



Unofficial translation of the
SPECIAL REGULATION
ON INCOME TAX 2020

2020/R-25

DISCLAIMER OF LIABILITY

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TABLE OF CONTENTS

1. Introduction and citation.....	3
2. Objective	3
3. Deferral of application of certain provisions in the Income Tax Regulation	3
4. Changes to how Employee Withholding Tax is to be deducted.....	3
5. Definitions	4
6. Commencement of the Regulation.....	4
7. Duration of the Regulation.....	4

SPECIAL REGULATION ON INCOME TAX 2020

1. Introduction and citation

- (a) This Regulation is made pursuant to the authority granted to the board of Maldives Inland Revenue Authority by Section 76(b) of the Income Tax Act (Law Number 25/2019).
- (b) This Regulation shall be cited as the “Special Regulation on Income Tax 2020”.

2. Objective

The objective of this Regulation is to formulate special procedures with regard to the imposition of certain provisions in the Income Tax Regulation (Regulation number 2020/R-21), as persons registered under the Act are facing difficulties in abiding by those provisions due to the adversities arising from COVID-19 pandemic.

3. Deferral of application of certain provisions in the Income Tax Regulation

- (a) Notwithstanding anything to the contrary in the Income Tax Regulation (Regulation number 2020/R-21), the application of Sections 41(c) and (d) of the Income Tax Regulation (Regulation number 2020/R-21) shall be deferred from the date of commencement of this Regulation.
- (b) Subsection (a) shall not apply to individuals who submit a MIRA 916 (Election to Deduct Employee Withholding Tax) form under Section 41 of the Income Tax Regulation (Regulation number 2020/R-21) on or before 20 April 2020, and individuals who derive remuneration from more than 1 (one) payer of remuneration.

4. Changes to how Employee Withholding Tax is to be deducted

- (a) Where Section 3(a) applies to a person, withholding tax shall be deducted from remuneration paid by that person by applying the rates and brackets specified in Section 54(a) of the Act.
- (b) Notwithstanding anything to the contrary in the Income Tax Regulation (Regulation number 2020/R-21), where a recipient of remuneration submits a MIRA 916 (Election to Deduct Employee Withholding Tax) form to a payer of remuneration on or before 20 April 2020, the payer shall apply the determinations made in that form from that month onwards. Where a recipient of remuneration submits a MIRA 916 (Election to Deduct Employee

Withholding Tax) form to a payer of remuneration during the period from 21 April 2020 till the end of the month of April 2020, the payer shall apply the determinations made in that form from May, 2020, onwards.

- (c) Notwithstanding anything to the contrary in the Income Tax Regulation (Regulation number 2020/R-21), where MIRA notifies of the rates and brackets to deduct withholding tax on or before 20 April 2020 as regards a MIRA 917 form (Change of Rate of Employee Withholding Tax) submitted by a recipient of remuneration, the payer of remuneration shall conform to that as notified by MIRA from the month of April, 2020, onwards. Where MIRA notifies the payer of remuneration of the rates and brackets to deduct withholding tax during the period from 21 April 2020 till the end of the month of April 2020, as regards a MIRA 917 form (Change of Rate of Employee Withholding Tax), the payer shall conform to that as notified by MIRA from May, 2020, onwards.

5. Definitions

Unless otherwise specified in this Regulation:

- (a) “COVID-19” refers to the coronavirus disease (COVID-19) caused by Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-Cov-2).
- (b) “Act” refers to the Income Tax Act (Law number 25/2019).

6. Commencement of the Regulation

This Regulation shall take effect from the date of its publication in the Government Gazette.

7. Duration of the Regulation

This Regulation shall be effective from the date of its commencement till 31 July 2020.