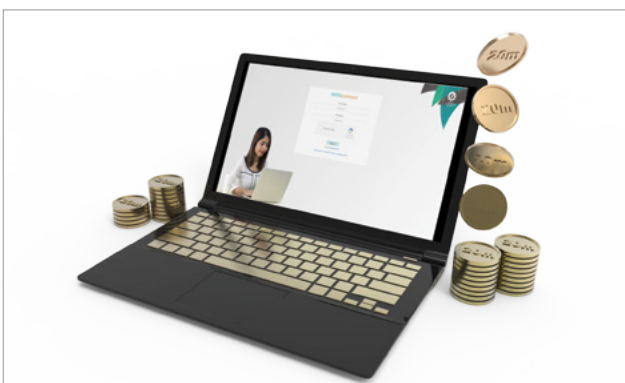




## MIRA collects a record MVR 2.2 billion ▶ 2



If annual income is over **MVR 20 million**,  
GST returns must be filed **online** ▶ II

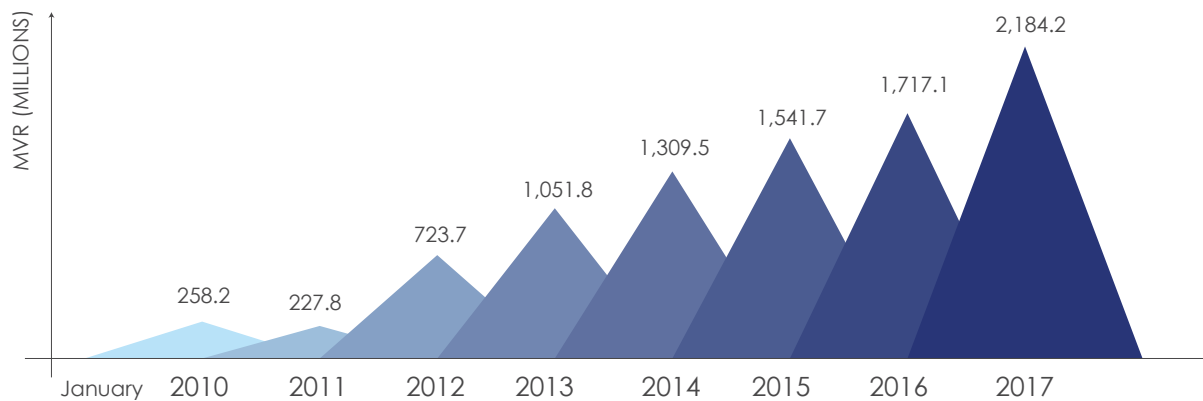


MIRA's teams to visit atolls to assist  
taxpayers in preparing financial statements  
and BPT Return ▶ 3

## MIRA's teams to visit atolls

HA, HDH, SH, R, GA, GDH, L, FUVAMULAH CITY, ADDU CITY

# MIRA collects a record MVR 2.2 billion



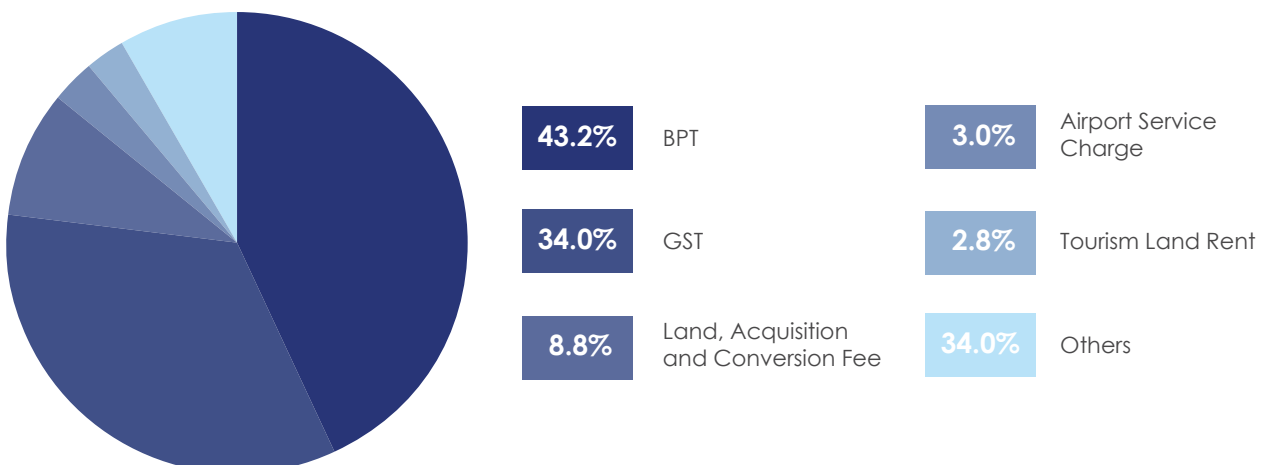
## Mariyam Jaidha Senior Tax Officer, Policy, Planning and Statistics

MIRA collected MVR 2.2 billion in January 2017. This is a record increment compared to the past years. January 2017's collection topped the collection of January 2016 by 27.2%. Similarly, collection surpassed its projection by 26.1%.

The top revenue contributors for the month included BPT (43.2%), GST (34.0%), Land

Acquisition and Conversion Fee (8.8%), Airport Service Charge (3.0%) and Tourism Land Rent (2.8%) collection.

Deadlines which fell on January 2017 included the deadline for the 2nd BPT Interim Payment, monthly and quarterly filing deadline of GST and the deadline of the Tourism Land Rent for the first quarter of 2017. Compared to January 2016, increase in collection of BPT, GST and Tourism Land Rent collection were recorded.



## MIRA's teams to visit atolls to assist taxpayers in preparing financial statements and BPT Return



- ▶ MIRA employees undergoing a training session in preparation for atoll visits

### **Aminath Sherin Habeeb** Senior Tax Officer, Assessment

Similar to the previous years, MIRA has decided to send teams to atoll in order to provide assistance to taxpayers in preparing financial statements and BPT return for the tax year 2016. The trips will commence during early March and will continue till the end of April. The trips will cover all the islands of Haa Alif, Haa Dhaalu, Shaviyani, Noonu, Raa, Laamu, Gaafu Alif, Gaafu Dhaalu, Addu City and Fuvahmulah City.

MIRA requests taxpayers who are based in atolls and would like assistance from the teams in preparing their financial statements for 2016

to call MIRA's hotline 1415 and register their names.

Individuals and deemed partnerships must submit BPT return if the gross revenue exceeds MVR 1 million or the taxable profit exceeds MVR 500,000. Individuals and deemed partnerships must also submit BPT return for the year 2016, if their gross revenue exceeded MVR 1 million or taxable profit exceeded MVR 500,000 for the year 2015. Those taxpayers who require assistance from the teams in preparing their financial statements for 2016 should focus on preparing the details of income, expenditures and fixed assets beforehand so that MIRA teams can assist them efficiently.

The deadline to submit the BPT return for 2016 is 30 June 2017.

# MIRAconnect account upon registration as a taxpayer with MIRA



## Ahmed Shimal Senior Manager, Registration Processing

From 1st January 2017, all taxpayers who register with MIRA for BPT are issued a “MIRAconnect” account. With this new initiative by MIRA, registration process for MIRA’s online portal has become much easier. MIRAconnect is one of alternative ways paved for the taxpayers by MIRA to file tax returns and make payments. Filing tax online and making payments online

would undoubtedly save much of a taxpayers valuable time, which may otherwise be spent in MIRA’s queue lines.

When taxpayer is registered, a MIRAconnect account is also created for the taxpayer and login credentials are sent to taxpayer’s registered email address. Taxpayers should ensure that a valid email address entered in the registration form submitted to MIRA or Ministry of Economic Development, so that all correspondences from MIRA including MIRAconnect login credentials are received to the correct recipient.

# Points to consider before filing a Notice of Objection

**Mujaahid Mohamed**  
Manager, Objection

Pursuant to Section 42 of the Tax Administration Act, taxpayers have the right to object to the amount assessed by the MIRA after an audit. Objection is lodged by submitting MIRA 903 (Notice of Objection) form within 30 days of MIRA issuing the assessment.

The key factor to consider in filing an objection is to explain in detail the grounds of objection. Reason being that, as per section 38 of the Tax Administration Regulation, it is the responsibility of the person objecting to prove that the decision of MIRA is incorrect. Therefore, in addition to explaining the grounds of objection, taxpayer is required to submit all relevant documents and computations detailing out the correct amount of tax payable as per taxpayer. Further, if challenging a legal point, taxpayer must specify which provisions in tax laws, regulations or rulings support taxpayer's grounds. The documents that can be presented to objection include tax computations, tax invoices, agreements, documents relating to expenditure and bank statements among other things.

It is relatively common for the Notice of Objections filed to MIRA to lack the detailed out grounds of objection. For an example, an objection may simply state that "we do not believe the amount assessed by MIRA is the real amount payable" or "the assessment is inaccurate, unjust and has been carried out without much consideration." without providing any further details or evidence. Such objections are not fairly clear, nor do they indicate the issues with the assessment and as the claim is not substantiated by any documents. In such

circumstances, the taxpayer has not effectively exercised their objection rights.

On the other hand, there are instances where ground of objection is clearly stated, however no relevant supporting documents are provided to substantiate it. Mostly this is seen from taxpayers who fail to maintain records as per the tax laws and regulations. For an example, when MIRA assesses taxpayer's tax liability using an industry mark-up of 20% the taxpayer may object to that stating that, compared to the business run by the taxpayer, the mark-up of 20% is too high and the correct mark-up should be 15%.

However, if proper records have not been maintained the taxpayer would not be able to provide any relevant documents such as sales and purchase invoices to prove this. The Objection Section (Section responsible for objection cases) first of all would review if the used mark-up is appropriate for the business. If it is found to be reasonable then taxpayer would be informed citing the reasons for such conclusion.

If it is found to be unreasonable then the assessment could be revised using a more appropriate mark-up. However, the mark-up of 15% suggested by the taxpayer would not be considered unless taxpayer provide sufficient documents to support that. Further such documents would only be accepted if they are admissible under Tax Ruling Number TR-2015/A2 which states that only documents presented during the audit would be considered in objection stage.

In conclusion, factors to be considered in filing an objection would be to state the grounds of objection with legal references while submitting all relevant documents to support the amount of tax payable as per taxpayer.

# Concessions to Small Businesses



## Registration

Individuals and deemed partnerships with average monthly income below MVR 40,000 are not required to register with MIRA, if no permit is obtained and no employee is employed in the business

## Preparing accounts

Persons with annual turnover of less than MVR 10 million may choose to prepare accounts in cash basis

## Auditing

Persons with annual turnover of less than MVR 10 million are not required to submit the Audit Report along with BPT return

Persons with annual turnover between MVR 10 million and MVR 60 million may appoint a category C auditor

## Return Filing

Individuals and deemed partnerships are not required to file BPT return if annual turnover does not exceed MVR 1,000,000 and taxable profit does not exceeds MVR 500,000

# MIRA news in pictures



▶ IFRS Training conducted for the staff



▶ Information sessions on Airport Taxes and Fees conducted for the airlines and airport operators



▶ “Heyvalla Saafukurama”, a cleaning event in Male’ initiated by MIRA

# Role of inclusive framework in tackling Base Erosion and Profit Shifting (BEPS)

**Mariyam Himmath Hassan**  
Principal Tax Officer, International Relations

Inclusive framework (IF) consists of group of countries from all over the world that have come forward to collaborate together with the aim of tackling BEPS. The work of IF is being carried out at a fast pace and jurisdictions determined to provide commitment to the framework are invited to join in.

The main purpose of forming IF is to review, monitor and implement the tax rules and standards specified in the BEPS package. The package includes four minimum standards and successful implementation of these measures in member countries lies within the mandate of the inclusive framework. The minimum standards are:

1. Model provisions to prevent treaty shopping

2. Standardized country-by-country reporting of key data on the operations of multi-national enterprises
3. To address harmful tax practices
4. To improve the effectiveness of cross-border tax dispute resolution between tax administrations

According to OECD, even though some countries take action in implementing these minimum standards, in cases where no action is taken by some countries or jurisdictions would create negative spillovers on others.

To date, more than 100 jurisdictions have committed to the work of IF. A review mechanism will be placed to ensure commitment by the member jurisdictions to the minimum standards as well as other components of the BEPS package. Members of the framework shall undergo a review process or a risk assessment of their respective tax systems in order to identify and remove elements that create BEPS risks.



- ▶ The framework for the BEPS project was first introduced during a meeting hosted by the OECD in Kyoto, Japan.



# Mira revises rules on auditor registration

**Yoosuf Shiraz**  
Deputy Manager, Maldives Tax Academy

MIRA has issued a tax ruling revising the existing auditor registration rules. Taxpayers required to submit Auditor's Report together with their BPT return are required to submit an Auditor's Report signed by an auditor registered with MIRA.

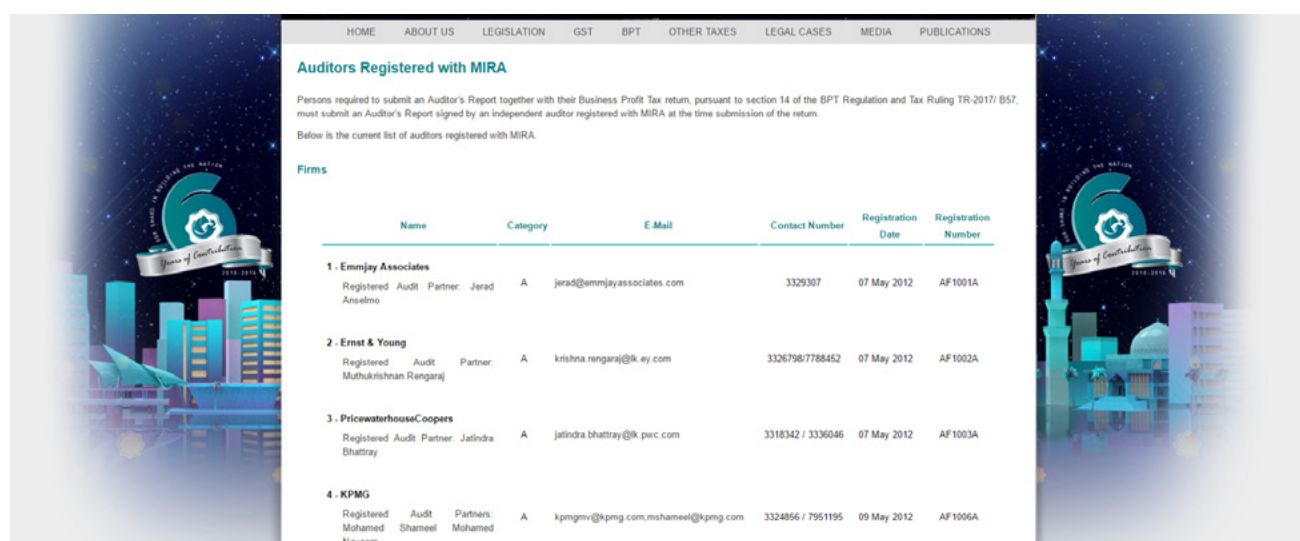
The changes brought in by the Tax Ruling TR-2017/B57 include changes to the existing academic and professional qualification, and experience requirements used to categorize the auditors. In addition, with these changes only firms can apply for Category B registration which was something unique only to Category A auditors previously.

Some changes have also been brought to the way Auditor's Report is compiled. As per the new ruling, the partner registered with MIRA must sign the Auditor's Report in his own name. There is also a new requirement that a new section titled "Report on Other Legal and

Regulatory Requirements" to be included with some specific information.

There have been changes to the annual report submitted by auditors. Under the previous rules, annual report should cover the period of 1 January to 31 December, while the new requirement is that it should cover the period of 1 July to 30 June. However, the deadline for the annual report for the year 2016 remains 28 February 2017. As an interim arrangement, auditors are required to submit an annual report covering the period from 1 January 2017 to 30 June 2017 by 30 September 2017.

If an auditor's registration is cancelled for failing to submit an annual report within one month of passing the deadline, the auditor would not be allowed to re-register for one year. Hence, it is imperative for registered auditors to meet the annual report submission deadlines strictly. This tax ruling has very important implications for submitting financial statements and appointment of auditors by taxpayers. Hence, this ruling is very relevant to existing or aspiring auditors and taxpayers alike.



Name	Category	E-Mail	Contact Number	Registration Date	Registration Number
<b>1. Emmjay Associates</b>					
Registered Audit Partner: Jerad Anselmo	A	jerad@emmjayassociates.com	3329307	07 May 2012	AF1001A
<b>2. Ernst &amp; Young</b>					
Registered Audit Partner: Muthukrishnan Rengaraj	A	krishna.rengaraj@k.ey.com	3326798/7788452	07 May 2012	AF1002A
<b>3. PricewaterhouseCoopers</b>					
Registered Audit Partner: Jatindra Bhatray	A	jatindra.bhatray@k.pwc.com	3318342 / 3336046	07 May 2012	AF1003A
<b>4. KPMG</b>					
Registered Audit Partners: Mohamed Shameel, Mohamed Nayeem	A	kpmgm@kpmg.com, mshameel@kpmg.com	3324856 / 7951195	09 May 2012	AF1006A

▶ A list of MIRA approved Auditors can be found on our website at [www.mira.gov.mv/Approved\\_Auditors.aspx](http://www.mira.gov.mv/Approved_Auditors.aspx)

## The Civil Court orders a company to pay BPT due to MIRA



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

On 29th December 2016, the Civil Court has ordered Summer Seasons Maldives Pvt. Ltd to pay all the outstanding BPT to MIRA with the accruing interests and fines for not paying by

the deadline. The company was given 4 months from the date of the court judgment to pay, on a monthly installment basis, the outstanding tax amount of MVR 2,566,230 with the accruing fines and interests. This is the first time the Civil Court ordered a tax payment related to the BPT to be paid to MIRA.

## MIRA announces another concession for registering small businesses

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

MIRA has announced another concession to individuals and deemed partnerships in registering with MIRA. With this change, if a deemed partnership or individual is not making an average monthly income of over MVR 40,000, they are not required to register with MIRA unless they obtain a permit for

the business or employ staff in the business. Previously monthly average of MVR 20,000 was considered for this threshold.

Recently MIRA has been introducing successive concessions to small businesses. One such concession was that, if annual turnover does not exceed MVR 10 million, taxpayers can opt to use cash basis of accounting and are not required to audit their financial statements submitted along with BPT return.

## If annual income is over MVR 20 million, GST returns must be filed online



### **Fathimath Rasha** Deputy Director, Facilitation and Taxpayer Relations

In order to include taxpayers within the ambit of a modern tax system, MIRA has been encouraging taxpayers to use MIRA's online portal "MIRAconnect" when filing tax returns and making payments. Consequently, it has been made mandatory to file tourism sector GST returns and Withholding Tax returns MIRAconnect from 1 October 2016 onwards. Similarly, compulsory filing via online has now been mandated upon the majority of GST registered taxpayers.

It is now mandatory for GST registered persons whose annual turnover exceeds MVR 20 million to file their general sector GST returns to MIRA online via MIRAconnect, for taxable

periods beginning on or after 1 January 2017. For such taxpayers, it is important to keep this in mind when filing the return for January 2017 by 28 February 2017.

Furthermore, since taxpayers with over MVR 20 million are required to submit Input Tax Statement and Output Tax Statements online, attention must be given to upload the latest versions (Input Tax Statement – version 15.1 and Output Tax Statement – version 16.1) of these statements to the portal.

To ensure that taxpayers are aware of these changes, MIRA has passed on information about these developments via phone calls and emails. If taxpayers still require training sessions on completing the Output Tax Statement, taxpayers may call MIRA's hotline 1415 or email 1415@mira.gov.mv to arrange for a training session.



**Want to clear up any  
information about your taxes?**

**Have any questions about  
services provided by MIRA?**

**Need any help in filing taxes?**

**Call our hotline!**

**1415**

**For all your tax enquiries and clarifications call our toll free hotline 1415!  
Our services are available from 0800hrs to 1700hrs during all working days.  
Any missed calls will be responded to as soon as possible and calls we receive  
during unofficial hours will be responded to on the following working day.**