Guide to Airport Service Charge and Airport Development Fee
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The information in this guide is based on laws and regulations prevailing at the time of publication. It is not expected to be a substitute for a detailed research or exercise of professional judgment on taxation matters in the Maldives. If you do not understand anything in this guide or have queries related to your particular circumstances, call 1415 or send an email to 1415@mira.gov.mv.
I. Introduction

The Airport Taxes and Fees Act, which was enacted on 7 December 2016, brought significant changes to the mechanism for collecting the “Airport Service Charge” or “ASC”, which had hitherto been collected under the (Tenth and Eleventh Amendment to the) Airport Service Charge Act.

The Airport Taxes and Fees Act also introduced an “Airport Development Fee” or “ADF” which will be collected from passengers traveling abroad from Velana International Airport on or after 1 May 2017.

The Airport Taxes and Fees Act repealed and replaced the Airport Service Charge Act, which did not identify the person who was responsible for collecting ASC from passengers, and lacked a clear mechanism for remitting it to the relevant government agency. Further, it did not lay down any enforcement measures in cases where ASC is not collected or not remitted to the government.

This guide explains the mechanism for collecting ASC and ADF – collectively referred to as “Airport Taxes and Fees” or “ATF” – under the Airport Taxes and Fees Act, from passengers flying out of the Maldives. It is primarily aimed at those who act as ATF collection agents (i.e. airlines and airport operators), and passengers traveling to and from the Maldives.
2. What is airport service charge?

Airport service charge (code-named “BQ” by the International Air Transport Association (IATA)) is a tax levied on passengers departing from the Maldives from an international airport in the Maldives. Currently, there are 3 international airports in the Maldives – namely, Velana International Airport in Hulhule’, Gan International Airport in S. Gan and Hanimaadhoo International Airport in H.Dh. Hanimaadhoo.

ASC is collected at two different rates, as follows:

- 12 US Dollars from Maldivian passengers
- 25 US Dollars from non-Maldivian passengers

Not all passengers are subject to ASC – persons with diplomatic immunity, transit passengers, and children below the age of 2 years are exempt from ASC. The scope of these three categories are explained below.

It is important to note that, under the old Airport Service Charge Act, categories of persons who were exempt from ASC were slightly different. Under the old Act, persons with diplomatic immunity, persons serving as Ministers or in higher posts of other States, transit passengers, and children below the age of 2 years were exempt from ASC (although these categories were not defined or detailed in any official document issued by the tax collection agency). Therefore, the new exemption categories and their definitions apply in determining whether or not a passenger travelling abroad on or after 7 December 2016 is subject to ASC.

Persons with diplomatic immunity

For the purpose of collecting ASC, there are two categories of passengers who are considered as persons with diplomatic immunity.

- Foreign nationals resident in the Maldives as members of a foreign diplomatic mission, who are entitled to the privileges and immunities specified in the Vienna Convention on Diplomatic Relations (1961).

- All passengers on flights which are granted “diplomatic clearance” by the Ministry of Foreign Affairs. Diplomatic clearance is normally granted to flights which carry heads of state/government or high-ranking officials of other states.
Transit passengers

For the purpose of collecting ASC, transit passengers are defined as those passengers who stay in the Maldives for less than 24 hours for a purpose such as changing flights, while traveling from one country to another country. Passengers who are often referred to as “transfer passengers” in the airline industry are also covered under this definition.

Children below the age of 2 years

Whether or not ASC must be collected from a child below the age of 2 years depends on whether or not the child has reached his/her second birthday as of the date of commencement of travel (i.e. the point of origin of travel).

- ASC must be collected from a child whose ticket originates from a point inside the Maldives only if the child was 2 years or older on the date of departure from the Maldives.
- ASC must be collected from a child whose ticket originates from a point outside the Maldives only if the child was 2 years or older on the date of departure from the point of origin.
3. What is airport development fee?

Airport development fee (code-named “H9” by IATA) is a fee levied on passengers departing from the Maldives via Velana International Airport on or after 1 May 2017. Passengers departing from the Maldives via another international airport are not required to pay ADF.

ADF is also collected at two different rates, as follows:

- 12 US Dollars from Maldivian passengers
- 25 US Dollars from non-Maldivian passengers

Unlike ASC, only persons with diplomatic immunity (as explained in part 2 above) and transit passengers on “direct transit” flights are exempt from ADF. This means that transit passengers other than those on direct transit flights and children below the age of 2 years would also be subject to ADF.

Direct transit flights are those flights which transit at an airport in the Maldives and depart with the same flight number.

**Commencement of collection of ADF**

ADF applies to passengers departing from the Maldives on or after 1 May 2017 via Velana International Airport. It is important to note that ADF is payable only if the passenger purchased his/her ticket or changed his/her travel date on or after 1 February 2017 for travel on or after 1 May 2017.

Therefore, if a passenger had purchased his/her ticket or changed his/her travel date on or before 31 January 2017, the passenger would not be required to pay ADF, even if he/she departs from the Maldives on or after 1 May 2017.
4. Registering for ASC and ADF

Registration

The responsibility for collecting ASC and ADF from passengers and remitting it to MIRA (being the institution which is responsible for administering ASC and ADF) lies with airlines and airport operators, as follows:

- It is the responsibility of airlines that operate scheduled flights to the Maldives to collect ASC and ADF from passengers departing from an airport in the Maldives via that airline.

- It is the responsibility of airport operators to collect ASC and ADF (where applicable) from passengers departing from the Maldives from that airport on flights operated by persons other than airlines that operate scheduled flights to the Maldives. This would include, for example, charter flights and private jets. “Airport operator” is the entity issued with a permit by the Maldives Civil Aviation Authority (MCAA) to operate an international aerodrome.

Therefore, airlines that operate scheduled flights to the Maldives and airport operators are required to register with MIRA for ASC and ADF.

Airlines and airport operators are not required to submit a separate registration application to MIRA in order to register for ASC and ADF. Instead, airlines and airport operators will be automatically registered for ASC and ADF from the date on which MCAA issues the relevant permit to that airline or airport operator. It is a single registration for both ASC and ADF.

Airlines and airport operators will be registered for ASC and ADF in the name of the entity to which the relevant permit is issued, and each airline and airport will be registered separately. We will communicate registration details to the entity upon registration – this would include the entity’s Taxpayer Identification Number (TIN), registration date, tax return filing frequency and deadlines, and so on.

Airlines and airport operators must start collecting ASC and ADF (where applicable) from the date of issue of the permit by MCAA, even if they have not received their registration details. As per IATA regulations, all taxes and fees applicable to a journey must be included in the final ticket price.

Appointment of agents

Airlines operating scheduled flights to the Maldives have the option of appointing an agent to represent the airline in fulfilling their obligations under the Airport Taxes and Fees Act. If an airline wishes to do so, it may appoint its general sales agent (GSA) or passenger sales agent (PSA) registered with MCAA. Such request must be submitted to MIRA in writing, together with written confirmation of acceptance of appointment from the agent.
The responsibility for fulfilling the airline’s obligations under the laws and regulations remains with the airline even if an agent is appointed.

Deregistration

If the permit issued by MCAA to an airline or airport operator expires, or is cancelled or transferred, the entity must submit a request to MIRA to deregister the entity from ASC and ADF. The request must be made in writing within 15 days of the cancellation, transfer or expiration.

Airlines and airport operators must continue filing Airport Taxes and Fees Returns until we confirm in writing that they have been deregistered from ASC and ADF.
5. Other considerations

The regulations also describe the treatment of ASC and ADF under the following special circumstances.

**Force majeure**

Passengers on flights which depart from an airport in the Maldives after landing in a force majeure situation (for example, due to a technical issue with the aircraft or due to extreme weather) are not required to pay ASC or ADF.

**Maldivians with dual nationality**

The rate of ASC and ADF applicable to a Maldivian national with dual nationality is based on the passport which is used by the person for outward immigration clearance. If the passenger uses his Maldives passport, it is $12; otherwise, it is $25.

**ASC and ADF charged in violation of the law**

ASC and ADF collected in excess under the following scenarios must be refunded to the passenger by the deadline for submission of the respective Airport Taxes and Fees Return to MIRA.

- Person not allowed to charge ASC or ADF charges it
- ASC or ADF is collected from a person who is not required to pay it
- ASC or ADF charged is more than the amount chargeable

If the amount is not refunded to the passenger by the deadline for submission of the respective Airport Taxes and Fees Return, it must be included in item 11 of your return and paid to MIRA.
6. Airport Taxes and Fees Return and payment

Each airline and airport operator must file a monthly return by the 15th day of the following month, using MIRA 530 (Airport Taxes and Fees Return). The return covers both ASC and ADF payable by the airline or airport operator. The return must be supported by an Information Sheet.

You must file a return even if no passengers who are subject to ASC or ADF departed from the Maldives during that month.


Your Airport Taxes and Fees Return and Information Sheet must be filed via our online portal “MIRAconnect” (your log-in credentials for the portal will be emailed to you upon registration for ASC and ADF). All ASC and ADF related payments must also be paid through this portal, or via direct transfer to the Public Bank Account at the Maldives Monetary Authority.

If you are paying via direct transfer, you must complete the MIRA 912 (Foreign Remittance Request) form emailed to you upon submission of your Airport Taxes and Fees Return and email it to payments@mira.gov.mv before you make the transfer. This is a requirement of the central bank under anti-money laundering regulations.

ASC and ADF must be paid to MIRA in United States Dollar.

If you are faced with a situation where you are unable to file or pay through the portal or via direct transfer, you may request us to allow you to file and pay “offline”. We will allow you to do so if your circumstances are genuine and exceptional.

Non-filing penalty

If you do not file your Airport Taxes and Fees Return or file it late, you will be required to pay a penalty of 50 Rufiyaa per day and 0.5% of your total ASC and ADF liability (item 13 of your Airport Taxes and Fees Return) for that period.

Non-payment penalty

If you do not pay your ASC and ADF liability or pay it late, you will be required to pay a penalty of 0.05% of the outstanding amount per day.
Amending your Airport Taxes and Fees Return

An airline or airport operator may file an amended Airport Taxes and Fees Return within 12 months from the due date for filing that return. An amended Airport Taxes and Fees Return must be accompanied by a MIRA 913 (Tax Return Amendment Request) form and the documents specified in that form.

If the total ASC and ADF liability declared on an amended Airport Taxes and Fees Return is equal to or higher than the total ASC and ADF liability declared on the most recent Airport Taxes and Fees Return filed by that entity for that period, we will accept the amended return. However, if the revised total ASC and ADF liability is lower, we will review it before accepting it. In such cases, the airline or airport operator will be notified in writing that the amended return has been put on hold pending a review. Further, the airline or airport operator will not be eligible to set off the credit arising from the amendment until we accept it after the review. The outcome of the review will be communicated to the airline or airport operator in writing.
7. Record keeping

In addition to the general record keeping requirements, airlines and airport operators must maintain the following records:

- Invoices sent to various parties to collect ASC and ADF receivable from such parties, receipts for payments received, and other written correspondence between such parties relating to collection of payments.
- Flight manifest of flights operated by that airline, or of flights departing from that airport.
- Other records that would enable MIRA to ascertain that the amount of ASC and ADF declared is correct.

It is not necessary that you maintain your records in hard copy; you may maintain them electronically as long as our electronic record keeping requirements are met.

Find out more

8. Relevant laws, regulations and tax rulings

The following laws, regulations and tax rulings provide the legal basis for the guidelines provided in this guide:
