

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



MALDIVES INLAND REVENUE AUTHORITY

Malé, Republic of Maldives

TAX RULING

Business Profit Tax: Exemption from financial statement requirements when all income is subject to withholding tax

Reference No.: TR-2013/B32

Date of issue: Thursday, 25 April 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 Regulation (Regulation Number 2011/R-35) as amended by Regulation Number 2011/R-47 and Tax Ruling Number TR-2012/B6, TR-2012/B11, TR-2013/B27 and TR-2013/B31. This ruling is legally binding.

Introduction

1. This ruling applies to a non-resident person whose income derived from the Maldives in a tax year is subject only to withholding tax. It explains the circumstances in which audited financial statements are not required to be submitted together with the person's tax return for a tax year.
2. Section 4 of the Regulation states that:
"All Persons within the charge to tax shall prepare accounts in accordance with this Regulation."
3. Section 8(b) of the Regulation states that:
"Any Person required to prepare accounts in respect of any permanent establishment shall prepare accounts relating only to the business carried on by or through that establishment."
4. Section 13(a) of the Regulation states that:
"The financial statements of a Person shall be submitted together with his tax return, unless the MIRA has exempted that Person from this requirement."



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5. Section 14 of the Regulation states that:

“A Person shall, if required to do so by the MIRA for any tax year, appoint an auditor registered with the MIRA, and such Person shall submit the auditor’s report together with the financial statements submitted in accordance with Section 13 of this Regulation.”

Ruling

6. Notwithstanding sections 4, 8(b), 13(a) and 14 of the Regulation, where:

- (a) a non-resident person derives income through a permanent establishment in the Maldives in a tax year; and
 - (b) that income is subject to withholding tax; and
 - (c) the non-resident person derives no other income from the Maldives in that tax year, which is subject to any tax in the Maldives,
- the non-resident person may elect to not comply with sections 4, 8(b), 13(a) and 14 of the Regulation but instead submit with its tax return for the tax year:
- (d) a declaration in which the non-resident person or an authorized officer of that person declares that the only income that the non-resident person derived from the Maldives during the tax year, which is subject to tax in the Maldives, was income derived through its permanent establishment in the Maldives and from which withholding tax was properly deducted; and
 - (e) a statement from the non-resident person’s independent external auditors which attests that the non-resident person derived no income from the Maldives that was subject to tax in the Maldives other than by way of income derived through its permanent establishment in the Maldives and from which withholding tax was properly deducted.

7. Paragraph 6 of this ruling shall not apply to a non-resident person unless:

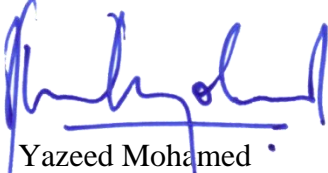
- (a) all withholding tax liabilities in respect of the income referred to in paragraph 6 of this ruling for which a deduction has been claimed under section 10(d)(8) of the Business Profit Tax Act in the tax return filed for the tax year, and any withholding tax liability related to payments made in any earlier year, have been paid to MIRA by the due date prescribed in that Act; or
- (b) where the requirements of paragraph 7(a) of this ruling are not met, all outstanding withholding tax, penalties and fines have been paid by the due date for filing the tax return for the tax year referred to in paragraph 6 of this ruling; and
- (c) in all other respects, the non-resident person has complied with its obligations under the Business Profit Tax Act.



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Date of Effect

8. 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.