

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



MALDIVES INLAND REVENUE AUTHORITY

Malé, Republic of Maldives

TAX RULING

Business Profit Tax: Application for exemption under section 16 of the Business Profit Tax Act

Reference No.: TR-2012/B24

Date of issue: Thursday, 29 November 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 5/2011). This ruling is legally binding.

Introduction

1. This ruling sets out the procedures to be followed by an owner or charterer of a ship or an aircraft in applying for an exemption from Business Profit Tax under section 16 of the Act.
2. Section 16 states:
 - “(a) The profits of any tax year of any business carried on by an owner or charterer of a ship or [an] aircraft as such owner or charterer who:
 - (1) is not resident in Maldives, and
 - (2) does not carry on any other business,shall be exempt from tax if the Commissioner General is satisfied that a similar exemption from business profit tax or any other similar tax is granted by the country in which such Person is resident, to a Person resident in Maldives.
 - (b) For the purposes of this Section, a company shall be deemed to be resident only in that country in which [its] central management and control is situated.”

Ruling

3. A non-resident entity that carries on business as the owner or charterer of a ship or an aircraft may apply for the exemption specified in section 16 of the Act by submitting an application in writing to the Commissioner General of Taxation in accordance with this ruling.



- 2 -

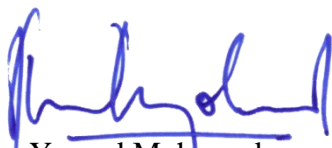
4. All of the following conditions must be met for section 16 to apply:
 - (a) The applicant must not be a resident of the Maldives;
 - (b) The applicant must be an owner or charterer of a ship or an aircraft;
 - (c) If the condition in paragraph 4(b) is met, the applicant must carry on business as such owner or charterer of the ship or aircraft;
 - (d) The applicant must not carry on any other business; and
 - (e) The Commissioner General of Taxation must be satisfied that the country in which the applicant's central management and control is situated would offer a Maldives-resident ship or aircraft owner or charterer a like exemption from tax on its business profits.

5. An applicant for the exemption shall submit the following information together with the application:
 - (a) Independent verification from the applicant's external auditors that no division of the applicant carries on any business other than that of utilizing its ships or aircraft (such as ship or aircraft maintenance, flight catering services, or ground handling services for other airlines, or leasing other equipment);
 - (b) Independent verification from the applicant's external auditors of the location of the applicant's central management and control;
 - (c) A certificate that verifies the applicant's residence for tax purposes, issued by the tax administration of the applicant's country of residence; and
 - (d) Where the applicant is subject to withholding tax under the Act, agreements and other documentation that evidence the transactions that give rise to the payment subject to withholding tax.

6. The exemption specified in section 16 shall become effective only upon written notification of the Commissioner General of Taxation.

Date of Effect

7. This ruling shall take effect from its date of issue.



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.