



MALDIVES  
INLAND REVENUE  
AUTHORITY

# MIRA POST

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## 2015 BPT First Interim Payment Deadline is



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### Important Deadlines

- July 28** Submission of GST return and payment of GST for June 2015 and second quarter of 2015
- July 31** Payment of bank profit tax for 2014 by commercial banks
- July 31** Submission of BPT interim payment statment

**August 10** Payment of trade fee for August 2015

**August 10** Submission of royalty statement and sales report for July 2015 by duty free shops

**August 15** Submission of Withholding tax return and payment of withholding tax for July 2015

**August 15** Payment of duty free royalty for July 2015

\* If the deadline falls on a public holiday, then the last submission deadline would be the next working day

# First BPT Interim Payment of 2015 must be paid before 31 July

**Riyasha Ali, Director, Enforcement**

As per the Business Profit Tax Act, Taxpayers with tax liabilities in tax year 2014 shall be liable for making the BPT interim payments. The deadline for the payment of the First Interim Payment of 2015 is 31 July 2015.

First and Second Interim payment shall each be equal to one half of the preceding tax liability. If it is the first tax year of the taxpayer, then the liable amount for the interim payment would be half of the estimated amount of tax for the year. Taxpayers are liable to pay the first interim

payment by 31 July and second interim payment latest by 31 January of the following year.

Should the previous year's tax liability be MVR2,000 the Taxpayer would be exempt from paying the interim payment. In case of non-payment of the interim payment, non-payment fines would incur at the rate of 0.05% per day on the outstanding payment and interest would start incurring one month after the deadline at the rate of 5% per year on the outstanding amount.

## July 28: GST deadline for 2nd quarter

**Aishath Saana, Senior Officer, Tax Training**

One of the most significant upcoming deadlines for all GST registered persons is the deadline for submission of GST return and payment of GST. It is required by all GST registered persons to file their GST return, even if no business activity was carried out in that particular taxable period.

According to the Goods and Services Tax Act, the deadline to file the GST return is the 28th day of the month following the end of the taxable period. Therefore,

those taxpayers registered for GST as quarterly filers must file their return for the previous quarter, on or before 28 July. The details of the transactions of the aforementioned quarter (1 April to 30 June) must be included in the return of the second quarter of 2015.

Furthermore, those taxpayers registered for GST as monthly filers must also file their GST return for June on or before 28 July.

Failure to file the tax return by the deadline will result in a fine of MVR 50 for each day of delay from the date required to file the tax return. Also, a fine of 0.5% of the amount of tax payable for the taxable period will also apply.

Likewise, failure by a taxpayer to pay tax by the required deadline will result in a fine of 0.05% per day of the outstanding amount from the due date of payment.

## Importance of co-operating with an audit

**Legal Department**

When the MIRA issues an audit notice to a Taxpayer as per the Tax Administration Act, it is important that the Taxpayer ensures that they provide all documents requested by the MIRA in the audit notice and any additional documents requested by the MIRA during the audit of the Taxpayer. Tax Ruling number TR-2015/A2 states that where the Taxpayer does not provide a

document that the MIRA requested for during the audit, that document cannot be submitted with any objection filed under Section 42 of the Tax Administration Act. As such, Taxpayers must be mindful of maintaining all relevant financial documents and information as per the Tax Acts, and ensure that they comply with any requests for documents made by the MIRA during an audit.

# BPT Collected for the First Half of the Year Increases

**Ahmed Saruvash Adam, Senior Manager, Planning and Statistics**

MIRA has reported that the revenue from BPT has increased by 9.7% in the first 6 months of 2015. The revenue collection from BPT has amounted to MVR 1.48 billion in the first 6 months of 2015, including MVR 356.3 million collected in June.

The cumulative revenue collection till June has amounted to MVR 6.86 billion. This depicted a growth of 20.7% when compared with MVR 5.68 billion collected in the corresponding period of the previous year. The revenue growth is attributed to the

growth in the revenue from GST, BPT and Lease Period Extension Fee. GST received for the first 6 months of 2015 has increased by 39.7%, as the tourism sector GST rate was increased to 12% from November 2014 onwards. BPT revenue increased by 9.7% and Lease Period Extension Fee registered a growth of 109.3% in the first half of the year.

The revenue collection for June 2015 totalled MVR 1.24 billion. It is 2.3% lower than the collection for June 2014, due to the lower collection of BPT in June 2015 and non-collection of Tourism

Tax unlike the corresponding period of 2014. When compared against the projection, June collection fell short by 1.7%, as Tourism Land Rent was not collected as much as expected for June.

GST and BPT continue to be the highest revenue contributors in June 2015. MVR 424.6 million was received as GST and MVR 356.3 million was received as BPT in June 2015. Other top contributors to June 2015 revenue include Tourism Land Rent, Bank Profit Tax and Airport Service Charge.

# Importance of Issuing Tax Invoices and Receipts

**Mohamed Azhan, Principal Officer, Micro Business Audit**

For all the goods and services supplied by GST registered taxpayers to another registered party, if required by the recipient of the good or service, taxpayer is required to issue a tax invoice within 28 days as per section 41 of the Goods and Services Tax Act. However a tax invoice need not be issued, if the person who receives the goods or service is not a GST registered party.

Tax Invoices or Receipts must include the Name and address of the supplier, Taxpayer Identification Number of the supplier, Invoice Number, Date of Issue, Quantity and details of the goods sold or details of the services supplied, the value of the goods or services, excluding the amount of tax charged, and the tax charged on the goods or services. When issuing a tax invoice, taxpayer

has to make sure that 'Tax Invoice' is written in a prominent manner. Since a tax invoice can only be used for deducting Input tax for GST registered parties, it is necessary that Name, address and TIN of the purchaser of goods or recipient of services is written on a tax invoice. However, it is not necessary to include the details of the recipient on a receipt.

It is important that taxpayers issue receipts for all the transactions of the business and a pre-printed serial number is used if receipts are prepared manually, for each receipt or tax invoice. In addition, the Name and TIN of the purchaser of goods or receipt of service is very important to be included in a tax invoice.

# Draft Tax Ruling on GST treatment of agency commission now open for public comments

**Yoosuf Shiraz, Principal Officer, Tax Training**

The draft tax ruling on GST treatment of agency commission has been opened for public comments by MIRA on 9 July 2015. This ruling explains the GST treatment of commission charged by an agent in relation to goods and services supplied by the agent to its principal.

According to the draft tax ruling, agency service supplied

by an agent to its principal is considered as a general sector service and is subject to GST at the general sector GST rate. Moreover agency commission on supply of exempt, zero-rated or out of scope good or service to be subject to GST at general sector GST rate. Any comments on this ruling must be emailed to [comments@mira.gov.mv](mailto:comments@mira.gov.mv) before 30 July 2015.

## Online Payment and Filing Regulation published

**Fathimath Rasha, Manager, Taxpayer Facilitation**

As part of the ongoing effort to make tax compliance easier, taxpayers can now file their tax returns and make payments via MIRA's online service "MIRAconnect". In this regard, the following tax returns and payments can be submitted through MIRAconnect. Further, taxpayers can now make BPT/GST or WHT payments via MRTGS as well.

1. MIRA 304 (BPT Return)
2. MIRA 303 (Statement of Interim Payment)
3. MIRA 301 (Withholding Tax Return)
4. MIRA 206 (GST Return – Tourism Sector)
5. MIRA 205 (GST Return – General Sector)
6. Tourism Land Rent
7. Company Annual Fee
8. Agricultural Land Rent
9. Vehicle Fee

Taxpayers who wish to obtain our online service must register for the service through the MIRAconnect portal on our website. For more information, please refer to the circular on [Filing tax returns and making payments via MIRAconnect](#), and [Online Filing and Payment Regulation](#).

## Are profits earned from sources outside the Maldives taxable?

**Hana Mohamed Thaufeeq, Senior Officer, Large Taxpayer Audit**

The Business Profit Tax Act allows some of the companies incorporated in the Maldives to be chargeable to tax at a lower rate of 5% if the company is earning all of its income from sources outside the Maldives. The conditions that need to be fulfilled before a company can apply for this lower rate of tax is stipulated in section 2(b) of the Business Profit Tax Act.

First condition is that the company has to be incorporated under the Companies Act of the Maldives (law no: 10/96) and is not resident outside the Maldives. Secondly the company should derive its income from:

- a) Any businesses carried on wholly outside the Maldives; or
- b) bonds, shares, debentures, loans or any other financial instruments issued or granted by a Person who is not resident in Maldives; or
- c) bonds, shares, debentures, loans or any other financial instruments issued or granted by a Person who is resident in Maldives, for the purpose of any capital project carried on outside Maldives; or
- d) loans of any nature; or any royalties payable by a Person who is not resident in Maldives; or
- e) any immovable property situated outside Maldives.

The Business Profit Tax Act also states that the company should not carry on any other business or have any other source of income to be eligible for the 5% rate.