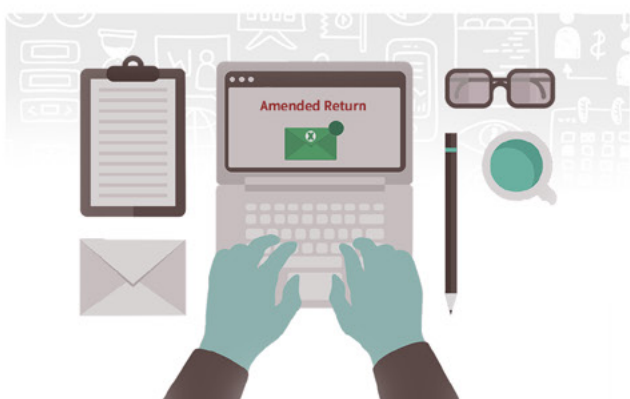




# Relief from penalties



**“Tax Return Amendment Request form”**  
must be submitted along with the  
amended tax return ▶ 3



**A foreigner held for assisting remittance tax  
avoidance by trying to take out of the Maldives  
USD in cash ▶ 3**



# MIRA files legal cases against 13 parties for failing to pay Tourism Land Rent owed to the state

**Shazma Thaufeeq**  
Senior Tax Officer, Marketing and Taxpayer Relations

Last month, MIRA filed legal cases against 13 parties for failing to pay land rent due on islands and land plots leased to them for developing tourist resorts and hotels.

Those parties include, Exotic Properties Private Limited (N. Raafushi), Asia Resorts Private Limited (Th. Kalhufahalafushi), Athama Marine International Private Limited (B. Kihaadhuffaru), Theluveliga Retreat Private Limited (ADh. Theluveliga), City Hotel Hanimaadhoo Private Limited (HDh. Hanimaadhoo), Blue Lagoon Investment Private Limited (AA. Madoogali), Yatch Tours Maldives Private Limited (HA. Alidhoo), Villa Hotels and Resorts Private Limited (a plot of land in L. Kahdhoo), Medhufushi Investment Private Limited (M. Medhufushi), Villa Shipping and Private Limited (Th. Elaa), A.A.A Company Private Limited (F. Filitheyo), JH Resorts Private Limited (HDh. Kudamuraidhoo). Additionally, there was one case against late Ahmed Waheed regarding land rent for R. Maamigili, for which

the registration at the court was pending as the defendant had been deceased. Out of these, resorts are already being operated on the islands: B. Kihaadhuffaru, ADh. Theluveliga, AA. Madoogali, HA. Alidhoo, M. Medhufushi, F. Filitheyo and R. Maamigili. Also there is a city hotel in operation on the land plot leased in Hanimaadhoo.

Cases filed in the court for failing to pay tourism land rent can be withdrawn only upon settling the outstanding amount due or come to a settlement agreement with MIRA or a court judgment holding back the requirement to make the payment or by amending the lease agreement by the government and the respective party.

Enforcement and collection of the dues payable to the state is a legal responsibility of MIRA. Such dues are enforced and collected as per the MIRA's Enforcement Policy. Information regarding legal cases related to MIRA gets published on MIRA's website. Of all the legal cases so far filed by MIRA, 214 cases have been concluded by the courts, and all 214 cases have been won by MIRA.



#	Court	Defendant	Summary of Judgment	Amount
1	Civil Court	Lotus Pvt Ltd	To pay the amount claimed by the MIRA within 2 months from the date of judgement	MVR 139,720.81

## **“Tax Return Amendment Request form” must be submitted along with the amended tax return**

**Mariyam Waheed**  
Assistant Tax Officer, Maldives Tax Academy

It has been decided by the Tax Ruling TR-2017/A12 (issued on 17 April 2017) that amended tax return must accompany “Tax Return Amendment Request form”, MIRA 913. Prior to this ruling, taxpayers were required to submit a document stating the reason for the amendment along with the amended tax return. However, with the issuance of the new ruling, MIRA 913 form must be submitted stating the reason for the amendment. Additionally, the reasons for the amendment must be well explained in the form. The documents requested on page 2 of the form must also be submitted along with the form.

If the tax liability declared on the amended tax return is lower than the tax liability declared on the most recent return filed for the period, then the amended tax return will be subjected to a review and the amended return will be accepted depending on the outcome of the review, which will also be communicated with the taxpayer in writing. In case, the tax liability declared on the amended tax return is equal to or higher than the tax liability declared on the most recent tax return filed for the period, the amended return will be accepted without a review.

Taxpayers amending their tax return via MIRA online portal, MIRAconnect, are not required to submit this form.

## **A foreigner held for assisting remittance tax avoidance by trying to take out of the Maldives USD in cash**

**Ahmed Maan Asad**  
Senior Tax Officer, Marketing and Taxpayer Relations

A foreigner has been held at the Velana International Airport for assisting avoidance of remittance tax by attempting to take out of the Maldives cash belonging to some other foreigners employed in the Maldives.

Remittance Tax is imposed on money transferred out of the Maldives through a bank or money transfer agency, at a rate of 3% of the amount remitted. Avoidance of remittance

tax and assisting such avoidance is an offence under the Employment Act of the Maldives.

If a person attempts to take out of the Maldives cash belonging to another foreigner employed in the Maldives, it would be considered as avoidance of remittance tax, and a penalty of an amount equivalent to the amount attempted to take out of the Maldives applies under the Employment Act of the Maldives. Hence, the sum of USD 69,650 was confiscated and taken by the state as fines and taxed owed to the state.

# Relief from penalties

**Fathimath Aameeza**  
Director General, Enforcement

The advent of MIRA on 2 August 2010 under the Tax Administration Act followed the implementation of two key taxes by MIRA: GST and BPT. Taxpayers and MIRA alike had a very short time to get acquainted with the GST Act and BPT Act before taxes imposed by those laws became fully effective. Consequently, taxpayers had a very limited knowledge of the newly introduced taxes and related concepts and procedures, leading to penalty fines for unfulfilled tax obligations.

## MIRA's authority to grant relief from tax related fines

Under the section 75 of the Tax Administration Act, the Commissioner General has authority, at his discretion, to reduce penalties or grant full relief from penalties. The Commissioner General has been exercising this authority diligently and impartially.

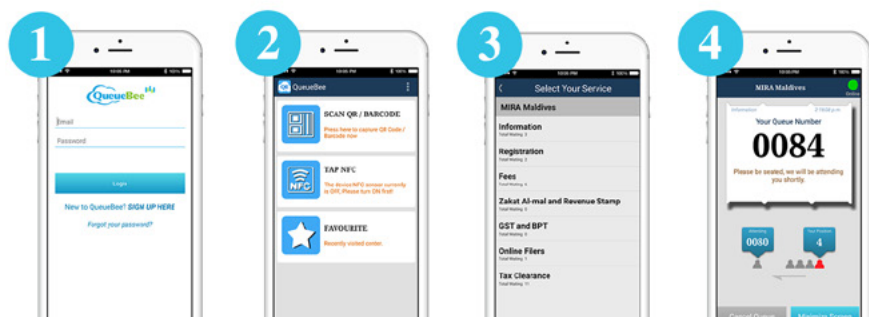
## Tax related fines

Since the tax system in the Maldives took off with the introduction of GST and BPT, taxpayers had started accumulating fines relating to GST and BPT from the very beginning, including late filing fines, late payment fines, late registration fines, and non-compliance fines related to these taxes. The authority granted to MIRA for reducing or fully relieving from penalties under the law gives an additional avenue for MIRA to implement procedures which are easy to comply with.

## The onset of fine relief

MIRA has implemented an impartial fine relief mechanism under the fine relief policy formulated, as the taxpayers request for relief of fines related to very early days of the tax system, and the ultimate aim of a penalty scheme is to increase taxpayer compliance. Under the fine relief policy, the very first relief was granted in relation to unfulfilled GST obligations pertaining

Download the QueueBee application and check the status of your queue



to the year 2011, the reason being that the taxpayers were not adequately educated and informed about the tax obligations that they have to fulfil under then newly introduced tax laws. MIRA has granted fine relief to 4,453 taxpayers amounting to MVR 215 million.

### Key matters identified in the processes of fine relief

Although fine relief process has been in place since the very beginning of the tax system, there exists rules that apply and checks that are performed. Before granting fine relief, MIRA would verify whether the taxpayer had fulfilled all obligations in relation to tax laws, ensuring that the taxpayer become fully compliant before fine relief is granted. This process also helps to identify the top reasons that drive taxpayers into penalty zones, and thereby helps taxpayers to be more compliant. From the very beginning of the year 2017, MIRA has been running extensive concessional programs especially aimed at small businesses. The on-going special fine amnesty program is one such initiative taken by

MIRA to wipe off all fines accrued for failing to meet tax obligations.

### Waiving fines accrued by small businesses as a special concession

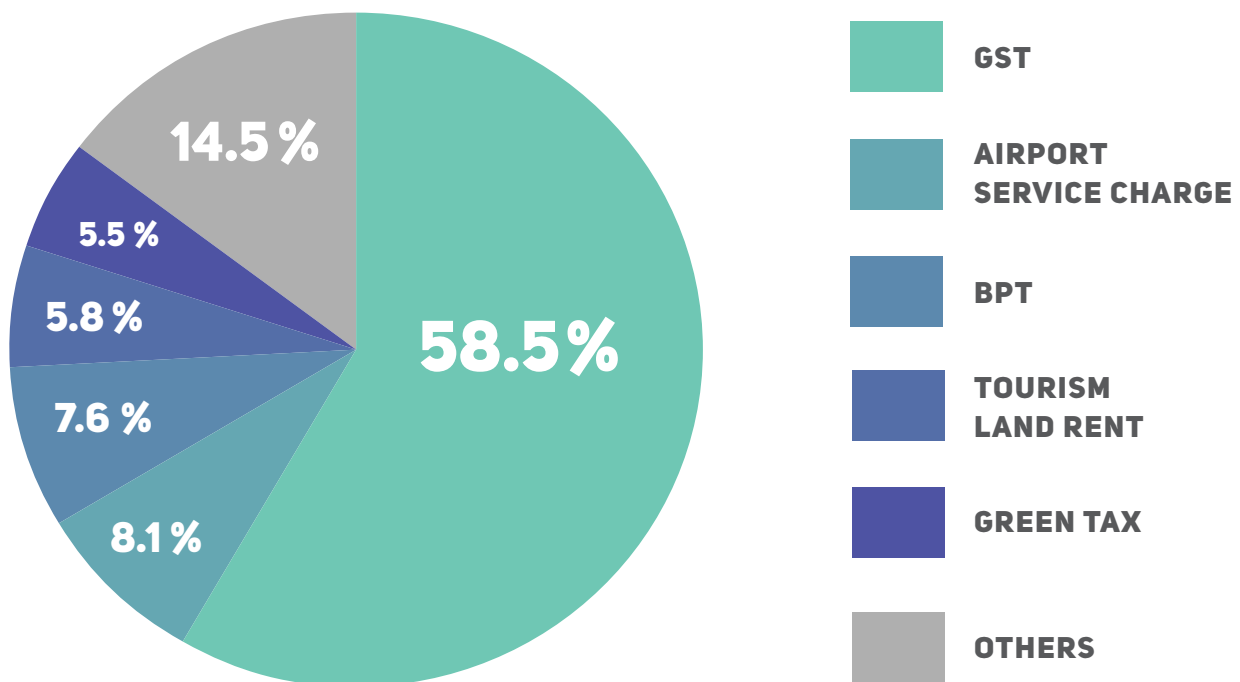
On 13 April 2017, under a special fine relief program, MIRA decided to waive off tax related fines accrued by taxpayers with an annual turnover of below MVR 10 million. This amnesty is aimed at giving a clean start in complying with the tax laws for the small businesses burdened with tax related fines, and emphasizing that the tax system is not a hurdle for small businesses. This program covers all GST and BPT related fines in relation to obligations to be fulfilled by 31 March 2017, including fines accrued due to late filing, late payment, late registration and non-compliance. This program will consider all eligible taxpayers who submit MIRA 910 by 30 June 2017 requesting for fine relief.

MIRA appeals small businesses to make full use of this window, so that they are alleviated from the burden of fines and able to start afresh.

**Hurry and apply**  
**MIRA 910**  
 form to get relief from  
 fines



## MIRA Collects MVR 1.13 billion in revenue during April 2017, and the total collection for the year-to-date tops MVR 5.68 billion



### Mariyam Juwairiya Senior Tax Officer, Policy, Planning and Statistics

Revenue of April 2017 (MVR 1.13 billion), surpassed the corresponding period of 2016 (MVR 890 million) by 26.5%. This boost was supplemented by the increase in GST, Tourism Land Rent, Airport Service Charge, Green Tax and Land Acquisition and Conversion Fee revenue. Moreover, Remittance Tax, which commenced on 1 October 2016, completed the monthly collection by MVR 11.3 million.

Increment of MVR 46 million was observed for GST revenue compared to April 2016, i.e., increase in GGST by 28 million while TGST increased by 18 million. The number of GST taxpayer has increased compared to April 2016.

The surge in Tourism Land Rent compared to April 2016, was the effect of the payment deadline extension of 31 March 2017 to 2 April 2017, since the deadline fell onto a public holiday.

Airport Service charge shows a record increment, given the collection of previous months, mostly due to the collection of arrears of the previous periods, pursuant to the new Airport Taxes and Fee Act.

BPT, with a contribution of 7.6%, increased by MVR 16 million compared to April 2016. 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.

Compared to April 2016, an increment of MVR 7 million was observed for Green Tax; mainly due to the increase in dues received from the previous periods and the commencement of Green Tax from tourist guesthouses from 1 October 2016.

With the revenue of April 2017, cumulative collection as of April 2017 accumulate to MVR 5.68 billion; a growth of 7.6% compared to the corresponding period of 2016.



- ▶ From 8-11 May, the Asian Development Bank (ADB) and MIRA jointly conducted a workshop for MIRA staff on tax audits and tax treaties. The program was facilitated by the experts from ADB. 48 of MIRA staff participated in the program.



