



MALDIVES
INLAND REVENUE
AUTHORITY

މިރާ ޖަލްދު 12 ނަންބަރު 12

MIRAPOST



The Supreme Court of the Maldives upholds High Court's decision, in favor of MIRA, on the issue of BPT exemption of Van Oord Ship Management B.V.



Volume 12
Number 12
December 2023

www.mira.gov.mv

Tax Inspectors Without Borders – Assistance on Transfer Pricing

Aminath Shiyana, Director, International Tax Audit

Tax Inspectors Without Borders (TIWB) is a joint initiative of the Organization for Economic Co-operation and Development (OECD) and the United Nations Development Programme (UNDP) supporting countries in building tax audit capacity.

TIWB assists tax administrations by assigning a foreign expert to work directly with local tax officials on international tax audits, by sharing knowledge and providing practical experience. It's a unique form of technical assistance composed of short-term missions which usually carry on for 18 – 24 months.

Maldives as a host country entered its first TIWB program back in 2018, specific to transfer pricing audits. Maldives is currently engaged in its second program focusing on transfer pricing, featuring an expert specialized in tourism industry. The funding for the programs entered with Maldives is financed through the UNDP-managed TIWB fund.

As an economy heavily centered on foreign investments, tourism and construction, the Maldives have been facing challenges in relation to tax avoidance and profit shifting. With the assistance of TIWB, measures have been implemented to tackle these issues, including the establishment of an international tax audit division within the organization, and investing immensely in capacity building of the team.

By joining TIWB it has allowed MIRA to connect with a network of international tax experts, fostering collaboration, knowledge exchange and experience

sharing with other participating countries facing similar challenges. In this regard, MIRA has participated in several training and networking sessions hosted by TIWB.

The experts assigned to Maldives visits on-site for short term missions of two-weeks each during their tenure and provide the auditors hands-on experience in audits, combined with remote assistance based on confidentiality arrangements.

The expert provides training sessions to international tax audit team and at times to a larger audience of local tax officials on topics such as general practices in tourism industry, profit attribution of permanent establishment, how to conduct comparability and functional analysis, offshore indirect transfer, and cash pooling arrangements. In addition to this, the expert also assists in the development of the transfer pricing regulation, guidelines, and manuals. TIWB assistance contributes to the efforts of combatting BEPS by implementing effective transfer pricing rules and best practices in line with international standards, ensuring that MNEs in Maldives are paying their fair share of taxes in the Maldives, thereby maximizing revenue collection.

To date, more than MVR 170 million (in tax impact) has been assessed in international tax audits carried out under TIWB transfer pricing program.

Overall, the program has facilitated MIRA to improve our auditor's skills and confidence in managing complex transfer pricing audits.



The Supreme Court of the Maldives upholds High Court's decision, in favor of MIRA, on the issue of BPT exemption of Van Oord Ship Management B.V.

Aminath Naifa, Senior Tax Officer, Legal Service



The Supreme Court of the Maldives upheld the High Court's decision, in favor of MIRA, on the issue of BPT exemption of Van Oord Ship Management B.V (Van Oord). The legal issue before the court was, whether Van Oord was entitled for the exemption of BPT under section 16 of the BPT Act.

The section 16 (a) of the BPT Act stipulates;

'(a) The profits of any tax year of any business carried on by an owner or charterer of a ship or aircraft as such owner or charterer who:

(1) Is not resident in Maldives, and

(2) does not carry on any other business,

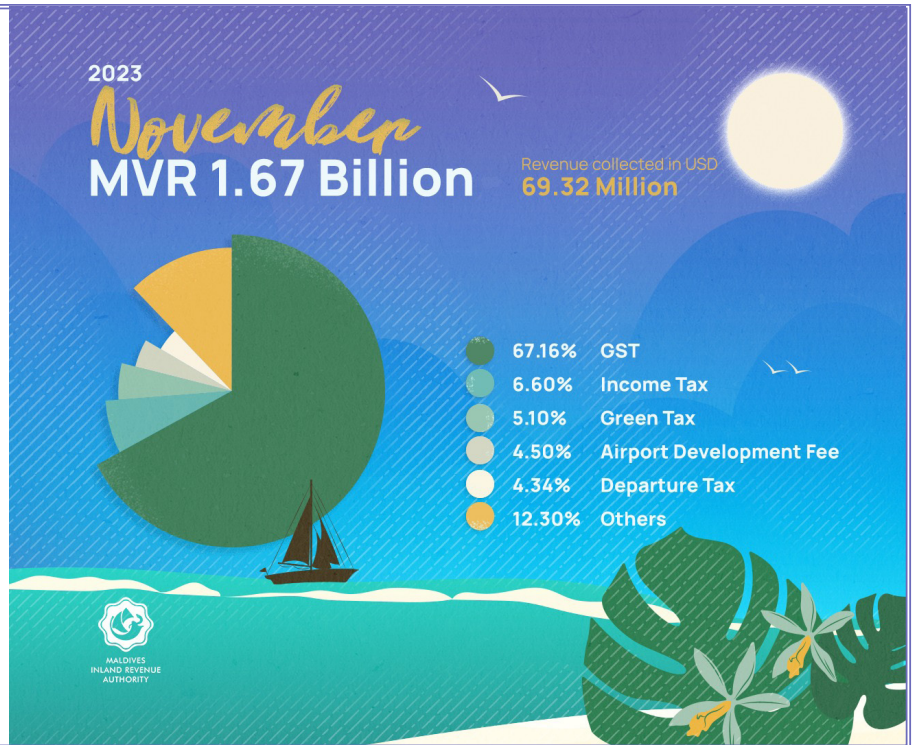
shall be exempt from tax if the Commissioner General is satisfied that a similar exemption from business profit tax or any other similar tax is granted by the country in which such Person is resident, to a Person resident in Maldives'

The Supreme Court looked in to, whether the "Trailing Suction Hopper Dredger" and "Push Boat" of Van Oord falls within the definition of "Ship" referred in the section 16 of the BPT Act, as claimed by the Van Oord.

The Supreme Court adopting the literal interpretation rule, defined the meaning of "ship" referred in the section 16 of the BPT Act as "a sea vessel which is used to carry passengers and cargo from one place to another".

The majority opinion of the Supreme Court construed that the "Trailing Suction Hopper Dredger" and "Push Boat" of Van Oord' is not within the meaning of a ship and hence does not warrant exemption stated in the section 16 of the BPT Act, thereby upholding the judgment made by the High Court of the Maldives.

**MIRA
collects
MVR 1.67
billion as
revenue in
November
2023**



MIRAconnect ANYTIME, ANYWHERE

Experience the revamped "**MIRAconnect**" portal, a strategic initiative by MIRA aimed at enhancing the functionality and user-friendliness of our online services!

Wherever you are, file your tax returns and pay your taxes with a few clicks.

Anytime, Anywhere.





“Highlights of the training session conducted by Hussain Amir (Deputy Director, Taxpayer Education) on “International Tax Reforms: OECD’s two pillar solution” to the participants of the CPD training organized by the Institute of Chartered Accountants of the Maldives”





MALDIVES
INLAND REVENUE
AUTHORITY



اگرچہ ہمیں
۲۰۲۵

