

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



**MALDIVES INLAND REVENUE AUTHORITY**

Malé, Republic of Maldives

# TAX RULING

## Business Profit Tax: Central management and control

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**Reference No.:** TR-2015/B48

**Date of issue:** Thursday, 24 December 2015

*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 references to the Act are to the Business Profit Tax Act (Law Number 5/2011), and all references to the Regulation are to the Business Profit Tax Regulation (Regulation Number 2011/R-35) as amended. This ruling is legally binding.*

### Introduction

1. This ruling explains the factors which shall be taken into consideration in determining the location of central management and control of a company.
2. Section 16 of the Act states:  
...  
(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.
3. Section 46 of the Act states:  
...  
(e) In the case of a company which is not incorporated in Maldives, the company's place of residence shall be determined by reference to the place where the central management and control of the company's business is, or if that place cannot be ascertained, the place of incorporation or registration shall be the company's place of residence.



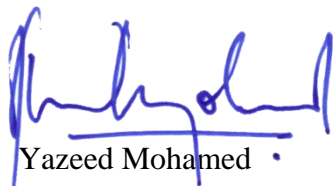
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## **Ruling**

4. For the purposes of sections 16(b) and 46(e) of the Act, the location of central management and control of a company is the place where the highest level policy decisions of the company are made. The factors which shall be taken into consideration in determining the location of central management and control of a company include, but are not limited to, the following:
  - (a) Where meetings of the board of directors of the company are usually held.
  - (b) Where high level company matters, such as general policies and strategic directions, major agreements and significant financial matters, are decided.
  - (c) Where the company's overall performance is monitored and strategic recommendations made in light of the company's performance are reviewed.
  
5. Where circumstances indicate that the factors specified in paragraph 4 of this ruling or any other factor which is taken into consideration in determining the location of central management and control of a company have been arranged so as to portray an artificial or contrived central management and control outcome, the Commissioner General of Taxation shall have the discretion to determine the location of the company's central management and control with reference to the substance of the arrangements.

## **Date of Effect**

6. This ruling shall have 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.*