

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**MALDIVES INLAND REVENUE AUTHORITY**

Malé, Republic of Maldives

## TAX RULING

Business Profit Tax: Application of section 6 of the Business Profit Tax Act where the residence status of the recipient of a payment has not been established

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**Reference No.:** TR-2013/B30

**Date of issue:** Tuesday, 5 March 2013

*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 explains the application of section 6 of the Act where the residence status of the recipient of a payment specified in that section has not been established at the date of the payment.
2. Section 6 of the Act states:  
“If the following payments are paid or payable in any tax year *to a Person who is not resident in Maldives in that year*, then the Person who makes the payment shall be chargeable to tax in respect to such payment, under this Section.  
...”

(emphasis added)

### Ruling

3. If the recipient of a payment specified in section 6 of the Act is not a resident in the Maldives at the date of the payment, the payer must deduct withholding tax from the payment and pay it to MIRA by the due date for payment, notwithstanding that the recipient meets the tests under section 46(a)(1) or (2) of the Act after the date of payment.

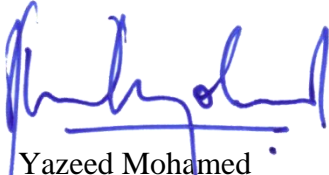


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4. Where withholding tax is deducted in accordance with paragraph 3 of this ruling, and it is subsequently determined that the recipient of the payment is a resident in the Maldives in that tax year:
  - (a) The amount of withholding tax paid shall be dealt with in accordance with section 74 of the Tax Administration Act (Law Number 3/2010) and regulations made pursuant to that Act, provided that the date of payment of the amount to the recipient is during the period that the recipient is a resident of the Maldives; and
  - (b) Any penalties imposed under the Act shall be revoked and, where paid, dealt with under section 74 of the Tax Administration Act and regulations made pursuant to that Act.

### **Date of Effect**

5. 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.*