

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**MALDIVES INLAND REVENUE AUTHORITY**

Malé, Republic of Maldives

# TAX RULING

## Goods and Services Tax: Ninth amendment to the Goods and Services Tax Regulation

---

**Reference No.:** TR-2013/G14

**Date of issue:** Monday, 29 July 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 Goods and Services Tax Regulation (Regulation Number 2011/R-43) as amended by Tax Ruling Number 220-PR/TR/2011/8, TR-2012/G4, TR-2012/G5, TR-2012/G6, TR-2012/G7, TR-2012/G10, TR-2012/G11 and TR-2013/G13. This ruling is legally binding.*

### Introduction

1. This ruling amends sections 3, 37, 41, 42, 49 and 54 of the Regulation.

### Ruling

2. Amend section 3(c) of the Regulation as follows:
  - (c) If a person carries on taxable activities in both the tourism sector and other sectors, taxable activities that fall within the two sectors shall be registered with the MIRA separately.
3. Amend section 37 of the Regulation as follows:

**International transportation services**

  - (a) For the purpose of Section 20(1) of the Act, international transportation service refers to the transport of passengers or goods:
    - (1) from a place in the Maldives to a place outside the Maldives; or
    - (2) from a place outside the Maldives to a place in the Maldives; or
    - (3) from a place outside the Maldives to another place outside the Maldives;not being:
    - (4) ancillary services (including, but not limited to, ground handling, facilitation of passengers, packing, loading, lashing, securing, unloading, handling, stevedoring, storage, inspection and document preparation); or
    - (5) domestic transportation services, which are supplied in connection with international transportation.



- 2 -

- (b) Notwithstanding subsection (a), transportation services (being the transport of passengers and goods) that are supplied within the internal waters, archipelagic waters and territorial sea of the Maldives, and the airspace above them, as defined in the Maritime Zones of Maldives Act (Law Number 6/96), shall be international transportation services where the transportation services supplied within those areas are necessary only for the purpose of entering or departing the Maldives.
- (c) Subsection (b) shall not apply to transportation services referred to in subsections (a)(4) and (a)(5).

4. Insert the following subsections after section 41(b) of the Regulation:

- (c) For the purposes of subsection (b), notwithstanding the location of the person to which the supply of a service is made contractually, the service is consumed outside the Maldives if it is supplied to a person that is not a resident of the Maldives and is outside the Maldives at the time that the service is performed and:
  - (1) the actual physical flow of the service is not to a person in the Maldives that receives or benefits from that service; or
  - (2) the services are not supplied directly in connection with any property situated in the Maldives at the time that the services are performed.
- (d) Subsection (c)(2) shall not apply to a service that is the supply of information or advice to a person that is not a resident of the Maldives and is outside the Maldives at the time that the service is performed.
- (e) For the purposes of subsections (c) and (d):
  - (1) a resident of the Maldives means a person that is “resident in Maldives” as that term is defined in Section 46 of the Business Profit Tax Act (Law Number 5/2011); and
  - (2) a company that is not a resident of the Maldives shall be a person in the Maldives if an employee or other representative of the company is in the Maldives in connection with the performance of the service.

5. Amend section 42 of the Regulation as follows:

**Disposal of going concern**

- (a) For the purpose of Section 22(c) of the Act, the disposal of a going concern shall be a zero-rated supply only if:
  - (1) the purchaser of the business is registered with the MIRA under the Act. Where the purchaser of the business is not a registered person, that person shall register voluntarily with the MIRA prior to carrying out the transaction; or
  - (2) the purpose of the disposal transaction is to transfer the ownership of a business owned by an individual or individuals to a company at least 99 per cent of the share capital of which is held by the same individual or individuals.

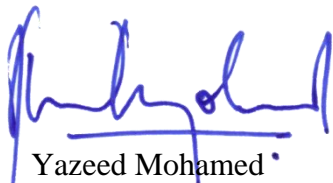


- 3 -

- (b) Subsection (a)(2) shall not apply where the Commissioner General considers that the purpose or one of the purposes of the transfer was to avoid tax.
6. Amend the side heading of section 49 of the Regulation as “Relief for persons whose exempt supplies constitute less than 5% of total supplies”.
7. Amend section 54(a) of the Regulation as follows:
- (a) Of the goods and services supplied free-of-charge or on complimentary basis, tax shall not be charged on the value of goods and services supplied:
    - (1) for the promotion of the business or for a business purpose; or
    - (2) as charitable donations to an institution which is financed wholly or primarily through the State budget.

### **Date of Effect**

8. 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.*