



*Unofficial translation of the*

## **REMITTANCE TAX REGULATION**

**2016/R-86**

---

*This Regulation was made pursuant to the authority granted to the Maldives Inland Revenue Authority by the Employment Act (Law Number 2/2008), and was published in the Government Gazette on Thursday the 29th of September 2016 (27 Zul-Hijjah 1437).*

**DISCLAIMER OF LIABILITY**

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

# TABLE OF CONTENTS

1. Introduction and citation .....	3
2. Objective.....	3
CHAPTER 1: REGISTRATION .....	3
3. Registration for Remittance Tax.....	3
4. TIN .....	3
5. Remittance Tax Registration Certificate .....	4
6. Deregistration .....	4
CHAPTER 2: COMPUTATION AND COLLECTION OF REMITTANCE TAX .....	4
7. “Remittance” .....	4
8. Tax computation .....	4
9. Collection of tax from remitters .....	5
CHAPTER 3: TAX RETURN AND PAYMENT .....	5
10. Remittance Tax Return.....	5
11. Submission of Information Sheet.....	6
12. Mandatory online filing of Remittance Tax Return and payment of tax .....	6
13. Amending tax returns .....	6
CHAPTER 4: MISCELLANEOUS PROVISIONS .....	7
14. Payment of Remittance Tax charged in violation of the Act to MIRA .....	7
15. Record keeping.....	7
16. Fines .....	7
17. This Regulation to be read together with other laws.....	8
18. Commencement of the Regulation .....	8
19. Definitions.....	8

# REMITTANCE TAX REGULATION

## 1. Introduction and citation

- (a) This Regulation was made pursuant to the authority granted to the Maldives Inland Revenue Authority under Section 93 of the Employment Act (Law Number 2/2008).
- (b) This Regulation shall be cited as the “Remittance Tax Regulation”.

## 2. Objective

The objective of this Regulation is to establish policies and procedures with regard to the imposition of Remittance Tax pursuant to Chapter 11 of the Act.

## CHAPTER 1: REGISTRATION

### 3. Registration for Remittance Tax

- (a) Banks and money transfer agencies in operation as of the commencement of this Regulation shall be registered for Remittance Tax by MIRA upon commencement of this Regulation, and the registration details shall be communicated to the respective entity.
- (b) Banks and money transfer agencies which are established after the commencement of this Regulation shall be registered for Remittance Tax by MIRA from the date of issue of the license by the Maldives Monetary Authority, and the registration details shall be communicated to the respective entity.
- (c) Banks and money transfer agencies shall be registered for Remittance Tax in the name of the entity to which the relevant license is issued, and each bank and money transfer agency shall be registered for Remittance Tax separately.
- (d) The Maldives Monetary Authority shall inform MIRA in writing, when a bank or a money transfer agency is issued the license by the Maldives Monetary Authority, within 3 (three) days from the date the license was issued.

### 4. TIN

Each bank and money transfer agency registered under this Regulation shall be allocated a Taxpayer Identification Number (TIN).

## **5. Remittance Tax Registration Certificate**

- (a) Each bank and money transfer agency registered under this Regulation shall be provided with a Remittance Tax Registration Certificate.
- (b) All registered entities shall display the Remittance Tax Registration Certificate provided by MIRA in a conspicuous place at the business premises to indicate that the establishment is registered for Remittance Tax.

## **6. Deregistration**

- (a) A deregistration application shall be made by the license holder to MIRA in writing, within 15 (fifteen) days from the cancellation of the license of that bank or money transfer agency.
- (b) The Maldives Monetary Authority shall notify MIRA in writing, when a license issued to a bank or money transfer agency has been cancelled, within 3 (three) days from the cancellation date.

# **CHAPTER 2: COMPUTATION AND COLLECTION OF REMITTANCE TAX**

## **7. "Remittance"**

- (a) For the purposes of Chapter 11 of the Act, the following activities carried out by foreigners employed in Maldives shall be considered as remittances:
  - (1) Transferring money out of the Maldives through a bank or money transfer agency.
  - (2) Withdrawing cash from a bank account opened in the Maldives, outside the Maldives.
- (b) Transactions referred to in subsection (a)(2) shall be subject to Remittance Tax from a date determined by the Commissioner General of Taxation.

## **8. Tax computation**

For the purposes of Section 89 of the Act, the amount of Remittance Tax payable shall be computed on the following basis:

- (a) Charges imposed by the bank or money transfer agency on the customer shall not be included in computing the amount of Remittance Tax payable in relation to a remittance transaction.

- (b) Banks shall convert the remitted amount to Rufiyaa using the bank's selling rate of the respective currency on the date of remittance.
- (c) Money transfer agencies shall convert the remitted amount to Rufiyaa:
  - (1) using the exchange rate upper limit authorized by the Maldives Monetary Authority on the date of remittance, if the remittance currency is United States Dollar; or
  - (2) using the cross rate published by the Maldives Monetary Authority on the date of remittance, if the remittance currency is a currency other than United States Dollar. Where the Maldives Monetary Authority has not published a cross rate for the date of remittance, the cross rate for that date shall be the last published cross rate prior to that date.

## **9. Collection of tax from remitters**

- (a) Banks and money transfer agencies shall not make it compulsory for remitters to pay the amount of Remittance Tax to the bank or money transfer agency in a currency other than Maldivian Rufiyaa.
- (b) Remittance Tax shall not be charged from persons other than foreigners who hold work visas and foreigners who are not allowed to work in the Maldives without a work visa. Where the bank or money transfer agency is unable to verify whether a remitter is a foreign national who holds a visa other than a work visa, or whether his visa is valid or has not expired, the transaction shall be subject to tax in accordance with the Act and this Regulation.
- (c) Where Remittance Tax was charged from a person under subsection (b), and where it was later proved that such person is not subject to Remittance Tax, the amount of Remittance Tax charged shall be refunded.

## **CHAPTER 3: TAX RETURN AND PAYMENT**

### **10. Remittance Tax Return**

- (a) Banks and money transfer agencies shall compute their Remittance Tax liability, and file the Remittance Tax Returns specified in section 91(a) of the Act with MIRA, in accordance with the Act and this Regulation.
- (b) Banks and money transfer agencies shall file a tax return for each calendar month by the 15<sup>th</sup> day of the subsequent month, using MIRA 520 (Remittance Tax Return) form.
- (c) Banks and money transfer agencies are required to file a Remittance Tax Return with MIRA in accordance with subsection (b), even if no transactions subject to

Remittance Tax were done through the bank or money transfer agency, for as long as the entity is not deregistered from Remittance Tax.

#### **11. Submission of Information Sheet**

Every bank and money transfer agency shall submit an Information Sheet to MIRA together with the Remittance Tax Return, in a format prescribed by MIRA. The Information Sheet shall contain information about all remittances subject to Remittance Tax that were done through the bank or money transfer agency during the month.

#### **12. Mandatory online filing of Remittance Tax Return and payment of tax**

- (a) The Remittance Tax Return required to be filed pursuant to Section 10 of this Regulation and the Information Sheet required to be submitted pursuant to Section 11 of this Regulation shall be submitted to MIRA via MIRA's online portal. All amounts payable in relation to Remittance Tax shall also be made through the portal.
- (b) Notwithstanding subsection (a), the Commissioner General of Taxation shall have the discretion to accept Remittance Tax Returns filed and payments made otherwise, upon request of the taxpayer. Under such circumstances, tax returns filed with MIRA by the taxpayer shall be signed by a person registered with MIRA through the MIRA101 (Taxpayer Registration) form as a person authorized to sign tax returns on behalf of the taxpayer.

#### **13. Amending tax returns**

- (a) A bank or money transfer agency may amend a Remittance Tax Return submitted in accordance with Section 10 of this Regulation by filing an amended Remittance Tax Return within 12 (twelve) months from the due date for filing that return.
- (b) Where a bank or money transfer agency files an amended Remittance Tax Return pursuant to subsection (a), the bank or money transfer agency shall submit an explanation for the amendment and supporting documents, together with the amended return.
- (c) Where the tax liability declared on an amended Remittance Tax Return filed by a bank or money transfer agency in accordance with subsection (b) is lower than the tax liability declared on the most recent Remittance Tax Return filed by that bank or money transfer agency for that period, the amended return shall be subject to a review before it is accepted.
- (d) Where the tax liability declared on an amended Remittance Tax Return filed by a bank or money transfer agency in accordance with subsection (b) is equal to or higher than the tax liability declared on the most recent Remittance Tax Return filed

by that bank or money transfer agency for that period, the amended return shall be accepted without a review.

(e) Where subsection (c) applies:

(1) the bank or money transfer agency which filed the amended Remittance Tax Return shall be notified in writing that the return has been put on hold pending a review.

(2) the bank or money transfer agency shall not be eligible to claim the credit arising from the amended return until MIRA accepts the amendment following the review.

(f) The outcome of the review referred to in subsection (c) shall be notified to the bank or money transfer agency in writing.

## **CHAPTER 4: MISCELLANEOUS PROVISIONS**

### **14. Payment of Remittance Tax charged in violation of the Act to MIRA**

(a) Where a person not allowed to charge Remittance Tax in accordance with the Act and this Regulation does charge Remittance Tax, or where Remittance Tax is charged to a person who is not required to pay Remittance Tax, or where the Remittance Tax charged is more than the amount chargeable, the amount shall be refunded to the remitter by the person who charged Remittance Tax.

(b) Where a bank or money transfer agency voids a remittance transaction for any reason, the amount shall be refunded to the remitter by the person who charged Remittance Tax. And MIRA shall have the discretion to collect the amount and keep it in MIRA's possession until it is refunded to the person.

### **15. Record keeping**

In addition to the records required to be maintained in accordance with the Tax Administration Act (Law Number 3/2010) and the Tax Administration Regulation (Regulation Number 2013/R-45), banks and money transfer agencies shall maintain records of all remittance transactions and sufficient records to enable MIRA to ascertain that the amount of tax declared is correct.

### **16. Fines**

Where an entity required to register for Remittance Tax does not register with MIRA, or where an entity liable to submit a Remittance Tax Return does not submit it or submits it late, or does not pay by the deadline to pay Remittance Tax or pays it late, the entity

shall be fined pursuant to the Tax Administration Act (Law Number 3/2010) and the Tax Administration Regulation (Regulation Number 2013/R-45).

#### **17. This Regulation to be read together with other laws**

This Regulation shall be read together with the Employment Act (Law Number 2/2008) and the Tax Administration Act (Law Number 3/2010) and regulations made pursuant to those 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 those Acts.

#### **18. Commencement of the Regulation**

This Regulation shall have effect from the date of its publication in the Government Gazette of the Maldives.

#### **19. Definitions**

In this Regulation, unless otherwise specified:

- (a) "Act" refers to the Employment Act (Law Number 2/2008).
- (b) "Bank" shall have the meaning given to it under the Maldives Banking Act (Law Number 24/2010)
- (c) "MIRA" refers to the Maldives Inland Revenue Authority established pursuant to the Tax Administration Act (Law Number 3/2010).
- (d) "Money transfer agency" refers to an entity issued with a license to provide money transfer services in the Maldives, by the Maldives Monetary Authority.
- (e) "Remittance Tax" refers to the tax imposed pursuant to Section 89(a) of the Act.