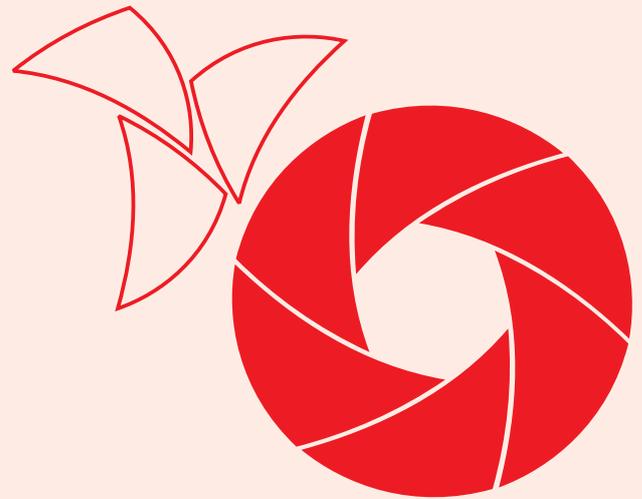




MALDIVES
INLAND REVENUE
AUTHORITY



STRATEGIC PLAN

2015 - 2019



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About this plan

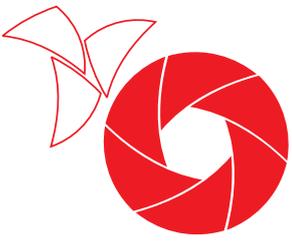
The Maldives Inland Revenue Authority (MIRA) was established in August 2010, to administer the modern tax system which was introduced to the Maldives in 2011. During the initial years, MIRA's main focus was on the successful implementation of the newly introduced taxes, namely the Tourism Goods and Services Tax, Business Profit Tax, and the Goods and Services Tax (which is in effect a major expansion of the Tourism Goods and Services Tax). During this period, however, MIRA has also managed to establish a credible organisation and lay down a strong organisational setup.

At this juncture, MIRA needs a strong strategic vision in order for it to sail smoothly to the next level. Consequently, MIRA reflected upon its achievements over the past four years to set the tone for the next stage. This strategic plan is a product of such reflection combined with the mission and vision of MIRA.

This is the first strategic plan of MIRA. It outlines the strategic priorities of MIRA between 2015 and 2019 under six programs. It also communicates the key performance indicators for each of the strategic priorities. The achievement of strategic priorities depends on the achievement of these key performance indicators.

This plan is a product of diligent analysis and deliberations by the senior management of MIRA. The senior management was actively involved in drawing up the plan at every step of the way. Furthermore, the planning process was advised by a strategic planning expert from the International Monetary Fund, Ms Barbara Herbert.

MIRA urges its employees and stakeholders to take this plan on-board and continuously work towards its achievement. Together we can make MIRA the competent and professional organisation that it strives to be.



Commissioner General's Message

MIRA has come a long way since its establishment in August 2010. Four hectic years of dedicated work have laid down a strong foundation for the fulfillment of its vision: to be recognized as a leading professional organization engaged in collection of revenue in an effective and efficient manner and providing a high-quality service to taxpayers. Today, MIRA is widely regarded as one of the most efficient and professional organizations in the Maldivian public sector.

One of the critical success factors for any newly established organization is to have a clear vision, coupled with a strategic plan to provide guidance in achieving that vision. In MIRA's case, however, all resources had to be initially utilized towards

establishing a tax system – from educating a taxpayer population not even remotely familiar with a modern tax system, to creating a culture of proper record keeping which was virtually non-existent in some sectors, to developing a reliable system for the collection and management of taxes from scratch, and so on. After the successful implementation of 3 tax laws over a period of barely 13 months, I believe that the time is now ripe for MIRA to identify and prioritize its strategic objectives over the next five years, in the form of a strategic plan.

Although MIRA is an organization which is independent from the executive branch of the state, it has now become the most important partner in managing government finance – in 2013,

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MIRA collected over 75% of total government revenue. Therefore, the efficiency of MIRA is critical to the government as well, especially at a time when the government is working tirelessly to restore order to its public financial management. Furthermore, MIRA needs to be flexible enough to respond to shocks and efficiently cater to changes to the tax system.

This strategic plan highlights 7 strategic priorities and 24 key performance indicators which

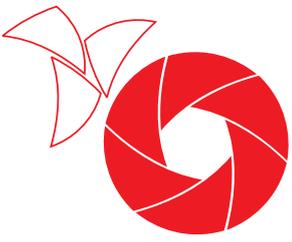
will be used to gauge the achievement of the strategic priorities. We will regularly report on the level of achievement of the strategic priorities.

I am proud of MIRA's achievements over the past four years. Significant challenges lie ahead, but I am confident that we will rise to the challenge and continue to deliver high quality services to taxpayers and serve the nation.



Yazeed Mohamed

Commissioner General of Taxation



Strategic Planning in MIRA

The strategic planning process in MIRA involves multitude of steps to gauge the opinion of various stakeholders with respect to MIRA and the services it provides. It is followed by brainstorming sessions to analyse the external and internal environments and to identify the risks and challenges facing MIRA. Further, MIRA's strengths, together with the opportunities available are also considered. All these analyses are carried out by using management analysis tools such as PESTEL, SWOT and risk matrix used by highly regarded institutions. The factors identified are then prioritised based on a risk score, and strategies are formulated to address high-risk factors. Strategic priorities are then formed by grouping these strategies.

The strategic planning process identified the most crucial strategies that MIRA should focus on over the next five years. In the meantime, there will also be other complimentary strategies that will be pursued. MIRA's strategic framework will be embedded to the annual budgetary process, and strategic priorities will be listed high up in the annual action plan drawn up for budgeting and annual planning purposes.

The strategic plan, together with the annual action plan, provides strategic and operational guidance on all activities that will be carried out by MIRA.



Strategic Framework



MIRA's work is divided into two major programs – Functional Programs and Support Programs. The Functional Programs encompass the activities related to the core functions of MIRA and services provided directly to taxpayers. On the other hand, the Support Programs provide support and input to the organisation to achieve the goals of the Functional Programs.

Strategic Priorities are set in each of these programs. Strategic Priorities are the most important strategies that MIRA will focus on in the next five years under these programs. The Strategic Priorities will directly contribute to achieving the vision, mission and objectives of MIRA.



Vision, Mission and Values

Vision

To be recognised as a leading professional organisation engaged in collection of revenue in an effective and efficient manner and providing high-quality service to taxpayers.

Mission

To establish a highly committed and competent organisation; delivering effective and fair administration of the tax laws, promoting voluntary compliance and providing quality services to taxpayers.

Core Values

Fairness

Apply the tax laws impartially and equitably.

Professionalism

Be exemplary in providing services by applying the applicable knowledge and wisdom.

Integrity

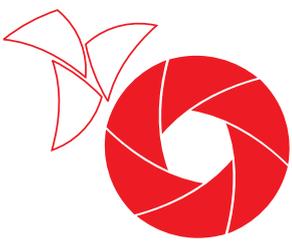
Maintain moral and ethical standards under all circumstances.

Neutrality

Unbiased in carrying out the obligations in the tax laws.

Transparency

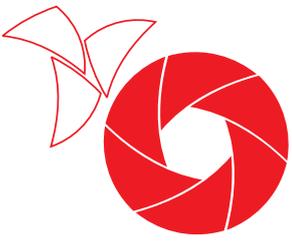
Open to taxpayers and transparent to all.



MIRA's Objectives

The Tax Administration Act specifies the objectives of MIRA as follows.

1. Enforce the tax laws and implement tax policies.
2. Carry out all work in respect of collecting all taxes imposed by the State pursuant to the law.
3. Ascertain whether the amount of tax payable has been calculated in accordance with the laws and regulations by all taxpayers and that any tax, fees or other monies payable are paid in full as and when they fall due.
4. Have regard for the rights of taxpayers whilst exercising the authority of the MIRA.
5. Give full information to taxpayers on the tax laws and regulations, and make efforts to minimize the costs involved for taxpayers in paying taxes.
6. Plan a system, whereby the costs of administering tax will be minimized.
7. Prescribe the content and prepare tax returns, claims, statements, notices and other such forms required under the tax laws and make any amendments, if required.
8. Establish a convenient mechanism for the administration of tax by means of modern technology.
9. Give technical advice in determining tax policies if required by the Government.



Strategic Priorities 2015 – 2019

PROGRAM ONE

Taxpayer Education

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Overview

The cornerstone of a compliant taxpayer is a taxpayer who is well informed of his tax obligations. The tax system of the Maldives is still in its infancy and hence, the need to provide correct and reliable information to taxpayers is critical. This program encompasses education and awareness programs targeted towards taxpayers and the general public. Furthermore, positioning the image of MIRA in the eyes of the public as a trustworthy institution is also achieved through this program, with continuous media and stakeholder relations, branding efforts and information provision through publications.

STRATEGIC PRIORITY

Design and implement innovative and targeted education and awareness programs

Currently, MIRA provides several taxpayer education and awareness programs. In the next five years, these programs will be innovated to maximise MIRA's reach to the taxpayers and the general public. A more targeted approach will be adopted to provide the right information to the right population at the right time.

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KEY PERFORMANCE INDICATORS

Establish a regionally recognised tax training institute

By the end of 2019, MIRA will establish a tax training institute, offering tax education programs targeted towards taxpayers, tax agents and those who wish to pursue a career in tax-related fields. MIRA will also ensure that this institute is recognised within the SAARC region.

95% of taxpayers scoring at least 90% in the survey examining the knowledge of taxpayers on basic tax matters

Taxpayer knowledge level will be gauged by an annual taxpayer survey, and it will be reflective of MIRA's efforts in educating taxpayers and creating awareness on tax matters. MIRA will ensure that, by 2019, at least 95% of the taxpayers who take part in this survey get 90% of the answers correct.

Tax Administration Services

Overview MIRA is mandated with the administration of the tax laws of the Maldives. It includes maintaining a register of taxpayers and facilitating the lodgement of tax returns and processing them. In addition, drafting and amending tax regulations, and providing input to tax laws and tax policy are also a key part of tax administration. Further, minimising leakages in tax revenue and protecting the revenue base through effective and efficient administration of tax laws is one of the primary goals of any tax administration.

STRATEGIC PRIORITY

Seek mechanisms to minimise the tax gap, and strengthen the tax administration

Barring amendments to tax laws, MIRA's only avenue to maximise revenue is through minimising leakages and thereby reducing the tax gap. Taking steps to reduce the tax gap will make a statement of intent and result in higher efficiency. Further, capacity building in tax administration would assist in solidifying the current efforts and provide a foundation for sustainable tax administration in the future.

KEY PERFORMANCE INDICATORS

Determine the tax gap and yearly reduction of the tax gap

The current tax gap is not known, and it will require building a model of theoretical tax base to calculate the tax gap. MIRA will seek to build such a model and determine the tax gap within the next two years and subsequently reduce the tax gap annually through steps taken to minimise revenue leakages.

Enable online filing and payment for all taxes

Currently, MIRA's online portal does not cater to all taxes. MIRA seeks to provide convenient mechanisms to taxpayers to fulfil their tax obligations. As such, enabling of filing and payment of all taxes online by the end of 2019 will be a major milestone.

Ensure that at least 75% of tax returns are filed online, and 50% of payments are made online

In addition to providing convenient mechanisms, the success of it depends on their acceptance and usage by taxpayers. Filing and paying online will reduce the administrative burden and increase efficiency. MIRA will seek to get at least three-quarters of the returns to be filed online, and at least half of the payments to be made online.

MIRA presence in all atolls

The island geography of Maldives and the dispersed nature of taxpayers is one of the major challenges faced by MIRA. Opening a regional office or a collection centre in every atoll of the Maldives will improve the effectiveness and efficiency of the tax administration. By the end of 2019, MIRA seeks to open either a regional office or a collection centre in each of the remaining 19 atolls of Maldives (a regional office of MIRA has been in operation in Haa Dhaal atoll since 2012).

Establish strong relationships with other tax authorities and build a network of tax treaties

In an open economy like the Maldives, the presence of international companies is prevalent. As a result, engaging with other tax authorities in tax matters is crucial. In this regard, MIRA needs to establish strong working relationships with "model" tax authorities and learn from them. By the end of 2019, MIRA aspires to establish an adequate network of relationships with tax authorities and proceed to sign tax treaties with Maldives' major trading partners.

Compliance and Debt Collection

Overview The Maldives has adopted a self-assessment approach to tax administration. Its sustainability depends on creating a highly compliant taxpayer community. It is a system where voluntary compliance is encouraged; abuse of the tax system is deterred; complaints of the taxpayers are answered; and dues are enforced. This program encompasses these areas to create a compliant taxpayer and take enforcement action if required.

STRATEGIC PRIORITIES

Protect the revenue base by promoting voluntary compliance and deterring abuse of the tax system

The tax system will collapse when the compliance rate is low and abuse of the tax system is high. Therefore, encouraging voluntary compliance is crucial for successful tax administration. Furthermore, auditing taxpayers under a risk-based approach is important to deter abuse of the tax system. Addressing to objections by taxpayers in an unbiased manner will build trust and further reduce abuse. MIRA will seek to strengthen the tax system and protect the revenue base through these efforts.

Improve the ability to provide assistance to taxpayers and manage debt collection

MIRA will seek to minimise debt collection efforts made through enforcement actions. However, when it is required, MIRA will seek to engage with the taxpayer to arrive at an amicable solution within the policies issued by MIRA. Further, MIRA will also seek to manage the debt collection in such a way that it increases the efficiency and effectiveness of this program.

KEY PERFORMANCE INDICATORS

Achieve at least 95% on-time filing and payment rate

Voluntary compliance can be assessed by the proportion of taxpayers filing tax returns and making payments on time. MIRA expects to achieve a 95% on-time filing and payment rate by the end of 2019.

Annual increment in the percentage of returns filed without errors

Erroneous returns will increase the cost of compliance and tax administration. Therefore, the encouragement of voluntary compliance shall not only encourage complying with the law but also to do it correctly. MIRA hopes to improve on the proportion of error-proof returns every year through the period of this strategic plan.

Establish a fully automated risk profiling and audit selection system

Strengthening the audit capability will deter potential abuse of the tax system. MIRA wants to address both tax avoidance and tax evasion by improving the audit capability. Establishment of a fully automated risk profiling and audit selection system by the end of 2019 will help to strengthen the audit capability and address the issues of tax evasion and tax avoidance more efficiently.

Annual reduction in the arrears-to-collection ratio

Arrears-to-collection ratio measures the efficiency of debt collection. Reduction of the arrears-to-collection ratio will provide incentive to reduce the arrears stock at the end of the year and improve the effectiveness of debt collection.

Annual reduction in the number of days taken to collect arrears from a taxpayer

Reducing the number of days taken to collect arrears encourages timely effort to collect debt and increase efficiency. It will also encourage managing the debt and engaging with taxpayers early on to reach amicable solutions.

Corporate Governance

Overview This program provides support to the functional programs. It comprises areas such as governing the organisation, managing finances, managing the business processes and internal controls. This program will provide necessary organisational support to achieve the functional strategies via sound management of the above mentioned areas.

STRATEGIC PRIORITY

Implement sustainable cost saving strategies and strengthen governance

The focus is on increasing the efficiency of the organisation through various cost saving strategies. Increasing transparency in governance will strengthen accountability and internal controls. The actions under this strategic priority will improve the business processes and provide a higher degree of support to other programs.

KEY PERFORMANCE INDICATORS

Improve the spending-to-collection ratio to 40 Laari per MVR 100 collected

Lowering the spending compared to the total revenue collection measures the efficiency in collection. MIRA spent 50 Laari (MVR 0.5) per MVR 100 in 2013 and aspires to improve this ratio to 40 Laari per MVR 100 collected by the end of 2019.

Communicate the organisational risks to staff and take steps to minimise them

Identifying and communicating the organisational risks to staff is a first step to strengthen the internal control system. Within the period of this strategic plan, MIRA aspires to identify and communicate the organisational risks to all relevant staff and initiate actions to minimise those risks.

Publication of information at continuous and regular intervals

Continuous and regular dissemination of information on collections and MIRA's activities is a crucial measure of transparency, "transparency" being one of MIRA's core values. Publication of information will promote accountability and assist in strengthening of corporate governance.

People and Place

Overview As MIRA aspires to be a highly competent and professional tax authority, productive employment and usage of resources is of utmost importance. This program will ensure that human and physical resources of MIRA are employed and used productively. A particular importance will be given to human resource management and development due to the service nature of operations. Further, equipping employees with adequate resources and favourable working conditions are also crucial in this program to provide support for functional programs.

STRATEGIC PRIORITY

Implement resource management strategies aimed at increasing productivity

Increasing the productivity of available resources will be one of the main areas of focus throughout the period of this strategic plan. Human resources will be managed to avoid the current shortcomings and prepare for future challenges. Human resources will be developed via training to become a competent organisation. Working conditions will be monitored and improved continuously.

KEY PERFORMANCE INDICATORS

At least 80% of staff achieving 75% marks or higher in the quarterly performance appraisal

Employees will meet their individual targets set by the organisation and achieve at least 75% marks in the quarterly performance appraisal. MIRA aspires to reach a proportion of staff who meet this criterion to at least 80% by the end of 2019.

Improve the graduate employees' ratio to 70%

MIRA recruits highly competent staff and provides scholarships to train staff further. MIRA wants 70% of its staff to hold a graduate qualification by the end of 2019.

At least 20% of staff are members of a professional accounting body

Professional accounting qualifications are important for the functions of MIRA. MIRA is already a platinum approved employer of the Association of Chartered Certified Accountants (ACCA). MIRA wants 20% of its staff to be fully qualified members of ACCA or another credible professional accounting body by the end of 2019.

Retain at least 90% of staff annually

The current staff turnover ratio is slightly higher than the target, primarily due to the number of staff leaving to pursue higher education. As a result, several staff retention strategies have now been implemented, and several more will be implemented in the future in light of the effectiveness of current strategies. By the end of 2019, the turnover ratio will be lower than 10%, a figure reminiscent of any well run institution.

Increase the working area per staff

The adequacy of working conditions can be instrumental in increasing the productivity of both human and physical resources. Currently, MIRA's resources, especially working space, are strained to its limit and it is hindering organisational growth. Therefore, increasing working space and improving working conditions over the span of this strategic plan is crucial.

Information Technology

Overview

A boost in information technology (IT) will help to achieve the functional programs with higher effectiveness and efficiency. It is of increasing importance when the tax authority keeps growing, and the amount of data that needs to be processed and stored keeps growing day by day. This program will provide IT solutions to the corporate affairs as well as the tax administration. Furthermore, it will provide support for the database administration and ensure both data and system security. Improving the IT infrastructure to cater for MIRA's service needs is also strategized under this program.

STRATEGIC PRIORITY

Provide business solutions and state of the art technology to strengthen both corporate affairs and tax administration

The use of IT in both corporate affairs and tax administration is a critical success factor for the achievement of the strategic priorities. MIRA requires automating several corporate functions for higher effectiveness and efficiency. Furthermore, various revenue collection systems and databases will be integrated into one.

KEY PERFORMANCE INDICATORS

Automate all administrative processes

Automating the administrative processes will increase efficiency. Therefore, offering business solutions to all administrative processes of MIRA by the end of 2019 is crucial to be a more competent organisation.

Improve service standards to fulfil the requirements of ISO9001

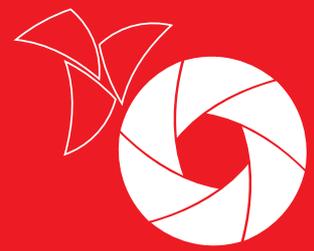
“Providing quality services to taxpayers” is part of MIRA’s mission statement and hence, reaching the heights of international quality standards such as ISO9001 will be the ultimate target in this regard. The service processes can be improved with the help of management information systems to achieve the coveted quality assurance certificate.

Integrate all revenue collection into a single platform

Currently, MIRA uses 4 information systems to manage the collection of several revenue types. Integrating these systems into a single platform is important to manage the revenue collection more effectively. MIRA hopes to achieve this goal by the end of 2019.

Zero errors in data

At a time of migrating data into a single platform to manage revenue collection, a number of data issues will be identified and corrected. Currently, necessary internal controls are in place to ensure that such data errors are immediately identified and rectified. There will be a greater effort to migrate the data into a single platform during the span of this strategic plan, which poses a greater risk in data errors over the next few years. However, it is targeted to eliminate data errors by 2019.



24 KEY PERFORMANCE INDICATORS

7 STRATEGIC PRIORITIES

1. **Design and implement innovative and targeted education and awareness programs**
 1. Establish a regionally recognised tax training institute
 2. 95% of taxpayers scoring at least 90% in the survey examining the knowledge of taxpayers on basic tax matters

2. **Seek mechanisms to minimise the tax gap, and strengthen the tax administration**
 3. Determine the tax gap and yearly reduction of the tax gap
 4. Enable online filing and payment for all taxes
 5. Ensure that at least 75% of tax returns are filed online, and 50% of payments are made online
 6. MIRA presence in all atolls
 7. Establish strong relationships with other tax authorities and build a network of tax treaties

3. **Protect the revenue base by promoting voluntary compliance and deterring abuse of the tax system**
 8. Achieve at least 95% on-time filing and payment rate
 9. Annual increment in the percentage of returns filed without errors
 10. Establish a fully automated risk profiling and audit selection system

4. **Improve the ability to provide assistance to taxpayers and manage debt collection**
 11. Annual reduction in the arrears-to-collection ratio
 12. Annual reduction in the number of days taken to collect arrears from a taxpayer

5. **Implement sustainable cost saving strategies and strengthen governance**
 13. Improve the spending-to-collection ratio to 40 Laari per MVR 100 collected
 14. Communicate the organisational risks to staff and take steps to minimise them
 15. Publication of information at continuous and regular intervals

6. **Implement resource management strategies aimed at increasing productivity**
 16. At least 80% of staff achieving 75% marks or higher in the quarterly performance appraisal
 17. Improve the graduate employees' ratio to 70%
 18. At least 20% of staff are members of a professional accounting body
 19. Retain at least 90% of staff annually
 20. Increase the working area per staff

7. **Provide business solutions and state of the art technology to strengthen both corporate affairs and tax administration**
 21. Automate all administrative processes
 22. Improve service standards to fulfil the requirements of ISO9001
 23. Integrate all revenue collection into a single platform
 24. Zero errors in data