

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



MALDIVES INLAND REVENUE AUTHORITY

Malé, Republic of Maldives

TAX RULING

Business Profit Tax: Interim payment for the tax year 2012

Reference No.: TR-2012/B14

Date of issue: Wednesday, 27 June 2012

This ruling is issued pursuant to the authority granted under Section 84 of the Tax Administration Act (Law Number 3/2010) as amended by Law Number 14/2011. Unless otherwise stated, all legislative references are to the Business Profit Tax Act (Law Number 5/2010) and the Business Profit Tax Regulation (Regulation Number 2011/R-35 as amended by Regulation Number 2011/R-47 and Tax Ruling number TR-2012/B6 and TR-2012/B11). This ruling is legally binding.

Introduction

1. This ruling prescribes how the interim payments for the tax year 2012 are to be calculated, and the Statement of Interim Payment filing requirements for the tax year 2012.
2. Section 23 of the Act states:
 - “(a) Interim payments of tax for any tax year shall be made in accordance with this Section[, without any demand being made by the MIRA. The first interim payment shall be made on or before 31st July of that tax year, and the second interim payment shall be made on or before 31st January of the following tax year.]
 - (b) In the case of a Person who is within the charge to tax under this Act for any tax year, the first and second interim payment shall each be equal to one-half of his assessed tax for the preceding tax year.
 - (c) If a Person was not within the charge to tax under this Act for the preceding tax year, that Person shall make a reasonable estimate of the amount of his assessed tax for the following tax year, and the amount of the first and second interim payment required to be made under Section 23(a) for that following tax year shall each be equal to one-half of that estimated amount.
 - ...
 - (e) This Section applies whether or not a tax return has been delivered by the due date or is corrected or amended under Section 20 or 21 of this Act.
 - (f) This Section does not apply in relation to tax required to be withheld under Section 6 of this Act.



- (g) This Section does not apply in the case of any Person whose assessed tax for the preceding year does not exceed MVR2,000 (Two Thousand Maldivian Rufiyaa), or in case within Section 23(c) or (d) if the aggregate of the interim payments does not exceed MVR2,000 (Two Thousand Maldivian Rufiyaa).”

Ruling

Calculation of interim payment

3. A Person who is within the charge to tax for the tax year 2011 shall, for the purpose of calculating his interim payment for the tax year 2012, gross up the amount of his assessed tax for the tax year 2011 to a full tax year by using the following formula:

$$\text{Grossed up amount of tax} = \frac{\text{Assessed tax for the tax year 2011}}{\text{Number of days from 18 July 2011 to the end of the accounting period ending in tax year 2011}} \times 365$$

Example 1

ABC Pvt. Ltd.'s assessed tax for the tax year 2011 is MVR 10,000. The company's accounting period runs from 1st January to 31st December. Hence, ABC Pvt. Ltd.'s grossed up amount of tax for the tax year 2011 is:

$$\begin{aligned} &= \frac{10,000}{167} \times 365 \\ &= 21,856 \end{aligned}$$

Therefore, ABC Pvt. Ltd. must pay MVR 10,928 (half of MVR 21,856) by 31 July 2012 and the remaining MVR 10,928 by 31 January 2013.

Example 2

DEF Pvt. Ltd.'s assessed tax for the tax year 2011 is MVR 1,500. The company's accounting period runs from 1st January to 31st December. Hence, DEF Pvt. Ltd.'s grossed up amount of tax for the tax year 2011 is:

$$\begin{aligned} &= \frac{1,500}{167} \times 365 \\ &= 3,278 \end{aligned}$$

Although DEF Pvt. Ltd.'s assessed tax for the tax year 2011 does not exceed MVR 2,000, the grossed up amount *does* exceed MVR 2,000. Therefore, DEF Pvt. Ltd. must pay MVR 1,639 (half of MVR 3,278) by 31 July 2012 and the remaining MVR 1,639 by 31 January 2013.



Example 3

GHI Pvt. Ltd.'s assessed tax for the tax year 2011 is MVR 800. The company's accounting period runs from 1st January to 31st December. Hence, GHI Pvt. Ltd.'s grossed up amount of tax for the tax year 2011 is:

$$\begin{aligned} &= \frac{800}{167} \times 365 \\ &= 1,749 \end{aligned}$$

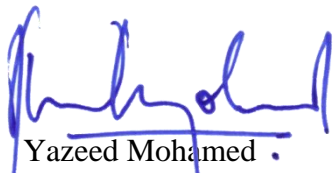
Since the grossed up amount of GHI Pvt. Ltd.'s assessed tax for the tax year 2011 is less than MVR 2,000, it is not required to pay any interim payment for the tax year 2012.

Submission of Statement of Interim Payment

4. All Persons required to submit the BPT Return under the Act and Regulation are required to submit the Statement of Interim Payment (MIRA 303) to the MIRA on or before the two interim payment deadlines specified in Section 23(a) of the Act, irrespective of whether or not such Person is required to make the interim payment. Where an interim payment is required to be made, it shall be accompanied by a Statement of Interim Payment (MIRA 303).

Date of Effect

5. This ruling shall have effect for the tax year 2012 and thereafter.



Yazeed Mohamed
Commissioner General of Taxation

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