



*Unofficial translation of the*

# **FOURTH AMENDMENT TO THE INCOME TAX REGULATION**

**2022/R-82**

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*This Regulation was made pursuant to the authority granted to the Board of the Maldives Inland Revenue Authority by the Tax Administration Act (Law Number 3/2010) as amended and was published in the Government Gazette on Tuesday the 17<sup>th</sup> of May 2022.*

**DISCLAIMER OF LIABILITY**

*This is the unofficial translation of the original Regulation in Dhivehi. In the event of a conflict between this translation and the Dhivehi version of this Regulation, the latter shall prevail. Therefore, it is advised that both the Dhivehi version of this Regulation and this translation be read concurrently.*

# FOURTH AMENDMENT TO THE INCOME TAX REGULATION

The Income Tax Regulation (Regulation Number 2020/R-21) shall be amended as follows:

1. Amend Section 3 (a) and (b) of the aforementioned Regulation as follows:

3. (a) Persons applying for registration under the Act shall submit a completed "Registration and Change of Information" (MIRA 117) form together with the information and documents specified therein.
- (b) Notwithstanding subsection (a), a person who applies to register the person's business under the Business Registration Act (Law number 18/2014) to the Ministry charged with the mandate of implementing economic policies of the Government shall not be required to submit the "Registration and Change of Information" (MIRA 117) form.

2. Amend Section 11 of the aforementioned Regulation as follows:

**Change of  
information**

11. (a) Any changes in information related to the registration of a person registered under the Act shall be notified to MIRA via MIRAconnect or by submitting MIRA 117 (Registration and Change of Information) form, within 15 (fifteen) days of the date of occurrence of such change.
- (b) Notwithstanding subsection (a), any changes in information related to the employment of a person registered with MIRA as a recipient of remuneration from a payer shall be notified to MIRA by the payer within 15 (fifteen) days, via MIRAconnect.
- (c) Where a recipient of remuneration, after being registered with MIRA by the payer of remuneration, commences to derive any other form of income, the

recipient shall notify MIRA of such that within 15 (fifteen) days, via MIRAconnect or by submitting MIRA 117 (Registration and Change of Information) form.

- (d) Where a recipient of remuneration, after being registered with MIRA by the payer of remuneration, commences another employment, and the employer in respect of that other employment has not notified MIRA, the recipient of remuneration shall notify MIRA of such that within 15 (fifteen) days, via MIRAconnect or by submitting MIRA 117 (Registration and Change of Information).

**3. Insert a subsection after Section 21(f) of the aforementioned Regulation as follows:**

- 21. (g) For the purpose of this Section, even where the right to use a vehicle or vessel is granted by the State or another State office, it shall be deemed that the State office that is the payer of remuneration holds the ownership of such vehicle or vessel.

**4. Amend Section 36(a) and (b) of the aforementioned Regulation as follows:**

- 36. (a) Where on account of the nature of a payment, it cannot be determined whether or not the payment is payable in the period to which it relates or what the exact amount of the payment is, then for the purpose of Section 80(c) of the Act, the amount subject to withholding tax shall be computed based on the provision made in respect of the transaction to which that payment relates, given that a provision is required to be made in respect of that transaction. For the purposes of this Section, the requirement to create a provision shall be determined based on the accounting standards adopted by the person under Section 59(d) of this Regulation.
- (b) The amount of withholding tax computed under subsection (a) shall be included in the withholding tax return for the month to which the provision relates,

and, the resulting tax payable shall be paid in full to MIRA.

5. Amend Section 36(d) of the aforementioned Regulation as follows:

36. (d) Notwithstanding that withholding tax has been previously computed and accounted for under this Section based on a provision created, where any additional deduction is required when the amount of the payment subject to withholding tax is ascertained, such additional amount shall be included in the withholding tax return for the month in which the amount of the payment is ascertained and any additional payments arising thereof shall be paid in full.

6. Insert subsections after Section 36(d) of the aforementioned Regulation as follows:

36. (e) Notwithstanding that withholding tax has been computed under this Section based on a provision created, where the amount of withholding tax included in the tax return was found to be additional when the amount subject to withholding tax is ascertained, the additional amount may be adjusted in the non-resident withholding tax return submitted by the person, who computed withholding tax under subsection (a) based on the provision, for the month in which such amount is ascertained.

- (f) Notwithstanding anything to the contrary in this Regulation, any refunds arising from the application of subsection (e) shall be paid to the person conducting business in the Maldives who computed withholding tax based on the provision and included in the person's withholding tax return the amount of withholding tax.

7. Insert a section after Section 36 of the aforementioned Regulation as follows:

**Deduction of withholding tax on account of debit notes and credit notes**

- 36-1. (a) Where the amount of the transaction subject to non-resident withholding tax under Section 55 of the Act is increased by the non-resident by issuing a debit note, the person receiving the debit note shall deduct the amount of non-resident withholding tax from the additional amount in the period in which the debit note is accounted for in the books of accounts of that person.
- (b) Where the amount of the transaction subject to non-resident withholding tax under Section 55 of the Act is reduced by the non-resident by issuing a credit note, the person receiving the credit note may make the required adjustment in the non-resident withholding tax return for the period in which the credit note is accounted for in the books of accounts of that person.
- (c) Any refunds arising under subsection (b) shall be paid in accordance with Section 123 of this Regulation.

8. Insert subsections after subsection 44(a) of the aforementioned Regulation as follows:

44. (a-1) Registered under the Associations Act (Law Number 3/2022); or
- (a-2) Registered under the Maldives Sports Act (Law Number 30/2015); or

9. Insert a subsection after subsection 59(c) of the aforementioned Regulation as follows:

59. (c-1) Subject to the Act and this Regulation, the general approach stated in Article 7(2) of the the OECD Model Tax Convention on Income and on Capital (2017) shall be adopted in determining the taxable income of the permanent establishment in the Maldives of a non-resident of the Maldives.

10. Insert a subsection after subsection 101(f)(2) of the aforementioned Regulation as follows:

101. (f) (2-1) a non-resident of the Maldives who has a permanent establishment in the Maldives;

11. Amend subsection 101(h) of the aforementioned Regulation as follows:

101. (h) Notwithstanding anything to the contrary in this Section, the following persons shall not be required to file an income tax return. Subsection (f) shall be subject to this subsection.
- (1) State offices;
  - (2) Charitable organizations approved by the Commissioner General.

12. Amend Section 103 of the aforementioned Regulation as follows:

**Submission of  
return and  
payment of tax  
via  
MIRAconnect**

103. (a) The following tax returns shall be submitted to MIRA via MIRAconnect, and, payments pertaining to such returns shall be made via MIRAconnect or MRTGS (Maldives Real Time Gross Settlement).
- (1) Employee Withholding Tax Return;
  - (2) Withholding Tax Reconciliation Return;
  - (3) Non-resident Withholding Tax Return;
  - (4) Capital Gains Withholding Tax Return.
- (b) The following tax returns shall be submitted to MIRA via MIRAconnect.
- (1) Income Tax Return;
  - (2) Interim Return.
- (c) Subsection (b) shall not apply to the following persons given that their total income for the tax year immediately preceding the tax year to which the tax return relates was less than MVR 10,000,000/- (Ten Million).

- (1) Individuals;
- (2) Deemed partnerships.
- (d) Payments pertaining to tax returns submitted under subsection (b) shall be made via MIRAconnect or M.R.T.G.S.
- (e) Subsection (d) shall not apply to persons whose total income for the tax year immediately preceding the tax year to which the tax return relates was less than MVR 20,000,000/- (Twenty Million).
- (f) Notwithstanding anything to the contrary in this Section, the Commissioner General, may at his discretion, accept tax returns and payments submitted otherwise, upon request by the taxpayer.
- (g) For the purposes of this Section, total income shall include income exempted under Section 12 and Section 12-1 of the Act.

**13.** This Regulation shall have effect from the date of its publication in the Government Gazette.