



MALDIVES
INLAND REVENUE
AUTHORITY

Income Tax Guide: Non-monetary Benefits Provided to Employees

MIRA 1840

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The information in this guide is based on the laws and regulations prevailing at the time of the publication. Employers and employees can rely on this guide as to MIRA's interpretation of the relevant tax and regulations. If you do not understand anything in this guide or have queries related to your particular circumstances, call 1415 or send an email to 1415@mira.gov.mv.

I. Introduction

This guide is aimed at helping employers and employees to value non-monetary allowances and benefits provided to the employees. Taxation of remuneration has started from 1 April 2020, and employers are now required to withhold employee withholding tax (EWT) from the remuneration paid to employees.

Remuneration not only includes what is paid in monetary form or in cash, but also in-kind or non-monetary allowances and benefits. Therefore employers are required to value non-monetary allowances and benefits given when computing the total remuneration of the employee.

Except for non-monetary benefits and allowances specified in the section 12 of the Income Tax Act (ITA), all the other allowances and benefits, whether or not paid in a monetary form, must be included in the remuneration.

In this guide, “non-monetary”, “non-cash” and “in-kind” will be used interchangeably.

Find out more

[Income Tax Summary Guide](#) contains a concise description of the income tax system in the Maldives, and is available at <https://cutt.ly/q9bnElf>.

To help you decide whether a worker is an employee or not, refer to [Income Tax Guide: Employee or Independent Contractor?](#) which is available at <https://cutt.ly/m9bncix>.

2. What is remuneration?

Remuneration is broadly defined in the Income Tax Act and means, salary, wages, allowances and benefits derived by an employee or director or partner as consideration for services rendered by the employee or director or partner, and includes any compensation for loss of employment or service, restrictive covenant payment, and an entry or exit inducement payment.

2.1. Is allowances and benefits provided in kind a part of the remuneration?

Allowances and benefits whether or not provided in a monetary form are a part of the remuneration, and therefore must be included when computing total remuneration. Non-monetary benefits broadly includes any rights, privileges, services and facilities provided by the employer in respect of the employment. It must be noted that the section 12 of the ITA specifies certain exemptions to non-monetary benefits. These exemptions are explained in the [section 3](#) of this guide.

Example 1: non-monetary benefit

Muaz is an employee at ABC Pvt Ltd. In the year 2020, Muaz receives MVR 55,000 per month as his salary. Muaz lives with his family in a 3-bedroom apartment provided, free of charge, by the company. In this case, the accommodation provided to Muaz must be valued and included in his total monthly remuneration.

Example 2: non-monetary benefit

Hassan is the Managing Director of STU Pvt Ltd. The company provides Hassan a car which he can use both for business and private purposes.

In computing the total remuneration of Hassan, the value of private use of the vehicle must be calculated and included as a part of his remuneration.

2.2. Should a benefit provided not in respect of employment be included in the remuneration?

There could be genuine circumstances where a benefit provided by an employer is not in respect of employment. In such cases, the benefit need not be included in the remuneration. As a rule of thumb to decide this, ask yourself whether the employer would have provided the benefit if the person had not been an employee.

Example 3: Benefit not in respect of employment

Nisha, a daughter of a business owner, is employed in the family business. Her parents give her a birthday present.

The gift is given because of the family relationship and would have been given even if Nisha had not been employed in the family business. Although the recipient of the gift is an employee, the gift was not provided in respect of employment and, therefore, is not a benefit and is not included in remuneration.

2.3. What if the benefit in relation to the employment is provided by someone other than the employer?

The benefits provided by an associate of the employer or by a person “appointed by the employer” must be included in the remuneration of the employee.

If a company, body, association, or cooperative society is:

- controlled by the employer; or
- operated using the resources of the employer, or
- a body which represents employees or employees’ interests

Such an entity would be considered as entities “appointed by the employer”, and benefits provided by them should be included in the remuneration.

Example 4: benefits in respect of the employment is provided by someone else

Employees of a Government office set up a cooperative society for the benefit of the employees. The cooperative society is run using the resources of the office, such as using office staff during official hours and office building. The cooperative society provides interest free loans and discounted housing schemes to the employees.

The benefits provided by the cooperative society must be treated as benefits provided by the employer and hence must be included in the remuneration.

2.4. What if the benefit in respect of the employment is received by someone other than the employee?

If a benefit in respect of the employment flows to an associate of the employee or a person nominated by the employee, it should be treated as a benefit provided to the employee.

Example 5: benefits in respect of the employment flows to a person other than the employee

Muaz works as an instructor at Any Time Fitness Gym. Muaz is entitled to 5 free memberships, which he gives to 5 of his friends. Free memberships enjoyed by Muaz’s friends would be a benefit that should be included in Muaz’s remuneration.

3. What are the allowances and benefits not included in the remuneration?

Section 12 of ITA specifies certain non-monetary benefits that do not come within the fold of remuneration, and are listed below. It must be stressed though, any allowance or benefit, or any consideration given in a monetary form to an employee should be a part of the remuneration. Any exemption specified in the section 12 of ITA applies to allowances and benefits paid or given in a non-monetary form.

3.1. Following benefits provided to the president or vice-president by the State:

- Residence of the president (including costs incurred for the staff and residence)
- Presidential retreat island “Aarah”
- Residence of the vice-president (including costs incurred for the staff and residence)

3.2. Residence of the Chief Justice

3.3. Residence of the Speaker of People's Majlis

3.4. Security protection provided by the State security services

“State security services” are defined in the Constitution of the Maldives and refers only to Maldives National Defence Force (MNDF) and Maldives Police Service (MPS).

3.5. The following allowances and benefits provided by employer in a non-discriminatory manner between employees in a place provided by the employer. This must also be a place where the employee performs duties of employment.

- Food and beverages;
- Entertainment and sports.

Example 6: Food and beverages provided by the employer

Zeena is a manager at a tourist resort. Her employer provides all employees with breakfast, lunch and dinner in the staff dining room of the resort. Since the resort is the place (business establishment) where Zeena works, meals provided by the resort to Zeena in this manner need not be included in Zeena's remuneration.

3.6. Food and beverages provided to employees on special occasions

- Must be non-discriminatory between employees
- Not on a regular basis
- It doesn't matter whether or not provided in the employee's place of work

Example 7: Food and beverages provided by the employer

A group of staff of JKL Pvt Ltd are working tirelessly to make their newest showroom ready in time for tomorrow's grand opening. The lunch for the group is arranged by the company in a nearby café.

Lunch provided to the group of staff is not a part of their remuneration.

3.7. Accommodation provided by the employer which meets all of the following conditions:

- The place must be exclusively dedicated for accommodation of employees
- The place is provided for the purpose of employment
- None other than an employee can be accommodated in the place
- None other than an employee has the right to stay there

Example 8: Accommodation provided by the employer

MNO Construction Pvt Ltd offers all its expatriate employees accommodation in building rented by the company. The top two floors are dedicated for employee accommodation, and no one else besides an employee is allowed to live there. The physical setup of the accommodation available to each employee cannot reasonably accommodate another person.

In this case, accommodation provided to the employees is not a part of the remuneration paid to employees.

Example 9: Accommodation provided by the employer

TELMA Pvt Ltd is a telecom operator in the Maldives. The CEO of the company is provided with a 3 bedroom apartment in a luxury apartment complex in Hulhumale'. The CEO lives in the apartment alone.

In this case, accommodation provided to the CEO must be valued and included in the remuneration, as other people can reasonably be accommodated in the apartment.

Example 10: Accommodation provided by the employer

KLM Pvt Ltd operates a resort in Malé Atoll. The General Manager (GM) of the resort is provided with a deluxe water villa as the accommodation on the resort.

In this case, accommodation provided to the GM must be valued and included in the remuneration, as other people can reasonably be accommodated in the water villa [and water villas on resorts are usually guest rooms].

Example 11: Accommodation provided by the employer

When Zeena works at the tourist resort she stays in accommodation provided by the employer, which is provided explicitly for employees and a person other than an employee can neither be accommodated nor has the right of accommodation in that place. In this case, the value of the accommodation will not be an allowance or benefit that needs to be included in Zeena's remuneration when working out her remuneration subject to EWT.

- 3.8. Accommodation provided by Maldives National Defence Force (MNDF) or Maldives Police Service (MPS) in one of their establishments, posts or offices to those employed by them
- 3.9. Accommodation provided in a foreign country by the State to an employee of the State working in that foreign country
- 3.10. Transportation provided to employees to commute to the primary place of work if all of the following conditions are met:
 - The employee's primary place of work is in uninhabited island
 - The employee does not reside in that uninhabited island

Example 12: Transportation to commute to an uninhabited island

XYZ resort is operated on an uninhabited island near Thulusdhoo, Malé Atoll. The employees of the resort who are residents of Thulusdhoo commutes to the resort daily on transportation arranged by the resort.

The transportation arranged by the resorts for residents of Thulusdhoo to commute to the resort is not a part of the remuneration of those employees.

- 3.11. Transportation, food, and accommodation provided to a person to who is temporarily carrying out responsibilities of the employment in a place other than the person's primary place of work, if all of the following conditions are met [3.7 supersedes 3.9]:
 - Duration of the assignment must not be more than 1 year,
 - The employee is sent, and stays in that place, solely for the purpose of employment

Example 13: temporary assignment away from usual place of work

Harbor Contractors Pvt Ltd is undertaking a project to repair the jetty and island access of Kahdhoo, Laamu Atoll. The project is expected to last 6 months, and one of their managers, Ahmed, who works at the head office in Malé is posted in Kahdhoo for the duration of the project as the project manager. Ahmed's transportation to Kahdhoo is borne by the company, and he is also provided with accommodation and food during his stay in Kahdhoo.

Transportation, food and accommodation provided by the company to Ahmed is not a part of remuneration of Ahmed.

3.12. Recreational activities organized by the employer if all of the following conditions are met:

- Recreational activities are conducted in the Maldives
- Aim is to build and strengthen employee relations
- available for participation of employees in a non-discriminatory manner
- incurred cost of which cannot be allocated distinctly to each individual employee

3.13. Interest on not more than one loan or advance at a time issued by the employer at below ordinary market rate or as interest free, if all of the following conditions are met:

- The repayment period of the loan or advance does not exceed 12 months
- The principal amount of the loan or advance does not exceed MVR 50,000

Example 14: Interest free /short term loan

Mariyam gets an interest-free loan of MVR 50,000 from her employer. The loan must be repaid in six-months. In this situation the loan does not give rise to a benefit that needs to be included in the remuneration.

Suppose Mariyam gets a concurrent loan of MVR 25,000 from the employer at a rate lower than that of the ordinary open market rate of interest, with a repayment period of 3 months, then the exemption would cease to apply and the benefit of getting a zero or low interest rate loans from the employer would become a part of the remuneration.

3.14. Clothing provided by the employer to employees to be worn at work, if:

- It is designed specifically for the purpose of work; and
- It is not suitable to be worn outside of work on a regular basis

Hard hats, High Vis Vests, safety shoes provided for mechanics and construction workers are included in the meaning of clothing.

Example 15: Work clothing

Fathimath, a manager at a tourist resort, wears a uniform provided by her employer that has the tourist resort's logo on it. It is specifically tailored to be worn while at work and is not suitable to wear outside of work on a regular basis.

The value of uniform provided to Fathimath is not a part of her remuneration.

Example 16 : Work clothing

All the employees of Tax Trained LLP are required to wear a long-sleeve white dress shirt during office hours. The exact amount of the cost of shirts are reimbursed to the employees by the firm.

Although long-sleeve white dress shirt is the uniform for the employees of the firm, it can be worn outside of work on a regular basis. Therefore, any reimbursements made to an employee by the firm towards the cost of the shirt would constitute a part of the remuneration of that employee.

3.15. Awards granted by the employer, the annual cumulative value of which does not exceed MVR 5,000.

Example 17: Awards

Rajendra Kumar is a customer service officer working at a large supermarket chain in Malé. Rejendra wins employee of the month for January and receives a non-cash award from his employer, worth of MVR 5,000.

Since this is the first award of the year from his employer, the value of the awards up to that point did not exceed MVR 5,000. Hence, the award would not be considered a benefit while computing his remuneration for the month of January.

Suppose Rajendra wins the employee of the month for the March of the same year, and consequently gets a non-cash award worth of MVR 5,000 from his employer, how much would the value of award that needs to be included in the remuneration for the month of March be?

The moment the value of the award crosses MVR 5,000 mark, exemption becomes null and void for the whole year and the total value of the awards up to that point, in this case MVR 10,000, must be included the remuneration for the month of March.

3.16. Medical check-ups required for the purpose of obtaining or extending work visa, under the Maldives Immigration Act

This means, even if the employer pays for such medical check-ups of the employee, it would not be a part of the remuneration of the employee.

3.17. Medical insurances required to be provided to employees under the Maldives Immigration Act

This means even if the employer takes a medical insurance cover for an expatriate employee as required under the Maldives Immigration Act, it would not be a part of the remuneration of the employee.

3.18. Medical expenses incurred by the employer in respect of injuries that result from work-related incidents

Example 18: Workplace injury

Mariya works as a structural engineer at a construction company. She breaks a finger in an accident at one of their construction sites. The company bears the cost of medical treatment.

Cost of the medical treatment borne by the company in this case would not be included in the remuneration of Mariya.

3.19. Allowances and benefits provided by the payer of remuneration in a non-monetary form if cumulative value does not exceed a total of MVR 1,000 per month

Example 19: Value of the non-cash benefits for the month not exceeding MVR 1,000

Ashfaq is an employee of FGH Pvt Ltd. The only non-cash benefit provided to him during the month of April 2020 was 25 private trips on a car owned by the company, and the benefit was valued at MVR 625.

Since the total value of the non-cash allowances and benefits did not exceed MVR 1,000, there won't be a non-cash allowance or benefit included in the remuneration paid to Ashfaq for the month of April 2020.

Suppose, an additional benefit of private use of a company laptop was provided in that month, and the benefit of private use of the laptop was valued at MVR 800. Now the total value of the benefits exceed MVR 1,000 and therefore the total of the value of benefits that must be included in the remuneration of Ashfaq for the month of April 2020 would be MVR 1,425.

4. What allowances and benefits are to be included in remuneration?

Except for the non-monetary allowances and benefits listed as exempt in section 12 of ITA [[section 3](#) of this guide], all the allowances and benefits provided to an employee by the employer, whether or not provided in a monetary form, are included in the definition of remuneration.

5. How do I value non-monetary allowances and benefits included in remuneration?

Allowances and benefits paid in kind, unlike what is paid in a monetary form, need to be valued and added to the amount of remuneration paid in monetary forms to compute the total remuneration. Chapter 4 of the ITR prescribes some specific valuation methods to be used to value certain non-cash benefits. Hence, to value these specific benefits, the prescribed valuation methods must be used. Even if there is no specific valuation method prescribed for a non-cash allowance or benefit, it does not mean that it is not included in the remuneration. In such cases, the allowance or benefit should be valued using the general method described below [in the section 5.1 of this guide]

5.1. The general method-OOMV

The general method is that the allowance or benefit will be valued at its ordinary open market value (OOMV) at the time the benefit is provided. The OOMV will include GST if paid. If there is no specific method prescribed in the ITR, any non-cash allowance or benefit must be valued at OOMV.

The OOMV is the amount for which a willing buyer would pay a willing seller in an arm's-length transaction for the allowance or benefit on the date the allowance or benefit was provided.

Where the OOMV of an allowance or benefit cannot be established, the OOMV will be the value based on the price at which allowance or benefit is available at the time it is provided on a similar item, considering any differences in the item making up the allowance or benefit.

Whether or not the allowance or benefit is similar to another item making up the allowance or benefit will be determined based on the quality, appearance, amount, functionality, reputation and the quality of the material used in the underlying item provided.

5.2. Associates of the employer

Associates of the employer include:

- Persons who control the employer
- Persons controlled by the employer
- Persons controlled by the person who controls the employer
- If the employer is an individual, his or her relatives
- If the employer is a partnership, partners of the partnership
- If the employer is a trust, beneficiaries and settlors of the trust

5.3. Specific valuation methods

The ITR specifies a number of valuation methods in relation to particular benefits. These are outlined below.

5.3.1. Place of accommodation

An employer may provide a place of accommodation to an employee. For example, an employer may provide a house or apartment for the employees' use. Note that in some situations the value of accommodation is not considered as a benefit. [[See section 3](#)]

If an employer provides an accommodation to employee it is to be valued as follows:

- If the accommodation belongs to the employer or a person who is an associate of the employer or is rented from a person who is an associate of the employer, it will be the OOMV of the monthly rent for that place.
- If the accommodation is rented from a person who is not an associate of the employer, it will be the amount of monthly rent paid for the accommodation by the employer.

If the accommodation is furnished by the employer (i.e. with furniture other than fittings):

- The value of furniture must be taken as 20% of the monthly value of the accommodation as calculated above.

If any of the following resources and services are provided by employer at the place of accommodation and if the service provider is the employer or a person who is an associate of the employer then the value of benefit will be the OOMV of those resources and services.

If the service provider is an independent person, the value would be the amount of expense incurred by the employer for those services and resources.

- water, electricity, waste disposal and other such services

- cable, telephone and internet services
- repair and maintenance and decoration
- cleaning service

Example 20: Accommodation provided by an associate of the employer

Abdul Kareem lives in an apartment in Malé that is owned by the brother of his employer, for free of charge. The employer furnishes the accommodation and pays all the utility bills.

In this case, it does not matter that the employer does not own the apartment. As the accommodation belongs to a person who is an associate of the employer, the employer should calculate the monthly rent at its OOMV [unfurnished], 20% of the monthly rental as the value of furniture and OOMV of the utility services paid by the employer, and include in the remuneration of Abdul Kareem.

Suppose, the OOMV of the monthly rental of unfurnished apartment is MVR 25,000, the monthly value of furniture would be MVR 5,000. If the monthly utility bills for a particular month sums to MVR 3,500, the total value of these benefits would be MVR 33,500.[Of course, assuming the utility providers are not associates of the employer]

5.3.2. Purchase, sale or transfer of a good or service

An employer may give or allow an employee to acquire a good or service at a discount to the OOMV, or an employer may buy or acquire a good or service from an employee at a premium to the OOMV. In such cases the following valuation rules will apply.

- If an employer purchases a good or service from their employee at a price greater than its OOMV, the value of benefit will be the purchase price of that good or service less its OOMV.
- If an employer sells a good or service to an employee at a price lower than its OOMV, the value of the benefit will be OOMV less sale price of that good or service.
- If an employer transfers a good or service to an employee for no consideration, the value of benefits will be the OOMV of the good or service.
- If an employer purchases a good or service from a third party for the employee and provides it for no consideration or a consideration lower than the OOMV of the good or service, the value will be the OOMV less the consideration paid by the employee.

Example 21 : Goods provided by the employer

Adil's employer runs a large supermarket. He gives Adil a special 20% discount on all purchases that he makes at the supermarket. In this case, the value of the benefit would be the discount Adil receives.

Example 22: Services provided by the employer

Reema is an airline pilot. She is entitled to free travel on the airline. She takes a private flight to India on her airline.

The value of the benefit would be the OOMV of the airfare. If her free travel includes other perks OOMV of such benefits must also be included.

Example 23 : Employer buying a good from the employee

Imthiyaz's employer buys an iphone from Imthiyaz for MVR 45,000, which has OOMV of MVR 25,000.

In this case, Imthiyaz's remuneration for the month in which the sale takes place, must include MVR 20,000 as the value of the benefit of this purchase by the employer.

Example 24: Service for no consideration

TELMA Maldives Pvt Ltd, an internet service provider in the Maldives, provides internet service free of charge to all its employees. The package each employee receives depends on the position held by the employee in the company.

In this case, OOMV of internet service made available to each employee is the value of benefit.

Example 25 : Service acquired from a third party and made available to an employee

Zimna is the managing director of STU Maldives Pvt Ltd. The company pays her monthly cable bill. The company and the cable operator are independent parties.

The amount the company pays for Zimna's cable bill is the value of the benefit.

5.3.3. Giving an asset for exclusive use by an employee, for private use [Except for vehicles and vessels]

An employer may grant the right to an employee to use an asset (other than vehicles and vessels) for exclusive use by the employee, for no consideration or at a price lower than the OOMV of the asset, for private use of the asset. In this case, the value of the private use of the asset for a month must be calculated as follows:

- If the asset is owned by the employer, using the following formula:

$$A \times 20\% \times \frac{1}{12}$$

A = OOMV of the asset

Example 26: An asset owned by the employer given for exclusive use by the employee, for private use

Zalif is employed by a construction company. His employer lets him use a cement mixer owned by the company in the construction of his house.

Suppose OOMV of the cement mixer is MVR 85,000, using the formula, the monthly value of the benefit, for the duration of the private use, would be MVR 1,416.67 [85,000 × 20% × 1/12].

- If the asset is rented by the employer from a person who is an associate of the employer, or the employer has acquired the right to use the asset for no consideration from a person who is an associate of the employer, the OOMV of the monthly rent payable for the asset.

Example 27 : An asset owned by an associate of the employer given for exclusive use by the employee, for private use

Ghalib is employed at Delta Pvt Ltd. Delta Pvt Ltd arranges for Ghalib to use a mobile water pump owned by Gamma Pvt Ltd, which is an associate of Delta Pvt Ltd, for free of charge. Ghalib uses the pump for 3 months. OOMV of monthly rental of the pump is MVR 2,500.

Hence, for three months, the value of the benefit provided by the employer is MVR 2,500 per month.

- If the asset is rented by the employer from a person other than someone who is an associate of the employer, the monthly rent paid by the employer for that asset.

Example 28 : Employer rents an asset from a third party and allows exclusive private use by an employee

Ghalib is employed at Delta Pvt Ltd. Delta Pvt Ltd hires a mobile water pump from Zeta Pvt Ltd, for private use by Ghalib. Ghalib uses the pump for 3 months. Delta and Zeta are not associates of each other. Zeta charges MVR 2,000 per month for the pump.

Hence, for three months, the value of the benefit provided by the employer is MVR 2,000 per month.

5.3.4. Giving an asset for exclusive use by the employee, for both private and business/official use [except for vehicles and vessels]

If an employer grants the right to use an asset (except for a vehicle or vessel) to an employee for no consideration or at a price lower than the OOMV of the asset, for the performance of the employees' duties of employment and for private use of the employee, the value of the private use of the asset by the employee must be calculated as follows:

- If the asset is owned by the employer, using the following formula;

$$A \times \frac{2}{7} \times 20\% \times \frac{1}{12}$$

A = OOMV of the asset

Example 29: Right to use an asset for work and private use

Wafa is employed by a software engineering firm. Each employee has a designated laptop, which is used for work. Employer permits laptops to be taken home. Wafa uses office laptop for watching movies and other private use. OOMV of the laptop is MVR 15,000.

Using the formula, monthly value of the benefit of the private use would be calculated as MVR 71.43 [15,000 × 2/7 × 20% × 1/12]. If the total non-cash allowances and benefits, including this, does not add up to more than MVR 1,000 in a month, then the total amount of non-cash allowances and benefits included in the remuneration would be zero for that month [See section 3.19]

- if the asset is rented by the employer from a person who is an associate of the employer, or the employer has acquired the right to use the asset for no consideration from a person who is an associate of the employer, using the following formula:

$$A \times \frac{2}{7}$$

A = OOMV of the monthly rent of the asset

Example 30: Right to use an asset rented from an associate

Wafa is employed by a software engineering firm. Each employee has a designated laptop which is used for work. Employer permits laptops to be taken home. Wafa uses office laptop for watching movies and other private use. Wafa's employer rents the laptop from one of its associate companies, for MVR 50 per month. The OOMV of the monthly rental of the laptop is MVR 300.

Using the formula, monthly value of the benefit of the private use would be calculated as MVR 85.71 [$300 \times 2/7$]. If the total non-cash allowances, including this, does not add up to more than MVR 1,000 in a month, then the total amount of non-cash allowances and benefits included in the remuneration would be zero.

- if the asset is rented by the employer from a person other than someone who is an associate of the employer, using the following formula:

$$A \times \frac{2}{7}$$

A = amount paid by the employer as monthly rent

5.3.5. Right to use a service exclusively for private use

If an employer provides a service to the employee for only private use of the employee, for no consideration or at a price lower than the OOMV of the service, the benefit for a month must be valued as follows:

- if the service is provided by the employer or through a person who is an associate of the employer, the OOMV of the service attributable to that month

Example 31: Right to use a service exclusively for private use

ABC Foods Pvt Ltd has an arrangement with Loolhaafathi Gym, which is owned by the main shareholder of ABC Foods Ltd, to provide its employees with free gym membership. As Loolhaafathi Gym and ABC Foods Ltd are associates, the value of this benefit for those employees who use free gym membership would be the OOMV of the gym membership fee.

- if the service is provided by the employer through a person other than someone who is an associate of the employer, the monthly amount incurred by the employer on that service.

Example 32 : Right to use a service for exclusively for private use

ABC Foods Pvt Ltd has a contract with Anytime Gym Pvt Ltd, to provide gym services to the employees of ABC Foods. ABC Foods is charged MVR 1,200 per month for each of its employees who chooses to avail gym services at Anytime Gym. ABC Foods and Anytime Gym are not associates of each other.

The monthly value of the benefit to the employees using the gym under this arrangement for free would be MVR 1,200.

5.3.6. Right to use a service for both private use and business/official use

If the employer provides a service to the employee for the performance of the employee's duties of employment and also for private use by the employee, for no consideration or at a price lower than the OOMV of the service benefit of the private use per month must be valued as follows:

- if the service is provided by the employer or through a person related to the employer, using the following formula;

$$A \times \frac{2}{7}$$

A = OOMV of the service for a month

Example 33 : Service provided for official use and private use

Line Net Pvt Ltd is a telecom service provider in the Maldives. Ahmed is an employee of Line Net and has a free mobile phone connection available to him so that he can work as a call centre agent during after-hours. He is allowed to use this connection for private use for free of charge. The monthly OOMV of the mobile phone service made available to him is MVR 4,500.

Hence, the value of benefit would be MVR 1,285.71 [4,500x 2/7]

- where the service is provided by the employer through a person who is not an associate of the employer:

$$A \times \frac{2}{7}$$

A = amount incurred by the employer on that service for a month

Example 34: Service provided for work and private use

A company provides customer support through 'online chat' during after-hours. Razeen, a customer service representative of the company, is provided with an internet data package costing MVR 4,000 per month to be used for the online chat. Razeen is also allowed to use the data for his private use as well. Internet service provider is not related to this company.

The value the benefit of the private use would be MVR 1,142. 86 per month $[4,000 \times 2/7]$.

5.3.7. Providing a vehicle or vessel for exclusive use by the employee, for private use

If an employer grants the right to use a vehicle or vessel to the employee for exclusive use by the employee, for no consideration or at a price lower than the OOMV of the vehicle or vessel for only private use of the employee, the value of the benefit per month must be calculated as below:

- if it is a vessel owned by the employer, using the following formula;

$$A \times 10\% \times \frac{1}{12}$$

A = purchase price of the vessel

- if it is a vehicle owned by the employer, using the following formula;

$$A \times 20\% \times \frac{1}{12}$$

A = purchase price of the vehicle

Example 35: Vehicle provided for exclusive use by the employee, for private use

Himmath is the CEO of the Bank of Malé Pvt Ltd. A company car is made available exclusively for the private use of the CEO, for free of charge. The car was purchased 3 years back for MVR 150,000.

The monthly value of the car benefit would be MVR 2,500 [$150,000 \times 20\% \times 1/12$]. Note that it does not matter when the vehicle was purchased, and unlike for other assets, it is not OOMV of the car that is used here, but the purchase price of the car.

- If the vehicle or vessel is rented or leased by the employer from a person who is an associate of the employer, or the employer has acquired the right to use the vehicle or vessel for no consideration from a person who is an associate of the employer, the OOMV of the monthly rent payable or lease payment for the vehicle or vessel.
- If the vehicle or vessel is rented or leased by the employer from a person other than someone who is an associate of the employer, the monthly rent or lease payments paid by the employer for that vehicle or vessel.

5.3.8. Providing a vehicle or vessel for exclusive use by the employee, for both private use and business/official use

If an employer grants the right to use a vehicle or vessel for exclusive use by employee for no consideration or at a price lower than the OOMV of the vehicle or vessel, for work and for private use of vehicle or vessel, the value of the benefits will be valued as follows:

- if it is a vessel owned by the employer, using the following formula:

$$A \times 10\% \times \frac{1}{12} \times \frac{2}{7}$$

A = purchase price of the vessel

Example 36: vessel provided for exclusive use by the employee, for private and official use

Ahmed Azhan is the president of a statutory institution of the State. The institution has a speedboat dedicated for the president's official travel and private travel. The speedboat was purchased for MVR 650,000.

The value of the private use by the president would be MVR 1,547.62 per month [$650,000 \times 10\% \times 1/12 \times 2/7$]

- if it is a vehicle owned by the employer, using the following formula:

$$A \times 20\% \times \frac{1}{12} \times \frac{2}{7}$$

A = purchase price of the vehicle

- if the vehicle or vessel is rented or leased by the employer from a person who is an associate of the employer, or the employer has acquired the right to use the vehicle or vessel for no consideration from a person who is an associate of the employer, using the following formula:

$$A \times \frac{2}{7}$$

A= OOMV of the monthly rent of the vehicle or vessel

Example 37: Vehicle acquired from an associate and provided for exclusive use by the employee, for work and private use

Green Trading Pvt Ltd and Green Investment Pvt Ltd belong to Green group of companies. Suha is the Marketing Director of Green Trading. Green Trading makes the arrangement for a car that belongs to Green investment as a dedicated vehicle for business and private use by Suha. Green Investment does not charge anything from Green Trading for the vehicle, nor does Green Trading from Suha for her private use by the vehicle. OOMV of monthly rent of the car is MVR 4,200.

The value of the car benefit would be MVR 1,200 per month $[4,200 \times 2/7]$.

- if the vehicle or vessel is rented or leased from a person other than an associate of the employer, using the following formula:

$$A \times \frac{2}{7}$$

A = monthly rent paid by the employer for the vehicle or vessel.

5.3.9. Resources and services (operating costs) provided in respect of a vehicle or vessel, for which there are specific valuation rules are:

- Fuel;
- Remuneration paid to the driver, captain, and crew;
- Annual fee and fines;
- Insurance premium;
- Cleaning, repair, maintenance, and servicing;
- Parking fee;
- Costs incurred to furnish the safety certificate; and
- Docking charges.

5.3.10. Resources or services in 5.3.9 provided in respect of vehicle or vessel provided for exclusive use by the employee, for private use.

If the resources or services specified in 5.3.9 are provided by the employer with respect to a vehicle or vessel that is provided for exclusive use by the employee, for private use, the value of the benefits due to the resources and services must be computed as below:

- if the resource or service is provided by the employer or a person who is an associate of the employer, the OOMV of the resource or service

Example 38: resources and services provided in respect of a vehicle provided for exclusive use by the employee, for private use

Consider [Example 35](#). If Himmath is also provided with a driver and fuel for the car, monthly OOMV of the service of the driver, and OOMV of the cost of the fuel provided in the month, would be the monthly values of those benefits.

- If the resource or service is provided by a person who is not an associate of the employer, the expense incurred by the employer in order to provide the resource or service.

5.3.11. Resources or services in 5.3.9 provided in respect of vehicle or vessel provided for exclusive use by the employee, for both private and business/official.

If the resources or services are provided by the employer with respect to a vehicle or vessel that is provided for exclusive use by the employee for work and private use, the value of the benefit per month must be calculated as below

- if the resource or service is provided by the employer or a person related to the employer, using the following formula:

$$A \times \frac{2}{7}$$

A= OOMV of the resource or service

Example 39: resources and services provided in respect of a vessel provided for exclusive use by the employee, for official and private use

Consider [Example 36](#): Ahmed Azhan is provided a driver for the speedboat by the institution and, in the month of May, the institution pays the annual fee of the vehicle. The OOMV of service by the driver per month is MVR 5,000 and the annual fee of the vehicle is MVR 2,160.

The value of the resources and services provided in respect of the car in the month of May would be MVR 2,045.71 [(5,000+2,160) × 2/7].

- if the resource or service is provided by through a person who is not an associate of the employer, using the following formula.

$$A \times \frac{2}{7}$$

A = Expenditure incurred by the employer to provide such facility or service

5.3.12. Use of vehicle or vessel for a private trip

If an employer or a person related to the employer provides a vehicle or vessel to an employee for a private trip for no consideration or at a price lower than the OOMV, the value of the benefit will be the OOMV of the journey.

Example 40: Use of a vehicle owned by employer for a private trip

Murad is the CFO of Graphic Task Pvt Ltd. In a particular month, Murad uses one of the cars owned by the company to fetch his kids from school. The car is not a dedicated vehicle for Murad. OOMV of the trip is MVR 50.

In such cases, value of the benefit would be on per trip basis. Hence, in this case the value of the benefit would be MVR 50.

5.3.13. Providing a loan to an employee

If the employer issues a loan or advance to employee either free of interest or at a rate that is lower than the ordinary open market rate of interest [OOMV of the finance cost of the loan/advance], the value of the benefit in respect of that loan/advance will be the difference between the ordinary open market rate of interest and the actual amount of interest paid on the loan by the employee. Note that the interest of some loans are not considered as a benefit [[See section 3.13h](#)]

If an employer releases the employee from repaying a loan (including an exempt loan/advance) either in full or in part, the amount released must be included in the remuneration.

Example 41: Interest free loan

Abbas is a director of VSB Pvt Ltd. VSB Pvt Ltd makes an interest free loan of MVR 4 million to Abbas so that he can purchase an apartment for him and his family to live in.

The value of the benefit per month would be the amount of monthly interest computed based on OOMV of the loan.

Example 42: loans provided at a concessional rate

Employees of Bank of Malé are entitled to Home Loans at a concessional interest rate of 6% per annum under the employment benefit scheme of the bank, while the OOMV of a Home Loan is, interest at 11% per annum.

The value of the benefit per month would be the amount of monthly interest computed based on 5% per annum [difference between OOMV and the concessional rate]

5.3.14. Vacation financed by the employer

If an employee goes on a vacation financed by the employer, the value of the vacation must be computed as below:

- if the vacation is spent in accommodation owned by the employer or a person who is an associate of the employer, the OOMV of such vacation
- if the vacation is spent in a place owned by a person who is not an associate of the employee, the amount spent on that vacation by the employer

If food and beverages or other goods and services are provided to the employee or their family members as a part of the vacation, the value of these at their OOMV will also be included in remuneration.

Example 43: Vacation financed by the employer

Gadir and his family are given an all-expenses included vacation in another country by his employer. The vacation includes flights, accommodation, meals and beverages and other services, and none of the service providers is an associate of the employer. The value of the vacation would be sum of the prices paid by the employer to these service providers.

Example 44: Vacation provided at a place owned by the employer

Talal and his family are allowed to spend a 5-day a vacation, free of charge, on full board basis, at the tourist resort where he works.

The value of the vacation would be the OOMV of 5-day vacation provided to Talal and his family.

5.3.15. Hajj and Umra expeditions

Where an employer finances a Hajj or Umra for the employee, the value benefit in respect of such Hajj or Umra will be calculated as follows:

- if the employer or a person who is an associate of the employer is the travel agent who organized the Hajj or Umra , the OOMV of that service;
- if the Hajj or Umra is organized by a travel agent who is not an associate of the employer, the expenditure incurred on that service by the employer.

Example 45: Umra given to an employee of the travel agent

Hijaz Hajj Group Pvt Ltd provides Hajj and Umra services to Maldivians. Haseena is a sales assistant working at the front office of Hijaz Hajj Group, and is awarded an Umra trip by the company free of charge. The trip costs the company MVR 10,000. However, the OOMV of the trip is MVR 25,000.

The value of the Umra trip provided by the company is MVR 25,000.

Example 46: Hajj trip given to an employee through an independent party

Each year, SME Pvt Ltd gives a Hajj trip to one of its employees. Ahmed wins the trip for this year, and SME pays MVR 85,000 to Jeddah Expedition Pvt Ltd for the Hajj package. SME and Jeddah Expeditions are not associates.

The value of the Hajj trip given to Ahmed would be MVR 85,000.

5.3.16. Expenditure incurred in working from home

If an employer requires an employee to perform primary duties of employment at the employee's place of residence and the employer provides the resources and services, the value of the benefit of private use of those services and resources must be calculated as below:

- if the resource or service is directly provided by the employer or a person who is an associate of the employer, using the following formula;

$$A \times \frac{2}{3}$$

A = total OOMV of the resources and services

- if the resource or service is provided by a person who is an associate of the employer, using the following formula;

$$B \times \frac{2}{3}$$

B = expenditure incurred by the employer to provide that resource or service

Example 47: Work from home

Yahya works from home as a bookkeeper for her employer. Her employer pays for her electricity as a part of this arrangement. Her employer and electricity provider are not associates. In a particular month, Yahya's electricity bill paid by the employer amounted to MVR 2,000.

The value of the benefit of the private use of electricity by Yahya would be MVR 1,333.33 for that month. $[2,000 \times 2/3]$

5.3.17. Transportation in connection with commencement or termination of employment

If an employer provides transportation to the employee, including transportation to and from the Maldives, to travel to the primary place of work for the commencement of work, or from the primary place of work at the time of resignation or termination, the value of the benefit of transportation must be calculated as below:

- if the transportation service is provided by the employer or a person who is an associate of the employer, the OOMV of the service;
- if the transportation service is provided by someone who is not an associate of the employer, the expenditure incurred by the employer to provide the service.

Example 48: Transportation in connection with commencement of employment

John is hired by a tourist resort in the Maldives as the General Manager of the resort. The resort pays for his travel to the Maldives from his home country, to commence his employment. None of the services in respect of his travel is provided by an associate of the employer. The resort incurred MVR 50,000 for his travel.

The value of his travel benefit would be MVR 50,000 and would be a part of his remuneration for the month he commences his employment.

5.3.18. Insurance premium and compensation

The value of benefits in respect of an insurance policy taken out by an employer for an employee, whether the policy holder is the employee or not, if the beneficiary of the policy is the employee, must be calculated as below:

- If the insurance policy is issued by the employer or a person who is an associate of the employer, the OOMV of the premium of such policy;
- If the insurance policy is issued by a person who is not an associate of the employer, the amount of premium paid by the employer for such policy;

Any insurance claims received by the employee from a policy taken out by the employer, except claims received under health insurance or life insurance policies will be included in remuneration. Insurance premiums that had been paid before the commencement of taxation of remuneration under the ITA (before 1 April 2020) would not be considered as a benefit.

Example 49: Insurance premium and compensation

Hassan's employer purchases, from an independent insurer, health insurance covers for Hassan and his family. The annual premium of MVR 15,000 is paid in the month of June.

The value of the insurance provided would be MVR 15,000 and must be included in as a part of the remuneration for the month of June.

Example 50: employer is the insurer

Wafa is an actuary in an AIB Insurance Ltd. Her employer provides health insurance for all employees. In this case, since the insurer is the employer, the benefit will be the OOMV of the policy.

5.3.19. Transportation, food & beverages, entertainment and sports

Transportation, food, entertainment and sports activities provided by an employer to an employee will be valued as follows:

- If the transportation service, food, entertainment or sports activities is provided by the employer or a person who is an associate of the employer, the OOMV of such; or
- If the transportation service, food, entertainment or sports activities is provided by a person who is not an associate of the employer, the expenditure incurred by the employer.

Note that recreational activities organized by the employer, in the Maldives, to build and strengthen employee relations and open to participation by all employees are not

included in remuneration. In addition, there are situations where transportation and food are not included in remuneration. [See [section 3](#)]

Example 51: Entertainment and sports

Mahir is given a premium ticket to the football final by his employer. The ticket includes a taxi to take him to and from the football ground as well as a 3-course meal with beverages. Assuming the tickets are purchased from an independent person, the value of the benefit would be the purchase price of the ticket.

5.3.20. Expenditure on health care

If an employer bears medical cost of an employee, the value of the benefit in respect of that must be calculated as follows:

- If the health service provider is the employer or person who is an associate of the employer, the OOMV of that service;
- If the health service is provided by someone who is not an associate of the employer, the expenditure incurred by the employer on that service.

Example 52: Employer as the health service provider

A tourist resort operates a medical clinic on the resort for employees. Employees can access the services provided in the clinic free of charge. In this case, the benefit of the service provided by the employer would be the OOMV of the service obtained by the employee from the clinic.

Example 53: Employer bearing the medical cost of the employee

Fazeela is an employee of Delta Pvt Ltd. Fazeela undergoes a dental surgery at Lambda Dental Clinic. Fazeela's surgery costs MVR 25,000 and Delta pays for it. Delta and Lambda are not associates. Fazeela's surgery is not a consequence of a workplace injury. [See [section 3.18](#)].

The value of the medical benefit provided by the employer, in this case, would be MVR 25,000.

5.3.21. Payments made by the employer for or on behalf of an employee

Unless made exempt by a specific provision in the ITR, if an employer makes a payment for or on behalf on an employee, the value of the benefit would be the amount of the payment.

Example 54: Employer settling a debt of the employee

Amir works for Majeed. Majeed pays MVR 35,000 to the Bank of Malé to settle a defaulted loan that has been issued to Amir by the bank.

The value of this benefit would be MVR 35,000.

5.3.22. Payment made to a pension fund or retirement fund

A payment made by an employer for an employee to the Retirement Pension Scheme established under the Maldives Pension Act (Law number 8/2009) must not be included in the remuneration of the employee.

The amount of a payment made by an employer to a pension fund or retirement fund or any other such fund established in respect of the welfare rights of an employee (other than the Retirement Pension Scheme established under the Maldives Pension Act) will be the amount of benefit in respect of such payment.

Example 55: Payment to a pension or retirement fund

George is a hotel manager from Australia who is working in the Maldives. The hotel, as a part of George's employment package pays an amount equivalent to 9.5% of George's salary to his Australian Superannuation Fund. As this is not the Retirement Pension Scheme established under the Maldives Pension Act, this is a benefit that should be included in the remuneration.

The value of the benefit will be the amount contributed by the employer to the Australian Superannuation Fund.

5.3.23. Awards

The value of an award granted in a non-monetary form by employer to employee will be the expenditure incurred by the employer on that award. Note that some awards are not included in remuneration. [[See section 3.15](#)]

6. What happens if the OOMV of an allowance or benefit cannot be established?

Where the OOMV of an allowance or benefit cannot be established the value will be calculated pursuant to the principles set in the International Financial Reporting Standard 13 (Fair Value Measurement).

7. What if the employee pays something towards the cost of the benefit?

Where a part of the value of an allowance and benefit is paid by the employee, the value of the allowance or benefit to be included in an employee's remuneration will be reduced by the amount paid by the employee.

8. What records do I need to keep?

Employers must keep sufficient records for a period of five years to enable to substantiate that correct amount of EWT is withheld. Employers must also keep all records relating to the non-cash allowances and benefits provided including how they are valued.

9. How is in kind benefits reported on pay slips?

Employers are required to include the total amount of remuneration [which of course includes in kind benefits] subject to EWT in the pay slips of those subject to EWT. Those employees who were not subject to EWT during the year should be informed of the amount of total remuneration for the year, within 30 days from the end of the year.

10. Relevant Laws, Regulations and Guides

[Income Tax Act](#)

[Income Tax Regulation](#)

[Tax Administration Act](#)

[Tax Administration Regulation](#)

[Income Tax Summary Guide](#)

[Income Tax Guide: Employee or Independent Contractor?](#)

[How to complete MIRA 601 \(Employee Withholding Tax Return\) and Information Sheet](#)

11. List of abbreviations and acronyms used in this guide

CEO	Chief Executive Officer
CFO	Chief Financial Officer
EWT	Employee withholding tax
GST	Goods and Services Tax
ITA	Income Tax Act (Law Number 25/2019)
ITR	Income Tax Regulation (Regulation Number R-21/2020)
OOMV	Ordinary Open Market Value



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