



MALDIVES
INLAND REVENUE
AUTHORITY

QUARTERLY REPORT

QUARTER 1 2013



Acronyms

BPT	Business Profit Tax
CATA	Commonwealth Association of Tax Administrators
GST	Goods and Services Tax
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
MACI	Maldives Association for Construction Industries
MIRA	Maldives Inland Revenue Authority
SAARC	South Asian Association for Regional Co-operation
TAR	Tax Administration Regulation
TPOS	Taxpayer Online Services
WHT	Withholding Tax

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1. Revenue Collection

1.1 Total Revenue Collection

The total revenue collected by MIRA during the first quarter of 2013 amounted to MVR 2.51 billion. This is 24% more than the revenue collected during the corresponding quarter of 2012 and 73% higher than the previous quarter. Of the total revenue collected during the quarter, 61% was collected in US Dollars.

Figure 1.1 Total Revenue Collection

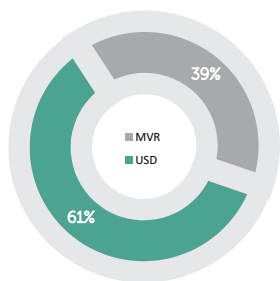
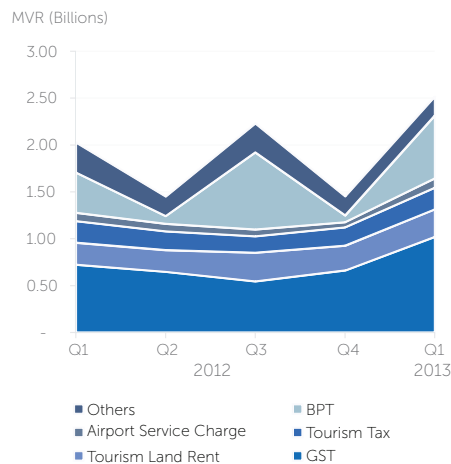


Figure 1.2 Quarterly Revenue Collection



GST, BPT, Tourism Land Rent and Tourism Tax contributed 88% of the total revenue.

Compared to the projections for the quarter in review, the actual collections are 1.6% higher.

Table 1.1 Total Revenue Contribution - Q1 2013 (in MVR)

Description	Q1 2013 Actual	% Share
Airport Service Charge	99,271,825	3.9%
Business Permits ¹	12,958,202	0.5%
Business Profit Tax	670,532,952	26.7%
Fines	13,844,064	0.6%
Goods and Services Tax	1,017,811,200	40.5%
Land Sales Tax	2,252,537	0.1%
Non-tourism Property Income ²	23,834,500	0.9%
Others ³	8,011	0.0%
Proceeds from Sale of Assets ⁴	68,695,638	2.7%
Resident Permit	35,714,930	1.4%
Revenue Stamp	8,659,683	0.3%
Royalties ⁵	22,623,888	0.9%
Tourism Land Rent	294,486,450	11.7%
Tourism Tax	230,628,622	9.2%
Vehicle Fee	11,226,930	0.4%
Vessels Fee	1,806,082	0.1%
	2,514,355,513	

¹ **Business Permits:** Company Annual Fee, Restaurant, Café, Canteen Fee, Flat Maintenance Fee, Partnership Fees, Import Trade Fee, Co-operative Society Fees, Trade Registry Fee, Foreign Investment Administration Annual Fee, Company Registration Fee, Foreign Business Fee

² **Non-tourism Property Income:** Uninhabited Islands Rent, Government Buildings Rent, Commercial Land Rent, Rent from Land for Industry, Longterm Agricultural Leased Islands Rent, Rent from Floating Jetty, Uninhabited Islands Administration Fee

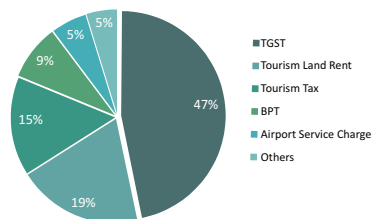
³ **Others:** Reimbursements from Previous Year Budget

⁴ **Proceeds from Sale of Assets:** Sale of Items At Auction, Sale of Government Buildings, Sale of Government Lands

⁵ **Royalties:** Duty Free Royalty, Foreign Investment Royalty, Fishing Royalty, Fuel re-export Royalty, Re-Export Royalty, Yellowfin Tuna Export Royalty, Skipjack Industry Royalty

1.2 USD Revenue Collection

Figure 1.3 USD Revenue Contribution (Q1 2013)



The total collection in US Dollars amounts to USD 99.2 million. Nearly half of the US Dollar revenue came from tourism sector GST (USD 46.3 million). Apart from tourism sector GST, main US Dollar revenue sources in the first quarter of 2013 include Tourism Land Rent, Tourism Tax, BPT and Airport Service Charge. US Dollar collection has increased by 23% compared to the corresponding quarter of 2012 and by 61% compared to the previous quarter.

Table 1.2 Total USD Revenue Collection - Q1 2013

Description	Q1 2013 Actual	% Share
Airport Service Charge	5,465,365	5.5%
Business Profit Tax	8,481,393	8.6%
Goods and Services Tax (Tourism Sector)	46,297,899	46.7%
Others ¹	4,695,103	4.7%
Tourism Land Rent	19,178,121	19.3%
Tourism Tax	15,063,877	15.2%
Total	99,181,758	

¹ Others: Royalties, Foreign Investment Administration Annual Fee, Sale of Government Land, Fines

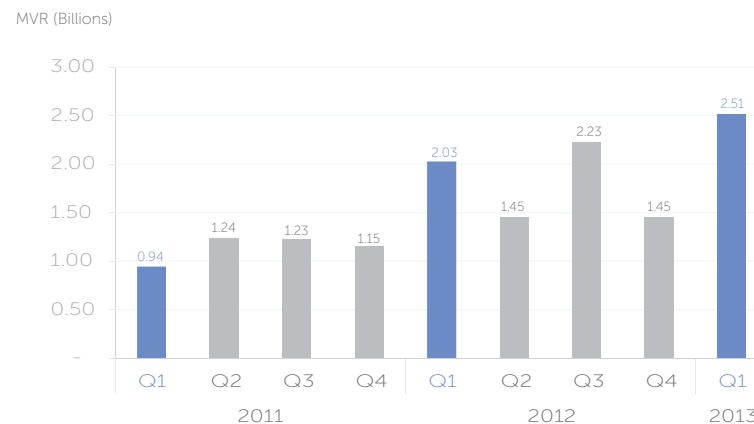
Figure 1.4 USD Revenue Collection (2012-2013)



1.3 Comparison against Q1 2012

There is a 24% increase in total revenue collection when the first quarter of 2013 is compared with the corresponding quarter of 2012. The revenue collection in the first quarter of 2012 amounted to MVR 2.03 billion while this amount increased to MVR 2.51 billion in the first quarter of 2013. The increase can be largely attributed to the exponential growth in both GST and BPT between the two corresponding quarters.

Figure 1.5 Quarterly Revenue Collection (2011-2013)



MVR
2.51
billion

Total revenue collected in Q1 2013

Furthermore, Proceeds from Sale of Assets, Tourism Land Rent and revenue from Business Permits also added to the positive growth. However, revenue from Land Sales Tax, Revenue Stamp, Fines and Resident Permit showed a significant decline compared to the corresponding quarter of 2012.

Table 1.3 Revenue Comparison - Corresponding Quarter (in MVR)

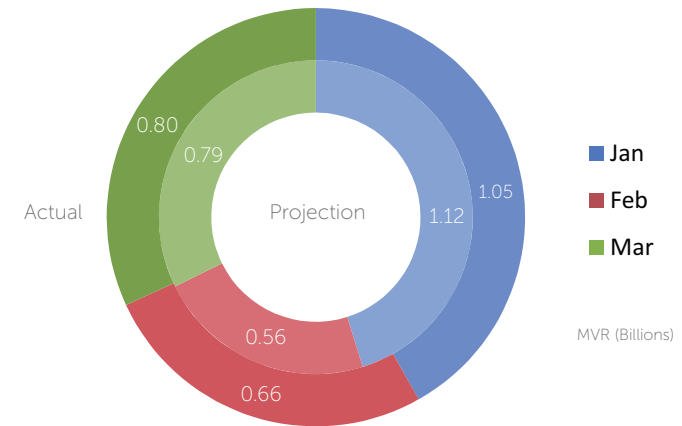
Description	Q1 2012 Actual	Q1 2013 Actual	% Variance
Airport Service Charge	89,555,978	99,271,825	10.8%
Business Permits*	11,953,954	12,958,202	8.4%
Business Profit Tax	428,085,459	670,532,952	56.6%
Fines	17,941,368	13,844,064	(22.8%)
Goods and Services Tax	721,891,693	1,017,811,200	41.0%
Land Sales Tax	3,103,082	2,252,537	(27.4%)
Lease Period Extension	168,705,000	-	(100.0%)
Non-tourism Property Income*	24,956,970	23,834,500	(4.5%)
Others*	-	8,011	-
Proceeds from Sale of Assets*	3,284,630	68,695,638	1991.4%
Resident Permit	45,117,650	35,714,930	(20.8%)
Revenue Stamp	11,754,355	8,659,683	(26.3%)
Royalties*	19,661,143	22,623,888	15.1%
Tourism Land Rent	234,139,421	294,486,450	25.8%
Tourism Tax	231,378,391	230,628,622	(0.3%)
Vehicle Fee	11,867,509	11,226,930	(5.4%)
Vessels Fee	2,089,545	1,806,082	(13.6%)
	2,025,486,147	2,514,355,513	24.1%

* Refer to Table 1.1 footnotes for details

1.4 Projections for Q1 2013

The total revenue collected during the quarter is 1.6% more than the projected revenue for the period (MVR 2.5 billion). Proceeds from Sale of Assets shows a significant growth in revenue (3519.1%) compared to the projection as payments were received as a conversion fee of the Picnic Islands to the Resorts (which were not projected for).

Figure 1.6 Monthly Projection vs Actual - Q1 2013



% shares

41% GST
27% BPT
12% Tourism Land Rent
9% Tourism Tax

Table 1.4 Revenue Comparison - Projections for the Quarter

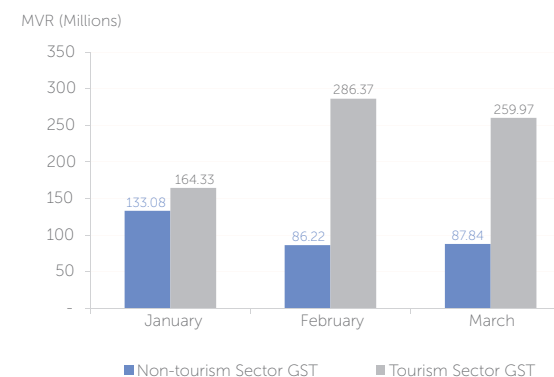
Description	Q1 2013 Actual	Q1 2013 Projection	% Variance
Airport Service Charge	99,271,825	90,549,302	9.6%
Business Permits*	12,958,202	11,948,279	8.5%
Business Profit Tax	670,532,952	743,286,806	(9.8%)
Fines	13,844,064	12,558,958	10.2%
Goods and Services Tax	1,017,811,200	973,844,110	4.5%
Land Sales Tax	2,252,537	1,464,785	53.8%
Non-tourism Property Income*	23,834,500	24,624,618	(3.2%)
Others*	8,011	-	-
Proceeds from Sale of Assets*	68,695,638	1,898,149	3519.1%
Resident Permit	35,714,930	47,373,533	(24.6%)
Revenue Stamp	8,659,683	12,342,073	(29.8%)
Royalties*	22,623,888	19,793,082	14.3%
Tourism Land Rent	294,486,450	292,144,674	0.8%
Tourism Tax	230,628,622	228,441,960	1.0%
Vehicle Fee	11,226,930	11,986,184	(6.3%)
Vessels Fee	1,806,082	2,110,440	(14.4%)
	2,514,355,513	2,474,366,951	1.6%

* Refer to Table 1.1 footnotes for details

1.5 Main Revenue Contributors

a. Goods and Services Tax

GST is divided into two sectors – tourism and non-tourism sectors. Tourism sector comprised 70% while non-tourism sector comprised 30% of the total GST in the first quarter of 2013. The GST rate for both sectors in 2012 remained same at 6%; however, since the beginning of 2013, the tourism sector GST rate is 8%.

Figure 1.7 Monthly GST Revenue Collection - Q1 2013

The change marked sharper rises in tourism sector GST collection, indicating a minimal effect, if any, on the total tourism sector spending due to the rate change. There is also notable growth in the GST collections of non-tourism sector as well. The total GST collection in the first quarter amounted to MVR 1.02 billion. This translates into 40% of total revenue collection during the quarter in review.

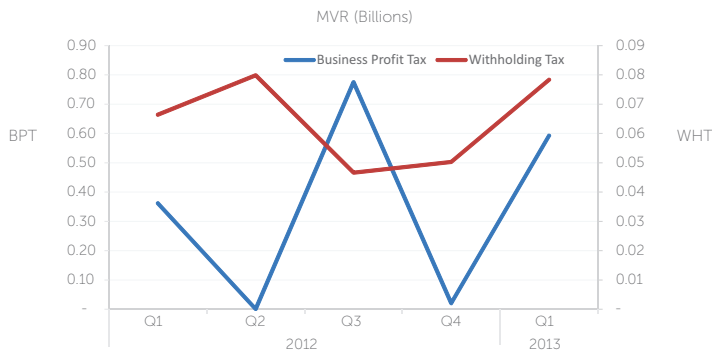
b. Business Profit Tax

The total amount of revenue collected under the BPT Act during the quarter totaled MVR 670.53 million, which comes from both BPT and WHT. This comprises a weighty 27% of the total collection in the first quarter of 2013.

Since the second interim payment of BPT falls due during the first quarter every year, BPT collections soar in the first quarter. Likewise, in the first quarter of 2013, BPT collections amounted to MVR 592.23 million. This represents 88% of the total collection under the BPT Act.

WHT collections represent 12% of the total collection under the BPT Act. Total WHT collections for first quarter of 2013 amounted to MVR 78.30 million.

Figure 1.8 BPT Revenue - (2012-2013)



c. Tourism Land Rent

Figure 1.9 Tourism Land Rent Collection - Q1 (2011-2013)



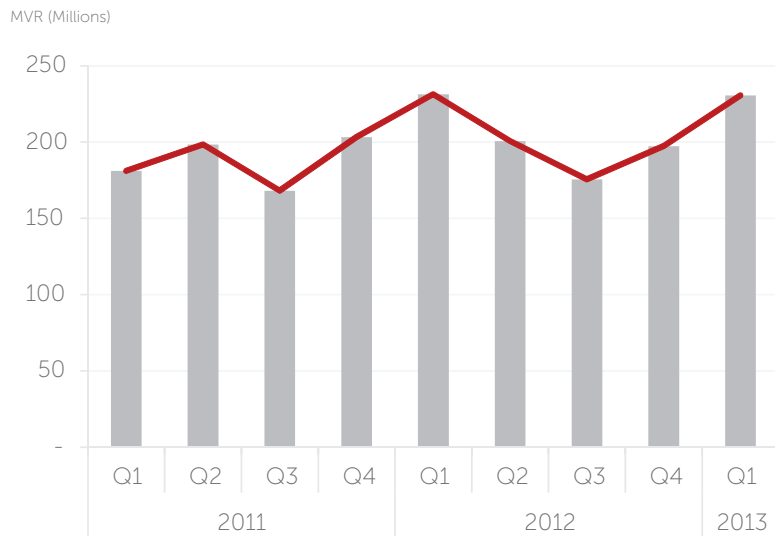
Tourism Land rent is collected quarterly based on the land area of resorts. MVR 294.49 million was received during the quarter, which contributes 12% of the total collections in the quarter in review.

Tourism Land Rent performed favorably compared to the previous quarter and the corresponding quarter of 2012. It recorded a 12% and 26% growth compared to the previous quarter and the corresponding quarter of 2012 respectively.

d. Tourism Tax

USD 8 per tourist per day is collected as Tourism Tax. Tourism Tax comprises 9% of the total collections in the first quarter of 2013 (MVR 230.63 million). Comparing against the corresponding quarter of 2012, Tourism Tax remained more or less the same. However, it recorded a 9% rise compared against the previous quarter.

Figure 1.10 Tourism Tax - Quarterly Collection (2011-2013)



2. Registrations

During the quarter, 717 new businesses were registered with MIRA, which is 41% more than the number of business registrations during the previous quarter (Oct-Dec 2012). The total number of GST registrations also increased by 17.2% (464 registrations), out of which 94% registered for non tourism sector GST and 6% registered for tourism sector GST.

Table 2.1 Business Registrations during the Quarter

	Registrations
New Businesses	717
Non-tourism Sector GST	436
Tourism Sector GST	28

One business de-registered during the quarter, while 133 non-tourism sector GST registered taxpayers, and 17 tourism sector GST registered taxpayers were de-registered during the quarter. This is 30.7% less compared to the previous quarter.

In addition, 395 non-registered businesses were identified and registration notices issued during the quarter.

3. Activities during the Quarter

90

presentations focused on taxpayer education held

	Male'	Atolls
No. of Presentations	34	56
No. of Participants	310	2,163

20 media interviews

12 auditors registered
8 firms and 4 individuals registered for C category

356

audits conducted during the quarter

- 311 Non-tourism Sector GST audits
- 18 Tourism Sector GST audits
- 26 BPT/WHT audits
- 1 Bank Profit Tax audit

Total tax impact from the audits conducted:

MVR 117,990,503
USD 204,802

2,915

compliance visits conducted

	No of Visits
Male'	2082
Atolls	833

9

objections received

- 7 Non tourism sector GST
- 1 Tourism sector GST
- 1 Bank Profit Tax

12

objections completed

- 5 Non tourism sector GST
- 2 Tourism sector GST
- 1 Bank Profit Tax
- 4 Withholding Tax

Legal Cases

- 1 case filed by MIRA with the Civil Court
- 8 cases filed against MIRA
 - 2 cases filed with High Court
 - 2 cases filed with Civil Court
 - 4 cases filed with Tax Appeal Tribunal
- 4 Judgements passed in favor of MIRA and
- 1 judgement was passed against MIRA
- 2 cases withdrawn

a total of

151

staff working at MIRA at the end of the quarter

Total enforced collections: MVR 121,176,031

Amount recovered under:

Action Policy - MVR 912,107

Installment Plan - MVR 4,527,226 (23 taxpayers)

Account Freezing Policy - MVR 5,036,887 (21 accounts)

Dues Clearance - MVR 210,664

Total Arrears at the end of the quarter: MVR 709,827,093

Market Research

In order to assess MIRA's past performance and assist in future activities, MIRA conducted a **nationwide market research** during the quarter. Information about the taxpayers such as level of awareness, attitudes, beliefs and behavior were collected in this survey, which would increase MIRA's understanding of the taxpayers and go a long way in improving MIRA's services.

Tax Rulings issued during the Quarter;

1. B25: Scope of section 6(a)(4) of the Business Profit Tax Act
2. B26: Penalties for offences under the Business Profit Tax Act (Revised)
3. B27: Fourth amendment to the Business Profit Tax Regulation
4. B28: Submission of financial statements and appointment of auditors (Revised)
5. B29: Calculation of taxable profits of non-resident airline and shipping operators
6. B30: Application of section 6 of the Business Profit Tax Act where the residence status of the recipient of a payment has not been established

Trainings/Seminars/Conferences

Overseas:

1. Training on **Tax Policy Analysis** held in Malaysia from 18-23 February 2013 (2 participants).
2. Training on **Tax Treaties - Special Issues**, held in Malaysia from 18-22 March 2013 (2 participants).
3. Policy round table discussions on **Capacity Building Program on Tax and Trade Facilitation**, held in Singapore from 25-29 March 2013 (5 participants).

In-house:

1. **Investigation Training** conducted by Maldives Police Service for MIRA Staff from 6-10 January 2013 (30 participants)

Induction Program

MIRA Induction Program commenced during the first quarter of 2013.

It is a continuous training program for new recruits, which focuses on the introduction to the administrative elements of MIRA as well as important regulations and procedures that needs to be followed as an employee of MIRA. Areas covered during the program are:

- Taxation in Maldives
- Business Registration and GST Registration
- Exempt and Zero-rated Goods & Services
- GST and BPT Returns and Payments
- BPT and WHT Computation
- Rental Business, Record Keeping
- Rights and Obligations of Taxpayers
- Powers of the MIRA
- Non-Tax Revenues Collected by MIRA
- Compliance

4. Quarter in Pictures



Investigation Training conducted by Maldives Police Service in association with MIRA was held from 5-12 January

On 5 January, **'Iqthisaadhee Fenda'**, a product of V Media, in association with MIRA was aired on VTV. 10 episodes were aired by the end of the quarter.



'Vaaru' Season 2 was aired on TVM on 16 January. By the end of March 2013, 10 episodes were aired.

To increase taxpayer awareness about the BPT second interim payment deadline, MIRA held a **Roadshow** on 26 January, at Jumhooree Maidhaan and Raalhugandu Area.



MIRA Participated in **MACI Fair 2012** held at Dharubaaruge from 29-31 January

MIRA Hdh. Kulhudhuffushi Branch was officially opened by the Commissioner General of Taxation and President of the South Thiladhunmathi Atoll Council on 12 February



A **training for officials of Tax Appeal Tribunal** was conducted on 14 March

Round Table Policy Discussions held at Singapore from 25-29 March



5. Outlook for the Next Quarter

5.1. Revenue Projection

It is projected that MVR 1.2 billion will be received as revenue from April to June 2013. This is 19.8% of the total revenue projected for 2013. It is forecasted that MVR 821.59 million will be received as GST, which would represent 51% of the total revenue projected for the quarter, while 17.9%, 13.4% and 5% of the revenue is expected to be received from Tourism Land Rent, Tourism Tax and Withholding Tax respectively. Revenue projections are mainly based on the rates, fees, number of taxpayers, payment deadlines and past trends.

5.2. Planned Activities

There are several activities planned for the 2nd quarter of 2013. MIRA is striving to build convenient mechanisms to provide services to taxpayers. As such, taxpayer online services (TPOS) is planned to go live in the second quarter of 2013. Furthermore, in collaboration with Department of Immigration and Emigration, an online platform for visa fee collection will also be provided for the taxpayers.

It is expected that the Tax Administration Regulation (TAR) will be published during the 2nd quarter of 2013. TAR is a mandatory regulation that is issued under Tax Administration Act, to regulate and enforce tax collections.

In addition, training sessions will be carried out for newly registered auditors to inform about recent developments in tax regulations.

In order to increase organizational capacity of MIRA, several trainings will be conducted for staff. A notable training that is planned is a series of workshops for staff in collaboration with Singapore Co-operation Enterprise under a technical assistance program.


IMF Training on Auditing Multinational Enterprises (provided under IMF Technical Assistance) is also due to be held in April.

In terms of international relations, CATA management committee meeting is planned to be held in April. Commissioner General of Taxation will represent Maldives as a member of the committee in this meeting.

Second meeting of SAARC Competent Authority on Avoidance of Double Taxation and Mutual Administration Assistance in tax matters is scheduled to be held in Nepal in May.



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