

MIRA collects 11.48 billion Rufiyaa as revenue

MIRA has collected 11.48 billion Rufiyaa as revenue for 2014. This is 8.8% more than the forecasted collection for this year and 27.8% more than the 8.98 billion Rufiyaa collected in 2013. The reasons for the increase in revenue include introduction of GST on telecommunication services, the rate change of airport service charge, and re-introduction of lease period extension fee. Furthermore, the increase in 2014 tourist arrivals and the increase in economic activity had contributed to the revenue increment.

For the month of December 2014, MIRA collected 999.3 million Rufiyaa as state revenue. This includes \$51.1 million received in US dollars.

The collection of December 2014 is 31.6% more than the amount collected in December 2013. The reason for this is the increase in collection of GST, Airport Service Charge, BPT and fines.

The revenue collected in December was 5.7% less than the forecasted amount for the month. The reasons for the decrease

include the difference in the collection of Tourism Land Rent than of the schedule and the decrease of tourism related income due to fewer tourist arrivals than the November forecasts.

GST contributed the most revenue in December 2014, with 51% of the total revenue. It is followed by Tourism land rent at 25.8% and Tourism Tax at 6.9%. Additionally, Airport service charge and BPT accounted for 5.3% and 5% of the collected revenue, respectively.

From 1 January 2015 input tax cannot be claimed under the old TIN



Effective from 1 January 2015, GST registered persons can claim input tax on their purchases only if they obtain a tax invoice which contains both the vendor's and customer's new 13 digit TIN.

transactions with other taxpayers.

If an audit or any other inspection reveals that input tax had been claimed for an invoice prepared after 1 January 2015, which contains the old TIN, the deduction should be paid back to MIRA.

Moreover, taxpayers are to use the new TIN in all their correspondences with MIRA including tax returns and other communications. They are also to use the new TIN in all their business

So taxpayers are advised to ensure that they use their new 13 digit TIN and also make sure the invoices they receive contain the new TIN as well.

Sole Proprietorship Registration

Under the law 19/2014, Individuals (Sole Proprietors) are required to register at Ministry of Economic Development (MED) to conduct any business activity in the Maldives.

To register, a form needs to be filled attaching the required documents and submitted to MED which is processed within the next working day. A Registration Fee of MVR 500 must be paid to MED; this permit has a validity of 5 years.

After the lapse of 5 years if the individual wishes to continue the business, the required form and documents for renewal must be submitted to MED 90 (ninety) days before expiration of the permit. The documents should be submitted to MED and a renewal fee of MVR 500 must be paid to MIRA.



MIRA POST



MIRA relaxes auditor registration requirements

Important Deadlines

February	Deadline	Description
15	15	Payment of duty free royalty for January 2015
8	8	Submission of Information sheet of the tourist establishments for January 2015
15	15	Submission of Withholding tax return and payment of withholding tax for January 2015
10	10	Payment of Trade Fee for February 2015
28	28	Submission of GST return and payment of GST for January 2015
10	10	Submission of Royalty Statement and Sales Report for January 2015 by duty free shops

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MIRA relaxes auditor registration requirements

MIRA has brought changes to the requirements of different categories of MIRA approved auditors via Tax Ruling TR-2015/B39.

The extent of audit or assurance experience required of a Category C auditor has been lowered. If a person with a post graduate qualification in a relevant field has 1 year audit or assurance experience, they will fulfill the experience requirement for this category. Previously, 2 years of experience was required. And the experience required for undergraduate applicants from the relevant field has been reduced from 5 to 3 years.

Additionally, a person with relevant qualification with 5 years of experience will qualify as a Category B auditor upon completing 2 years as a Category C auditor. If a partnership is being registered as a Category B auditor, at least one of the partners must be a Maldivian citizen.

The objective of changing the requirements of the categories is to provide more opportunities for professionals to work as MIRA approved auditors and to give registered auditors a pathway to move ahead in the field.

The tax ruling also clarifies what can be

considered as audit or assurance experience. According to the ruling, "experience in audit or assurance services" means experience gained directly from external auditing of financial statements and internal auditing, and does not include other accountancy or advisory services.

The ruling also specifies that all auditors registered at MIRA are required to submit an annual report to MIRA by 31 March of the following year. The report must contain details of the work done by the auditor during the year, in a format prescribed by MIRA.

Enforcement actions are to be taken to recover dues to the state

The Tax Administration Act confers powers to the MIRA to claim the outstanding payments due to the State by taking enforcement actions in order to recover outstanding tax, fee, rent, royalty or other money required to be paid to the MIRA under Taxation Acts or any other Act. As per the Enforcement Policy of the MIRA, several policies have been formulated for taking enforcement actions and these policies are being implemented in recovering dues to the State.

The policies currently in effect include Policy on Accessing Information of Bank Accounts of Taxpayers and Freezing their Bank Accounts, Policy on Suspending Government Services to Persons with Dues to the State, Policy on Dealing with Persons that issue Dishonored Cheques to MIRA, Policy on Skip Tracing Persons with Dues to the State and Policy on Disclosure of Non-compliant GST Registered Persons.

Prior to taking any actions under the policies mentioned above, Taxpayers would be given time to settle outstanding amounts and reminder calls would be given in addition to informing via email and letters.

The objective of the Enforcement Policy of MIRA is to formulate just and fair procedures in taking actions against those in default and to protect the rights of those who fulfill their tax obligations on time.



MIRA publishes guides to assist the taxpayers

MIRA has been publishing informative guides to elaborate on complex tax concepts and provide taxpayers with instructions on how to fulfill their tax obligations. These guides are designed to not only lead you through the basics of tax by answering many frequently asked questions but also to provide assistance in filling the tax returns and other forms submitted to MIRA. As

such, specific guides have been published to provide information regarding the latest tax law changes.

Therefore, if you need assistance in filling the tax returns and others forms submitted to MIRA, you can refer to these guides. To access the guides, please visit our website www.mira.gov.mv and click the guides tab.

MIRA has search and seizure powers: High Court

Based on Audits carried out by the MIRA and other intelligence received, where the MIRA believes that a taxpayer is making efforts to evade tax, the MIRA can request the Tax Appeal Tribunal to issue a warrant to enter and search the taxpayer's business premises. Such warrants issued by the Tax Appeal Tribunal shall be valid for 36 hours. Where MIRA

requires additional time to search the premises, an extension of 14 days can be requested to the Tax Appeal Tribunal. In addition, in High Court case number 2014/HC-A/272, the bench ruled that the items seized by the MIRA in the midst of the search shall remain in the possession of the MIRA until the conclusion of the investigation conducted by the MIRA or until a criminal case is filed against the taxpayer.



Withholding Tax

Payments made for research and development

Withholding Tax (WHT) is a tax that you must deduct from payments that you make to non-residents for particular services and the use of certain assets stated under Section 6 of the BPT Act. In this regard, according to Section 6 (a)(2) of the BPT Act, payments made to non-residents for carrying out research and development are subject to WHT. Therefore, you are required to withhold 10% of such payments and pay to MIRA.

In addition, WHT must be paid to MIRA on or before 15th of the month following the month in which it was deducted from your payment to the non-resident. For example, WHT for the month of November 2014 should be paid on or before 15th of December 2014. In order to file and pay WHT you are required to complete and submit MIRA 301 form.



Zero-rated goods and services

Breads, Buns and Rusk

Zero-rated essential goods include breads, buns and rusk. However, these goods are zero-rated only if supplied without altering their forms.

Therefore, ordinary bread or more specifically 'white bread' and 'brown bread' are among zero-rated goods. Likewise, *madu banas*, butter buns, hotdog buns, burger buns and all types of rusk are zero-rated as well.

