



Taxpayers whose annual income exceed **MVR 10 million** must file their **GST Return online**



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Maldives-Malaysia begins talks over signing a double tax avoidance agreement (DTAA)



Shazma Thaufeeq Senior Tax Officer, Marketing and Taxpayer Relations

The first phase of discussion on formulating a Maldives-Malaysia double tax avoidance agreement, initiated by Maldives government was held in the Kuala Lumpur, the capital of Malaysia.

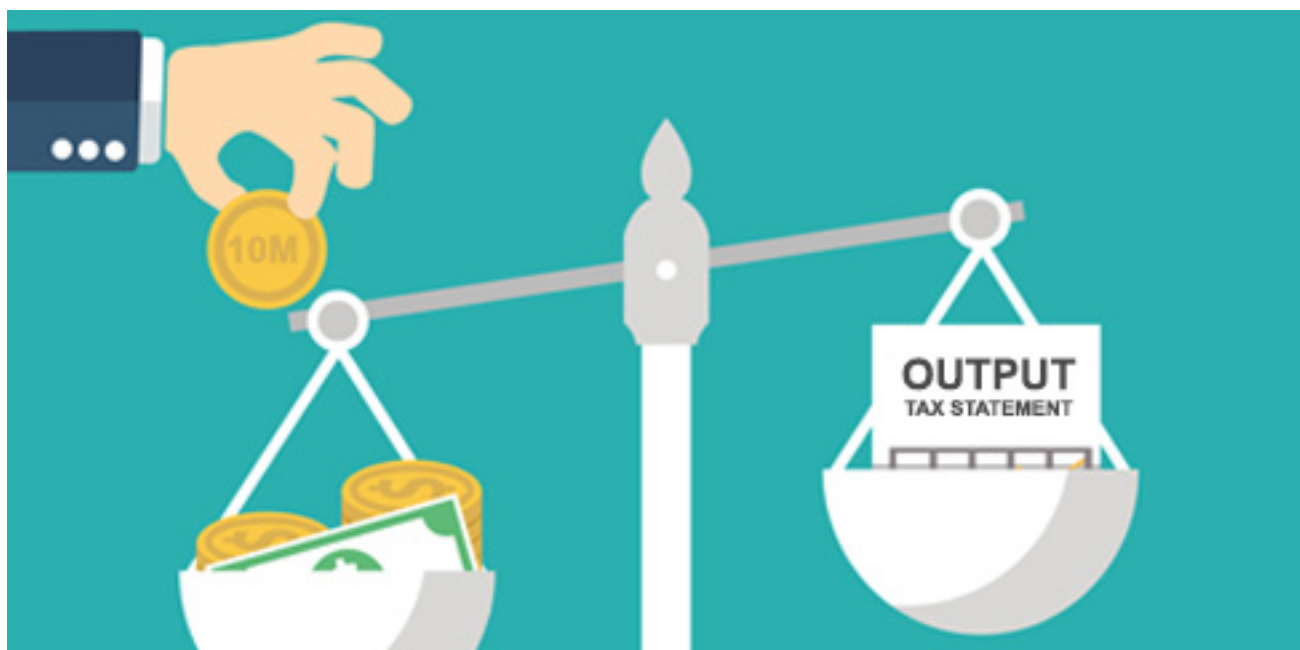
Under the double tax avoidance agreement, double taxation of revenue generated from inter-country business transaction can be eliminated and will contribute to exchange of tax related

knowledge between two nations.

The meeting held at Ministry of Finance, where Maldives was represented by Maldives Inland Revenue Authority (MIRA) and Malaysia was represented by the Ministry of Finance and Inland Revenue Board of Malaysia. The undersecretary of Tax division, Ministry of Finance, Ms. Dato' Khodijah Abdullah and Deputy Commissioner General of Taxation, Mr. Hassan Zareer represented Malaysia and Maldives respectively.

Taxpayers whose annual income exceed MVR 10 million must file their GST Return online

- **GST Return must also accompany the Output Tax Statement**



Yoosuf Shiraz
Deputy Manager, Maldives Tax Academy

GST registered persons with an annual turnover of less than MVR 20 million and more than or equal to MVR 10 million, are required to submit an Output Tax Statement along with the GST return, for each taxable period which starts from 1 July 2017 or thereafter. From 1 January 2017 onwards, Output Tax Statement is being submitted by the taxpayers with an annual turnover more than MVR 20 million.

When submitting the GST return for taxable periods starting from 1 July 2017 or thereafter, taxpayers with an annual turnover of more than or equal to MVR 10 million must submit an Output Tax Statement, in addition to the Input Tax Statement, along with the GST return. These statements must be submitted via MIRA's online

portal, 'MIRAconnect'. MIRA will send the login details of MIRAconnect, such as the user name and password, to registered email address of the taxpayer.

Such taxpayers will also be required to submit their GST returns via MIRA's online portal, MIRAconnect, for taxable periods beginning on or after 1 July 2017. MIRA had previously made it mandatory for taxpayers registered for tourism sector GST and taxpayers registered for general sector GST whose annual turnover is more than or equal to MVR 20 million to file GST return via MIRAconnect.

MIRA is now conducting the training sessions on completing the Output Tax Statement and filing GST return online. If you are interested in attending one of the sessions, you may register via MIRA's website or call 1415 during office hours.

Considerations to be given when submitting a de-registration form

Ali Shameem
Senior Tax Officer, Compliance

A person, who is registered with MIRA for GST or BPT, is required to submit MIRA 106 for de-registration upon cessation of the business. However, most of the taxpayers are under the impression that upon cancellation of the permits from Ministry of Economic Development, they will be automatically de-registered from MIRA as well, thus ultimately putting the taxpayer in a difficult situation due to pending payments or filing obligations with MIRA.

A person intending to de-register a business is required to submit, after cancelling all the relevant permits related to the business, a completed MIRA 106 (De-registration) form within 15 (fifteen) days of cessation of the business. However, if a person is applying to de-register from GST on threshold basis (revenue of the past 12 months is less than MVR 500,000

or revenue is expected to be less than MVR 500,000 in the next 12 months), that person is not required to cancel the business permits. Nonetheless, if the taxpayer has obtained an import license for the purpose of business, the taxpayer has to cancel the import license before submission of deregistration form. This is because, holding an import license for business purpose is something which requires the taxpayer to be registered for GST. Apart from this, if a person is applying to deregister from GST on threshold basis, he is required to submit the details of his income in past 12 months.

Even though it is a responsibility of the taxpayer to apply for deregistration of an inactive business, MIRA has full authority to deregister a taxpayer from the taxpayer register wholly, a taxpayer from a specific tax type or deregister a specific activity upon receiving sufficient information about the ceased business.

GST non-payers of last quarter of 2016 have been disclosed

Ahmed Maan Asad
Senior Tax Officer, Facilitation and Taxpayer Relations

Names of GST non-filers and non-payers of the final quarter of 2016 have been disclosed and published in Maldives Government Gazette.

From the Male' region total 82 parties of which 13 from tourism sector and 69 from general sector were put on this list and from the

atolls total 47 parties of which 9 businesses from tourism sector and 38 businesses from general sector were listed.

Legal consequences of failure to fulfil tax obligations are brought to attention of the concerned taxpayer through several attempts by call, SMS and field visits before their names are disclosed to public.

Submit MIRA 910 form before 30 June!



Riyasha Ali Director, Enforcement

The deadline for small businesses to request for fine relief for GST and BPT fines as a special amnesty would end on 30th June 2017. Therefore, it is important that all small businesses with annual turnover of below MVR 10 million make use of this opportunity and submit MIRA 910 form before the end of this month.

The special fine amnesty is granted as a

leniency for small businesses burdened with large amount of tax related fines. It is an opportunity for them to get a fresh start and encourage compliance within the tax system. This special amnesty will waive all fines related to GST and BPT including late filing and payment fines, non-registration fines as well as non-compliance fines.

We request all eligible taxpayers to submit MIRA 910 form by 30th June 2017 in order to make use of this leniency.





- ▶ As a special relief, MIRA staff donated MVR 60,000 to families affected by the cyclone that had hit Addu City recently. This was an initiative by MIRA staff who are from Addu City, and the money collected were distributed to 12 of the worst hit families of Hithadhoo as classified by Addu City.



- ▶ Staff of MIRA paid a visit to the patients at IGMH. The visits included a gift to the patient and Iftar to the patient's helpers. This is one of the various CSR activities of MIRA.



Tough Penalties for enablers of tax avoidance in UK



Mariyam Jaidha
Senior Tax Officer, Policy, Planning and Statistics

UK's draft legislation of the Finance Bill 2017, published on 5 December 2016, contains the proposed new power for **HMRC (Her Majesty's Revenue and Customs)**, to levy a tough penalty on those who facilitate abusive tax avoidance arrangements. This new financial penalty is designed to put pressure on professionals who enable these arrangements.

A person who has enabled abusive tax arrangements is potentially liable to a penalty when those arrangements are proven. For this purpose, a person must be a designer, a manager, a marketer, an enabler (someone who was essential to the arrangements and knew what they were doing); or a financial enabler.

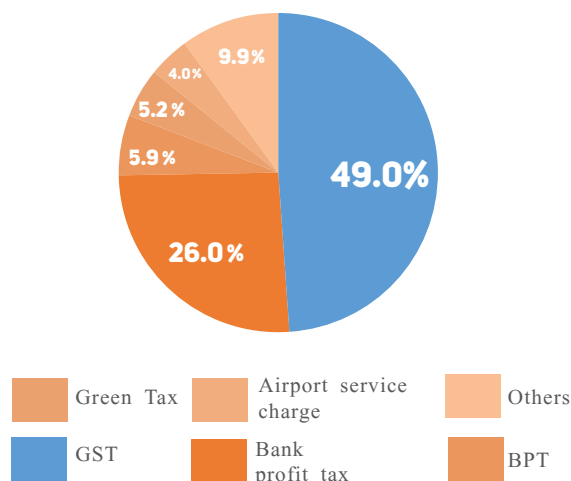
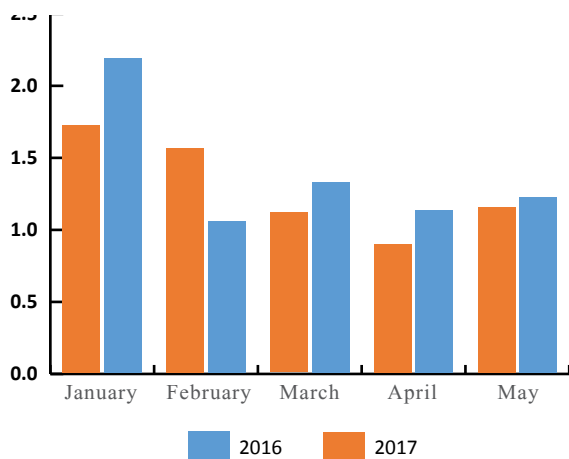
The size of the penalty is 100% of the tax the scheme's user underpaid or avoided and this new penalty will apply on or after the date of Royal Assent to the Finance Act 2017.

In a press release dated 17 August 2016 from HMRC, Jane Ellison, the Financial Secretary to the Treasury, said that "people who peddle tax avoidance schemes deny the country of vital tax revenue and this government is determined to make sure they pay". These tough sanctions are to make to the would-be enablers to think twice and in turn reduce the number of tax avoidance schemes in the market.

The new step taken by the UK government on "war against tax evasion" is expected to raise at least GBP 10 million in the coming tax year, rising to GBP 50 million in 2018-19.

Revenue of 2017 reaches MVR 6.9 billion

• MVR 1.22 billion collected as the revenue of May



Mariyam Juwairiya
Senior Tax Officer, Policy, Planning and Statistics

Revenue of May 2017 (MVR 1.22 billion), outperformed the corresponding period of 2016 (MVR 1.15 billion) by 5.9%. This boost was supplemented by the increment in revenues of GST, Withholding Tax and Green Tax. Moreover, the inclusion of Remittance Tax and new tourism related fees commenced in 2017, namely: Tourism Administration Fee and Construction Period Extension in May’s collection resulted a higher collection in May 2017.

Increment of MVR 45 million was observed for GST revenue compared to May 2016, i.e., increase in GGST by 23.0 million while TGST increased by 22.6 million. The number of GST taxpayer has increased compared to May 2016, while the increment of tourist arrivals by 15.7% compared with the corresponding period of 2016, resulted a higher TGST collection compared to May 2016.

Due to the prompt payments of Bank Profit

Tax, which is due on July 2017, resulted a higher revenue for May 2017.

BPT revenue contributed 5.9% to the total revenue of May 2017. The main reason behind this increase was the timely declarations from Withholding Tax component of BPT, pursuant to the Tenth Amendment to the BPT regulation in August 2016.

The increase in Airport Service charge is mainly due to the receipt of late-payments collected via payment notices sent to the some of the airlines which failed to pay to deadline.

Compared to May 2016, an increment of MVR 6.18 million was observed for Green Tax; mainly due to the commencement of Green Tax from tourist guesthouses from 1 October 2016 and the increment in tourist arrivals by 15.7%, compared to the corresponding period of the previous year.

With the revenue of May 2017, cumulative collection for the year 2017, accumulate to MVR 6.0 billion; a growth of 7.3% compared to the corresponding period of 2016.



LEGAL CASES
MAY 2017

#	Court	Defendant	Summary of Judgment	Amount
1	Civil Court	Keyworld International Pvt Ltd	To pay the outstanding amount in equal parts on a monthly basis within 2 months from the date of judgment.	MVR 56,724
2	Civil Court	Maakun Ahmed fulhu	Case withdrawn upon MIRA's request, after settling the claimed amount.	-
3	Civil Court	Yacht Tours Maldives Pvt Ltd	Injunction not granted.	
4	Civil Court	Nine Sense Pvt Ltd	To pay the amount claimed by MIRA within 1 month from the date of judgment.	MVR 20,993*
5	Civil Court	General Overseas Trading Company Pvt Ltd	Under judicial discretion Defendant to pay MVR 90,000 (Ninety Thousand Rufiyaa) before June and the remaining amount in equal parts on a monthly basis within 3 months from the date of judgment.	(Execution of judgement case)



The deadline for the submission of BPT return for 2016 is 16 July 2017

As the deadline for the submission of BPT return for the year 2016 is the end of the ongoing month of June and due to the fact that the ending week of July corresponds with the holidays for Eid Al-Fitr, in order to facilitate ease in preparation of tax returns and financial statements of taxpayers, said deadline has now been extended to 16 July 2017.

Moreover the deadline for the submission of company annual financial statements, directors report and auditors reports, which are required by The Companies Act of the Republic of Maldives, has also been extended to 16 July 2017.

However, do note that the deadline for the submission of GST returns for May 2017 is 2 July 2017.