



All tax related fines accrued by small businesses to be waived off



Deadline for the submission of BPT Return 2016: 30 June 2017



Yoosuf Shiraz Deputy Manager, Maldives Tax Academy

The deadline for the BPT return for the tax year 2016 is 30 June 2017. Individuals and deemed partnerships are exempt from filing BPT return if annual income does not exceed MVR 1 million and taxable profit does not exceed MVR 500,000. However, companies, partnerships and other entities registered for BPT must file the BPT return irrespective of the income level.

It had been earlier decided that, for BPT purposes, all taxpayers to have an accounting period of 1 January to 31 December, and by 31 December 2016, accounting period of all taxpayers were changed to 1 January to 31 December. Taxpayers who had to change their accounting period had to end their accounting period by 31 December 2016 resulting in an interim accounting period which was shorter than 12 months. The deadline for filing the BPT return for this interim accounting period is also 30 June 2017.

Contrasting to other returns, BPT return is a complex return with additional requirements and documents to be submitted with it. Hence, to prepare the BPT return correctly taxpayers

must prepare well in advance. Since the financial statements are also required with the BPT return, and may also have to submit the Auditor's Report, taxpayers must determine what the financial statements that they are required to submit are, and also appoint an auditor if they have to. If the taxpayer is not prepared for such tasks well in advance, it could lead to a situation where the taxpayer cannot submit the BPT return by the deadline.

Recently MIRA relaxed the requirement to submit audited financial statements and threshold allowed for cash basis. If a taxpayer has an annual income of below MVR 10 million in 2016 and 2015, that taxpayer would not be required to submit audited financial statements for the year 2016 and have the option of choosing cash basis to prepare the accounts. In other words, taxpayers with an annual income of over 10 million in 2016 or 2015 must submit audited financial statements along with BPT return for 2016. In this case, accounts must also have been prepared using accrual basis of accounting.

A summary of financial statements to be submitted along with the BPT return can be found on page three.

	Accrual basis		Cash basis	Only rental Income & elect 20% deduction
	Annual turnover more than 10 million	Annual turnover less than 10 million		
Statement of Profit or Loss and Other Comprehensive income	✓	✓	✓	✗
Statement of Financial Position	✓	✓	✗	✗
Statement of Cash Flows	✓	✓	✗	✗
Statement of Changes in Equity	✓	✓	✗	✗
Notes to the financial statements	✓	✓	✓	✗
Auditors' Report	✓	✓	✗	✗
Directors' Report (companies only)	✓	✓	✓	✓

All tax related fines accrued by small businesses to be waived off

Ali Naseer
Deputy Director, Tax Clearance

MIRA has decided to waive off all tax related fines accrued by small businesses with an annual income of below MVR 10 million. This fine amnesty is a special relief given to small businesses in addition to the general fine relief being given under existing policy. This amnesty is aimed at giving a clean start in complying with the tax laws for the small businesses burdened with tax related fines. This program will last until 30 June 2017.

MIRA requests all small businesses with an annual income of below 10 million to request for relief of penalty fines accrued on or before 31 March 2017 in relation to GST or BPT obligations. The request for relief under this program must be made by 30 June 2017 by using MIRA 910 form.

In order to be eligible for fine relief under

this program, taxpayers must have cleared all outstanding dues and tax obligations to MIRA or be in a concurrent installment agreement with MIRA to pay any such dues.

Of late, MIRA has been initiating series of special concessions aimed at small businesses. Such concessions include registration and filing concessions given to individuals and deemed partnerships. The threshold for the income test that is applied to determine whether an individual or deemed partnership is required to register with MIRA has been increased to an average of MVR 40,000 per month. Individuals and deemed partnerships are exempt from filing BPT return if annual income does not exceed MVR 1 million and taxable profit does not exceed MVR 500,000. Additionally, taxpayers with annual income of below MVR 10 million are not required to submit the Auditor's Report and have the option of adapting cash basis of accounting.



- ▶ MIRA teams visited all islands in 10 atolls to assist taxpayers to prepare financials statements and BPT return for the year 2016. The deadline for filing the BPT return for the year 2016 is 30 June 2017.

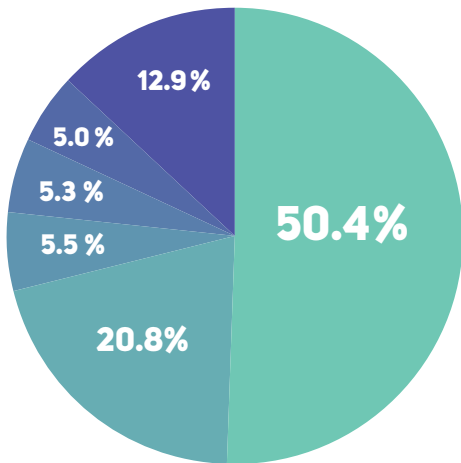


- ▶ Batch 3 of Certificate 1 in Taxation in Maldives course conducted by Maldives Tax Academy concluded. Topics covered in the course included tax administration in Maldives, GST, BPT, Green Tax, Remittance Tax and Airport Taxes and Fees. Maldives Tax Academy is the training arm of MIRA.



- ▶ Licensed Tax Agents completed this year's first CPD program. The aim of the CPD program is to give tax agents up-to-date information on recent changes in tax laws and regulations, and other important information. MIRA approved auditors were also invited to participate in the program.

MIRA collects MVR 1.3 billion during March

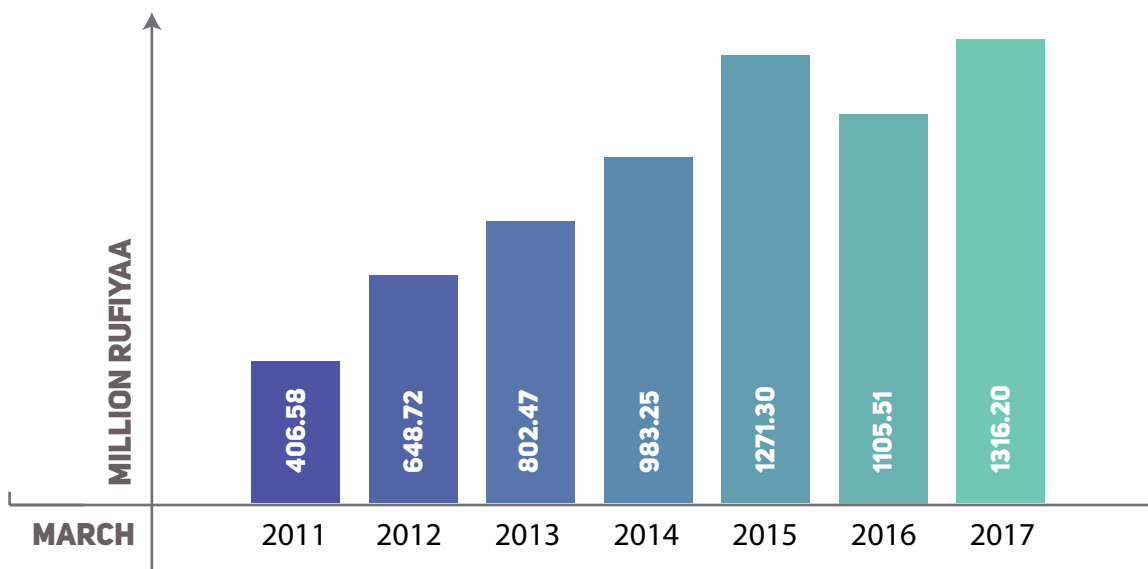


1.32 BILLION MVR

Total revenue collection inclusive of USD collection

62.3 MILLION USD

USD revenue collection



Multinational Enterprises now paying full tax, Australia says



Mariyam Juwairiya
Senior Tax Officer, Policy, Planning and Statistics

Multinational firms such as Google and Facebook are now paying tax in Australia based on profits earned there instead of shifting income abroad, the government has said.

Changes to the tax system, brought about by the new law targeting global companies with an annual income of A\$1 billion, will raise an extra A\$2 billion in this tax year, it said. The new law prescribes a penalty tax rate of 40%

on untaxed income.

Australian Treasurer Scott Morrison said the government had given the Australian Taxation Office “the power, the resources and the penalties to get the job done”. He also said that Australian tax authorities were currently conducting 71 audits involving 59 major global corporations.

When the Multinational Anti-Avoidance Law was proposed in early 2015, the government said there were 30 global corporations that paid little or no tax on the profits from their Australian operations.

Changes to Green Tax Information Sheet

Mariyam Waheed
Assistant Tax Officer, Maldives Tax Academy

MIRA has revised the format of the Green Tax Information Sheet to be submitted by the taxpayers registered for Green Tax. For taxable periods beginning on or after 1 March 2017, the revised version (version 17.1) of the Green Tax Information Sheet must be submitted.

With the changes, taxpayers are no longer required to specify the age of the customers,

however in the Information Sheet taxpayer must specify the booking methods used by each guest.

Green Tax return and the Information Sheet are documents that must be filed through MIRA's online portal, MIRAconnect, and therefore booking method must be entered in the Information Sheet in a predefined way. More information on this and Green Tax is available from the guide on completing the Green Tax Information Sheet or through our hotline 1415.

Tax related court judgments in March 2017

#	Court	Defendant	Summary of Judgment	Amount
1	Civil Court	Rim Construction Pvt Ltd	To pay the amount claimed by the MIRA in equal parts on a monthly basis within 2 months from the date of judgement	Execution of judgement case
2	Civil Court	Mariyam Afiya	Case withdrawn upon MIRA's request, after settling the claimed amount	MVR 20,567
3	Civil Court	Oceania Seafood Pvt Ltd	Case withdrawn upon MIRA's request, after an out of Court settlement was reached	MVR 59,379
4	Civil Court	Top One Partners	Case withdrawn upon MIRA's request, after an out of Court settlement was reached	MVR 281,525



MALDIVES
INLAND REVENUE
AUTHORITY

A COMPREHENSIVE FINE AMNESTY TO SMALL BUSINESSES

Aim of this special program is
to alleviate the burden on small businesses riddled with fines, and
assist them to become fully compliant taxpayers

To be an eligible small business
the taxpayer must be a person earning an annual income of less
than MVR 10 million

Fines to be waived off under this program include
fines relating to late filing or payment of BPT or GST,
non-registration fines and non-compliance fines

Fines to be waived off must be
fines relating to obligations to be fulfilled by 31 March 2017

This special amnesty will run
from 13 April 2017 to 30 June 2017

To request for fine relief under this program
complete and submit **MIRA 910 form**



Maldives Inland
Revenue Authority



MIRAmaldives



Mira Maldives



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