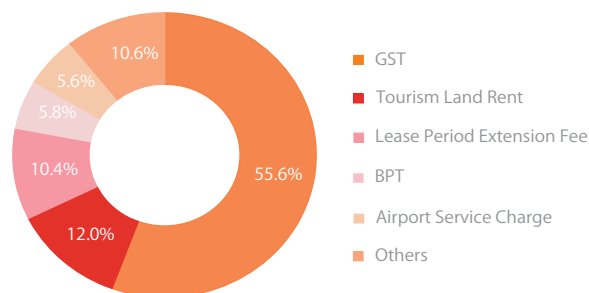
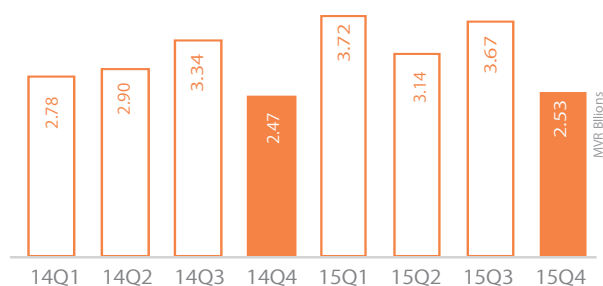
A. REVENUE COLLECTION

1. TOTAL REVENUE COLLECTION

1.1

TOTAL REVENUE COLLECTION

The total revenue collection for 15Q4 amounted to MVR 2.53 billion and grew by 2.2% against 14Q4 collection.



1.2

TOP REVENUE CONTRIBUTORS IN 15Q4

GST represents more than half of the revenue for 15Q4 (55.6%), while 12.0% of the revenue came from Tourism Land Rent. LPEF and BPT contributed 10.4% and 5.8% respectively while Airport Service Charge accounts for 5.6%.

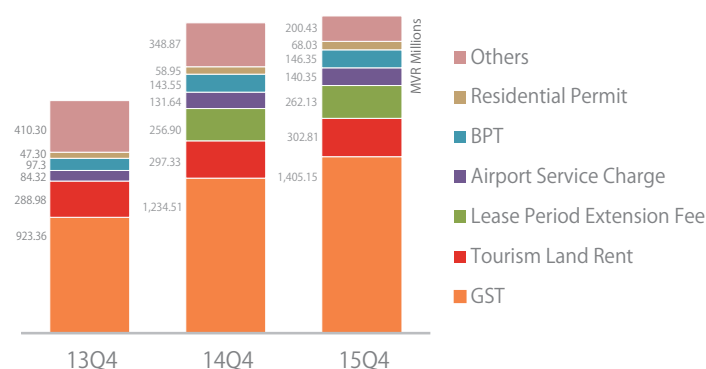
Top 5 revenue contributors for the quarter collectively account for 89.4% of the total revenue collected.

1.3

TOTAL REVENUE GROWTH

GST and Tourism Land Rent are the major revenue contributors during the quarter. Among the other major revenue contributors, a slight increase was observed for Airport Service Charge, LPEF and BPT, which are 6.6%, 2.0% and 2.2% respectively compared to 14Q4.

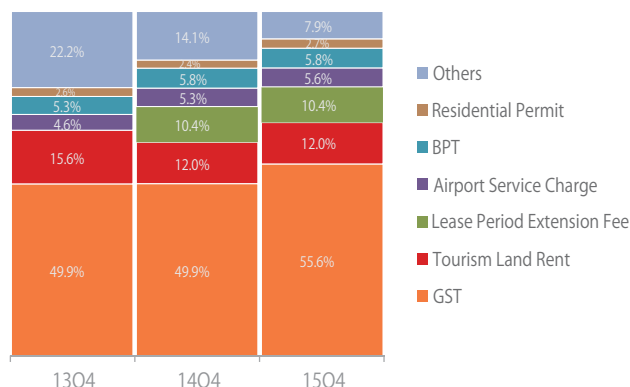
Fines, Land Acquisition and Conversion Fee and Business Permits increased by 72.9%, 18.8% and 11.5% respectively compared to 14Q4. Tourism Tax was not collected during the quarter as it was abolished in December 2014.



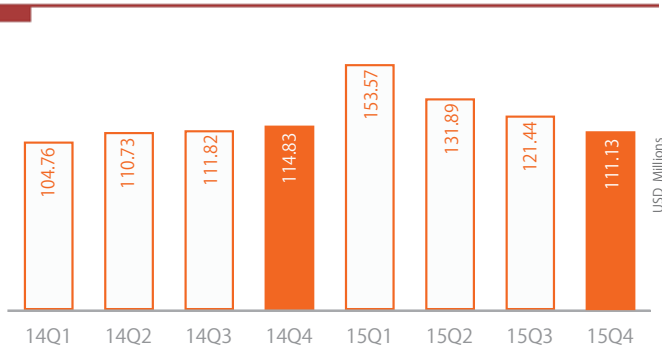
1.4

CHANGES TO TOP REVENUE CONTRIBUTORS

The share of GST has increased, mainly due to increase in GGST registered taxpayer. The share of revenue for Tourism Land Rent, LPEF and Resident Permit remains constant while Airport Service Charge increased by 0.3% compared to 14Q4.

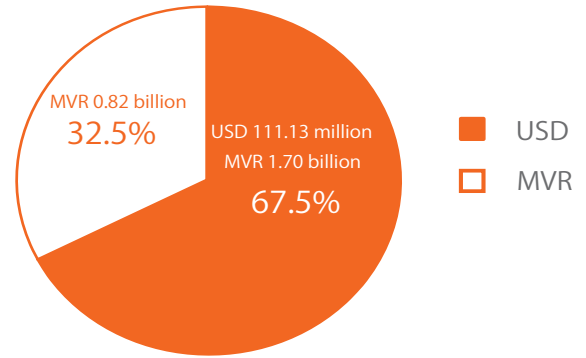


2. USD REVENUE COLLECTION



2.1 USD COLLECTION

In 15Q4, the revenue collected in USD amounted to USD 111.13 million, depicting a decline of 3.2% compared against 14Q4 collection of USD 114.83 million.

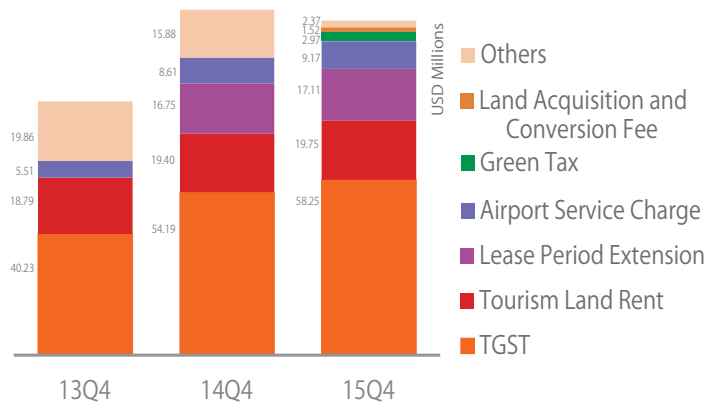


2.2 CURRENCY COMPOSITION

67.5% of the revenue for 15Q4 was received in USD (equivalent to MVR 1.70 billion). The revenue collected in MVR amounted to MVR 822.06 million (32.5%).

2.3

USD REVENUE GROWTH



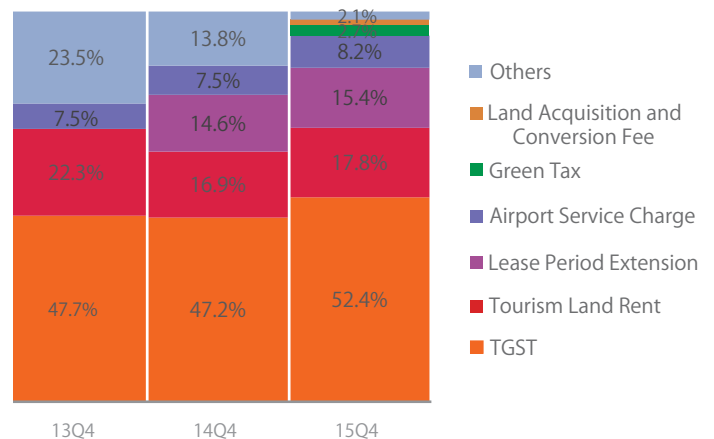
The top five USD revenue contributors depicted a slight growth in 15Q4 compared to 14Q4. TGST and Airport Service Charge increased by 7.5% and 6.5% respectively. LPEF and Tourism Land Rent rose by 2.2% and 1.8% respectively.

Revenue loss due to Tourism Tax abolishment was counterbalanced to an extent with the introduction of Green Tax on 1 November 2015 and the surge of 83.8% in Fine collection. Green Tax contributed 2.7% of 15Q4 revenue collection, even though the overall collection for the quarter diminished by 3.2% against 14Q4.

2.4 USD COLLECTION BREAKDOWN

The share of TGST revenue received in USD increased to 52.4% in 15Q4 while Tourism Land Rent increased gradually to 17.8%. The share LPEF and Airport Service Charge rose slightly to 15.4% and 8.2% respectively.

The imposition of Green Tax on 1 November yielded a contribution of 2.7% to revenue collection in 15Q4.



3. COMPARISON AGAINST CORRESPONDING QUARTER OF 2014

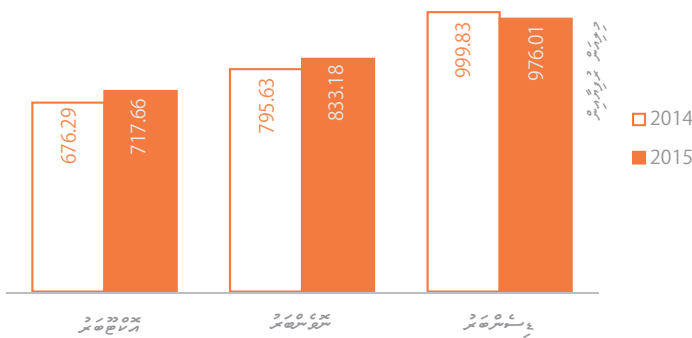
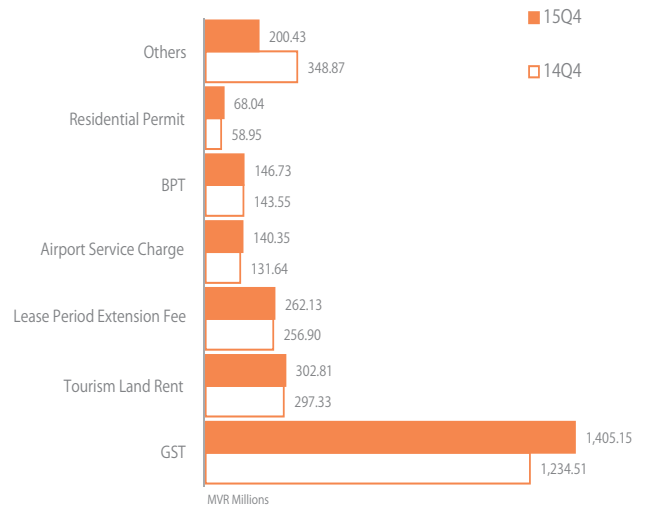
3.1

COMPARISON AGAINST 14Q4: REVENUE-WISE

The considerable growth of 13.8% in GST collection in 15Q4 compared against 14Q4 is primarily due to increase in registered GGST taxpayers. Tourism Land Rent increased by 1.8% and LPEF increased by 2.0%

An increase of 15.4% and 6.6% in Residential Permit and Airport Service Charge respectively were recorded while the BPT collection increased marginally by 2.2%.

Among prominent changes in other revenues, revenue share loss due to the abolishment of Tourism Tax was set-off to an extent with the imposition of Green Tax in 15Q4 and by the significant increase of Fine collection by 72.9%.



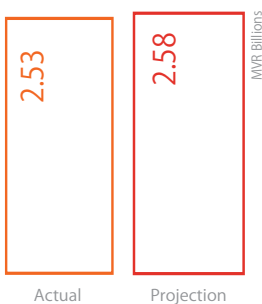
3.2

COMPARISON AGAINST 14Q4: MONTH-WISE

Monthly revenues of the final quarter of 2015 are higher than that of 2014, with the exception of December.

Revenue received in October and November increased by 6.1% and 4.7% respectively, whereas a 2.5% shortfall of revenues was recorded for December due to decline in tourism related revenue collection.

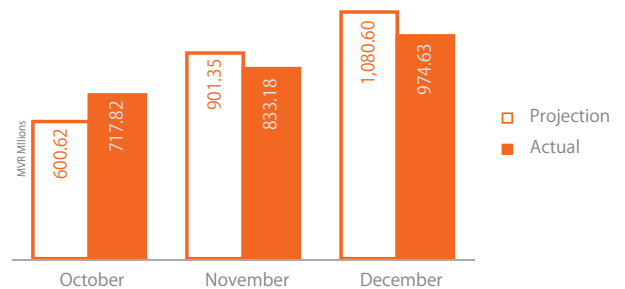
4. COMPARISON AGAINST PROJECTION



4.1

REVENUE PROJECTION

Due to the decline in tourism related revenues, the revenue received in 15Q4 was 2.2% lower than projection.



4.2

COMPARISON AGAINST PROJECTION: MONTH-WISE

Revenue collection for October was 19.5% higher than the projection, due to the receipt of BPT, Tourism Land Rent and Lease Period Extension Fee; which were not projected, given that their deadlines fell to other months.

Revenue-to-projections fell for the subsequent two months by 7.6% and 9.8% respectively. Mainly due to the lower-than-expected tourist arrivals in October and November 2015.

4.3

COMPARISON AGAINST PROJECTION: REVENUE-WISE

Revenue collection from BPT and Residential permit in 15Q4 surpassed the projection by 95.8% and 20.8% respectively.

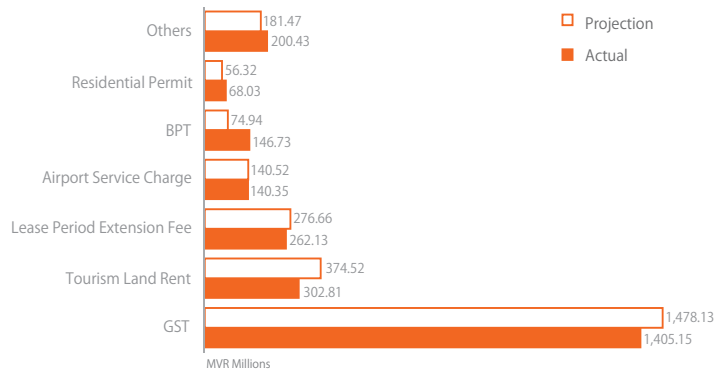
GST fell by 4.9% because of the decline in TGST collection due to the decreasing trend of tourist arrivals. However, an increase in taxpayers in the general sector offset the overall decline in TGST. Likewise, Airport service charge fell marginally by 0.1%.

Tourism Land Rent significantly declined by 19.1% since the quarterly payments due in December were not paid by all the taxpayers.

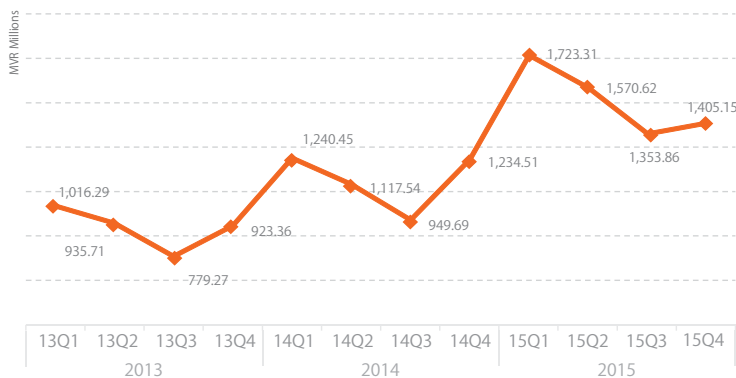
A shortfall of 5.3% in LPEF was observed, mainly due to non-payment of the installment due in November.

Revenue received from Green Tax was declined by

13.0% due to lower-than-expected tourist arrivals in November.



5. MAIN REVENUE CONTRIBUTORS



5.1

TOTAL GST COLLECTION

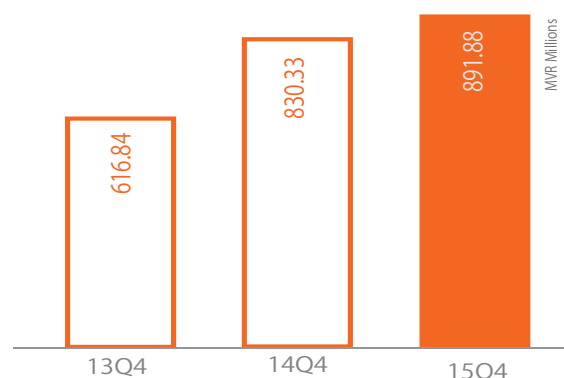
Total GST collection for 15Q4 amounted to MVR 1.41 billion. 63.4% of this revenue came from TGST while the rest was from GGST. Revenue from GST grew by 13.9% compared to 14Q4, primarily due to the increase in taxpayers in the General sector. A shortfall of 4.8% was perceived for GST, compared with the projection for 15Q4.

5.2

TGST COLLECTION

The aggregate of TGST revenue in 15Q4 was MVR 891.88 million. This is a growth of 7.4% compared to 14Q4. TGST rate was 8% in 14Q3 and was increased to 12% in November 2014.

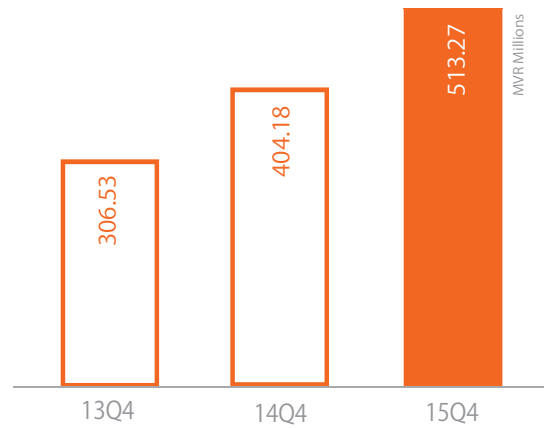
Comparison against projection showed a decline in TGST collection by 12.1%, mainly due to the unfavorable trend in the tourist arrivals in the quarter.



5.3

GGST COLLECTION

GGST revenue in 15Q4 amounted to MVR 513.27 million, registering a growth of 27.0% compared against 14Q4 and exceeded the projection by 10.8%.



5.4

TOTAL BPT COLLECTION

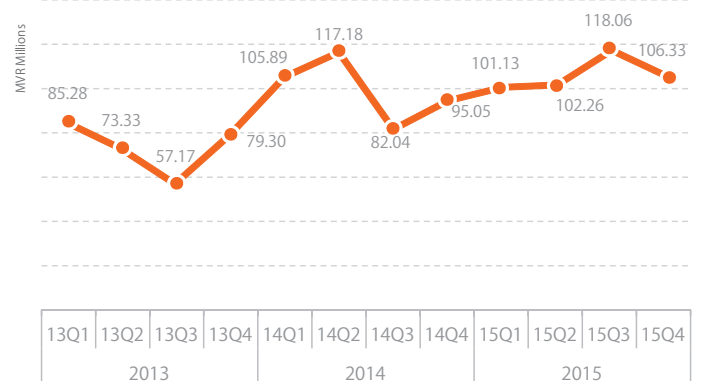
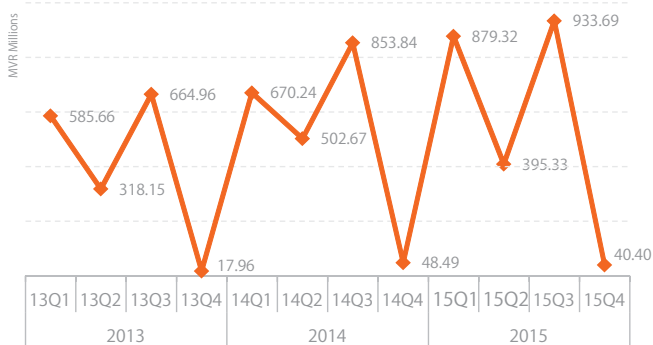
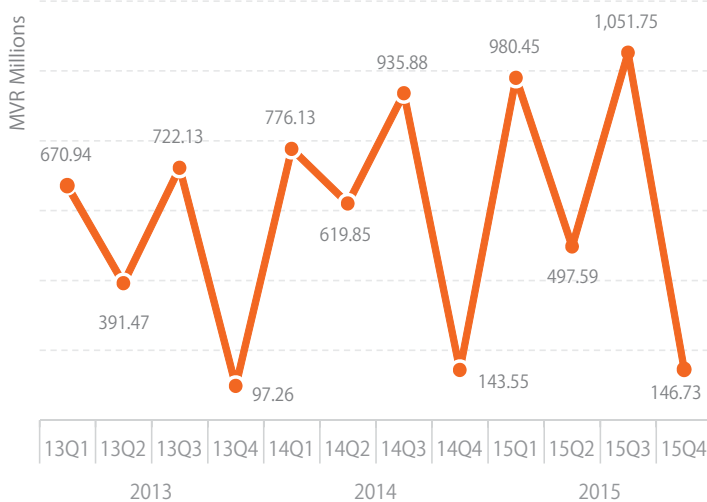
Total BPT collection comprises of revenue received from the profit component of BPT and collection from WHT.

There are no major BPT deadlines in the fourth quarter and the BPT received from the profit component represents payments received from audit tax assessments.

The total BPT collection for 15Q4 was MVR 146.73 million, in which 27.5% relate to BPT while 72.5% comprise of WHT. BPT collection for 15Q4 increased by 2.2% compared to 14Q4.

Compared against the projection, 15Q4 collection was 95.8% higher than projection, as the projection excludes the revenue for

BPT profit component, given the absence of payment deadlines.



5.5

BPT PROFIT COMPONENT COLLECTION

Revenue received from the profit component of BPT in 15Q4 declined by 16.7% compared to 14Q4 and no projection was made for BPT given the absence of payment deadlines for 15Q4.

5.6

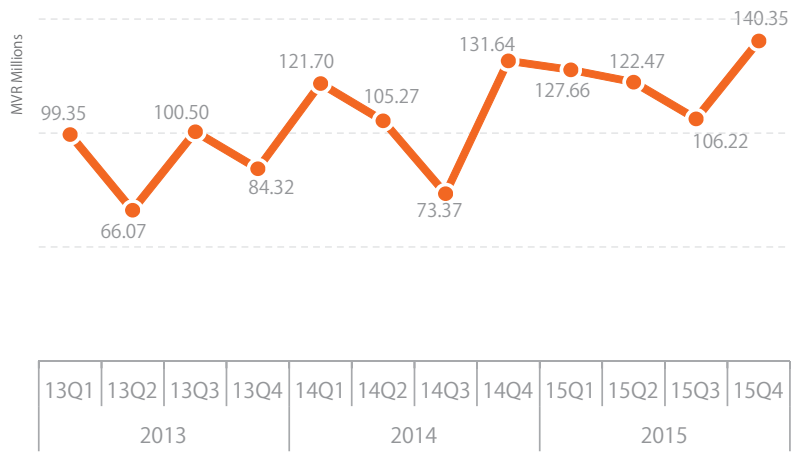
WHT COLLECTION

WHT received in 15Q4 aggregate to MVR 106.33 million, depicting a growth of 11.9% compared to 14Q4, and 39.9% compared against the projection.

5.7

AIRPORT SERVICE CHARGE COLLECTION

The total collection of Airport service charge for 15Q4 total to MVR 140.35 million, depicting a growth of 6.6% compared to 14Q4, whilst a shortfall of 0.1% to projection.

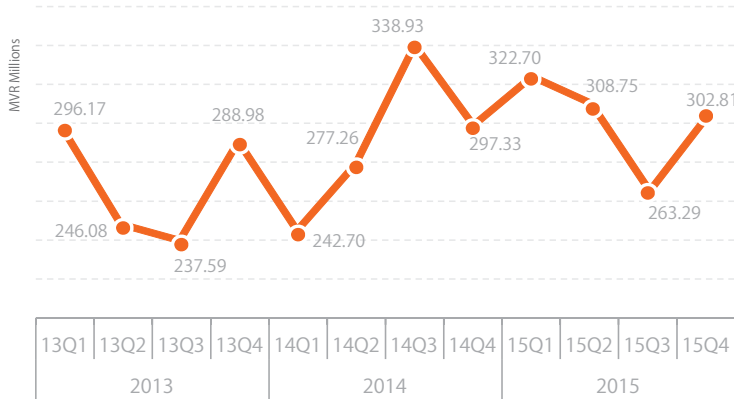


5.8

TOURISM LAND RENT COLLECTION

Collection from Tourism Land Rent amounted to MVR 302.81 million, depicting a marginal increase of 1.8% compared to 14Q4. However, it is an increase of 12.0% compared to 15Q3.

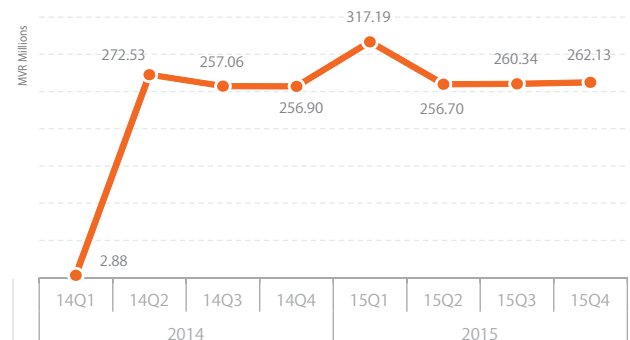
Nonetheless, a decline of 19.1% compared to projection was observed. This is because the quarterly installment due in December were not paid by all the taxpayers.



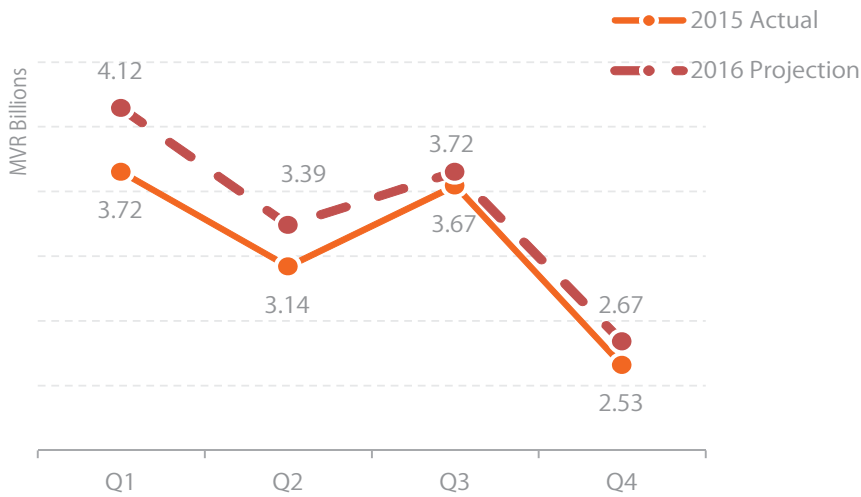
5.9

LPEF COLLECTION

Collection from Lease Period Extension Fee amounted to MVR 262.13 million. This is 2.0% higher than 14Q4 collection and 5.3% lower than the projection.



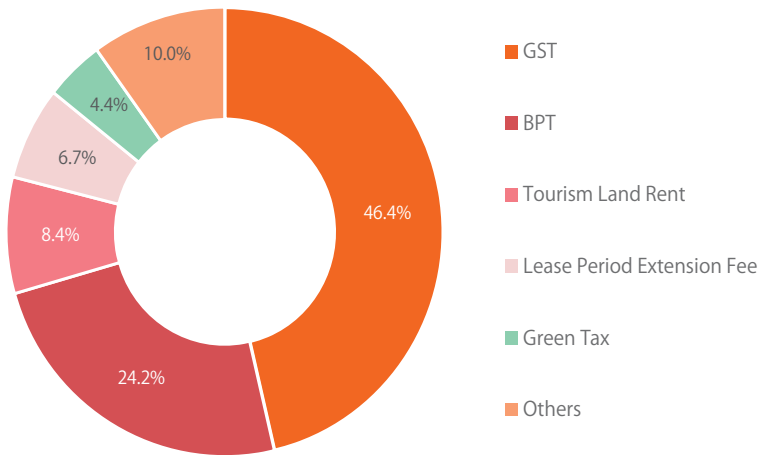
6. OUTLOOK



6.1

REVENUE OUTLOOK FOR 16Q1

MVR 4.12 billion is projected to be collected in 16Q1. This is 10.6% higher than 15Q1 collection and 62.9% higher than the total revenue for 15Q4.



6.2

15Q4 REVENUE BREAKDOWN

GST will be the major revenue contributor in 16Q1, followed by BPT and Tourism Land Rent. In addition, Lease Period Extension Fee and Green Tax are expected to be included in the Top 5 revenue contributors for 16Q1.

B. ACTIVITIES DURING THE QUARTER

TAXPAYER AWARENESS PROGRAMS



AUDITS AND INVESTIGATIONS



Tax type	No of audits	Additional Tax Assessed (MVR)
GGST	174	30,515,151.48
TGST	62	6,078,385.56
WHT	90	1,513,011.00
BPT	109	22,717,870.46
Total	435	60,824,418.50

COMPLIANCE



5,905

compliance visits

515

non-compliance notices issued

161

taxpayers names published under the policy on disclosure of non-compliant GST registered taxpayers

ENFORCED COLLECTION

Total enforced collection **MVR 221,995,940**

Amount recovered under:

Action Policy **MVR 8,780,365**

Bank Account Freezing Policy **MVR 2,210,919** (57 taxpayers)

Dues Clearance **MVR 98,511,795**

Dunning **MVR 67,277,057**

Court Cases **MVR 2,437,409**

Reminder calls/emails **MVR 42,778,394**

Final notices issued to **1,741** non-filers and **349** non-payers

Installment plans granted to **70** taxpayers



LEGAL ACTIONS



27

cases filed by MIRA

1 with High Court

26 with Civil Court



2

cases filed against MIRA



2

cases filed with the Civil Court were withdrawn by MIRA



7

judgements passed in favour of MIRA



1

judgement passed against MIRA

OBJECTIONS

14

objections received

7 GGST 3 TGST
2 WHT 2 BPT

22

objections completed

9 GGST 6 TGST
3 WHT 4 BPT

TAX RULINGS ISSUED

- G28 GST treatment of agency commission
- G29 Fourteenth amendment to the Goods and Services Tax Regulation
- G30 Penalties for non-compliance with the GST Act and Regulation
- B46 Ninth amendment to the Business Profit Tax Regulation
- B47 Effect of change of accounting period
- B48 Central management and control
- B49 Submission of financial statements and appointment of auditors

REGULATIONS ISSUED

Green Tax Regulation (Regulation Number: 2015/R-181)

HUMAN RESOURCE MANAGEMENT



244

staff working at MIRA at the end of
the quarter

5

staff recruited during the quarter

9

staff terminated during the quarter

TRAININGS, SEMINARS AND CONFERENCES

15

trainings held (5 overseas, 10 local)

227 staff trained

15

staff studying for ACCA on scholarship

9

seminars/conferences attended

(5 overseas, 4 local)

18 staff participated



OVERSEAS TRAININGS

1. Taxation of Financial Markets held in Malaysia from 26-30 October 2015 (2 participants).
2. BEPS: Transfer Pricing Documentation, Risk Assessment and Safe Harbours held in Korea from 26-30 October 2015 (1 participant).
3. LHDNM-OECD: Taxation of High Net-Worth Individuals held in Malaysia from 2- 6 November 2015 (2 participants).
4. BEPS: Train the Trainers on Transfer Pricing held in Korea from 30 November - 4 December 2015 (1 participant).
5. Capacity Building for Tax Administration Consultation Workshop on Strengthening Tax Administration to Mobilize Domestic Resources for Development held in Japan from 8- 9 December 2015 (1 participant)

OVERSEAS SEMINARS/CONFERENCES

1. 13th CATA AGM held in Malaysia from 16-20 November 2015 (2 participants).
2. 36th CATA Annual Technical Conference 2015 held in Malaysia from 16-20 November 2015 (2 participants).
3. 45th SGATAR Meeting held in Singapore from 24-25 November 2015 (2 participants).
4. Dell Solution Forum 2015 held in Sri Lanka from 26-27 November 2015 (2 participants).
5. 20th Jubilee International Tax Conference held in India from 3-5 December 2015 (3 participants).

LOCAL TRAININGS

1. Corruption Prevention conducted by ACC on 18 October and 14 December 2015 (54 participants).
2. Time Management conducted by Mr Mohamed Zaushan on 28 & 29 December 2015 (20 participants).
3. Basic Management session-1 conducted by Mr Azleen Ahmed from 4- 5 November 2015 (21 participants).
4. International Standards on Auditing conducted by BDO consulting Pvt Ltd and AXI Associates LLP from 7-17 November 2015 (28 participants).
5. Stress Management conducted by Ms Zulaikha Reesha Rashaad from 26-27 December 2015 (16 participants).
6. Conflict Management conducted by Mr Mohamed Faisal from 24-26 November 2015 (24 participants).
7. Training on Labour Statistics conducted by NBS from 24-26 November 2015 (1 participant).
8. Training on Sample Designing conducted by NBS from 13-17 December 2015 (1 participant).
9. Information session on *Ran Dhihafaheh* New Note Series conducted by MMA on 17 December 2015 (30 participants)

C. QUARTER IN PICTURES



36th CATA Annual Technical Conference 2015 held in Malaysia from 16-20 November 2015



Seminar on Green Tax held on 13 October 2015



PSM Kudakudhinge Haveeru held on 26 December 2015



Mandatory filing & payment of Green Tax through MIRAconnectplus



Maldives- India Bilateral Negotiations of Air Transportation Agreement and Tax Information Exchange Agreement held from 4-5 October 2015



Kudakudhinge Hiya Donation event held on 19 December 2015



13th CATA AGM held in Malaysia from 16-20 November. Maldives elected for CATA Management committee in the 13th Triennial General Meeting held on 17 November 2015

D. DETAILED REVENUE FIGURES

Table 1 Total Revenue Contribution, 15Q4 (MVR)

Description	15Q4	% Share
Airport Service Charge	140,351,858	5.6%
Bank Profit Tax	-	0.0%
Business Permits ¹	8,453,426	0.3%
BPT	146,727,997	5.8%
Fines	39,585,430	1.6%
GGST	513,265,131	20.3%
TGST	891,880,747	35.3%
Green Tax	45,483,359	1.8%
Land Acquisition and Conversion Fee	24,451,949	1.0%
Land Sales Tax	4,106,422	0.2%
Lease Period Extension Fee	262,131,452	10.4%
Non-tourism Property Income ²	28,199,330	1.1%
Proceeds from Sale of Assets ³	2,011,879	0.1%
Resident Permit	68,036,190	2.7%
Revenue Stamp	8,457,805	0.3%
Royalties ⁴	19,411,406	0.8%
Tourism Land Rent	302,808,992	12.0%
Tourism Tax	95,564	0.0%
Vehicle Fee	18,184,678	0.7%
Vessels Fee	1,913,676	0.1%
Others ⁵	79,490	0.0%
Total	2,525,636,782	100%

¹ **Business Permits:** Company Annual Fee, Restaurant, Café, Canteen Fee, Flat Maintenance Fee, Partnership Fees, Import Trade Fee, Co-operative Society Fees, Trade Registry Fee, Foreign Investment Administration Annual Fee, Company Registration Fee, Foreign Business Fee

² **Non-tourism Property Income:** Uninhabited Islands Rent, Government Buildings Rent, Commercial Land Rent, Rent from land for Industry, Longterm Agricultural leased islands rent, Rent from Floating Jetty, Uninhabited Islands Administration Fee

³ **Proceeds from Sale of Assets:** Sale of items at auction, Sale of Government Buildings, Sale of Government Lands

⁴ **Royalties:** Duty Free Royalty, Foreign Investment Royalty, Fishing Royalty, Fuel re-export Royalty, Re-Export Royalty, Yellowfin Tuna Export Royalty, Skipjack Industry Royalty

⁵ **Others:** Reimbursement from previous year's budget

Table 2 Total USD Revenue Contribution, 15Q4 (USD)

Description	15Q4	% Share
TGST	58,250,151	52.4%
Tourism Land Rent	19,751,710	17.8%
Lease Period Extension Fee	17,111,905	15.4%
Airport Service Charge	9,165,459	8.2%
Green Tax	2,966,718	2.7%
Others	3,882,719	3.5%
Total	111,128,662	100%

* Others: Land Acquisition and Conversion Fee, Fines, BPT, Non-Tourism Property Income, Business Permits, Tourism Tax, Royalties

Table 3 Comparison Against 14Q4 (MVR)

Description	Actual 15Q4	Actual 14Q4	% Growth
Airport Service Charge	140,351,858	131,637,893	6.6%
Bank Profit Tax	-	-	
Business Permits ¹	8,453,426	7,578,835	11.5%
BPT	146,727,997	143,545,206	2.2%
Fines	39,585,430	22,899,612	72.9%
GGST	513,265,131	404,183,561	27.0%
TGST	891,880,747	830,330,840	7.4%
Green Tax	45,483,359	-	
Land Acquisition and Conversion Fee	24,451,949	20,585,775	18.8%
Land Sales Tax	4,106,422	5,052,857	-18.7%
Lease Period Extension Fee	262,131,452	256,896,436	2.0%
Non-tourism Property Income ²	28,199,330	26,193,477	7.7%
Proceeds from Sale of Assets ³	2,011,879	2,095,976	-4.0%
Resident Permit	68,036,190	58,947,100	15.4%
Revenue Stamp	8,457,805	10,388,202	-18.6%
Royalties ⁴	19,411,406	21,800,981	-11.0%
Tourism Land Rent	302,808,992	297,334,083	1.8%
Tourism Tax	95,564	217,013,067	-100.0%
Vehicle Fee	18,184,678	13,788,409	31.9%
Vessels Fee	1,913,676	1,468,460	30.3%
Others ⁵	79,490	-	
Total	2,525,636,782	2,471,740,770	2.2%

* Refer to Table 1 footnotes for details

Table 4 Comparison Against Projection (MVR)

Description	Actual 15Q4	Projection 15Q4	% Variance
Airport Service Charge	140,351,858	140,524,210	-0.1%
Bank Profit Tax	-	-	
Business Permits ¹	8,453,426	6,425,388	31.6%
BPT	146,727,997	74,941,277	95.8%
Fines	39,585,430	11,208,037	253.2%
GGST	513,265,131	463,100,624	10.8%
TGST	891,880,747	1,015,025,356	-12.1%
Green Tax	45,483,359	52,275,502	-13.0%
Land Acquisition and Conversion Fee	24,451,949	32,760,401	-25.4%
Land Sales Tax	4,106,422	4,524,880	-9.2%
Lease Period Extension Fee	262,131,452	276,660,000	-5.3%
Non-tourism Property Income ²	28,199,330	25,241,929	11.7%
Proceeds from Sale of Assets ³	2,011,879	2,110,186	-4.7%
Resident Permit	68,036,190	56,316,537	20.8%
Revenue Stamp	8,457,805	8,112,443	4.3%
Royalties ⁴	19,411,406	23,386,477	-17.0%
Tourism Land Rent	302,808,992	374,521,930	-19.1%
Tourism Tax	95,564	-	
Vehicle Fee	18,184,678	13,879,279	31.0%
Vessels Fee	1,913,676	1,548,443	23.6%
Others ⁵	79,490	-	
Total	2,525,636,782	2,582,562,897	-2.2%

*Refer to Table 1 footnotes for details

Table 5 TGST Breakdown, 15Q4

Category	Number of Taxpayers	Number of GST Returns	GST Liability (USD) **
Tourist resort	120	355	50,145,791
Tourist hotel	20	55	1,500,614
Tourist guest house	281	349	467,955
Tourist vessel	149	289	796,009
Picnic island	8	18	(2,797)
Diving school*	65	128	850,311
Shop*	79	178	308,721
Spa*	28	73	459,847
Water sports facility*	29	58	375,515
Other places located on tourist establishments	97	181	279,037
Travel agency service provider	515	800	745,365
Foreign tourist vessels' agent	9	13	3,643
Domestic air transport provider	4	12	4,699,411

*Located on a tourist establishment

**Discrepancy between GST liability and collection is due to adjustments by the taxpayer

