



Consolidated Version
13 July 2015

Unofficial translation of the

GOODS AND SERVICES TAX REGULATION 2011/R-43

This document consolidates the following:

- 1. Goods and Services Tax Regulation (Regulation Number 2011/R-43), formulated under the Goods and Services Tax Act (Law Number 10/2011) and published in the Government Gazette on Saturday the 1st of October 2011 (3 Zul-Qaidah 1432).*
- 2. Tax ruling number 220-PR/TR/2011/8 (Repeal of Section 45(c) of the Goods and Services Tax Regulation), issued on Thursday the 22nd of December 2011.*
- 3. Tax ruling number TR-2012/G4 (Goods and Services Tax: Commencement of collection of tax), issued on Sunday the 13th of May 2012.*
- 4. Tax ruling number TR-2012/G5 (Goods and Services Tax: Third amendment to the Goods and Services Tax Regulation), issued on Tuesday the 22nd of May 2012.*
- 5. Tax ruling number TR-2012/G6 (Goods and Services Tax: Fourth amendment to the Goods and Services Tax Regulation), issued on Thursday the 7th of June 2012.*
- 6. Tax ruling number TR-2012/G7 (Goods and Services Tax: Fifth amendment to the Goods and Services Tax Regulation), issued on Thursday the 27th of September 2012.*
- 7. Tax ruling number TR-2012/G10 (Goods and Services Tax: Sixth amendment to the Goods and Services Tax Regulation), issued on Thursday the 13th of December 2012.*
- 8. Tax ruling number TR-2012/G11 (Goods and Services Tax: Seventh amendment to the Goods and Services Tax Regulation), issued on Sunday the 23rd of December 2012.*
- 9. Tax ruling number TR-2013/G13 (Goods and Services Tax: Eighth amendment to the Goods and Services Tax Regulation), issued on Thursday the 16th of May 2013.*
- 10. Tax ruling number TR-2013/G14 (Goods and Services Tax: Ninth amendment to the Goods and Services Tax Regulation), issued on Monday the 29th of July 2013.*
- 11. Tax ruling number TR-2013/G16 (Goods and Services Tax: Tenth amendment to the Goods and Services Tax Regulation), issued on Tuesday the 24th of December 2013.*
- 12. Tax ruling number TR-2014/G17 (Goods and Services Tax: Eleventh amendment to the Goods and Services Tax Regulation), issued on Tuesday the 25th of March 2014.*
- 13. Tax ruling number TR-2015/G24 (Goods and Services Tax: Twelfth amendment to the Goods and Services Tax Regulation), issued on Thursday the 5th of February 2015.*

14. Tax ruling number TR-2015/G25 (Goods and Services Tax: Thirteenth amendment to the Goods and Services Tax Regulation), issued on Monday the 13th of July 2015.

DISCLAIMER OF LIABILITY

This is the unofficial translation of the original document in Dhivehi. In the event of conflict between this translation and the Dhivehi version of this document, the latter shall prevail. Therefore, it is advised that both the Dhivehi version of this document and this translation be read concurrently.

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GOODS AND SERVICES TAX REGULATION

1. Introduction and citation

- (a) This Regulation was made pursuant to the authority granted to the Maldives Inland Revenue Authority by the Goods and Services Tax Act (Law Number 10/2011).
- (b) This Regulation shall be cited as the “Goods and Services Tax Regulation”.

2. Objective

The objective of this Regulation is to establish policies and procedures with regard to the imposition of tax on the value of goods and services.

CHAPTER 1: REGISTRATION

3. Application to register

- (a) Persons applying for registration under the Act shall submit a completed “GST Registration” (MIRA 105) form together with the information and documents specified therein.
- (b) *[Repealed.]*
- (c) If a person carries on taxable activities in both the tourism sector and other sectors, taxable activities that fall within the two sectors shall be registered with the MIRA separately.

4. No requirement to re-register taxable activities in the tourism sector

Taxable activities registered with the MIRA under the Tourism Goods and Services Tax Act (Law Number 19/2010) by the date of commencement of the Act shall not re-register.

5. Persons required to register

- (a) Suppliers of goods and services referred to in Section 16 of the Act shall register with the MIRA in accordance with Section 56 of the Act, in the name of the person granted with the permit by the relevant Government authority or, if no such permit is granted, in the name of the person conducting that business.
- (b) Suppliers of tourism goods and services referred to in Section 15 of the Act, conducting business with a permit from the Tourism Ministry, shall register with the MIRA in the name of the person granted with the permit by the Ministry.

- (c) Suppliers of tourism goods and services referred to in Section 15 of the Act, other than those referred to in subsection (b), shall register with the MIRA in the name of the person granted with the permit by the relevant Government authority or, if no such permit is granted, in the name of the person conducting that business.

6. Combined registration

Unless otherwise specified in this Regulation, a taxable activity required to be registered with the MIRA under the Act shall be registered to include all taxable activities undertaken in the Maldives by the person carrying on such activity.

7. Separate registration

- (a) Notwithstanding Section 6 of this Regulation, if a taxable activity undertaken by a person required to be registered fulfils the following requirements, an application for registration can be made for such taxable activity separate from other taxable activities carried on by such person, in a manner that does not contradict Section 3(c) of this Regulation:

- (1) Accounts with respect to such taxable activity are maintained separately from other taxable activities carried on by such person; and
- (2) Such taxable activity is located on a different island from where other taxable activities carried on by such person are located, or the nature and type of such taxable activity is different from that of other taxable activities carried on by such person.

- (b) Notwithstanding subsection (a), a person authorised with a permit by the relevant Government authority for the establishment of a tourist resort, tourist hotel, tourist guesthouse, tourist vessel, picnic island or yacht marina shall register each tourist resort, tourist hotel, tourist guesthouse, tourist vessel, picnic island and yacht marina separately, and where such person conducts another business providing tourism goods and services on one of those establishments, it shall be registered together with the establishment on which such business is conducted.

8. No requirement to register persons importing goods for a specific purpose

Notwithstanding other provisions of this Regulation, for the purpose of Section 51(a)(4) of the Act, the following importers of goods into the Maldives shall not register with the MIRA under the Act:

- (a) Persons importing goods solely for private purposes other than for production, if such person does not hold a permit to sell imported goods;
- (b) State institutions importing goods.

9. TIN

- (a) Each person applying for registration under this Regulation shall be allocated a Taxpayer Identification Number (TIN). Persons applying for separate registration under Section 7 of this Regulation shall be allocated a separate TIN.
- (b) Registered persons shall declare the TIN, allocated to such person upon registration, on tax invoices, receipts, credit notes, debit notes and in all communications with the MIRA.

10. GST Registration Certificate

- (a) Persons applying to register under this Regulation shall be provided with a GST Registration Certificate for every place where a taxable activity is conducted.
- (b) Every registered person shall display the GST Registration Certificate provided by the MIRA in a conspicuous place at the business premises of all taxable activities carried on by such person, to indicate that the person is registered for GST.

11. Manner in which registration threshold shall be determined

In determining the registration threshold of MVR 1,000,000 (One Million Rufiyaa) specified in Section 51 of the Act, the value of goods and services supplied through taxable activities carried on by a person in the tourism sector, referred to in Section 15 of the Act, shall not be included.

12. Date on which levying of tax commences

- (a) Persons required to register with the MIRA under Section 51 of the Act and persons applying for voluntary registration under Section 53 of the Act shall charge tax in accordance with the Act and this Regulation from the date specified in the GST Registration Certificate issued under Section 10(a) of this Regulation.
- (b) Where the MIRA believes that the objective of a transaction conducted by a person required to register with the MIRA under Section 51 of the Act or by a person applying for voluntary registration under Section 53 of the Act prior to the date specified in the GST Registration Certificate is the avoidance of tax, the MIRA may, at its discretion, require that person to account for tax on that transaction, calculated by using the formula in Section 13(c) of this Regulation.
- (c) For the purpose of Section 51(f) of the Act, “date of commencement of business” means the date on which a person is granted the permit by the relevant Government authority to conduct business or, where such a permit is not required, the date of commencement of business.

- (d) For the purpose of Section 51(g) of the Act, “date of commencement of the import activity” means the date on which a person is granted the permit by the relevant Government authority to import goods.

13. Prohibiting collection of GST without registration

- (a) It shall be an offence for any person to charge tax, if such person is not registered with the MIRA in accordance with the Act and this Regulation, or before the date specified in the GST Registration Certificate (where such person is registered), or after such person’s deregistration.
- (b) If a person required to register with the MIRA under Section 51 of the Act fails to apply for registration within the period specified in the Act, such person shall submit a tax return and pay tax to the MIRA on the value of goods and services supplied from the date following the date required to apply for registration, assuming that the applicable amount of tax has been included in the consideration received for such supplies.
- (c) Where a person required to register with the MIRA under Section 51 of the Act or a person required to charge tax as a result of voluntary registration under Section 53 of the Act has failed to charge tax on a transaction when required to do so under the Act and this Regulation (whether or not such person is a registered person), the amount of tax payable by such person to the MIRA in respect of that supply shall be an amount calculated using the following formula:

$$\text{Amount of consideration received for the supply} \times \frac{t}{1+t}$$

where t is the tax rate specified in Section 15 or Section 16 of the Act that applies to the supply.

- (d) If tax is charged by a person not authorised to do so under the Act and this Regulation, or if tax is charged on a non-taxable good or service, or if tax is overcharged, unless such tax is refunded to the recipient of the supply, the Commissioner General shall have the power to require such amount to be paid to the MIRA.

CHAPTER 2: TIME OF SUPPLY

14. Time of supply

Unless otherwise specified in this Regulation, the time of supply in relation to goods or services supplied shall be deemed as the time at which a tax invoice or receipt or credit note or debit note is issued or at the time at which the full or partial payment for such goods or services was made, whichever comes earlier.

15. Advance payments and deposits

The time at which an advance payment or deposit or a part of it is received for a specific good or service shall be deemed to be the time specified in Section 17(a)(2) of the Act.

16. Refundable deposit

Tax shall not be payable on refundable deposits which have been collected for the purpose of compensating for any likely loss or damage to the property of a registered person and which would be refunded in full to the recipient of the property provided such property is not lost or damaged.

17. Failure to utilize goods or services after payment

Where a person who has made an advance payment or paid a deposit for the supply of a good or service fails to utilize such good or service, and such advance payment or deposit is refunded to such person, and tax has been paid on the amount refunded by the registered person, then the registered person may set off such tax paid on the amount refunded from the tax payable for the taxable period in which such failure to utilize the good or service occurred.

18. Time of supply of goods and services supplied to related parties

A supply of goods and services to a related party takes place:

- (a) where the supply is to a registered person for his own use, at the time that the goods are taken for the person's own use or the services are performed for the person's own use;
- (b) where the supply is to a person related to a registered person, at the time that the goods are made available to the recipient or the services are performed.

19. Time of supply of goods and services supplied from a machine operated by coins or tokens

- (a) Where a supply is by means of any machine, meter, or other device operated by a coin, the time of supply is the time that any such coin is taken from that machine, meter, or other device.
- (b) Where a supply is by means of any machine, meter, or other device operated by a token, the time of supply is the time that any consideration is received for such token.

20. Time of supply where consideration for a supply is a voucher or other such thing

- (a) The issue or sale of a voucher or other such thing shall be deemed as a supply of goods and services.
- (b) Where the consideration for a supply of goods and services is the redemption of a voucher or other such thing, the time of supply of the goods or services is the time of supply of that voucher or other such thing.
- (c) Where the consideration for a supply of goods and services is partly the redemption of a voucher or other such thing and partly other consideration, the time of supply of the goods or services is:
 - (1) to the extent that the consideration is redemption of the voucher or other such thing, the time determined in accordance with subsection (b);
 - (2) to the extent that the consideration is not redemption of the voucher or other such thing, the time determined in accordance with Section 17 of the Act.

21. Time of supply where consideration for a supply is points gained in a loyalty scheme

- (a) Where the consideration for the supply of goods and services is the redemption of points gained by the recipient in a loyalty scheme, the time of supply of the goods and services is the time that the loyalty points are redeemed.
- (b) Subsection (a) applies whether or not the operator of the loyalty scheme is the supplier of the goods and services.

22. Time of supply where consideration is for participation in a lottery

- (a) Where a person pays an amount to participate in a lottery, the amount of money paid to participate is treated as a payment for the supply of services by the conductor of the lottery.
- (b) The time of supply of the services specified in subsection (a) is the time that the person pays the amount of consideration to participate in the lottery.

23. Preparing a tax invoice or receipt

- (a) A registered person shall issue a tax invoice or receipt within 3 (three) days from the following dates, for all goods supplied:
 - (1) Where the goods are removed from the place of supply, the date on which such goods are removed;
 - (2) Where the goods are not removed from the place of supply, the date on which such goods are made available to the recipient.

- (b) A registered person shall issue a tax invoice or receipt within 3 (three) days from the date of completion of services, for all services supplied.
- (c) Although a tax invoice or receipt is not issued under subsections (a) and (b) in relation to a good or service supplied by a registered person, that transaction shall be included in the tax return for the taxable period to which the time of supply specified in Section 17 of the Act relates.

24. Issuing credit notes and debit notes

- (a) Where a tax invoice is issued for a good or service supplied by a registered person, and the value of such good or service has changed for any reason, a credit note or debit note shall be issued within 3 (three) days from the date such change was identified.
- (b) Where a credit note or debit note in relation to a good or service supplied by a registered person is not issued within the period specified in subsection (a), that transaction shall be included in the tax return for the taxable period to which the time of supply specified in Section 17 of the Act relates.

CHAPTER 3: VALUE OF SUPPLY

25. Value of supply of goods and services supplied to related parties

- (a) The value of supply of goods and services supplied to related parties or for the supplier's own consumption shall be such amount as, with the addition of the tax charged, is equal to the open market value of the good or service.¹
- (b) For the purpose of the Act and this Regulation, "open market value" means the consideration in money that the supply of a good or service would generally fetch if supplied in similar circumstances in the Maldives at the date of supply, being a supply freely offered and made between persons who are not associated.
- (c) Where the open market value of a supply of goods or services cannot be determined under subsection 25(b), the open market value is the consideration in money that a similar supply would generally fetch if supplied in similar circumstances in the Maldives at the date of supply, being a supply freely offered and made between persons who are not related.
- (d) Where the open market value of a supply of goods or services cannot be determined under subsection (b) or (c), the open market value is determined in accordance with a

¹ This subsection takes effect from 1 August 2015

method approved by the MIRA which provides a sufficiently objective approximation of the consideration in money that could be obtained for that supply.

- (e) For the purpose of subsection (c), “similar supply” means any other supply of goods and services that, in respect of the characteristics, quality, usage, quantity, functional components, materials, and reputation, is the same as, or closely or substantially resembles the supply of goods and services made by the supplier.
- (f) The open market value of a supply includes the tax charged on such goods and services under the Act.
- (g) Where goods and services are supplied indirectly via another person that is related to the supplier of the goods and services, the consideration for the transaction shall be the greater of the amount referred to in Sections 19(a) and (b) of the Act that the person:
 - (1) who enjoys the benefits of the goods or services pays any person for that benefit; or
 - (2) that is issued with a tax invoice for the supply of the goods or services pays for the goods or services.

26. Value of supply of goods and services supplied from a machine operated by coins or tokens

The value of supply of goods and services supplied from a machine or metre or other device operated by coins or tokens shall be such amount as, with the addition of the tax charged, is equal to the value of the coins or tokens.

27. Value of supply where consideration for a supply is voucher or other such thing

The value of the supply of goods and services supplied in consideration for the redemption of a voucher or other such thing shall be such amount as, with the addition of the tax charged, is equal to the value of the voucher or other such thing.

28. Value of supplies involving a loyalty scheme

- (a) Where an amount of consideration is paid for a supply of both goods and services and points in terms of a loyalty scheme, the whole amount of the consideration is attributable to the supply of the goods and services and no amount of the consideration is attributed to the loyalty points.
- (b) The value of the supply of goods and services where the whole or any part of the consideration for the supply is the redemption of points gained in a loyalty scheme,

shall be such amount as, with the addition of the tax charged, is equal to the open market value of the same supply to a person who pays only money for the supply.

29. Value of supply where consideration is for participation in a lottery

The value of supply of a good or service where consideration is for participation in a lottery shall be such amount as, with the addition of the tax charged, is equal to the higher of the open market value of the good or service and the total consideration received from participants.

30. Tourism tax not being part of value of supply

Tourism tax collected under the Maldives Tourism Act (Law Number 2/99) is a deduction allowed under Section 36(a) of the Act and hence, such tax collected for a given supply shall not form part of the consideration for such supply.

CHAPTER 4: EXEMPT GOODS AND SERVICES

31. Electricity, water, sewerage and telecommunication services

- (a) For the purpose of Section 20(a) of the Act, exempt electricity services refers to the electricity service provided by power houses registered with the Maldives Energy Authority, via a meter or for a fixed charge.
- (b) For the purpose of Section 20(b) of the Act, exempt water facilities refers to the water service provided via a meter by persons authorised by the Environmental Protection Agency to operate desalination plants.
- (c) For the purpose of Section 20(c) of the Act, exempt postal services refers to postal services, not being courier services, provided by a postal service provider registered with the relevant Government authority or State institution.²
- (d) For the purpose of Section 20(d) of the Act, exempt sewerage facilities refers to the sewerage service provided by persons authorised by the Environmental Protection Agency.
- (e) For the purpose of Section 20(g) of the Act, services provided by persons referred to in subsections (a) to (d), which are not authorised to be provided by any other person without appropriate permission, shall be exempt, including the supply by those persons of goods necessary for the supply of such services.

² This subsection takes effect from 1 May 2014.

32. Education service

For the purpose of Section 20(e) of the Act, exempt education service refers to the following:

- (a) Education services provided by preschools, schools, vocational institutions, colleges and universities run by the Government;
- (b) In addition to those specified in subsection (a), education services provided by preschools, schools, vocational institutions, colleges, universities and tuition centre operated with the authorisation of the Education Ministry;
- (c) For the purpose of Section 20(g) of the Act, services supplied by canteens, bookshops and such businesses supplying services of benefit to students, conducted without public access, within the places specified in subsections (a) and (b).

33. Health service

For the purpose of Section 20(f) of the Act, exempt health service refers to the following:

- (a) Health services provided by clinics, health centres, health posts and other such health facilities run by the Government;
- (b) In addition to those specified in subsection (a), health services provided by hospitals and clinics operated with the authorization of the Health Ministry.
- (c) For the purpose of Section 20(g) of the Act, services supplied by places supplying services of benefit to patients, conducted without public access, within the places specified in subsections (a) and (b).

34. Drugs and medical devices

- (a) For the purpose of Section 20(h) of the Act, exempt drugs and medical devices refers to drugs approved by the Maldives Food and Drug Authority and medical devices referred to in subsection (b), sold by pharmacies registered with the Health Ministry.
- (b) For the purpose of Section 20(h) of the Act, medical devices refers to any instrument, apparatus, appliance, material or other article, whether used alone or in combination, including the software necessary for its proper application intended by the manufacturer to be used for human beings for the following purposes, and which does not achieve its principal intended action in or on the human body by pharmacological, immunological or metabolic means, but which may be assisted in its function by such means:
 - (1) diagnosis, prevention, monitoring, treatment or alleviation of disease;

- (2) diagnosis, monitoring, treatment, alleviation of or compensation for an injury or handicap;
- (3) investigation, replacement or modification of the anatomy or of a physiological process;
- (4) control of conception.

35. Financial services

For the purpose of Section 20(j) of the Act, financial services refer to the following services supplied by a State institution or with the authorization of the relevant State institution:

- (a) the operation of current accounts, deposit accounts, savings accounts and investment accounts;
- (b) the exchange of currency, whether by the exchange of bank notes or coin, by crediting or debiting accounts, or otherwise;
- (c) the issue, payment, collection, or transfer of ownership of a letter of credit or bill of exchange;
- (d) the issue, allotment, drawing, acceptance, endorsement, renewal or transfer of ownership of a debt, or buying and selling such financial instruments on stock exchanges;
- (e) the issue, allotment, renewal or transfer of ownership of a share, or buying and selling such financial instruments on stock exchanges;
- (f) underwriting or sub-underwriting the issue of debt or shares;
- (g) the provision of loans, advances and credit;
- (h) the provision, taking or release of a guarantee, indemnity, security, or bond in respect of the performance of obligations under subsections (c) to (g);
- (i) credit financing of hire purchase arrangements;
- (j) the provision or transfer of ownership of an insurance contract or the provision of re-insurance in respect of any such contract;
- (k) the provision, or transfer of ownership, of an interest in a superannuation fund or retirement pension fund, or the management of such fund;
- (l) the provision or assignment of a futures contract in an arm's length transaction if:
 - (1) the contract does not provide for the delivery of a commodity; or
 - (2) the contract provides for the delivery of a commodity and the supply of the commodity is an exempt supply; or

- (3) the contract provides for the delivery of money;
- (m) the provision of a financial option;
- (n) the payment or collection of any amount of interest, principal, dividend, or any other amount in respect of any debt, share, credit arrangement, contract of insurance, superannuation fund or retirement pension fund, futures contract or hedge fund;
- (o) agreeing to do, or arranging, any of the activities specified in this Section, other than providing advice or consultancy.
- (p) Supply of a service specified in subsections (a) to (o) in accordance with the principles of Islamic *Sharīah*.

36. Rent from immovable property

For the purpose of Section 20(k) of the Act, rent from immovable property refers to:

- (a) all payments received as rent from immovable property;
- (b) security deposits and advance rental payments or any other payment received in relation to the immovable property, to the extent that the lessor of the property has the right to consume it in part or in full;
- (c) all payments received in relation to the rented property not resulting from the responsibilities of the lessee specified in the lease agreement;
- (d) payments received in respect of anything affixed to the immovable property;
- (e) payments received under an insurance policy obtained to compensate for the non-payment of rent;
- (f) any payment received for breach of a lease agreement by the lessee.

37. International transportation services

(a) For the purpose of Section 20(l) of the Act, international transportation service refers to the transport of passengers or goods:

- (1) from a place in the Maldives to a place outside the Maldives; or
- (2) from a place outside the Maldives to a place in the Maldives; or
- (3) from a place outside the Maldives to another place outside the Maldives;

not being:

- (4) ancillary services (including, but not limited to, ground handling, facilitation of passengers, packing, loading, lashing, securing, unloading, handling, stevedoring, storage, inspection and document preparation); or

- (5) domestic transportation services, which are supplied in connection with international transportation.
- (b) Notwithstanding subsection (a), transportation services (being the transport of passengers and goods) that are supplied within the internal waters, archipelagic waters and territorial sea of the Maldives, and the airspace above them, as defined in the Maritime Zones of Maldives Act (Law Number 6/96), shall be international transportation services where the transportation services supplied within those areas are necessary only for the purpose of entering or departing the Maldives.
- (c) Subsection (b) shall not apply to transportation services referred to in subsections (a)(4) and (a)(5).

38. Fines

For the purpose of Section 20(n) of the Act, fines refers to any fine imposed by a Government institution, regulatory authority, court, tribunal, or any other body with a statutory authority in the Maldives to levy a fine, or fine required to be paid to the supplier of a good or service where the recipient of the good or service fails to make payment by the due date.

CHAPTER 5: ZERO-RATED GOODS AND SERVICES

39. Charging tax on zero-rated essential goods

Reference to this chapter shall be made in charging tax on different types of goods under various categories of zero-rated essential goods specified in Schedule 1 of the Act.

40. Zero-rated essential goods

- (a) For the purpose of items 1, 2 and 3 of Schedule 1 of the Act, rice, sugar, and flour refers to such goods imported by the State Trading Organization plc for sale at the controlled price determined by the Economic Development Ministry.
- (b) For the purpose of item 4 of Schedule 1 of the Act, salt refers to salt manufactured specially for culinary purposes, and not labelled as manufactured for industrial purposes.
- (c) For the purpose of item 5 of Schedule 1 of the Act, milk refers to milk from cows, goats, camels, sheep or soya or rice milk prepared specially for consumption, which is not processed with products other than preservatives and which is marketed as milk.

- (d) For the purpose of item 6 of Schedule 1 of the Act, cooking oil refers to vegetable oil, palm oil, corn oil, sunflower oil and olive oil used commonly for cooking.
- (e) For the purpose of item 7 of Schedule 1 of the Act, eggs refer to fresh chicken eggs.
- (f) For the purpose of item 8 of Schedule 1 of the Act, tea leaves refer to unflavoured tea leaves and tea bags used for making black tea.
- (g) For the purpose of item 9 of Schedule 1 of the Act,
- (1) Deep sea fish refers to skipjack tuna, yellowfin tuna, mackerel tuna, frigate tuna and parts of such fish.
 - (2) Reef fish refers to any other fish with dorsal fin and tail fin not specified in subsection (g)(1), and parts of such fish.
 - (3) Fish packed in the Maldives refers to all types of deep sea fish and reef fish packed in the Maldives.
 - (4) Subsections 40(g)(1), (2) and (3) shall include fresh fish, dried fish, smoked fish, salted fish and fish especially processed for canning.
 - (5) Deep sea fish and reef fish shall not include fish used for aesthetic value.
- (h) For the purpose of item 10 of Schedule 1 of the Act, potato and onion refers to all types of potato and onion.
- (i) For the purpose of item 11 of Schedule 1 of the Act,
- (1) Chilli refers to *githeyo mirus*, *tholhi mirus*, *riha mirus* and *vifuku mirus*.
 - (2) Ingredients used in making curry paste shall include cumin, fennel, coriander, turmeric, garlic, ginger, chilli, chilli powder, cinnamon, cardamom, peppercorn, dried chilli, curry leaves, pandan leaves and cloves.
 - (3) Items specified in subsections (i)(1) and (2) shall be zero-rated even if they are supplied in powder form without being mixed with anything else.
- (j) For the purpose of item 12 of Schedule 1 of the Act,
- (1) *Dhiyaa hakuru* includes *karuhakuru*.
 - (2) Coconuts, *kurun'ba* and *kurolhi* includes *gobolhi*, *miri*, *kihaa*, *gabulhi*, *mudikaashi*, and coconut milk, desiccated coconut and coconut oil produced in the Maldives.
- (k) For the purpose of item 13 of Schedule 1 of the Act,
- (1) Vegetables refer to fresh produce supplied without being processed.
 - (2) Beans refer to green beans and long beans.

- (3) Carrots, cabbage and tomatoes include all types of carrots, cabbage and tomatoes.
- (l) For the purpose of item 14 of Schedule 1 of the Act, fruits refer to unprocessed fresh fruit grown on trees bearing flowers and are edible in the raw state.
- (m) For the purpose of item 15 of Schedule 1 of the Act,
 - (1) Bread refers to ordinary bread (“white bread” and “brown bread”) supplied without altering its form.
 - (2) Buns refer to *madu banas*, butter buns, hotdog buns and burger buns supplied without altering its form.
 - (3) Rusk refers to all types of rusk supplied without altering its form.
- (n) For the purpose of item 16 of Schedule 1 of the Act, baby diapers include cloth diapers.
- (o) For the purpose of item 17 of Schedule 1 of the Act, baby food refers to all types of baby food produced for children under the age of 3 (three) years, and labelled as such.

41. Goods and services exported from the Maldives³

- (a) For the purpose of Section 22(b) of the Act, goods and services exported from the Maldives refers to goods exported by an export license holder or re-export license holder, goods supplied by duty free shops, and services exported by a registered person.
- (b) For the purpose of subsection (a), services exported refer to services provided by a person in the Maldives to a person outside the Maldives, which are consumed outside the Maldives.
- (c) For the purposes of subsection (b), notwithstanding the location of the person to which the supply of a service is made contractually, the service is consumed outside the Maldives if it is supplied to a person that is not a resident of the Maldives and is outside the Maldives at the time that the service is performed and:
 - (1) the actual physical flow of the service is not to a person in the Maldives that receives or benefits from that service; and
 - (2) the services are not supplied directly in connection with any property situated in the Maldives at the time that the services are performed.

³ Subsections (c), (e), (f), (g) and (h) take effect from 1 May 2014.

- (d) Subsection (c)(2) shall not apply to a service that is the supply of information or advice to a person that is not a resident of the Maldives and is outside the Maldives at the time that the service is performed.
- (e) Subsection (c) shall not apply to the supply of telecommunication services.
- (f) For the purpose of subsection (b):
- (1) a service consumed outside the Maldives includes a telecommunication service supplied by a Maldives telecommunication service provider to a foreign telecommunication service provider which enables a customer of the foreign telecommunication service provider to gain access to the telecommunications network of the Maldives telecommunication service provider;
 - (2) telecommunication services supplied by a foreign telecommunication service provider to a Maldives telecommunication service provider, which enables a customer of the Maldives telecommunication service provider to gain access to the telecommunications network of the foreign telecommunication service provider, shall be considered as being services consumed in the Maldives by the customer of the Maldives telecommunication service provider.
- (g) For the purposes of subsection (f):
- (1) “Maldives telecommunication service provider” means a telecommunication service provider in the Maldives which is registered with the relevant Government telecommunications authority; and
 - (2) “foreign telecommunication service provider” means a telecommunication service provider that is not a Maldives telecommunication service provider.
- (h) For the purposes of this section:
- (1) A resident of the Maldives means a person that is “resident in Maldives” as that term is defined in Section 46 of the Business Profit Tax Act (Law Number 5/2011);
 - (2) A company that is not a resident of the Maldives shall be a person in the Maldives if an employee or other representative of the company is in the Maldives in connection with the performance of the service.

42. Disposal of going concern

- (a) For the purpose of Section 22(c) of the Act, the disposal of a going concern shall be a zero-rated supply only if:
- (1) the purchaser of the business is registered with the MIRA under the Act. Where the purchaser of the business is not a registered person, that person shall register voluntarily with the MIRA prior to carrying out the transaction; or

- (2) the purpose of the disposal transaction is to transfer the ownership of a business owned by an individual or individuals to a company at least 99 per cent of the share capital of which is held by the same individual or individuals.
- (b) Subsection (a)(2) shall not apply where the Commissioner General considers that the purpose or one of the purposes of the transfer was to avoid tax.

CHAPTER 6: IMPOSITION OF GST

43. Output tax and input tax

- (a) Tax charged on the value of goods and services supplied by a registered person shall be such person's output tax.
- (b) A registered person supplying goods and services to another registered person shall charge tax on the value of such goods and services in accordance with the Act, and such tax shall be the input tax of the recipient of the good or service.
- (c) The recipient of a good or service from a registered person shall be liable for payment of tax charged on that supply in accordance with the Act.
- (d) Where a registered person supplies goods and services which are purchased from another registered person, tax in relation to that supply shall be paid to the MIRA after deducting the amount of input tax, in accordance with the Act and this Regulation, from the output tax payable by such person.

44. Circumstances where input tax cannot be claimed

- (a) Input tax in relation to a good or service purchased by a registered person shall not be set-off against such person's output tax where:
 - (1) the recipient of the good or service does not possess a valid tax invoice issued by the supplier in accordance with the Act and this Regulation; or
 - (2) 12 (twelve) months has elapsed from the end of the taxable period under such person's accounting basis in which the input tax could have first been claimed; or
 - (3) the good or service is not supplied in the Maldives; or
 - (4) input tax cannot be claimed under any section of this Regulation for the expenditure incurred to purchase the good or service.
- (b) For the purpose of subsection 44(a), a valid tax invoice refers to the original of a tax invoice prepared with all the particulars stated in Section 42(a) of the Act. For the

avoidance of doubt, a tax invoice issued under Section 42(b) of the Act does not constitute a valid tax invoice for the purpose of subsection (a).

45. Expenditure on which input tax cannot be claimed

Input tax in relation to capital and revenue expenditure incurred by a registered person shall not be claimed if such expenditure is incurred for:

- (a) the supply of exempt goods and services;
- (b) the supply of both taxable supplies and exempt goods and services, to the extent of a reasonable estimate of such input tax which was incurred for the supply of exempt goods and services;
- (c) benefits to persons other than employees;
- (d) goods and services purchased for personal use or for non-business purposes;
- (e) subscription fees of clubs or associations;
- (f) goods purchased for free-of-charge distribution;
- (g) fund raising activities;
- (h) the purchase of goods and services for which tax has been charged by the supplier in contradiction to the Act and this Regulation if the supplier has not paid the output tax in relation to such supply to the MIRA.

46. Input tax in relation to capital expenditure

Input tax in relation to capital expenditure incurred by a registered person shall be deducted from the output tax in the following manner:

- (a) Input tax in relation to capital expenditure incurred by a registered person shall be deducted from the output tax in the following manner:
 - (1) If the gross capital expenditure incurred in the acquisition of similar products or for the same purpose is MVR 500,000 (Five Hundred Thousand Rufiyaa) or less, input tax in relation to such expenditure shall be deducted from the output tax of the taxable period in which such expenditure was incurred.
 - (2) If the gross capital expenditure incurred in the acquisition of similar products or for the same purpose is between MVR 500,000 (Five Hundred Thousand Rufiyaa) and MVR 5,000,000 (Five Million Rufiyaa), input tax in relation to such expenditure shall be deducted from the output tax equally over 12 (twelve) taxable periods from the taxable period in which such expenditure was incurred.

- (3) If the gross capital expenditure incurred in the acquisition of similar products or for the same purpose is MVR 5,000,000 (Five Million Rufiyaa) or more, input tax in relation to such expenditure shall be deducted from the output tax equally over 36 (thirty six) taxable periods from the taxable period in which such expenditure was incurred.
 - (4) In applying subsections (a)(1) to (3), the amount deducted with respect to capital expenditure for any taxable period shall not exceed the output tax for that period. Where the amount deducted exceeds the output tax in any taxable period, such excess shall be carried forward to the subsequent taxable period.
- (b) If a registered person incurs capital expenditure for the supply of both exempt goods and services and taxable goods and services, input tax in relation to a reasonable estimate of the amount of capital expenditure that can be associated with the supply of exempt goods and services shall not be deducted from such person's output tax. However, input tax in relation to a reasonable estimate of the amount of capital expenditure that can be associated with the supply of taxable goods and services may be deducted from such person's output tax in accordance with subsection (a).

47. Input tax in relation to goods and services obtained prior to GST registration

Notwithstanding anything to the contrary in this Regulation, a registered person shall not be allowed to claim input tax in relation to goods purchased and services obtained prior to his GST registration.

48. Not deducting input tax without settling the debt

- (a) Where a registered person has incurred a debt and deducted an amount of input tax in relation to the amount of the debt but fails to pay the whole or part of the debt by the due date for payment or such other date as may be agreed between the person and the person's creditor, that person shall treat as output tax in the taxable period in which the person fails to meet its obligations in respect of the debt the portion of the amount of input tax deducted as the amount unpaid bears to the total amount of the debt.
- (b) Where a registered person has accounted for output tax in accordance with subsection (a) and subsequently pays all or part of the debt owing, that person may claim a deduction as input tax under Section 36(c)(1) of the Act of that portion of the amount of output tax charged in relation to his failure to pay the debt as the amount subsequently paid bears to the amount unpaid referred to in subsection (a).

49. Relief for persons whose exempt supplies constitute less than 5% of total supplies

Notwithstanding anything in this Regulation, where the value of exempt goods and services supplied by a registered person is less than 5% (five per cent) of the total value of goods and services supplied by such person, and the value of such exempt goods and services is less than MVR 10,000 (Ten Thousand Rufiyaa) per month, such person may claim the full amount of input tax without making any adjustments.

50. Output tax of mixed supplies

- (a) For the purpose of this Section, mixed supplies refers to goods and services marketed as separate supplies, comprising goods and services that are otherwise supplied separately, without altering the form and nature of the component parts of the supply.
- (b) Where a mixed supply comprises goods and services chargeable to tax at the same rate, output tax shall be calculated on the total value of such supply.
- (c) Where a mixed supply comprises goods and services chargeable to tax at different rates, output tax shall be calculated as follows:
 - (1) If 98% (ninety-eight per cent) or more of the total value of the mixed supply is the value of zero-rated goods and services, such supply shall be zero-rated.
 - (2) If more than 2% (two per cent) of the total value of the mixed supply is not the value of zero-rated goods and services, tax shall be charged on the value of such goods and services that would have been charged had they been supplied separately.
- (d) Where a part of the mixed supply comprises exempt goods or services, output tax shall be calculated as follows:
 - (1) If 98% (ninety-eight per cent) or more of the total value of the mixed supply is the value of exempt goods and services, such supply shall be exempt
 - (2) If more than 2% (two per cent) of the total value of the mixed supply is the value of goods and services chargeable to tax, tax shall be charged on the value of such goods and services that would have been charged had they been supplied separately.
- (e) For the purpose of subsections (c) and (d), to determine whether or not the value of component parts of a mixed supply exceed the thresholds specified in those subsections, the value of such good or service supplied separately shall be considered.

51. Packaging

- (a) Where zero-rated or exempt goods are sold with a packaging necessary for the sale of such a good, the tax treatment of such goods shall also apply to the packaging.
- (b) Subject to subsection (a), where zero-rated or exempt goods are supplied with a packaging, and the packaging is chargeable to tax at a rate other than zero-rate and could be sold separately, tax shall be charged on the value of such packaging that would have been charged had it been supplied separately.
- (c) For the purpose of this Section, packaging necessary for a supply refers to packaging of goods without an extra charge, including normal packaging used for such goods in the market.

52. Service charge

- (a) Service charges on the supply of a good or service shall be subject to tax at the same rate as such supply.
- (b) The service charge referred to in subsection (a) shall not include tips paid voluntarily by the recipient of the good or service to the supplier.

53. Discounts

- (a) Where an unconditional discount is offered for a good or service, tax shall be charged on the discounted price.
- (b) Where a conditional discount is offered for a good or service, tax shall be charged on the amount paid by the recipient of the good or service.
- (c) If a single tax invoice or receipt contains zero-rated goods or services and goods or services chargeable to tax at a different rate, and where a discount has been given from the gross total shown on the invoice or receipt, for the purpose of calculating tax the discount amount shall be apportioned between the goods and services proportionately, based on the value of goods or services contained therein.

54. Goods and services supplied free of charge⁴

- (a) Notwithstanding anything in Section 25(a) of this Regulation, where goods and services are supplied free of charge to a person (referred to in this section as the “recipient”), tax shall not be charged on the value of goods and services supplied:
 - (1) directly in connection with the promotion of the business of the supplier; or
 - (2) directly for the purpose of carrying on the business of the supplier; or

⁴ This section takes effect from 1 January 2014.

- (3) as charitable donations to an institution which is financed wholly or primarily through the State budget.
- (b) Where goods and services are supplied free of charge to the recipient, tax shall be charged on goods and services other than those goods and services referred to in subsection (a), assuming that the applicable amount of tax has been included in the open market value of such good or service.
- (c) Subsection (a)(1) shall apply only if, at the time the goods and services are supplied, the recipient of the goods and services is:
 - (1) in the business of promoting the business of the supplier of the goods and services or promoting businesses similar to that of the supplier; or
 - (2) an employee of a person referred to in subsection (c)(1) where that employee is a recipient of the goods and services for the purpose of his employer's business of promoting the business of the supplier of the goods and services or promoting businesses similar to that of the supplier; or
 - (3) a publisher, the business or part of the business of which is the dissemination of publications which include the promotion of the business of the supplier of the goods and services; or
 - (4) an employee of, or a person independently contracted with, a publisher referred to in subsection (c)(3) where that employee or independent contractor is a recipient of the goods and services for the purpose of the publisher's dissemination of publications in which the business of the supplier of the goods and services is promoted.
- (d) Where the recipient of the goods and services is:
 - (1) an employee of the supplier of the goods and services; or
 - (2) a person related to an employee of the supplier of the goods and services; or
 - (3) a director of the supplier of the goods and services; or
 - (4) a person related to a director of the supplier of the goods and services; or
 - (5) a person related to the supplier of the goods and services,subsection (a) shall apply only where the goods and services are supplied:
 - (a) at the same time as the person referred to in subsections (d)(1) to (5) is actively conducting the business of the supplier of the goods and services; or
 - (b) on the same day as the person referred to in subsections (d)(1) to (5) spends a reasonable amount of time during that day devoted wholly to activities directly connected with the business of the supplier of the goods and services.
- (e) For the purposes of subsection (d)(b):

- (1) the supplier of the goods and services shall keep a true and correct written record of the activities undertaken by the recipient on each day on which subsection (a) has been applied and the time or times during which those activities are undertaken.
- (2) where the Commissioner General considers that a person's determination of "a reasonable amount of time" is incorrect, the Commissioner General shall determine such amount of time.
- (f) Where subsection (d) applies, subsection (a) shall apply for a period not exceeding 72 (seventy two) hours.
- (g) Where goods and services are supplied partly directly in connection with the promotion of the business of the supplier or directly for the purpose of carrying on the business of the supplier and partly in connection with other activities or for other purposes, subsection (a) shall be applied on the basis of a reasonable apportionment.
- (h) For the purposes of subsection (g), where the Commissioner General considers that a person's basis of apportionment is incorrect, the Commissioner General shall determine such apportionment.
- (i) Subsections (d), (e), (f), (g) and (h) shall apply notwithstanding that the terms of a contract of employment or terms of directorship or engagement of any person related to the supplier specify that the remuneration of the employee or director or person related to the supplier includes or may include the provision of goods and services to any person free of charge.
- (j) Subsections (d), (e), (f), (g), (h) and (i) shall not apply to goods and services supplied on a resort island to a person employed at the resort on that island who continuously conducts his employment activities at that resort.
- (k) Where a good or service is supplied collectively to a recipient to which subsection (a) applies and to a person or persons related to that recipient, subsection (a) shall apply only to so much of the open market value of that good or service that is determined by multiplying that market value by the following fraction:

$$\frac{\text{Number of persons to whom subsection (a) applies}}{\text{Total number of persons who collectively receive the good or service}}$$

- (l) For the purpose of this section:
 - (1) the term "promotion of the business of the supplier" requires that the recipient of the goods and services, or his or her employer or publisher, actively markets, advertises, publicizes or sells goods and services supplied by the supplier.

- (2) the term “the purpose of carrying on the business of the supplier” requires that the activities of the recipient of the goods and services are devoted wholly to directorship, managerial, operational, financial or administrative functions in relation to the undertaking carried on by the supplier of the goods and services.
- (3) a leaseholder (or a person related to that leaseholder) shall be a person related to the supplier of goods and services where:
 - (a) the leaseholder (or person related to the leaseholder) is the recipient of the goods or services at the location of the leased property; or
 - (b) the supply to the leaseholder (or person related to the leaseholder) is made directly or indirectly in connection with the leased property; or
 - (c) the supply to the leaseholder (or person related to the leaseholder) arises directly or indirectly from the lease of the property.

55. Delivery charges

Where an additional amount is charged for the delivery of the goods to the recipient, tax shall be charged for that service at the rate specified in the Act.

56. Refunding the consideration paid for a good or service

Where tax has been paid to the MIRA in relation to a good or service supplied by a registered person, and the recipient of such good or service receives a refund of the consideration paid for it for any reason, the amount of tax paid for such transaction may be deducted from the output tax of the taxable period in which the refund was made.

57. Lost or damaged goods

Where a good chargeable to tax is lost or damaged, the tax treatment of such good shall be as follows:

- (a) If a good is lost or damaged before it is sold, tax shall not be paid on such good.
- (b) If a good is lost or damaged after it was sold but prior to the delivery to the recipient, tax shall be paid on such good.

CHAPTER 7: IRRECOVERABLE DEBTS

58. Circumstances where tax paid on irrecoverable debts can be deducted

For the purpose of Section 36(c)(1) of the Act, any amount of tax paid on irrecoverable debts may be deducted by the registered person under the following circumstances:

- (a) Court passes a judgement that the debt or part of it is irrecoverable; or
- (b) The debtor is liquidated or adjudged bankrupt; or
- (c) The debt is written off as irrecoverable in accordance with International Financial Reporting Standards or another accounting standard approved by the MIRA.

59. Deducting tax paid on irrecoverable debts

The amount of tax paid on irrecoverable debts may be deducted from the output tax of subsequent taxable periods, with the authorization from the Commissioner General. In requesting for the Commissioner General's authorization, the registered person shall submit the following documents in relation to the supply:

- (a) Copies of all tax invoices, receipts, credit notes and debit notes with respect to that supply;
- (b) Documents proving that the registered person has accounted for and paid tax thereon;
- (c) Documents proving that one of the circumstances specified in Section 58(a) of this Regulation, in relation to the consideration required to be paid for that supply, has occurred.

60. Recovery of debts written off

- (a) Where a registered person has written off a bad debt in accordance with Section 59 of this Regulation, the registered person may make a deduction as input tax under Section 36(c)(1) of the Act of that portion of the amount of tax charged in relation to that supply as the amount written off as a bad debt bears to the total consideration for the supply.
- (b) Where any amount in respect of which a deduction has been made in accordance with subsection (a) is at any time wholly or partly recovered by the registered person, that portion of the amount of the deduction allowable under subsection (a) as the amount of the bad debt recovered bears to the bad debt written off is output tax charged in relation to a supply of taxable goods and services made during the taxable period in which the bad debt is wholly or partly recovered.
- (c) Section 36(c)(1) of the Act shall not apply unless the registered person has properly accounted for output tax on the value of the supply in a taxable period earlier than the taxable period in which the deduction in respect of the debt write-off is claimed.

CHAPTER 8: TAX INVOICE

61. Requirement to issue a full tax invoice

Notwithstanding Section 42(b) of the Act, registered persons shall include the particulars specified in Sections 42(a)(1) to (9) of the Act on the tax invoice issued to another registered person in relation to the supply of a good or service, if requested by such person.

62. Requirement to issue one tax invoice per transaction

A registered person may issue a single tax invoice in relation to a supply comprising goods and services chargeable to tax at different rates and exempt goods and services, and such tax invoice must indicate separately the value and details of goods and services chargeable to tax at different rates and exempt goods and services.

63. Pro forma invoice

For the purpose of the Act and this Regulation, a pro forma invoice shall not be considered as a tax invoice, and a pro forma invoice shall be clearly marked with the words "This is not a Tax Invoice".

64. Cancellation of tax invoice, receipt, credit note, debit note

For the purpose of Section 50(b) of the Act, a tax invoice, receipt, credit note or debit note may be cancelled only under the following circumstances:

- (a) any information, other than the value of supply, in such document is to be changed;
- (b) the recipient of a good or service requests a tax invoice with all the particulars specified in Section 42(a) of the Act after a tax invoice is issued under Section 42(b) of the Act;
- (c) the goods or services supplied are exchanged for another good or service.

65. Requirement to include the amount of tourism tax on the tax invoice

Where the amount of tourism tax charged on a transaction under the Maldives Tourism Act (Law Number 2/99) is not stated clearly on the tax invoice, receipt, credit note or debit note issued by a registered person, such person shall not deduct such amount under Section 36(a) of the Act.

66. Issuing credit notes

A registered person must issue the recipient of the goods and services with a credit note that meets the requirements of Section 44 of the Act where:

- (a) a registered person makes a supply of goods and services and,
 - (1) the supply has subsequently been cancelled; or
 - (2) the supply was not zero-rated or exempted from tax when it should have been, or tax has been charged in excess; or
 - (3) the previously agreed consideration for the supply, which has been included in a tax return for an earlier taxable period, has been reduced (including, any discount given); or
 - (4) the goods and services supplied, or part of them, have been returned to the registered person; or
 - (5) for any other reason, the consideration received by the registered person is lower than the amount at which the supply was originally made; and
- (b) the registered person has provided a tax invoice in relation to the supply; and
- (c) as a result of an event specified in subsection (a), the amount shown on the tax invoice as tax charged on that supply is incorrect, or the registered person has filed a tax return for an earlier taxable period showing output tax that, as a result of one of the above events, is incorrect.

67. Issuing debit notes

A registered person must issue the recipient of the goods and services with a debit note that meets the requirements of Section 45 of the Act where:

- (a) a registered person makes a supply of goods and services and,
 - (1) the supply was zero-rated or exempted from tax when it should not have been, or a lower amount of tax has been charged than required; or
 - (2) the previously agreed consideration for the supply, which has been included in a tax return for an earlier taxable period, has been increased; or
 - (3) for any other reason, the consideration received by the registered person is higher than the amount at which the supply was originally made; and
- (b) the registered person has provided a tax invoice in relation to the supply; and
- (c) as a result of an event specified in subsection (a), the amount shown on the tax invoice as tax charged on that supply is incorrect, or the registered person has filed a tax return for an earlier taxable period showing output tax that, as a result of one of the above events, is incorrect.

68. Earlier taxable period

For the purpose of Sections 66 and 67 of the Regulation, “earlier taxable period” means the taxable period in which the supply of the goods and services was made or any other taxable period before the taxable period in which the events stated in Section 66(a) or 67(a) of the Regulation occurred.

69. General provisions on credit notes and debit notes

Tax payable by a registered person for a taxable period must be accounted for as follows:

- (a) deducting the aggregate amount of tax shown on credit notes issued by the registered person during the taxable period, and adding the aggregate amount of tax shown on credit notes received by the registered person during the taxable period;
- (b) adding the aggregate amount of tax shown on debit notes issued by the registered person during the taxable period, and deducting the aggregate amount of tax shown on debit notes received by the registered person during the taxable period.

CHAPTER 9: TAXABLE PERIOD

70. Threshold for determining taxable period

- (a) For the purpose of Section 24(a) of the Act, whether or not the value of goods and services supplied by a registered person exceeds the threshold of MVR 1,000,000 (One Million Rufiyaa) per month specified in that Section shall be determined with reference to the average value of goods and services supplied by such person during the past 12 (twelve) months and the estimated average value of goods and services for the following 12 (twelve) months.
- (b) A taxable period of 3 (three) months may be elected under Section 24(a)(1) of the Act by any person only if both the monthly averages specified in subsection (a) are less than MVR 1,000,000 (One Million Rufiyaa).

71. Application to change taxable period

- (a) A registered person who applies to change the taxable period shall complete the relevant form (MIRA 207) and furnish any information and documents specified therein, and the taxable period as requested in the form shall only be changed with the written approval of the Commissioner General.

- (b) A person granted the right to change the taxable period under subsection (a) shall change the taxable period in accordance with the approval, from the subsequent taxable period following the taxable period in which the approval is granted.

72. Frequency of change of taxable period

Registered persons shall not be permitted to change their taxable period more than once a year by application to the Commissioner General.

73. Notice to change taxable period

- (a) Notwithstanding Section 72 of this Regulation, where the average value of goods and services supplied by a registered person during the past 12 (twelve) months exceeds MVR 1,000,000 (One Million Rufiyaa), or the estimated average value of goods and services for the following 12 (twelve) months exceeds MVR 1,000,000 (One Million Rufiyaa), the Commissioner General may notify such person to file tax returns on a monthly basis.
- (b) Under the circumstance where the Commissioner General has notified the change of the taxable period in accordance with subsection (a), such change shall take effect from the subsequent taxable period following the taxable period in which such notice was served.

CHAPTER 10: ACCOUNTING BASIS

74. Change of accounting basis

- (a) For the purpose of changing the accounting basis from the invoice basis to another basis under Section 34(b) of the Act, the threshold of MVR 2,000,000 (Two Million Rufiyaa) specified in that Section shall be determined with reference to the total value of goods and services supplied by such person during the past 12 (twelve) months and the estimated total value of goods and services for the following 12 (twelve) months.
- (b) Permission to change the accounting basis under Section 34(b) of the Act from the invoice basis to another basis shall be granted only if both the averages specified in subsection (a) are less than MVR 2,000,000 (Two Million Rufiyaa).
- (c) A person granted the right to change the accounting basis under subsection (b) shall change the accounting basis from the subsequent taxable period following the taxable period in which the approval is granted.

- (d) A registered person who applies to change the accounting basis shall complete the relevant form (MIRA 207) and furnish any information and documents specified therein.

75. Documents to be submitted upon change of accounting basis

- (a) Where the accounting basis is changed under Section 34 of the Act, the registered person shall submit the following information to the MIRA in a format prescribed by the Commissioner General.
- (1) Details of outstanding debts owed to the registered person in relation to the taxable activity;
 - (2) Details of outstanding amounts payable by the registered person in relation to the taxable activity;
 - (3) Any other information determined by the Commissioner General.
- (b) The information required to be furnished under subsection (a) shall be furnished on or before the deadline for filing the tax return for the taxable period in which the approval for change of accounting basis is granted.

CHAPTER 11: TAX RETURN

76. Tax return

- (a) Unless otherwise specified in this Regulation, every registered person shall file tax returns with the MIRA in accordance with the provisions of the Act and this Regulation and within the prescribed period.
- (b) Persons registered separately under Section 7 of this Regulation shall file separate tax returns for each taxable period.

77. Preparing tax return

- (a) Persons carrying on taxable activities specified in Section 16 of the Act shall file tax returns using the MIRA 205 form.
- (b) Persons carrying on taxable activities specified in Section 15 of the Act shall file tax returns using the MIRA 206 form.
- (c) The form determined by the MIRA for filing tax returns shall be completed to compute the amount of tax required to be paid for a taxable period, in accordance with the accounting basis adopted by the registered person.

78. Information required in tax return

A tax return filed by a registered person shall contain the following particulars in addition to the information specified in Section 29 of the Act in relation to all taxable activities carried on by such person.

- (a) The total value of exempt goods and services included in the total value of goods and services supplied by the registered person;
- (b) The total value of zero-rated goods and services included in the total value of goods and services supplied by the registered person;
- (c) Other consideration not within the scope of the Act included in the total value of goods and services supplied by the registered person;
- (d) Other particulars specified in the MIRA 205 or MIRA 206 forms.

79. Signatories to a tax return

Tax returns filed with the MIRA by the registered person shall be signed by the registered person or by another person registered with the MIRA to sign tax returns on behalf of the registered person.

80. Postponement of filing of tax return

- (a) A registered person may apply to the Commissioner General to extend the period for filing tax returns under the following circumstances:
 - (1) The registered person suffers from sudden serious illness;
 - (2) Death of the registered person;
 - (3) Any other reasonable cause.
- (b) The Commissioner General shall, at his discretion, grant an extension based on the grounds referred to in subsection 80(a), and the registered person shall act in the manner approved by the Commissioner General from the date of approval.

81. Payment of tax during extended period

Any registered person granted an extension of the period for filing tax returns shall pay an estimated amount of tax as and when it would otherwise fall due had the extension not been granted, as follows:

- (a) Tax paid in the corresponding taxable period of the previous year or the tax declared in the last tax return filed, whichever was greater; or
- (b) An estimated amount of tax calculated, with the approval of the Commissioner General, in a manner other than that prescribed in subsection (a).

82. Filing return and paying tax upon expiry of extension

- (a) Upon expiry of the extension granted under Section 80 of this Regulation, the registered person shall file the tax returns applicable for the period for which the extension was granted at the time of filing the tax return for the subsequent taxable period.
- (b) The registered person shall, by the time specified in subsection (a), pay tax for the current taxable period together with any tax which has fallen short and applicable fines during the period for which the extension was granted. Any tax paid in excess shall be set off against tax liabilities of the registered person. Interest shall not be payable on the amounts paid in excess.

83. Amending the tax return

- (a) If a registered person files an amended tax return within 12 (twelve) months from the date of filing a return, such amended return shall be deemed to be a written notice submitted under Section 63 of the Act.
- (b) Registered persons shall amend tax returns after 12 (twelve) months from the due date for filing the return, only on application in writing to the Commissioner General and in a manner instructed by the Commissioner General.
- (c) If additional tax is required to be paid in relation to the amended tax return submitted under this Section, such tax and relevant fines shall be paid to the MIRA on the day of filing the amended return.
- (d) If a registered person is qualified for a tax refund in relation to the amended return filed under this Section, the refund amount may be deducted from the output tax of that person's subsequent taxable periods, in a manner notified by the MIRA. Interest shall not be payable on the amounts paid in excess.

84. Requirement to hold tax invoices

For the purpose of Section 37(d) of the Act, a registered person must hold the tax invoice referred to in that Section at the time that the person files the return for the taxable period to which the input tax deduction relates.

85. Requirement to hold credit notes and debit notes

A registered person is not allowed a deduction in respect of any adjustment to tax if that person does not hold a credit note that complies with the requirements of Section 44 of the Act or a debit note that complies with the requirements of Section 45 of the Act, at the time that the person files the return for the taxable period to which the adjustment relates.

CHAPTER 12: PAYMENT OF TAX

86. Payment of tax without submitting a tax return

- (a) Any registered person, who has failed to file his tax return on time, may pay an amount of money to the MIRA to be credited to his account.
- (b) Monies credited to the account of the registered person under subsection (a) shall only be set off against the person's tax liabilities once the tax return has been filed.
- (c) Any amount paid in excess, after having set off an amount in accordance with subsection 86(b), shall be set off against the tax liabilities of the registered person in the subsequent taxable period, and any amount which falls short shall be paid together with any fines incurred on such amount, from the date such amount fell due until the date the outstanding amount was settled.
- (d) A registered person shall not be allowed to claim interest where an amount in excess of his tax liability was credited to his account as prescribed in subsection (a).

87. Input tax exceeding output tax

- (a) For the purpose of Section 32(b) of the Act, where input tax on a tax return submitted by a registered person exceeds output tax on such return, that person's return showing the amount of the excess for the period shall constitute an application for the claim for the amount of the excess.
- (b) The MIRA shall not be required to refund to a registered person any amount of the excess of input tax over output tax for a taxable period where it believes that the supplier of goods or services to the registered person has or may have acted fraudulently and failed to pay the output tax corresponding to the amount of the tax refund.

CHAPTER 13: DEREGISTRATION

88. Application to deregister or for removal from the register

- (a) Persons applying for deregistration under Section 55 of the Act and persons applying for removal from the register under Section 58 of the Act shall submit a completed “GST Deregistration” (MIRA 106) form with the relevant information and documents specified therein.
- (b) An application for removal of a person from the register under Section 58 of the Act shall be processed after considering the following:
 - (1) Cessation of the taxable activity carried on by such person in the Maldives;
 - (2) All necessary documents required to be submitted to the MIRA by such person in accordance with the Act have been submitted, and all amounts payable to the MIRA by such person have been settled in full.
- (c) If a person is deregistered under Section 55 of the Act, or is removed from the register under Section 58 of the Act, such person shall return to the MIRA all GST Registration Certificates issued to him under Section 10 of this Regulation, within 15 (fifteen) days of receiving the notification of deregistration or removal from the register.

89. Date on which charging of tax shall terminate

- (a) Persons applying for deregistration under Sections 55(a)(1) and (2) of the Act shall cease to charge tax in accordance with the Act and this Regulation, from the day following the date of deregistration.
- (b) Persons applying for deregistration under Section 55(a)(3) of the Act shall cease to charge tax in accordance with the Act and this Regulation from the day following the date on which the taxable activity was discontinued.

90. Discretion to not deregister persons registered voluntarily

The Commissioner General shall have the discretion to not deregister a person who has registered voluntarily under Section 53 of the Act until 2 (two) years has elapsed since registration, even though such person applies for deregistration.

91. Requirement to pay tax on goods in hand at the time of deregistration

Where a person other than a person specified in Section 55(d) of the Act is deregistered, such person shall pay to the MIRA the amount of input tax that has been claimed in relation to goods in hand at the time of deregistration.

CHAPTER 14: RECORD KEEPING

92. Record keeping

- (a) Every registered person shall, for the purpose of accounting for tax, maintain the following records:
- (1) Tax invoices and receipts issued and received by the registered person;
 - (2) Credit notes, debit notes, or other documents which indicate an increase or decrease in consideration that is paid or received;
 - (3) Statements showing details of output tax declared on each tax return and statements showing details of input tax claimed on each tax return;
 - (4) Documents to prove import or export of goods;
 - (5) Details of goods acquired by the registered person for his private use or for a purpose other than business, and details of goods taken for private use;
 - (6) Details of goods or services supplied for free or on a complimentary basis, and details of goods lost, damaged, or returned by the recipient;
 - (7) Business agreements;
 - (8) Other documents required for the calculation of tax payable by that person.
- (b) The Commissioner General by public notice may add to the list of documents required to be maintained by registered persons under subsection (a).
- (c) The receipts and related documents required to be maintained under this Section shall be maintained in a manner in which the date and mode of receipt of payment for goods or services supplied by the registered person can be readily ascertained.

93. Notice to submit documents

- (a) Where the MIRA requires a document specified in Section 92(a) of this Regulation, the Commissioner General shall have the power to notify the registered person to submit documents specified in the notice within 7 (seven) days from the date of the notice.
- (b) Where the MIRA requires a document not specified in Section 92(a) of this Regulation, the Commissioner General shall have the power to notify the registered person to submit documents specified in the notice within 21 (twenty one) days of the date of the notice.

94. Documents pertaining to goods and services supplied to exempt persons

Where under Section 20(m) of the Act a good or service supplied by a registered person is exempted from GST by another Act, the registered person shall maintain sufficient records which indicate that the supply of the good or service is exempt.

95. Period, language and translation to payment currency

- (a) Tax related records of a registered person shall be kept for a period of 5 (five) years from the end of the taxable period to which they relate. Such records shall be maintained either in Dhivehi or English.
- (b) In preparing the tax return of a registered person under Section 77 of this Regulation, the amounts pertaining to transactions in currencies other than the payment currency specified in Section 62 of the Act, shall be converted into the payment currency by using a rate within $\pm 2\%$ (plus or minus two per cent) of the rate published by the Maldives Monetary Authority, pertaining to the time of supply of the transactions.
- (c) The source of the foreign exchange rates adopted by a registered person must be used throughout.
- (d) For the purpose of this Regulation, if the Maldives Monetary Authority has not published a rate for a given date, the reference rate for that date shall be the last published rate prior to that date.

96. Keeping records in an electronic format

Records relating to tax of a registered person may be retained in electronic format only if:

- (a) the records can be readily printed on paper if required by the MIRA; and
- (b) the date of preparation of documents can be identified when the records are printed on paper; and
- (c) the records can be readily retrieved and viewed to allow the MIRA to ascertain the amount of tax payable by such person; and
- (d) where the records are transferred from one format to another, the duplicate of the records can be confirmed to be identical to the original records; and
- (e) they are secure from alteration by unauthorised parties; and
- (f) the records are not altered due to a change or upgrade to the software; and
- (g) there is a secure backup of the software and records kept in electronic format; and
- (h) an audit log report of all such records can be generated; and

- (i) the program documentation may be produced to the MIRA if the registered person is requested to do so.

97. Place to keep records

The accounting records required to be maintained under this Regulation shall be kept at the principal place of business in the Maldives of the registered person.

98. Making copies

For the purpose of Section 47 of the Act,

- (a) A duplicate copy of an original document must state in a prominent manner the word "Duplicate";
- (b) A statement attesting that the document is a duplicate copy of the original document must be clearly shown on the duplicate copy of the document;
- (c) The registered person who issues the duplicate copy must sign the statement referred to in subsection (b) or, where the registered person is not an individual, a person authorised by the registered person to sign the tax returns of the registered person must sign the statement; and
- (d) Where the registered person is not an individual, the seal or official stamp of the registered person must appear next to the statement referred to in subsection (b).

CHAPTER 15: TRANSITIONAL PROVISIONS

99. Cut-off date

- (a) For the purpose of the Act, the cut-off date shall be 00:00 hours on 2nd October 2011, and tax shall be charged in accordance with the Act and subsections (b) and (c), and based on the principle of time of supply, on the value of goods and services supplied after such date.
- (b) If a registered person is granted a permit by a State authority for the conduct of business on a 24-hour basis, or if the registered person conducts business 24 hours per day, the charging of tax shall commence from the time specified in subsection (a).
- (c) Persons not falling within subsection (b) shall commence charging tax from the time of opening their business on 2nd October 2011.
- (d) Notwithstanding other provisions of this Regulation, if a person supplying goods or services specified in Section 16 of the Act, has supplied goods or services prior to the commencement of the Act and where the tax invoice in relation to that transaction

was prepared or the payment or partial payment in relation to that transaction was made on or after the date of commencement of the Act, tax shall not be charged on such transaction.

100. Transactions prior to the ratification of the Act

- (a) Notwithstanding Sections 17(a) and (b) of the Act, where a person registered with the MIRA other than under the Tourism Goods and Services Tax Act (Law Number 19/2010), signs an agreement prior to the ratification of the Act for the supply of goods or services, and the agreement was entered into under the supplier's normal commercial practices, and work on the delivery of the goods and services so mentioned in the agreement has begun prior to the ratification of the Act, tax shall not be chargeable on that supply if the tax invoice is issued or part or whole of the payment is received for that supply within 1 (one) year from the date of commencement of the Act.
- (b) Notwithstanding Section 52 of this Regulation, where a person registered under the Tourism Goods and Services Tax Act (Law Number 19/2010), supplies goods or services under an agreement entered into under normal commercial practices, and as per such agreement, tax for such supply is calculated without including a service charge in the total value of that supply, and work on the delivery of the goods and services so mentioned in the agreement has begun prior to the ratification of the Act, no tax shall be charged on the service charge levied under the agreement, within 1 (one) year from the date of commencement of the Act.
- (c) Where tax is not chargeable on a transaction made by a registered person under subsections 100(a) and (b), that person shall prove to the MIRA that the transaction was concluded under normal commercial practices.

101. Transactions made during the period between the ratification of the Act and its commencement

- (a) It shall be an offence for a registered person to conduct transactions with the intent to avoid tax, during the period between the ratification of the Act and its commencement.
- (b) A registered person shall submit the following particulars, upon request, to the MIRA within the period specified by the MIRA:
 - (1) Details of advance payments and deposits received, contracts signed, and tax invoices issued during the period between the passing of the Act and its commencement for the supply of goods and services, if such goods or services would be physically supplied at any time after the commencement of the Act.

- (2) Details of advance payments and deposits received, contracts signed, and tax invoices issued during the period corresponding to the period between the passing of the Act and its commencement, during the year 2010, relating to goods or services physically supplied on or after 2nd October 2010.
- (c) If a registered person supplies goods or services on or after the date of ratification of the Act and, at the date of commencement of the Act, no tax invoice has been prepared for the total value of that transaction or the total value of that transaction has not been received, tax shall be paid on the value of the transaction where a tax invoice was not prepared or where the value of such transaction was not received.

102. Tax return of T-GST registered persons for September 2011

- (a) The tax return for September 2011 of a person registered under the Tourism Goods and Services Tax Act (Law Number 19/2010), required to be filed under Section 13 of that Act, shall be filed on or before 28th October 2011, and that taxable period shall begin on 1st September 2011 and end on 1st October 2011.
- (b) The consequence of filing the tax return under subsection (a) shall be that the person registered under the Tourism Goods and Services Tax Act is not liable to file a separate tax return for October 2011 under that Act.

103. Relief given to persons maintaining records without the use of software

Notwithstanding any other provision in this Regulation, if the records of a registered person are maintained without the use of software, such records shall be maintained in accordance with a specimen determined by the MIRA.

CHAPTER 16: MISCELLANEOUS PROVISIONS

104. Goods and services supplied in the Maldives

For the purpose of the Act, a good or service shall be deemed to be supplied in the Maldives with reference to the following provisions:

- (a) Goods and services are deemed to be supplied in the Maldives if the supplier is in the Maldives at the time that the goods and services are supplied.
- (b) Goods and services are supplied in the Maldives if the supplier is outside the Maldives and:
 - (1) the goods are in the Maldives at the time of the supply; or
 - (2) the services or part of such services are physically performed in the Maldives by a person who is in the Maldives at the time the services are performed.

(c)

- (1) For the purpose of the Act, a company or other incorporated entity shall be deemed to be a supplier in the Maldives if it is incorporated in the Maldives.
- (2) For the purpose of the Act, a partnership or any other unincorporated body shall be deemed to be a supplier in the Maldives if it is established in the Maldives.

105. Taxable activity

For the purpose of the Act, a taxable activity includes anything done in connection with the beginning or ending, including the disposition, or a premature ending, of a business.

106. Related party

For the purpose of the Act and this Regulation, “related party” means:

- (a) Companies within the same group of companies;
- (b) A shareholder and the company in which the shareholder holds 5% (five per cent) or more of the shares of the company;
- (c) A partnership and any of its partners;
- (d) An individual and:
 - (1) his or her spouse; or
 - (2) his or her parent, grandparent, child (including a stepchild), brother, sister, half-brother or half-sister; or
 - (3) the wife or husband of a person stated in subsection (d)(2);
- (e) Any person associated with a person who is associated with another person under subsections 106(a) to (d).

107. Value of charter

For the purpose of Section 15(c) of the Act, value of a charter refers to the total value received in money or otherwise, in consideration for the charter of a tourist vessel, by the charterer of such tourist vessel.

108. Manner in which the thresholds in the Act shall be determined

- (a) In considering the thresholds specified in Sections 24(a), 34(c), 51 and 55(a) of the Act, reference shall be made to the total value of taxable goods and services supplied by the registered person.

- (b) Where a taxable activity is registered separately under Section 7 of this Regulation, all taxable activities carried on by the registered person shall be included in considering the thresholds specified in Section 24(a), 34(c), 51 and 55(a) of the Act.

109. Displaying GST-inclusive price

- (a) The prices of goods and services supplied by a registered person shall be displayed to customers, and the displayed price shall include the amount of tax chargeable for such good or service, except under the conditions specified in subsections (b) and (c).
- (b) A registered person who charges a service charge in relation to the supply of goods and services may display the prices of goods and services exclusive of the amount of tax chargeable, in which case prices must be displayed in a manner in which customers can compute the total amount they must pay to the supplier. This subsection is subject to subsection (c).
- (c) Telecommunication service providers, agents of telecommunication service providers and intermediary on-sellers of telecommunication services must display prices of telecommunication services exclusive of the amount of tax chargeable. Such person must display prices of telecommunication services in a manner in which customers can compute the total amount they must pay to such person in relation to the telecommunication service supplied.
- (d) A person referred to in subsection (c) must prominently display in the premises where his taxable activities are carried out, a notice which indicates that telecommunication services supplied by or through that person excludes the amount of tax chargeable.
- (e) Subsections (c) and (d) shall have effect until 31 December 2015.

110. Refunds

For the purpose of Section 32(b)(1) of the Act, excess payments made to the MIRA under the Act by a registered person shall be refunded to him when he terminates all taxable activities carried on by him in the Maldives.

111. Approved software

Registered persons, whose annual taxable sales exceeds an amount determined by the MIRA, shall only use software approved by the MIRA for the purpose of preparing tax related documents. Nonetheless, registered persons shall be given 2 (two) years from the date of publication of an approved list of software by the MIRA, to comply with the software requirement of the MIRA.

112. Person responsible for notifying MIRA of the occurrence of certain events

For the purpose of Section 26(c) of the Act, where any event specified in Section 26(a) of the Act occurs, such occurrence shall be notified to the MIRA by the person determined as such under the Tax Administration Act (Law Number 3/2010) and the Regulation made pursuant to that Act.

113. Change in tax rates

If the tax invoice for goods and services supplied by a registered person is prepared or if payment or partial payment for the goods or services is made before the effective date of rate changes specified in Sections 15 and 16 of the Act, tax on such transaction shall be charged at the rate prevailing at the time of supply of that transaction in accordance with Section 17 of the Act.

114. Complying with the law and regulation

- (a) Registered persons shall fully comply with the Regulation herein, including any other rulings issued by the Commissioner General in the course of administering tax for the purpose of the Act.
- (b) A registered person that violates any requirement in this Regulation shall be subject to a penalty not exceeding MVR 2,000 (Two Thousand Rufiyaa), unless a penalty for such violation is prescribed in a tax law.

115. This Regulation to be read together with taxation laws

This Regulation shall be read together with the Goods and Services Tax Act (Law Number 10/2011) and the Tax Administration Act (Law Number 3/2010) and regulations made pursuant to the Acts. Any word or expression not defined in this Regulation, unless the context otherwise requires, shall have the same meaning such word or expression has in the Acts.

116. Commencement of the Regulation

The date of commencement of this Regulation shall be the date of commencement of the Goods and Services Tax Act.

117. Definitions

(a) In this Regulation, unless otherwise specified:

“Authorized service” refers to a service provided with a permit, license or registration obtained from a government authority or a state institution for the provision of that service.

“Authorized trade” refers to a trade conducted in the Maldives with a permit, license or registration obtained from a government authority or a state institution for the establishment and conduct of that trade.

“Immovable property” refers to land, uninhabited islands, lagoons, reefs, reef knolls, buildings, warehouses, plants, factories, monuments and any other such property.

“Group of companies” refers to a parent company and any other companies in which the parent company directly or indirectly holds 50% (fifty per cent) or more of the voting rights of the other company, or otherwise controls the other company.

“Travel agency service providers” refers to travel agents, tour operators and other parties engaged in arranging travel on a commercial basis to persons travelling to the Maldives.

“Loyalty scheme” refers to a scheme where the recipient of goods or services can redeem points.

“Act” refers to the Goods and Services Tax Act (Law Number 10/2011).

“Tourism tax” refers to the tax levied under the Maldives Tourism Act (Law Number 2/99).

“Taxable goods and services” refers to goods and services taxable under the Act, including zero-rated goods and services specified in Section 22 of the Act. For the avoidance of doubt, it does not include exempt goods and services specified in Section 20 of the Act.

(b) For the purpose of this Regulation, singular includes plural and plural includes singular.