



PRESS RELEASE

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Maldives became party to the Convention on Mutual Administrative Assistance in Tax Matters (MAAC) at a signing ceremony held at OECD Headquarters in Paris. The Agreement was signed on 11 August 2021 by H.E. Mr. Hassan Sobir, the Ambassador of the Republic of Maldives to the Kingdom of Belgium and the Ambassador of the Republic of Maldives to the European Union.

Following the signature of MAAC, two Competent Authority Agreements specifying the modalities for exchanging information has been signed today by the Commissioner General of Taxation, Mr. Fathuhulla Jameel. These Agreements are the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (CRS-MCAA) and Multilateral Competent Authority Agreement on the exchange of Country-by-Country Reports (CbC-MCAA).

Maldives joined as a member of Global Forum on Transparency and Exchange of Information on Tax Matters (Global Forum) on February 2016 and since then, Maldives Inland Revenue Authority (MIRA) has been continuously working on the implementation of the international tax standards with the assistance from Global Forum. Global Forum is an international body comprising of over 160 countries and financial centers working together to increase transparency of tax systems to curb tax evasion and avoidance on a global scale.

The Agreement provides an international legal framework for exchanging information and co-operation in tax matters while respecting the fundamental rights of taxpayers. As a member of the Convention, various forms of administrative cooperation such as exchange of information on request (EOIR), automatic exchange of financial information (AEOI), spontaneous exchange of information (SEOI), service of documents and assistance for conducting tax examinations will be provided between the signatories of the convention. These actions aid in combating non-compliance through tax evasion and avoidance.



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As party to the MAAC, under the Common Reporting Standard (CRS), MIRA will have access to financial information of Maldivian tax residents that hold financial accounts (whether in banks or other specified financial institutions such as trusts) in countries participating in this Convention. This includes information of financial accounts of all individuals, and entity accounts with a balance or value more than USD 250,000 which are maintained by Financial Institutions of the participating jurisdictions. This is particularly important as tax residents of Maldives are taxed on their worldwide income, and having access to financial account information that may be held in 143 other countries further supports MIRA's efforts to prevent tax evasion, and also in identifying those who have under-declared their incomes.

Furthermore, under Country-by-Country Reporting (CbCR) MIRA will also have access to financial information of Multinational Enterprises with consolidated revenue of €750 million that have constituent entities that are resident in Maldives, and operate in jurisdictions of participating countries.

The assistance provided under the Agreement will be reciprocal and hence, Maldives will also be providing pre-agreed information to tax authorities of participating jurisdictions. The information exchanged with foreign jurisdictions will be submitted to MIRA by the financial institutions registered under Common Reporting Standard, and entities that have notified MIRA under the Country-by-Country Reporting regulation. The first filing deadline for MNE's registered under CRS is before 31 July 2022. Entities required to file Country-by-Country reports in Maldives shall file for Reporting Fiscal Years commencing on or after 1 January 2021, no later than 12 months after the last day of the Reporting Fiscal Year of the MNE Group.

MIRA worked closely with the Tax Policy Unit of Ministry of Finance in putting together necessary laws and policies in place to implement this international commitment by Maldives. Regulations and policies that are required for the implementation of these international standards have been published and MIRA will be issuing further guidance in relation to CRS and CbCR on the website and other media platforms. MIRA has also conducted information sessions in collaboration with Global Forum for relevant government offices who worked together in putting the administrative process in place, as well as for financial institutions that will be directly reporting the information to MIRA. These comprehensive information sessions detailed the obligations and responsibilities of each party involved in the process. MIRA is also planning to provide on-hand training to financial institutions regarding the use of the information exchange system that will be used to submit information.



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In order to successfully implement the standard, MIRA will need co-operation from financial institutions registered under CRS as well as entities that are required to file country-by-country reports. Penalties for failure to provide information to MIRA shall be determined under Section 65 of the Tax Administration Act.

Today marks an important milestone for MIRA and the Maldivian tax system, as Maldives has successfully joined other developed and developing nations in the global efforts to curb tax evasion and avoidance. MIRA looks forward successfully administering the standard with the collaboration of relevant stakeholders.

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