



Unofficial Translation of

GOODS AND SERVICES TAX ACT

In accordance with Article 92 of the Constitution, the “Goods and Services Tax Bill” passed in the 34th sitting of the 2nd session of the People’s Majlis held on Monday the 29th of August 2011, has become law and has been published in the Government Gazette upon its ratification by the President on Friday the 2nd of September 2011 (4 *Shawwal* 1432).



GOODS AND SERVICES TAX ACT

Chapter 1

Preliminary

- Introduction and citation**
1. (a) This Act contains the provisions for the imposition of “Goods and Services Tax” as specified by this Act, on the value of goods and services supplied in the Maldives.
 - (b) The Act, herein, shall be cited as the “Goods and Services Tax Act”.

Chapter 2

Interpretation

- GST**
2. For the purpose of this Act, GST refers to the tax imposed under this Act on the value of goods and services supplied in the Maldives. The term “GST” hereinafter referred to in this Act shall refer to the Goods and Services Tax.
- Goods**
3. (a) For the purpose of this Act, goods refers to the goods sold by a business conducted in the Maldives.
 - (b) The definition specified in Section 3(a) of this Act shall not include the following goods:
 - (1) Any right or interest vested in relation to an agreement or by law;
 - (2) Immovable property;
 - (3) Money.
- Services**
4. For the purpose of this Act, services refers to anything which is not goods.

- Consideration** 5. Consideration, in relation to the supply of goods and services to any person, refers to any payment made or any act or forbearance in respect of the supply of such goods and services, whether by that person or by any other person acting on behalf of that person.
- Exempt goods and services** 6. Exempt goods and services refers to the goods and services exempted from GST in accordance with the provisions of this Act.
- Zero-rated goods and services** 7. Zero-rated goods and services refers to goods and services charged at the rate of 0% (zero per cent) in accordance with the provisions of this Act.
- Input tax** 8. Input tax, in relation to a transaction between two registered persons, refers to the tax payable in accordance with the provisions of this Act by the recipient of the good or service to the supplier of the good or service.
- Output tax** 9. Output tax refers to the tax chargeable under this Act on the recipient of a good or service supplied by a registered person.
- Accounting basis** 10. Accounting basis refers to the basis on which the GST collected in accordance with this Act shall be accounted for to the MIRA. Accounting bases include the invoice basis, payments basis and hybrid basis.
- (a) Invoice basis refers to the basis where output tax payable to the MIRA by a registered person in accordance with this Act is accounted for based on tax invoices issued by the registered person and input tax to be claimed from the MIRA is accounted for based on tax invoices received by the registered person.
- (b) Payments basis refers to the basis where output tax payable to the MIRA by a registered person in accordance with this Act is accounted for based on payments received by the registered person and input tax to be claimed from the MIRA is accounted for based on payments made by the registered person.
- (c) Hybrid basis refers to the basis where output tax payable to the MIRA by a registered person in accordance with this Act is accounted for based on tax invoices issued by the registered person and input tax to be claimed from the MIRA is accounted for based on payments made by the registered person.

- Registered person** **11.** Registered person refers to Persons required to be registered with the MIRA under this Act, and Persons that register voluntarily with the MIRA in accordance with Section 53 of this Act.

Chapter 3

Imposition of GST

- Obligation to charge GST** **12.** This Act requires the collection and payment of GST from the date of commencement of this Act, in the manner and extent prescribed in Sections 15 and 16 of this Act, on the value of goods and services supplied in the Maldives within the charge to tax.
- Taxable activity** **13.** (a) For the purpose of this Act, taxable activity refers to any business conducted continuously or permanently for the supply of goods and services.
- (b) Notwithstanding Section 13(a) of this Act, the following activities shall not form part of a taxable activity:
- (1) Employment or work undertaken for a salary or wage under an employment contract;
- (2) Employment or work undertaken by a State employee;
- (3) Employment or work undertaken as a member of the board of directors of a company;
- (4) Goods and services exempted pursuant to Section 20 of this Act.
- Categories of tax** **14.** Tax charged in accordance with the provisions of this Act shall be categorised into the following two major categories.
- (a) Tourism goods and services tax;
- (b) General goods and services tax.
- Tourism goods and services tax** **15.** (a) The following goods and services shall be referred to as the tourism goods and services.

- (1) Goods and services supplied by tourist resorts, tourist hotels, tourist guest houses, picnic islands, tourist vessels and yacht marinas authorised by the Tourism Ministry;
 - (2) Goods and services supplied by diving schools, shops, spas, water sports facilities and any other such facilities being operated at the establishments specified in Section 15(a)(1) of this Act;
 - (3) Goods and services supplied by travel agency service providers authorised by the Tourism Ministry;
 - (4) Goods and services supplied to foreign tourist vessels entering the Maldives by their agents;
 - (5) Goods and services supplied by domestic air transportation service providers.
- (b) Goods and services specified in Section 15(a) of this Act shall be taxed for the following periods at the following rates:
- (1) 3.5% (three point five per cent) from the date of commencement of this Act to 31 December 2011;
 - (2) 6% (six per cent) from 1 January 2012 to 31 December 2012;
 - (3) 8% (eight per cent) from 1 January 2013 onwards.
- (c) If a tourist vessel is chartered for a specific period, tax on that transaction shall be calculated based on the value of the charter.
- (d) If whole or part of, or a specified number of rooms or a particular bungalow or room of a tourist resort or tourist hotel or tourist guest house or picnic island has been supplied for a certain period at a certain price, tax on that transaction shall be calculated based the total value of the transaction.
- (e) The Commissioner General shall have the authority to introduce in the Regulation made pursuant to this Act administrative procedures in relation to the changes in tax rates within the periods specified in Section 15(b) of this Act.

**General goods
and services tax**

16. Goods and services other than those specified in Section 15 of this Act shall be taxed for the following periods at the following rates:

- (a) 3.5% (three point five per cent) from the date of commencement of this Act to 31 December 2011;
- (b) 6% (six per cent) from 1 January 2012 onwards.

Time of supply

17. (a) For the purpose of this Act, unless otherwise specified in this Section, the time of supply of a good or service refers to whichever occurs earlier of the following:

- (1) The time at which a tax invoice for such good or service is issued;
- (2) The time at which the recipient of such good or service makes full or partial payment.

(b) Notwithstanding Section 17(a) of this Act, where payment for the supply of goods and services has been agreed to be made within a stipulated period under an instalment agreement, payments made accordingly shall be regarded as separate taxable transactions. The time of supply of goods and services in relation to any such transaction shall be deemed to be the date on which the instalment payment was received, or the date on which the instalment payment would otherwise fall due, whichever is earlier.

(c) Time of supply of goods and services in relation to the following types of taxable activities shall be determined in accordance with the Regulation made pursuant to this Act.

- (1) Supplies of goods and services to related parties;
- (2) Supplies of goods and services by means of a machine or meter or any other device operated by coins or tokens;
- (3) Transactions the consideration in which is a voucher or other such thing;
- (4) Transactions the consideration in which is points gained from a loyalty scheme.

Purpose of determining the time of supply

18. The purpose of specifying the time of supply of goods and services in Section 17 of this Act is to determine the taxable period under Section 24 of this Act during which the supplier of the goods and services is required to account to the MIRA for tax paid by the recipient of the goods and services.

Value of supply of goods and services

19. For the purposes of this Act, the following provisions of this section shall apply for determining the value of any supply of goods and services:

- (a) If the consideration for the supply is in money, the value of supply shall be such amount as, with the addition of the tax charged, is equal to the amount of the money.
- (b) If the consideration for the supply is not consideration in money, the value of supply shall be such amount as, with the addition of the tax charged, is equal to the open market value of that consideration.
- (c) If a supply of goods and services is made under a credit contract, the value of supply shall be such amount as, with the addition of the tax charged, is equal to the price the supplier would have charged the purchaser if the purchaser had paid in full at the time that the credit contract was entered into.
- (d) The value of supply of goods and services in relation to the following types of taxable activities shall be determined in accordance with the Regulation made pursuant to this Act.
 - (1) Supplies of goods and services to related parties;
 - (2) Supplies of goods and services by means of a machine or meter or any other device operated by coins or tokens;
 - (3) Transactions the consideration in which is a voucher or other such thing;
 - (4) Transactions the consideration in which is points gained from a loyalty scheme.

Chapter 4

Exempt Goods and Services

Exempt goods
and services

20. The following goods and services shall be exempted from tax in accordance with the provisions of this Act.
- (a) Electricity services provided by an electricity service provider registered with the relevant Government authority or State institution;
 - (b) Water facilities provided by a water supplier registered with the relevant Government authority or State institution;
 - (c) Telecommunication services provided by a telecommunication service provider registered with the relevant Government authority or State institution;
 - (d) Sewerage facilities provided by a sewerage supplier registered with the relevant Government authority or State institution;
 - (e) Education provided by an educational institution registered with the relevant Government authority or State institution;
 - (f) Health services provided by a health service provider registered with the relevant Government authority or State institution;
 - (g) Services specified in the Regulation made pursuant to this Act, that facilitate and are essential for the provision of services stipulated in Sections 20(a) to 20(f) of this Act;
 - (h) Medical devices stipulated in the Regulation made pursuant to this Act, and drugs authorised for sale by the relevant Government authority that are supplied by a pharmacy registered with the relevant Government authority or State institution;
 - (i) Sale of goods received as donations or gifts by a voluntary body or association registered with the relevant Government authority or State institution;
 - (j) Financial services stipulated in the Regulation made pursuant to this Act;

- (k) Rent earned from lease of immovable property;
- (l) International transportation services;
- (m) Goods and services supplied to Persons exempted from GST by another Act;
- (n) Payments collected as fines.

Consequences of tax exemption

- 21.** Exemption from tax shall have the following consequences:
- (a) Tax shall not be charged on the goods or services specified in Section 20 of this Act;
 - (b) A registered person supplying goods and services specified under Sections 20(a) to 20(m) shall not claim from the MIRA tax paid to other registered persons, if any, in the course of business.
 - (c) A tax invoice shall not be issued in relation to a good or service specified in Section 20 of this Act and, if an invoice is issued in relation to the above, it shall not include any GST.

Chapter 5

Zero-rated Goods and Services

Zero-rated goods and services

- 22.** The following goods and services shall be charged at the rate of 0% (zero per cent):
- (a) Essential goods specified in Schedule 1;
 - (b) Goods and services exported from the Maldives;
 - (c) Sale of a going concern.

Consequences of zero-rating

- 23.** Zero-rating of goods and services specified in Section 22 of this Act shall have the following consequences:
- (a) Tax shall not be charged on the goods or services specified in Section 22 of this Act;
 - (b) A registered person may claim from the MIRA tax paid to other registered persons, if any, in the course of business.

Chapter 6

Taxable Period

- Taxable period** **24.** (a) A registered person's taxable period shall be determined as follows:
- (1) Every 3 (Three) months, if the total value of the goods and services supplied by a registered person is less than MVR 1,000,000 (One Million Rufiyaa) per month;
 - (2) Every month, if the total value of the goods and services supplied by a registered person is more than MVR 1,000,000 (One Million Rufiyaa) per month.
- (b) Notwithstanding Section 24(a)(1) of this Act, this Act does not prohibit a Person falling within the category specified in the said Section to choose a one month taxable period, with the approval of the Commissioner General.
- (c) Unless expressly specified otherwise in this Act, a taxable period shall end on the last day of a Gregorian month.
- Alignment of GST period** **25.** The Commissioner General shall have the authority to align the end of the last taxable period for the year of a registered person with the end of the financial year of such Person where the end of such taxable period under this Act and the end of the financial year does not coincide.
- Notification upon occurrence of certain events** **26.** (a) If any of the events mentioned below occurs prior to the end of a taxable period, it shall be notified to the Commissioner General within 30 (Thirty) days of such occurrence:
- (1) Death of the registered person;
 - (2) Bankruptcy of the registered person;
 - (3) If the registered person is a company, the company passes a resolution or files an application in court to wind-up the company;
 - (4) The registered person declares its inability to pay its debts either by itself or under a law;

- (5) The registered person transfers its business to, or merges it with, another business in accordance with the law;
 - (6) The registered person's business ceases for any reason.
- (b) Upon the occurrence of an event specified in Section 26(a) of this Act, the end date of the taxable period shall be deemed to be the date on which the event occurred.
 - (c) The MIRA has the authority to stipulate in the Regulation made pursuant to this Act the Persons responsible for notifying the occurrence of an event specified in Section 26(a) of this Act.

Chapter 7

Tax Return

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| Tax return | <p>27. Every registered person shall calculate the amount of tax payable for each taxable period in accordance with this Act and the Regulation made pursuant to it, and shall file a tax return to the MIRA in accordance with the Regulation.</p> |
| Deadline for filing the tax return | <p>28. (a) A tax return required to be filed pursuant to Section 27 of this Act shall be filed on or before:</p> <ul style="list-style-type: none"> (1) The 28th day of the month following the end of the taxable period; (2) The date determined by the Commissioner General where the Commissioner General has decided to postpone the date for submission of tax returns due to any reasonable grounds. <p>(b) In the event that a registered person has died or has ceased to carry on all taxable activities, the part of the tax return for the taxable period up until the time of death or cessation of operations shall be filed by the person legally obliged to do so on or before the 28th day of the subsequent Gregorian month after the end of such taxable period.</p> |
| Information required in tax returns | <p>29. Tax returns filed by registered persons shall contain the following particulars in accordance with a format determined by the Commissioner General:</p> |

- (a) Name of the registered person;
- (b) Taxpayer Identification Number (TIN);
- (c) Taxable period;
- (d) Total value of goods and services provided by that person;
- (e) Deductions, if any, under Section 36 of this Act;
- (f) The amount of output tax payable;
- (g) The amount of input tax allowed to be deducted;
- (h) The amount of tax payable to the MIRA, after adjustments;
- (i) Any other information determined by the Regulation made pursuant to this Act.

Person preparing tax returns

- 30.** Unless proven to the contrary, it shall be presumed that tax returns filed under this Act on behalf of a registered person have been prepared either by the principal or with the principal's authorisation.

Payment of tax

- 31.** Registered persons shall calculate tax payable in respect of each taxable period and pay such tax to the MIRA before the deadline for filing tax returns for that taxable period in accordance with the provisions of this Act.

Tax paid in excess

- 32.** (a) If tax is paid in excess, a registered person may claim such excess tax paid from the MIRA.
- (b) The MIRA, upon receiving an application to claim excess tax paid pursuant to Section 32(a) of this Act, shall consider either of the following:
- (1) Pay the excess amount paid if there are no amounts payable to the MIRA by the registered person; or
 - (2) Set-off the excess amount paid against the tax liabilities of the registered person in subsequent taxable periods.

Tax payable as debt 33. Tax payable under this Act, from the time that it falls due until it is paid to the MIRA, shall be construed as a debt owed to the State. The MIRA shall have the authority to recover such money as a debt due to the State in accordance with the provisions of the Tax Administration Act.

Chapter 8

Accounting Basis

Accounting basis 34. (a) Unless otherwise prescribed in this Act, the invoice basis shall be used to account for tax payable.

(b) Notwithstanding Section 34(a) of this Act, upon a written request from a registered person, the Commissioner General may approve any of the following bases other than the invoice basis to account for tax payable provided the conditions in Section 34(c) of this Act have been met.

(1) Payments basis;

(2) Hybrid basis.

(c) Approval to account for tax payable under this Act on a basis other than the invoice basis may be granted provided any of the following conditions have been met:

(1) The registered person is a Local Council or Government administration;
or

(2) The registered person is a body that is not supplying services for profit; or

(3) The registered person's annual taxable sales does not exceed MVR 2,000,000 (Two Million Rufiyaa).

Documents to be submitted upon change in accounting basis 35. (a) Information required by the Regulation made pursuant to this Act shall be submitted to the MIRA by registered persons, in accordance with a format determined by the said Regulation, where the accounting basis has been changed.

- (b) Information required under Section 35(a) of this Act shall be submitted before the deadline for submission of the tax return for the taxable period during which permission to change the accounting basis was granted.

Deductions

36. (a) If tax levied pursuant to the Maldives Tourism Act (Law Number 2/99) is included in the value of a service, the amount of such tax shall be deducted from the value of the service.
- (b) If the business conducted by the registered person is carried out using goods and services supplied by another registered person, tax in relation to that business shall be paid to the MIRA after having deducted input tax which is payable to the registered person who supplied such goods or services.
- (c) (1) If the value of goods and services provided by a registered person has been written off as an irrecoverable debt from the books in a manner determined by the Commissioner General, the tax on such amount shall be deducted from the output tax payable by that person.
- (2) If any amount deducted in accordance with Section 36(c)(1) of this Act is received by the registered person, whether in whole or in part, the tax on such amount shall be included in the tax return for the period in which that payment was received, and that amount shall be paid as output tax.
- (3) Where a registered person has carried out a transaction on credit and deducted input tax in relation to that transaction, if the debt has not been settled in full or in part by the due date, the tax on such amount shall be included in the tax return for that period, and that amount shall be paid as output tax.
- (4) If a registered person has paid tax in accordance with Section 36(c)(3) of this Act, and if the debt is settled in full or in part, the tax on such amount shall be included in the tax return for the period in which that payment was made, and that amount shall be deducted from the output tax payable by that person.

Setting off input tax against output tax

37. (a) A registered person may, on a tax return submitted in accordance with Section 27 of this Act, set off the amount of input tax against the output tax as authorised by this Act.

- (b) If goods and services purchased by a registered person are used in carrying out a taxable activity, the amount of input tax paid for such goods or services may be set off in full against the output tax.
- (c) Notwithstanding Sections 37(a) and 37(b) of this Act, input tax paid in relation to exempt goods or services specified in Section 20 of this Act shall not be set off against output tax.
- (d) If a tax invoice has not been issued pursuant to Section 41 of this Act to a registered person who purchases goods or obtains services from another registered person, input tax in relation to such goods or services shall not be set off against output tax under this Section.
- (e) Input tax that has not been set off as allowed under this Act when the tax return for that taxable period is submitted, may be set off against output tax within 12 (Twelve) months from the taxable period during which such input tax ought to have been set off.

Disputed amounts

38. If a dispute in respect of the value of goods or services supplied has risen between the registered person and purchaser of such goods or the recipient of such services, the disputed amount shall be shown by way of a debit or credit note. Upon settlement of such dispute after the tax due for such a transaction has been accounted for, necessary adjustments to the amount of tax paid shall be made in the subsequent taxable period.

Monies received by way of reimbursement, judgement or award or agreement

39. If a registered person receives in relation to a good or service supplied by him, monies as reimbursements, judgements of a court, arbitral awards or out-of-court settlements, which are subject to tax in accordance with this Act, the person shall pay tax to the extent of such amount received.

Discrepancies in the calculation

40. If the Commissioner General has found in respect of an assessment of tax payable by a registered person that there are discrepancies in the tax payable by such person, any amount which falls short shall be considered as tax payable by the person. The Commissioner General shall allow the registered person to deduct any amount which is in excess from tax payable in the subsequent taxable period.

Chapter 9

Tax Invoice

- Issuing the tax invoice**
41. (a) A registered person supplying a good or service to another registered person shall at the request of the recipient, provide that recipient within 28 (Twenty Eight) days of the making of that request, with a tax invoice.
- (b) Pursuant to Section 41(a) of this Act, only one invoice shall be issued in relation to a given transaction.
- Particulars required on a tax invoice**
42. (a) Unless otherwise prescribed in this Act, a tax invoice issued by a registered person shall include the following particulars:
- (1) "Tax Invoice" must be written in a prominent manner;
 - (2) Name, address and TIN of the supplier of the goods or services;
 - (3) Name, address and TIN of the recipient of the goods or services;
 - (4) Invoice number;
 - (5) Date of issue;
 - (6) Details of the services provided or quantity and details of the goods sold;
 - (7) The total value of the goods or services supplied, excluding the tax charged on the value of the goods or services;
 - (8) Tax charged on the value of the goods or services supplied;
 - (9) The value of the goods or services inclusive of tax or, if the amount of tax has been included in the price of the good or service, a statement to such effect.
- (b) If the value of the goods or services supplied by a registered person is lower than MVR 5,000 (Five Thousand Rufiyaa) inclusive of tax, this Section does not prohibit the issuance of a tax invoice excluding the information required under Section 42(a)(3) of this Act.

Issuing a receipt instead of a tax invoice

- 43.** A registered person shall have the discretion to issue a receipt in relation to the supply of a good or service if the supply was made to a Person other than a registered person. Such a receipt shall include the following particulars:
- (a) Name, address and TIN of the registered person;
 - (b) Date of payment;
 - (c) Receipt number;
 - (d) Details of the services provided or quantity and details of the goods sold;
 - (e) The total value of the goods or services supplied, excluding the tax charged on the value of the goods or services;
 - (f) Tax charged on the value of the goods or services supplied;
 - (g) The value of the goods or services inclusive of tax or, if the amount of tax has been included in the price of the good or service, a statement to such effect.

Credit note

- 44.** If the value of a transaction for the supply of goods or services falls or is reduced for any reason after a tax invoice has been issued, the recipient of such goods or services shall be issued a credit note which shall include the following particulars:
- (a) "Credit Note" must be written in a prominent manner;
 - (b) Name, address and TIN of the supplier of the goods or services;
 - (c) Name, address and TIN of the recipient of the goods or services;
 - (d) Date of issue;
 - (e) Credit note number;
 - (f) Reason for issuing the credit note;
 - (g) Original tax invoice number, date, amount of tax specified in that tax invoice, amount of tax calculated after the change in value, and the difference between the two.

- Debit note** **45.** If the value of a transaction for the supply of goods or services increases or is raised for any reason after a tax invoice has been issued, the recipient of such goods or services shall be issued a debit note which shall include the following particulars:
- (a) "Debit Note" must be written in a prominent manner;
 - (b) Name, address and TIN of the supplier of the goods or services;
 - (c) Name, address and TIN of the recipient of the goods or services;
 - (d) Date of issue;
 - (e) Debit note number;
 - (f) Reason for issuing the debit note;
 - (g) Original tax invoice number, date, amount of tax specified in that tax invoice, the amount of tax calculated after the change in value, and the difference between the two.
- Dealing with debit and credit notes when accounting for tax** **46.** In calculating the amount of tax payable for a taxable period by a registered person, debit and credit notes prepared by that person shall be dealt with in the same manner as prescribed in this Act for tax invoices.
- Issuing replicas** **47.** If a recipient of goods or services supplied by a registered person loses the original copy of any of the following documents, the recipient shall, on request, be issued with an attested replica of it with a stamp and signature:
- (a) Tax invoice;
 - (b) Receipt;
 - (c) Credit note;
 - (d) Debit note.
- Record keeping** **48.** (a) Documents specified in the Regulation made pursuant to this Act shall be maintained by registered persons for a period of 5 (Five) years.

- (b) If the identification numbers on tax invoices, receipts, credit notes and debit notes issued for the purpose of this Act are not generated through software, such documents shall include a pre-printed serial number.

Supply of goods or services to more than one person

49. (a) If a registered person supplies goods or services to more than one Person, a single tax invoice shall be issued in their name.
- (b) Where a tax invoice has been issued in accordance with Section 49(a) of this Act, input tax shall only be claimed by the Person stated on such tax invoice as the recipient of the supply.

Requirement not to make more than one document for a single transaction

50. (a) It shall be an offence to issue more than one tax invoice, receipt, debit note or credit note under this Act for a single transaction.
- (b) Notwithstanding Section 50(a) of this Act, this Section does not prohibit the reproduction of a tax invoice, receipt, debit note or credit note made in relation to a completed transaction, after invalidating the original document issued for the said transaction.

Chapter 10

Registration

Obligation to register

51. (a) The following Persons carrying on taxable activities in the Maldives at the date of commencement of this Act shall become liable to be registered with the MIRA, within 30 (Thirty) days from the date of commencement of this Act.
- (1) Persons whose taxable supplies during the past 12 (Twelve) months exceeded MVR 1,000,000 (One Million Rufiyaa);
 - (2) Persons whose estimated taxable supplies for the following 12 (Twelve) months exceed MVR 1,000,000 (One Million Rufiyaa);
 - (3) Notwithstanding Section 51(a)(1) and Section 51(a)(2) of this Act, Persons providing goods and services specified in Section 15 of this Act;
 - (4) Persons importing goods into the Maldives at the time of commencement of this Act.

- (b) If, at the end of any month, the value of taxable supplies for the 12 (Twelve) months then ended of a Person who commences a taxable activity after the date of commencement of this Act exceeded MVR 1,000,000 (One Million Rufiyaa), such person shall register with the MIRA by the end of the subsequent month.
- (c) If, at the end of any month, the value of taxable supplies for the 12 (Twelve) months then ended of a Person who has been carrying out a taxable activity when this Act came into effect exceeded MVR 1,000,000 (One Million Rufiyaa), such person shall register with the MIRA by the end of the subsequent month.
- (d) If, at the beginning of any month, the estimated value of taxable supplies for the 12 (Twelve) months then commencing of a Person who commences a taxable activity after the date of commencement of this Act exceeds MVR 1,000,000 (One Million Rufiyaa), such person shall register with the MIRA by the end of that month.
- (e) If, at the beginning of any month, the estimated value of taxable supplies for the 12 (Twelve) months then commencing of a Person who has been carrying out a taxable activity when this Act came into effect exceeds MVR 1,000,000 (One Million Rufiyaa), such person shall register with the MIRA by the end of that month.
- (f) Persons that begin to supply goods and services specified in Section 15 of this Act after the date of commencement of this Act, shall apply to register with the MIRA within 30 (Thirty) days from the date of commencement of that supply.
- (g) Persons that begin to import goods into the Maldives after the date of commencement of this Act shall apply to register with the MIRA within 30 (Thirty) days from the date of commencement of the import activity.
- (h) In determining the thresholds specified in Sections 51(a)(1), 51(a)(2), 51(b), 51(c), 51(d) and 51(e), the amount of tax payable shall not be included.

**Commencement
of collection of
tax**

- 52.** Unless otherwise prescribed in this Act, Persons registering with the MIRA after the date of commencement of this Act shall commence collecting tax from the date determined by the Commissioner General in accordance with the Regulation made pursuant to this Act.

- Voluntary registration** 53. A Person conducting an authorised trade or providing an authorised service, which is not required to be registered with the MIRA pursuant to Section 51 of this Act, shall have the discretion to voluntarily request to the Commissioner General to register the Person with the MIRA.
- Application to register** 54. An application for registration under this Act shall be made to the MIRA in accordance with the Regulation made pursuant to this Act.
- Application to terminate registration** 55. (a) Persons registered with the MIRA under Section 51 of this Act shall have the discretion to make an application for the termination of such registration under the following circumstances:
- (1) Persons whose taxable supplies at the end of any 12 (Twelve) month period fell below MVR 500,000 (Five Hundred Thousand Rufiyaa);
 - (2) Persons whose taxable supplies at the beginning of any 12 (Twelve) month period is forecast to fall below MVR 500,000 (Five Hundred Thousand Rufiyaa);
 - (3) Persons who have ceased their taxable activities, with no intention to resume them during the following 12 (Twelve) months.
- (b) The date on which Persons applying to terminate their registration pursuant to Section 55(a) of this Act shall cease collection of tax under this Act shall be determined by the Commissioner General.
- (c) Registered persons are required to pay tax on the goods for which input tax has already been claimed, which are in their possession at the time of termination of their registration.
- (d) Notwithstanding Section 55(c) of this Act, if the registered person is an importer of goods into the Maldives, and if that Person's registration is cancelled or terminated, that Person shall submit an account to the MIRA of the goods in his possession which have been imported by him. Goods specified in the invoice submitted accordingly shall be sold after a tax invoice has been issued. Tax shall be paid on the sale of such goods and a tax invoice shall be issued accordingly.
- Persons required to register** 56. (a) In registering with the MIRA, Persons carrying out taxable activities in the Maldives pursuant to Sections 51(a) to 51(g) of this Act shall be registered as an individual or as one of the following legal entities:

- (1) Company;
- (2) Partnership;
- (3) Cooperative society;
- (4) Association.

(b) Where an authorised trade or service is registered with the MIRA pursuant to Section 51 of this Act, the Commissioner General in accordance with the Regulation made pursuant to this Act, shall have the authority to notify the owners of such trade or service to register with the MIRA.

Conducting trade or providing services without registration

57. (a) Any Person supplying goods or services without having registered themselves with the MIRA as required under this Act shall be deemed to be a Person liable to tax in a manner similar to a Person who has been registered under this Act.
- (b) Any Person registered with the MIRA in accordance with Section 51 of this Act, who carries on taxable activities even after the revocation of permit or license granted to him by the relevant Government authority, shall be deemed to be a Person liable to tax in a manner similar to a Person who has been registered under this Act.

Requesting to be removed from the register

58. (a) An application shall be made by a registered person to the Commissioner General in accordance with the Regulation made pursuant to this Act, within 10 (Ten) days from the termination of taxable activities in the Maldives for the removal of his registration from the taxpayers' register.
- (b) On receiving an application pursuant to Section 58(a) of this Act, a registered person shall be removed from the taxpayers' register in accordance with the Regulation made pursuant to this Act and shall be notified within 15 (Fifteen) days from the date of such removal.

Notification of changes to registration information

59. Registered persons shall notify the MIRA of the occurrence of any of the following events, within 30 (Thirty) days from the date of such occurrence:
- (a) Changes to name, address and type or nature of business carried out by the registered person;

- (b) If the registered person is a company, changes to the memorandum or articles of association of the company;
- (c) Where a Person registered under this Act enters into partnership with another registered person;
- (d) Where a Person registered under this Act merges with another registered person;
- (e) Establishment of a company or business consortium in a foreign country consisting of shareholdings or financial interests of a Person who has been registered under this Act or the financial interests of a shareholder or director of such Person.

Chapter 11

Other Provisions

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| This Act to be read together with the Tax Administration Act | 60. This Act shall be read together with the Tax Administration Act (Law Number 3/2010). Any word or expression defined in the Tax Administration Act, unless the context otherwise requires, shall have the same meaning such word or expression has in this Act. |
| Public holidays | 61. If due dates specified in this Act for a particular purpose falls on a public holiday, such purpose shall be fulfilled on the first working day following such public holiday. |
| Currency for payment of tax | 62. (a) Tax payable in respect of taxable activities specified in Section 15 of this Act, shall be paid in United States Dollars or in any other foreign currency, determined by the Commissioner General that is accepted by the Maldives Monetary Authority.

(b) Notwithstanding Section 62(a) of this Act, the Minister of Finance may determine that payment of tax shall be made in Maldivian Rufiyaa.

(c) Tax payable in respect of taxable activities specified in Section 16 of this Act, shall be paid in Maldivian Rufiyaa. |

- Amendment of tax returns** 63. An amendment to a tax return submitted under Section 27 of this Act shall be made in writing to the MIRA, in accordance with the Regulation made pursuant to this Act, by a registered person within 12 (Twelve) months from the date on which that tax return falls due.
- Commencement of this Act** 64. This Act shall commence 1 (One) month after the date of publication of the Act in the Government Gazette.
- Law being repealed** 65. The taxation procedure prescribed in the Tourism Goods and Services Tax Act (Law Number 19/2010) shall be repealed from the date of commencement this Act and that procedure shall be replaced by this Act.
- Schedule** 66. The schedule to this Act shall be an important part of this Act, and the Act shall be complete with the Schedule.
- Making regulations and administration** 67. (a) If the making of a Regulation under this Act is assigned to a specific authority by this Act, it shall be that authority's responsibility to make and administer such Regulation. Other Regulation shall be made and administered by the MIRA.
- (b) Regulation to be made pursuant to this Act shall be made and published in the Government Gazette, within 30 (Thirty) days from the enactment of this Act and its publication in the Government Gazette.
- Definitions** 68. Unless otherwise specified in this Act:
- "Accounts" refers to the Balance Sheet, Profit and Loss Statement, notes and schedules to the statements, Directors' Report, Auditor's Report, and any other documents attached thereto, and therein.
- "State Employee" refers to an employee of the State, who is paid a salary or wage from the State budget.
- "Commissioner General" refers to the Commissioner General of Taxation appointed pursuant to the Tax Administration Act (Law Number 3/2010).
- "Irrecoverable Debts" refers to debts written off in the Accounts as irrecoverable, in accordance with international accounting standards.

“MIRA” refers to the Maldives Inland Revenue Authority established pursuant to the Tax Administration Act (Law Number 3/2010).

“Person” includes individuals, companies, partnerships, trusts and other bodies of persons.

“Trade” refers to buying and selling of goods for the purpose of generating an income, manufacture or technical work in the nature of trade, other such trade or any other such activity of the nature specified above.

“Local Council” refers to the councils established under the Decentralisation Act (Law Number 7/2010).

“Tax Return” refers to the return prepared and filed pursuant to Section 27 of this Act.

“Tax Invoice” refers to the document issued under Section 41 of this Act to a registered person who receives goods or obtains services from another registered person.

“Taxable Period” refers to the period determined under Section 24 of this Act for which tax shall be accounted.

“TIN” refers to the Taxpayer Identification Number assigned to each taxpayer registered with the MIRA.

Schedule 1

Zero-rated Essential Goods

1. Rice
2. Sugar
3. Flour
4. Salt
5. Milk
6. Cooking oil
7. Eggs
8. Tea leaves
9. Deep sea fish, reef fish, all types of fish packed in the Maldives, and *rihaakuru* (fish paste)
10. Potatoes, onions
11. Ingredients used in making curry paste (cumin, fennel, coriander, turmeric, garlic, ginger, chilli, chilli powder, cinnamon, cardamom, peppercorn, any other such ingredient)
12. *Dhiyaahakuru*, coconuts (*kaashi*, *kurun'ba*, *kurolhi*)
13. Carrots, cabbage, beans and tomatoes among vegetables
14. All kinds of fruits
15. Bread, buns and *faaroshi* (rusk)
16. Baby diapers
17. Baby food
18. Cooking gas
19. Diesel
20. Petrol
21. Adult diapers

Note: Rice, sugar and flour refers to such goods imported by the State Trading Organisation at any given time, and such goods are sold at controlled prices.