

Employee welfare expenses

Fathimath Rasha, Manager, Taxpayer Facilitation

For BPT purposes, the following expenses incurred by a Person on the welfare of employees are deductible in computing the taxable profits.

- 1) Expenditure towards an employee who is incapacitated on medical grounds;
- (2) Expenditure towards the surviving spouse or minors below 18 years of age of a deceased employee;
- (3) Expenditure towards a fund (approved by the MIRA) established for the benefit of the Person's employees, which fully secures the rights of the employees to receive medical and other welfare support;
- (4) Expenditure towards the promotion of general employee welfare, without discrimination amongst the employees.

Changes to input and output tax statement

Fathimath Rasha, Manager, Taxpayer Facilitation

All GST registered persons are required to file version 15.1 of the Input Tax Statement for taxable periods beginning on or after 1 April 2015. Further, GST registered persons are required to submit the Output Tax Statement in accordance with paragraph 15 of the Tax Ruling TR-2015/G23 from 1 April 2015 if annual turnover exceeds MVR 50 million, 1 October 2015 if annual turnover is between MVR 10 million and MVR 50 million, and 1 January 2016 if the annual turnover is less than MVR 10 million. Also they are required to file version 15.3 of the Output Tax Statement as per the circular number 220-TP/CIR/2015/06 respectively.

In addition, taxpayers are now required to prepare a single Input

and Output Tax Statement for all taxable activities registered under the respective TIN.

Furthermore, taxpayers are now required to specify the taxable activity to which the input tax invoice and output tax invoice relates, in the "Your Taxable Activity Number" column of the Input and Output Tax Statement. If an input tax invoice relates to more than one taxable activity, the tax invoice should be apportioned to the relevant taxable activities on a reasonable basis. If the total of the "GST" column of the Output Tax Statement is different from Item 6 (Output tax) of the GST return, a reconciliation of the two figures must be submitted together with your GST return.

Important points to note when claiming input tax

Ghalib Rasheed, Deputy Officer, Corporate Business Audit

Input tax is the GST figure paid by the taxpayer to another party who is registered for GST, while purchasing a taxable supply of goods or services from the registered party. This amount can be deducted from the amount of tax collected by a taxpayer while preparing the GST return.

However, a fully compliant tax invoice has to be obtained from the supplier if the taxpayer wishes to claim input tax. It is the responsibility of the customer to obtain a fully compliant tax invoice from the supplier.

Finally, importance should be given to file the compliant tax invoices and keep them readily available for an audit or any other request by MIRA, for a period of 5 years. Taxpayer's can also retain the soft copies of input tax invoices.

It is advisable to arrange the invoices in order as it is listed in the statement of input tax filed along with the GST Returns. Furthermore, it is preferable to keep the input tax statement in Microsoft Excel Format.

Did you know?

Vehicle annual fee can be paid online via MIRAconnect

MIRAconnect
ANYTIME. ANYWHERE

Visit our website to subscribe to the e-version of the MIRA Post

<https://www.mira.gov.mv/eNewsletter/Subscribe.aspx>



MALDIVES
INLAND REVENUE
AUTHORITY

MIRA POST

Volume: 7/2015 1 June 2015



MIRA's teams to visit atolls to assist taxpayers

>> 2



Important Deadlines

June 10	Payment of Trade Fee for June 2015	June 15	Payment of duty free royalty for May 2015
June 10	Submission of Royalty Statement and Sales Report for May 2015 by duty free shops	June 28	Submission of GST return and payment of GST for May 2015
June 15	Submission of Withholding tax return and payment of withholding tax for May 2015	June 30	Submission of BPT return and payment for 2014, for those whose accounting period ends on 31 December 2014
		June 30	Payment of tourism land rent for the third quarter of 2015 and submission of Financial Statements of Commercial Banks for 2014

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

MIRA's teams to visit atolls to assist taxpayers

Aminath Zumra, Manager, Marketing and Public Relations

MIRA's teams will be visiting all the atolls of Maldives between 25 May and 25 June to assist taxpayers in preparing their financial statements for 2014.

In addition to helping those taxpayers who are required to submit financial statements

along with their BPT Return for 2014, the teams will be facilitating registration for MIRA's online portal MIRAconnect, and assist them in using the system to file their returns and make payments.

MIRA requests taxpayers who are based outside Male' and would

like assistance from the teams in preparing their financial returns for 2014 to call MIRA's hotline 1415 and register their names.

The deadline for submission of BPT Return for taxpayers whose accounting period is from 1 January to 31 December is 30 June 2015.

Issuing tax clearance

Hassan Waheed, Principal Officer, Tax Clearance

Tax Clearance Report or Tax Clearance Certificate is a document issued by MIRA confirming that all tax affairs of the taxpayer are fulfilled and up to date as at a certain date. Taxpayers require Tax Clearance Reports for various purposes such as bidding for government contracts and other services from Government Offices as well as applications for loans from Banks. Tax Clearance Reports are issued within 2 working days from the date MIRA902 form is submitted.

Once a taxpayer submits MIRA902 form, the taxpayer's records are checked for any default in the payment of tax, fee, rent, royalty or other money required to be paid to MIRA. Further, information regarding any outstanding requirements, such as over due tax returns are informed to the taxpayer. Issuing of Tax Clearance Reports and all work related to tax clearance is managed by the Tax Clearance Section of Enforcement Department.



Considerations for online businesses regarding taxation

Faatheen Abdul Latheef, Senior Officer, Marketing and Public Relations
(Translated by: Aishath Hasna Ahmed, Senior Officer, Technical and International Relations)

Under a self-assessment tax system, as in the Maldives, the taxpayers are responsible to be aware of their tax obligations and to fulfill them. All activities carried on with a view to making profits are considered as business activities. This includes selling goods and providing tuition online. If persons who operate online businesses meet the registration requirements, they would have to register with the MIRA.

Online businesses carried on by a company or a partnership will have to register with the MIRA irrespective of the income generated. Individuals carrying on online business must also register with MIRA if they hold a trade permit/license or give a consideration to another person for business related work or monthly average income for a 12 month period exceeds MVR 20,000. Following registration, all business related records

must be maintained for a period of 5 years. This includes records of sales and purchases and, in case a commission is charged, the details of such income.

Persons conducting online businesses would have to register for GST if they meet the GST registration requirements. Persons with import licenses or whose income exceeds or is expected to exceed MVR 1 million in a year would be required to register for GST and charge GST on the goods sold and services provided. Should GST registered customers ask for one, GST registered persons should be able to provide them with a tax invoice.

Even though online businesses might not have a separate office or a shop, these businesses are also expected to responsibly perform their tax obligations to avoid incurring applicable penalties.

Training sessions for MIRA's teams visiting the atolls

Aishath Saana, Senior Officer, Tax Training

Training sessions are being held for the MIRA's teams visiting atolls to assist the taxpayers in preparing the financial statements for the year 2014.

The training mainly focuses on revising the existing knowledge of the teams regarding the compilation process and highlighting the key points that would need extra emphasis during this exercise. As it has

been noted that small businesses still require assistance in maintaining business records at the expected level, the teams are also being trained on how to efficiently utilize such records while preparing the financial statements. The training sessions are being conducted by experienced senior staff of MIRA.

