

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



**MALDIVES INLAND REVENUE AUTHORITY**

Malé, Republic of Maldives

# TAX RULING

Business Profit Tax: Incorporation of business carried on through a permanent establishment

---

**Reference No.:** TR-2016/B50

**Date of issue:** Thursday, 10 March 2016

*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 sets out the procedure for payment of interim and final payments where a non-resident company carrying on business in the Maldives through a permanent establishment incorporates its business in the Maldives and makes an election under this ruling.

## Ruling

2. Where a non-resident company (“Non-resident Company”) carrying on business in the Maldives through a permanent establishment or permanent establishments incorporates a company in the Maldives (“Resident Company”) in a tax year for the purpose of carrying on its business through that company, the Non-resident Company and the Resident Company may make an election whereby:
  - (a) the transactions conducted by the Non-resident Company during that tax year up to the incorporation of the Resident Company shall be deemed to have been conducted by the Resident Company; and
  - (b) the Non-resident Company shall not be required to pay the interim payments for that tax year which fall on or after the date of incorporation of the Resident Company; and
  - (c) the Non-resident Company shall not be required to submit a BPT return and pay the final payment for that tax year; and



- 2 -

- (d) the Resident Company shall be required to pay the interim payments for that tax year which fall on or after the date of its incorporation, based on the amount of tax payable by the Non-resident Company for the previous tax year; and
  - (e) the Resident Company shall be required to prepare its BPT return for that tax year and pay the final payment based on:
    - (1) the interim payments payable by the Non-resident Company for that tax year prior to the incorporation of the Resident Company; and
    - (2) the interim payments payable by the Resident Company for that tax year in accordance with paragraph 2(d) of this ruling.
3. An election under paragraph 2 of this ruling shall be made by notice signed by the Non-resident Company and the Resident Company and submitted to MIRA within 30 (thirty) days of incorporation of the Resident Company in the Maldives.

### **Date of Effect**

4. 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.*