



MALDIVES  
INLAND REVENUE  
AUTHORITY

# Income Tax Return (MIRA 604) instructions for persons deriving only rental income from immovable property (20% deduction option)

Version: 23.3

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## Introduction

1. This guide applies to you only if:
  - your total income for the tax year was rental income from immovable property only; and
  - your total income for the tax year was not more than MVR 10 million; and
  - you have elected, under Section 28 of the Income Tax Act (ITA), to deduct an amount equal to the 20% for your rental income as the deduction against rental income from immovable property. [20% deduction option].
2. You can only use 20% deduction option, if your accounts have been prepared on cash basis. You can prepare your accounts on cash basis only if your income was not more than MVR 10 million.
3. If you derived any other income in the tax year, please refer to the relevant guide.
4. You must file an income tax return (MIRA 604) for the year:
  - if you are an individual and;
    - your total income for the tax year or the previous tax year was more than MVR 2 million. [This figure must be reduced proportionately if the accounting period is shorter than 1 year]; or
    - your taxable income for the tax year or the previous tax year was more than MVR 720,000. [This figure must be reduced proportionately if the accounting period is shorter than 1 year].
  - if you are a deemed partnership and;
    - your total income for the tax year was more than MVR 2 million. [This figure must be reduced proportionately if the accounting period is shorter than 1 year]; or
    - your taxable income for the tax year was more than MVR 500,000. [This figure must be reduced proportionately if the accounting period is shorter than 1 year].
  - if you are a company, partnership, cooperative society, or a permanent establishment of a non-resident, notwithstanding the amount of gross income and taxable income.
5. Even if you are not required to file an income tax return, you can choose to file an income tax return.
6. Your annual income tax return and payment is due by 30 June of the following year.
7. You are not required to submit financial statements with the return.

8. If you are using the fillable version of this form, respective figures will be calculated automatically.

## Parts of the Income Tax Return (MIRA 604) that are relevant to you

You are required to fill the following parts of the Income Tax Return to the extent applicable to you.

Section / Part	Page
Taxpayer information box	1
Computation of income tax payable	1
Declaration	1
Document checklist	2
Section A	3
Section C	9
Statement of donations to state institutions and approved charitable organization	13

## How to fill the Income Tax Return

Before you start populating the figures, you must fill in the following information in the box on the first page of your return. Please note that it is compulsory for you to fill in all the information specified in the box. Your return will not be accepted if any field in the box is left blank. If a field is not applicable to you (for example, your address has no apartment number or level), put a dash (-) in the respective box.

- **TIN (Taxpayer Identification Number):** In this box, enter the TIN as shown on the Notification of Income Tax Registration issued to you. Your return will only be accepted with the correct TIN.
- **Taxpayer Name:** In this box, enter the name of the taxpayer as shown on the Notification of Income Tax Registration issued to you. If the taxpayer name does not match the TIN, the return will be rejected.
- **Taxpayer Type (Tick the applicable boxes):** Tick either box “Individual” or “Company/Partnership/Others” as appropriate.
- **If you are a company within a group of companies, provide the number of companies in the group subject to income tax (exclusive of you):** If you are company in a group of companies, provide number of remaining companies to which the Income Tax Act applies.
- **Taxpayer’s Contact Details:** Enter here your telephone or mobile number and the email address. Whenever we send emails to you, we will be using email address you have provide here in the most recent return you have submitted to MIRA.
- **Taxpayer’s Mailing Address:** Write here your mailing address. Whenever we send hard copies of letters and other documents to you, we will be using the mailing address you have provided here in the most recent return you have submitted to MIRA.
- **Accounting Period:** This is the start date and end date of the accounting period covered by your return.
- **Auditor Registration Number:** This box is not applicable to you.
- **Industry Code:** Write LI in this box, which is the industry code for rental income earners.

You can now proceed to complete the remainder of your return. You must complete pages 2, 3 9 and 12 to the extent applicable before completing the rest of page 1.

## Document Checklist

You are required to submit explanation and supporting documents if you are claiming a foreign tax credit.

You are not required to submit any other documents.

## Income Tax Assessment

### Item I: What is the basis of preparing your accounts?

You have to select "cash basis" in item I as you are making an election under section 28 of the Act.

### Item II: What is your presentation currency?

This is the currency in which your return must be prepared.

Before 2<sup>nd</sup> Interim of tax year 2024:

- If your functional currency (i.e. the currency of your primary economic environment) is MVR, you must prepare your Income Tax Returns in MVR and you have to pay income tax in MVR.
- If your functional currency is USD, you must prepare your Income Tax Returns in USD and you have the option of paying income tax in either MVR or USD.
- If your functional currency is neither MVR nor USD, you must prepare your Income Tax Returns in MVR or USD and you have the option of paying income tax in either MVR or USD.

Starting from 2<sup>nd</sup> Interim of tax year 2024:

- If your functional currency is MVR, you must prepare your Income Tax Returns in MVR and you have the option of paying income tax in either MVR or USD.
- If your functional currency is not MVR, you must prepare your Income Tax Returns in USD and you must pay income tax in USD.

### Item III: Type of audit opinion

Tick (e).

### Item IV: Record keeping

State here how you keep records of your income.

- (a) **Computerized:** Tick here if you are having a fully computerized record keeping system.

- (b) **Semi-computerized:** Tick here if you are using computers only to some extent to maintain your records.
- (c) **Manual:** Tick here if you keep your records manually.

### Item V: Number of employees at the end of the accounting period

Write the number of Maldivian employees and expatriate employees at the end of the accounting period, separately in the spaces provided.

### Item VI: Thin capitalization rule

Tick (b).

### Item VII: Are you a non-resident shipping or aircraft operator in international transportation, and, is your income for the year solely derived from carrying passengers, livestock, mail, parcels, merchandise or goods (income specified in Section I I(r) of the Income Tax Act)

This item is not applicable to you.

### Item VIII: Details of other companies within the group

If you are a member company in a group of companies, provide the details of remaining companies in the group here.

- In the first column, write the name of the company.
- In the second column, write the respective company's TIN.
- In third column write the country of residence of the company.
- In the fourth column, tick whether or not the company shares the tax threshold with you.

### Item IX: Details of financial interest in any shares outside the Maldives

Provide details of all private limited companies and public limited companies in which you hold more than 5% of the voting rights.

- In the first column, write the name and address of the entity in which you hold the interest.
- In the second column, write the country in which the company was incorporated.
- In the third column, write the initial cost of investment in the company by you. Also write the currency of the cost of the investment in the fourth column.
- In the fifth column, write the percentage of your investment in the company

## Item X: Details of immovable property

Immovable property includes property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources, a license or a permit to supply a good or service to the Maldives or any part therein. Ships and aircrafts are not considered as immovable property.

If you are a resident in the Maldives, list all immovable property in and outside the Maldives. If you are a non-resident with a permanent establishment in the Maldives, list all immovable property that relate to your operations in the Maldives.

- In the first column, write the address of the immovable property (omitting the country).
- In the second column, write the country in which the immovable property is located.
- In the third column, write the total cost of the investment in the immovable property.
- In the fourth column, write the currency of the cost of the investment.

You may use additional sheets if necessary.

## Item XI: Details of bank accounts

If you are a resident in the Maldives, provide details of both local and foreign bank accounts, including accounts held jointly.

If you are a non-resident conducting business through a permanent establishment in the Maldives, provide details of bank accounts which are used in your operations in the Maldives only.

- In the first column, write the name of the bank account.
- In the second column, write the bank account number.
- In the third column, write the currency of the bank account.
- In the fourth column, write the name and address of the bank where the account is held.

## SECTION A

Fill in Items 12, 13, 14 and Item 23 on page 3 of the return. In addition to this, complete applicable items on page 4 of the return. You may also claim deductions for zakat al-mal and donations paid during the tax year.

### TAXABLE INCOME FROM RENTING OF IMMOVABLE PROPERTY

#### Item 12: Rental Income

In this box, enter the total amount of rental income that you have earned from immovable property.

#### Item 13: 20% of rental income

Enter an amount equal to 20% of the amount in Item 12. To compute this amount, multiply the amount in Item 12 (Rental Income) by 0.20. This is the amount of deduction that you will be able to claim against rental income as you have opted to claim deductions under Section 28 of the ITA.

#### Item 14: Taxable income from renting of immovable property before zakat al-mal and donations and loss relief

To compute this figure, subtract Item 13 (20% of rental income) from Item 12 (Rental Income).

**Item 23:** In this box, enter the figure in Item 14.

Note: If you are using the fillable version of the form, this figure will be calculated automatically

Now go to page 4 of the return.

#### Item 24: Total Zakat al-mal paid

Enter the amount of Zakat al-mal paid by you, to a relevant Government institution during the year. You must possess a receipt that specifies the amount paid as zakat al-mal.

#### Item 25: Donations made to State institutions and approved charitable organizations

To calculate this figure, first you have to fill in the Statement of Donations to State Institutions and Charitable Organizations on page 13 of the return. In here, enter the total amount in

Column 4 of the aforementioned statement. If you are using the fillable version, this figure will be transferred automatically.

How to complete the Statement of Donations is explained on [page 19](#) of this guide.

Complete the table below (Items 26 to 50) to deduct zakat al-mal and donation paid. If you are using the fillable version, ALL these Items will be filled automatically. Otherwise, follow the steps below.

Since you are earned only rental income in the tax year, you will be filling in boxes that are relevant to you.

**Items 26 and 27:** Leave Items blank and go to Item 28.

**Item 28:** Enter the taxable income from renting immovable property before zakat al-mal and donations and loss relief in here. This is the figure in Item 14.

**Items 29 and 30:** Leave Items blank and go to Item 31.

**Items 31:** Enter zakat al-mal amount allocated. This figure is lower of Box 24 and Box 28.

**Items 32 and 33:** Leave Items blank and go to Item 34.

**Items 34:** Subtract Box 31 from Box 28 and enter the figure here.

**Items 35:** This is the figure in Item 34. This is your taxable income before donation.

Now you may deduct donation by completing rest of the table.

**Item 36: 5% of taxable income before donations**

Multiply the amount in Box 35 by 0.05, and enter the figure here.

**Item 37: Donations deductible**

Enter the amount which is the lower of Box 25 and Box 36. This is the maximum amount you can deduct as donation.

**Items 38 and 39:** Leave Items blank and go to Item 40.

**Item 40:** Enter the figure in Item 37.

**Items 41 and 42:** Leave Items blank and go to Item 43.

**Item 43:** Subtract Box 40 from Box 34 and enter the figure here.

**Items 44:** This is the figure in Item 43.

Now you may deduct loss relief by completing rest of the table.

**Item 45:** In this box, enter the amount of business loss carried forward from previous tax year(s).

**Item 46:** Enter the amount which is the lower of Box 43 and Box 45.

**Items 47 and 48:** Leave the Items blank and go to Item 49.

**Item 49:** Subtract Box 46 from Box 43 and enter the figure here.

**Items 50:** This is the figure in Item 49. This is your taxable income for the year.

Amount in Box 50 must be transferred to Box 169 (if you are a person other than an individual) or Box 174 (if you are an individual). If you are using the fillable version, this figure will be transferred automatically.

After completing this section, please go to Section C to complete the computation of tax liability.

## SECTION C

### Computation of tax liability

#### I. Tax liability computation for persons other than individuals

Complete this part only if you are a person other than an individual.

#### Item 169 – Taxable income for the year

Total taxable income as computed in Section A of the tax return must be entered here. This is the amount in Box 50.

#### Item 170 – Size of the tax bracket available at 0%

If your accounting period in the tax year was exactly 12 months and that you were not a company in a group of companies in the tax year this figure would be MVR 500,000 (USD 32,425.42).

To determine whether you are a company in a group of companies, please refer to the section 102-I of the Income Tax Regulation.

If your accounting period for in the tax year was shorter than 12 months, or you were a company in a group of companies, use the formulae below to calculate size of the tax bracket available to be taxed at 0%.

Tax-free threshold must be calculated as follows:

$$\frac{\text{Number of days in the accounting period}}{365} \times \frac{\text{MVR 500,000 or USD 32,425.42}}{A+1}$$

If you are a company in a group of companies, A is the number of companies in the group (excluding you) which are subject to income tax. If not, A is 0 (zero).

#### Example I

Noonu deemed was established on 1 May 2020. Hence, the accounting period of it for the tax year 2020 was from 1 May 2020 to 31 December 2020 (245 days). Below is the computation of size of the tax bracket at 0% (tax free-threshold). [since it is not a company A=0]

$$\text{Size of tax bracket available at 0\%} = \frac{245}{365} \times 500,000 = 335,616.44$$

Assuming taxable income for the year (amount in Box 169) is MVR 2,400,000, below is how it will divide its taxable income to the two brackets.

- 169 Taxable income for the year (Transferred from Box 168 or Box 50)
- 170 Size of the tax bracket available at 0% (See Note 3 below)
- 171 Amount subject to tax at 0% (Lower of Boxes 169 and 170)
- 172 Amount subject to tax at 15% (Box 169 minus Box 170. If the figure is negative, enter zero.)
- 173 Tax liability for the year (Multiply Box 172 by 0.15. Go to Box 186 below if you are a non-resident deriving income under Section 11(r) of the Act.)

				2	4	0	0	0	0	0	0	.	0	0
				3	3	5	6	1	6	.	4	4		
				3	3	5	6	1	6	.	4	4		
				2	0	6	4	3	8	3	.	5	6	
				3	0	9	6	5	7	.	5	3		

↓  
Transfer to **A**

Amount subject to tax at 15% is calculated as below.

$$\begin{aligned} \text{Item 172} &= 2,400,000.00 - 335,616.44 \\ &= 2,064,383.56 \end{aligned}$$

### Item 171 - Amount subjected to tax at 0%

Enter the amount in Box 169 or Box 170 whichever is lower.

### Item 172 - Amount subjected to tax at 15%

To compute the figure, subtract Box 170 from Box 169. If the figure is negative, enter zero here.

### Item 173 – Tax liability for the year

To compute the tax liability for the year, multiply, Box 172 by 0.15.

Now, go to Item A on page 1.

## 2. Tax liability computation for individuals

Complete this part only if you are an individual.

### Item 174 – Taxable income for the year

Total taxable income as computed in Section A of the tax return must be entered here. This is the amount in Box 50.

## NOTE 4 – Calculation of size of tax brackets

Use the formulas given on the return to calculate the size of tax brackets in item A, B, C and D. If your accounting period is from 1 January to 31 December, the number of days in the accounting period is 365 days.

Divide the taxable income in Box 174 using the formulas given on the Note 4, filling each tax bracket starting from the bracket taxed at 0%, in that order.

Amounts entered for each tax bracket must not exceed the size of the bracket available.

### Example 2

Ali had not been registered with MIRA during the BPT regime, and his total income for the tax year 2020 consisted only of **rent from immovable property**. He started deriving rental income from 1 April 2020. Hence, his accounting period ended in the tax year 2020 would be from 1 April 2020 - 31 December 2020.

Since his accounting period was shorter than a full year (365 days), size of the tax brackets needs to be reduced accordingly.

If an accounting period starts on the first day of a month, below formula must be used to calculate the size of the tax brackets.

$$\frac{n}{12} \times m$$

Where,  $n$  = number of months in the accounting period

$m$  = full amount of the respective annual tax bracket

- |    |                                       |                                              |
|----|---------------------------------------|----------------------------------------------|
| A. | Size of tax bracket available at 0%   | $= \frac{9}{12} \times 720,000 = 540,000.00$ |
| B. | Size of tax bracket available at 5.5% | $= \frac{9}{12} \times 480,000 = 360,000.00$ |
| C. | Size of tax bracket available at 8%   | $= \frac{9}{12} \times 600,000 = 450,000.00$ |
| D. | Size of tax bracket available at 12%  | $= \frac{9}{12} \times 600,000 = 450,000.00$ |

Assuming his taxable income for the year (amount in Box 174) is MVR 4,900,000, below is how he will divide his taxable income to available tax brackets.





## COMPUTATION OF INCOME TAX PAYABLE

### Item A – Total tax liability

This amount is your total income tax liability for the tax year.

If you are a person other than an individual, enter the figure in Box 173.

If you are an individual, enter figure in Box 185.

### Item B – Foreign tax credit

If you are a non-resident, enter zero here.

Enter the amount of credit that you want to claim for the tax year as a foreign tax credit. For more information on foreign tax credit, please refer the section 72 of Income Tax Act and Chapter 15 of the Income Tax Regulation.

If you enter an amount in this Item, you must attach explanation and supporting documents.

### Item C – Tax payable (excluding tax payable on income specified in section 11(r) of the Act)

To compute this figure, subtract your foreign tax credit (Item B) from your total tax liability (Item A).

### Item D – Tax payable for income specified in section 11(r) of the Act

This item is not applicable to you.

### Item E – Total tax payable for the year

This is same as the figure in Item C.

### Item F – EWT deducted by your payer

This item is not applicable to you.

### Item G - NWT deducted by your payer

This item applies to you only if you are a non-resident doing business in the Maldives through a permanent establishment (PE).

If you want to deduct the amount of non-resident withholding tax (NWT) that your payer has deducted from the payments paid to you during the tax year, you can enter that amount here.

### Item H – First interim payment

Enter the amount of income tax that you have paid as your first interim payment for the tax year. If not, enter ZERO here.

### Item I – Second interim payment

Enter the amount of tax that you have paid as your second interim payment for the tax year. If not, enter ZERO here.

### Item J – Income tax paid in excess to date

Enter the amount of income tax payments, if any, made to MIRA other than through NWT mechanism.

### Item K – BPT paid in excess to date

Enter zero if this is your first tax year.

If this is not your first tax year, you can enter the amount paid in excess as BPT to date.

### Item L – Final payment

This is the amount you must pay as your final payment. To compute this figure, deduct amounts in Items F, G, H, I, J and K from Item E.

### Item M – Amount being paid

This is the amount of tax that you are required to pay with this return.

### Declaration

This declaration must be completed by ALL taxpayers.

If you are filing your return “offline”, you may sign the return.

### For office use only

This section is for our use. Do not write anything in this green box.

## STATEMENT OF DONATIONS TO STATE INSTITUTIONS AND APPROVED CHARITABLE ORGANIZATIONS

- **Column 1: Date of donation:** This is the date on which you made the donation.
- **Column 2: Name of donee:** This is the name of the body, association or public institution approved by CG to which you made the donation.
- **Column 3: Details of donation:** In this column write “Cash”, if the donation was made in money. If the donation was made in kind, write the details of the assets which you donated, including the date of acquisition of the asset and the type of asset.
- **Column 4: Amount of donation:** If the donation was made in money, enter the amount of your donation. If the donation was made in kind, enter the cost of the asset you have donated.

If there is no enough space in the Statement of Donations, you may use additional sheets. Enter the total amount of donations on the additional sheets in Row 15, Column 4.



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