



MALDIVES
INLAND REVENUE
AUTHORITY

QUARTERLY REPORT

Quarter 2, 2015



5 YEARS OF
EXCELLENCE

ABBREVIATIONS

13Q2	2013, Second Quarter
14Q1	2014, First Quarter
14Q2	2014, Second Quarter
14Q3	2014, Third Quarter
14Q4	2014, Fourth Quarter
15Q1	2015, First Quarter
15Q2	2015, Second Quarter
15Q3	2015, Third Quarter
ACC	Anti-Corruption Commission
ACCA	Association of Chartered Certified Accountants
AEOI	Automatic Exchange of Information
BEPS	Base Erosion and Profit Shifting
BPT	Business Profit Tax
CMDA	Capital Market Development Authority
CSTI	Civil Service Training Institute
GGST	Goods and Services Tax (Non-Tourism Sector)
GST	Goods and Services Tax (refers to both TGST and GGST)
LPEF	Lease Period Extension Fee
MBC	Maldives Broadcasting Corporation
MIRA	Maldives Inland Revenue Authority
MOU	Memorandum of Understanding
MVR	Maldivian Rufiyaa
OECD	Organization for Economic Co-operation and Development
SAARC	South Asian Association for Regional Cooperation
TGST	Goods and Services Tax (Tourism Sector)
TOIT	Taxation of International Transaction
USD	United States Dollar
WHT	Withholding Tax

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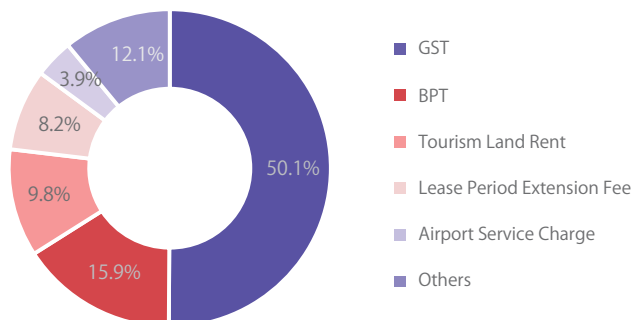
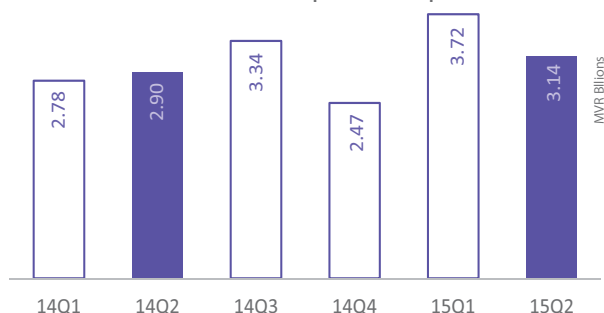
A. REVENUE COLLECTION

1. TOTAL REVENUE COLLECTION

1.1

TOTAL REVENUE COLLECTION

The total revenue for 15Q2 was MVR 3.14 billion. Compared to 14Q2, the revenue collection grew by 8.2%. However, compared to 15Q1, the revenue collection fell by 15.7%, as the quarterly pattern of the collection is largely dictated by the deadlines that fall in respective quarters.



1.2

TOP REVENUE CONTRIBUTORS IN 15Q2

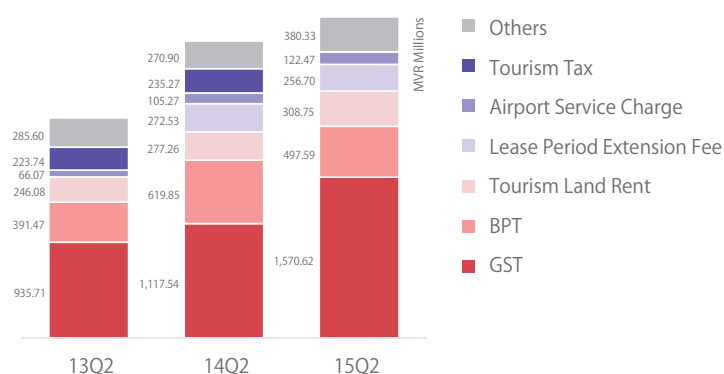
More than half of the revenue for the quarter was received from GST. Meanwhile, BPT accounted for 15.9% of the revenue, Tourism Land Rent for 9.8%, Lease Period Extension Fee for 8.2% and Airport Service Charge for 3.9%. Top 5 revenue contributors cumulatively account for 87.9% of the revenue for 15Q2.

1.3

TOTAL REVENUE GROWTH

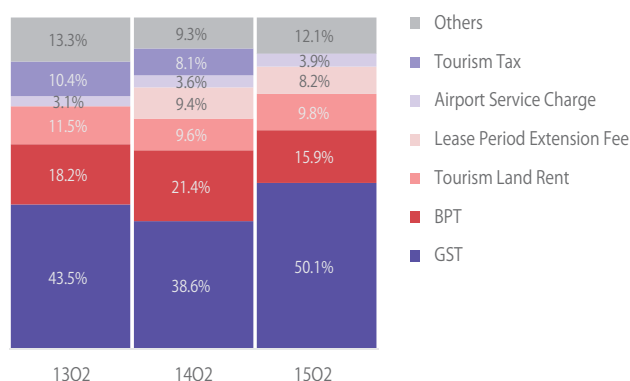
The growth of revenue compared to the corresponding quarter, 14Q2, was 8.2%. The revenue for 14Q2 was MVR 2.90 billion while the revenue for 15Q2 was MVR 3.14 billion. The main reason for the growth is due to increase in GST by 40.5%. GST increased significantly as TGST rate was increased from 8% to 12% in November 2014 onwards.

Among other changes, BPT collection declined by 19.7% and Lease Period Extension Fee declined by 5.8%. Tourism Land Rent and Airport Service Charge increased by 11.4% and 16.3% respectively. Tourism Tax was not collected in 15Q2 as it was abolished in November 2014.



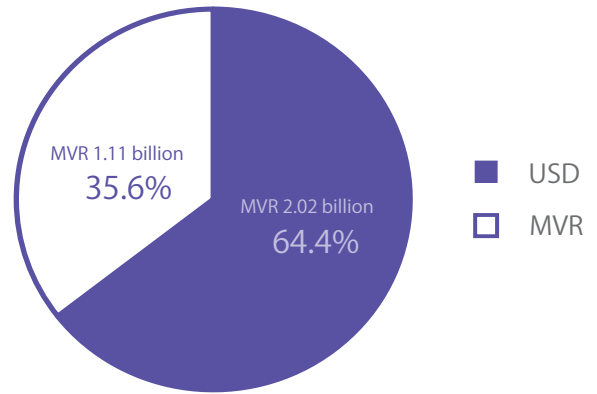
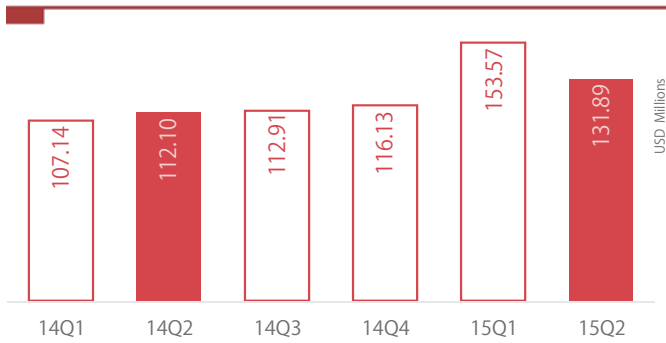
CHANGES TO TOP REVENUE CONTRIBUTORS

Tourism Tax no longer features in the top revenue contributors as it was abolished. The share of GST has increased, largely helped by the increase in TGST rate in November 2014. The share of BPT in the second quarter revenue fell, as it fell during the review quarter.



1.4

2. USD REVENUE COLLECTION



2.1

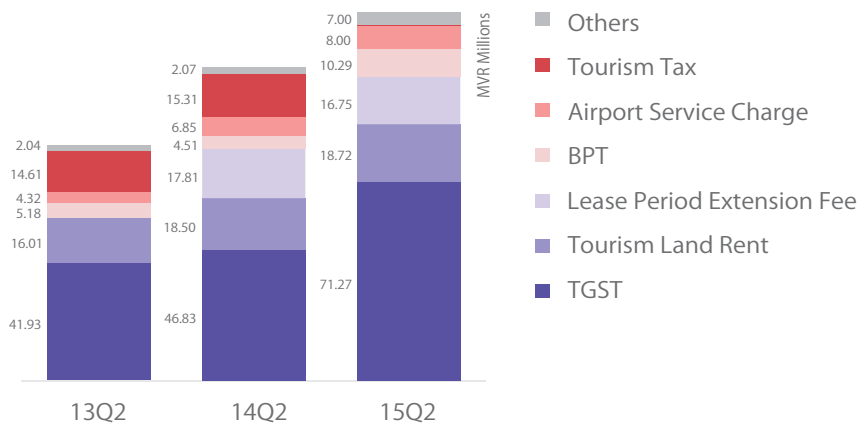
USD COLLECTION

USD revenue collected in 15Q2 amounted to USD 131.89 million. In comparison, 14Q2 USD collection was USD 112.10, depicting a growth 17.7%.

2.2

CURRENCY COMPOSITION

64.4% of the revenue for 15Q2 was received in USD. USD 131.89 million was received in 15Q2. In MVR, this is equivalent to MVR 2.02 billion. The revenue collected in terms of MVR amounted to MVR 1.12 billion



2.3

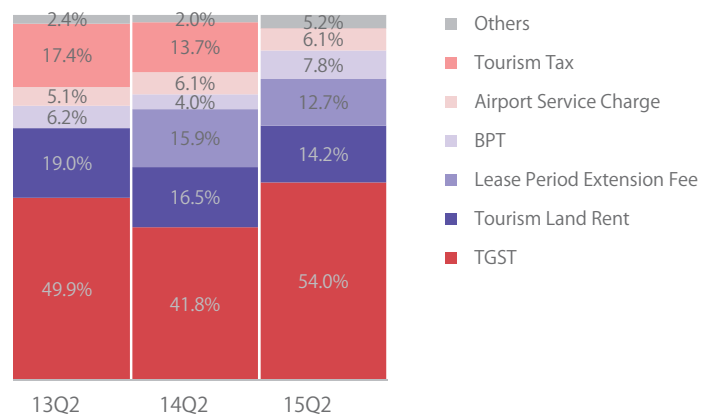
USD REVENUE GROWTH

The growth of USD revenue was fueled by the increment in the TGST rate. TGST collection grew by 52.2% in 15Q2. All other USD based revenues also depicted growth and more than offset the non-collection of Tourism Tax.

2.4

USD COLLECTION BREAKDOWN

The share of USD revenue comprised of TGST increased to 54.0% in 15Q2. The share of BPT denominated in USD also increased to 7.8%. The share of Tourism Land Rent and Lease Period Extension fell slightly to 14.2% and 12.7% respectively.



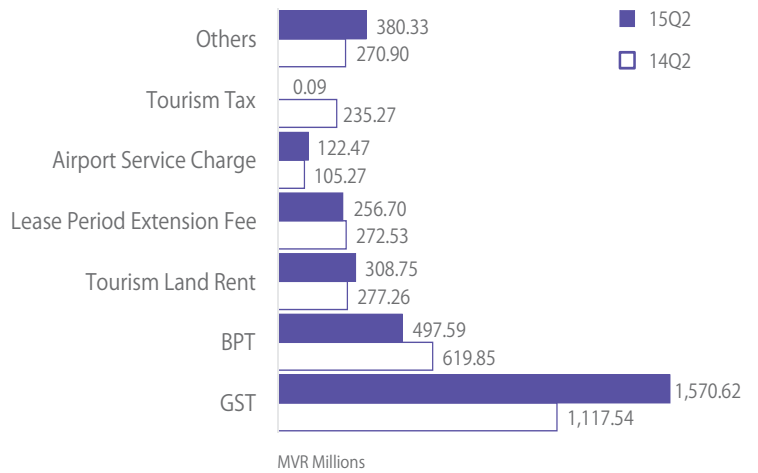
3. COMPARISON AGAINST CORRESPONDING QUARTER OF 2014

3.1

COMPARISON AGAINST 14Q2: REVENUE-WISE

Revenue from GST grew significantly in 15Q2 compared to 14Q2, primarily due to increase in TGST rate from November 2015 onwards. GST revenue grew by 40.5%. On the other hand, BPT collection fell in 15Q2 by 19.7%. Meanwhile, Tourism Land Rent depicted a growth of 11.4%, and Airport Service Charge increased by 16.3%. Lease Period Extension Fee fell marginally by 5.8% and Tourism Tax was not collected in 15Q2, unlike 14Q2.

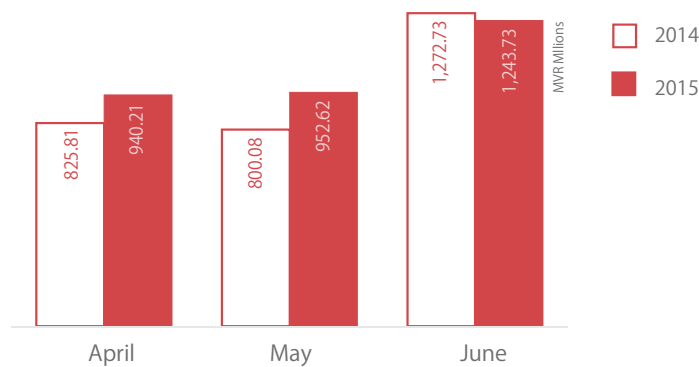
Among notable changes in other revenues, Bank Profit Tax was collected in 15Q2. However, compared to 14Q2, Bank Profit Tax collected in 15Q2 declined by 1.7%. Revenue from Fines and Land Acquisition and Conversion Fee grew by 5.6 times and 71.9% respectively.



3.2

COMPARISON AGAINST 14Q2: MONTH-WISE

On a monthly basis, revenue collection increased compared to the corresponding months in the second quarter. In April, the revenue grew by 13.9% and in May by 19.1%. However, in June, it declined by 2.3%.

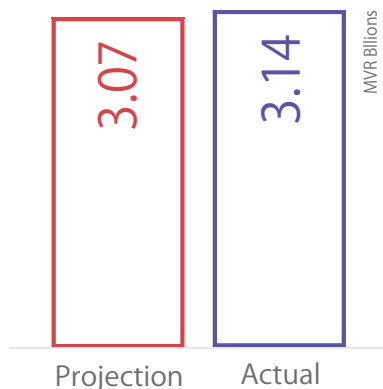


4. COMPARISON AGAINST PROJECTION

4.1

REVENUE PROJECTION

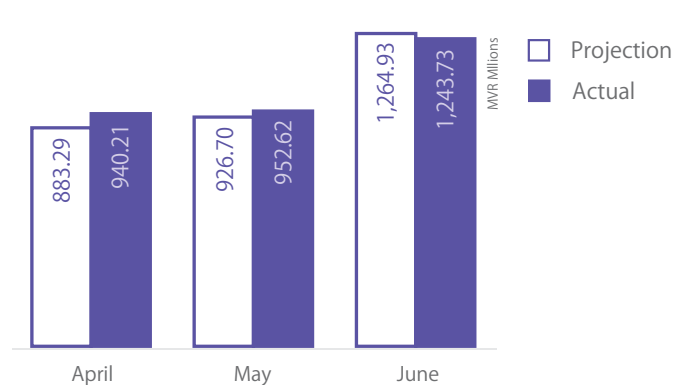
The total revenue collection for 15Q1 surpassed the projection by 2.0%. The actual collection was MVR 3.14 billion and the projection was MVR 3.07 billion. The revenue increased due to a favorable collection in GST and Tourism Land Rent.



4.2

COMPARISON AGAINST PROJECTION: MONTH-WISE

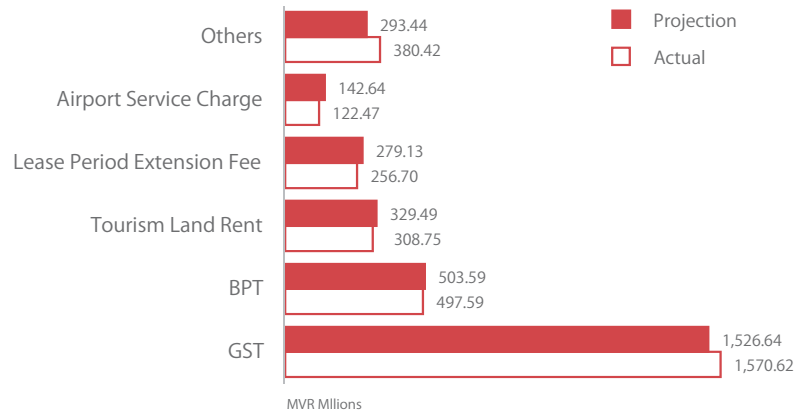
On a monthly basis, the revenue collection for April and May surpassed the projection by 6.4% and 2.8% respectively. However, it fell short in June by 1.7%.



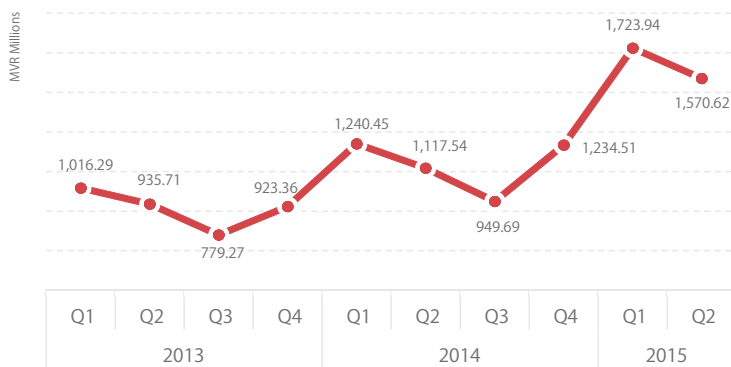
**COMPARISON AGAINST PROJECTION:
REVENUE-WISE**

Revenue collection from GST surpassed the projection by 2.9% in 15Q2. Tourist arrivals did not perform as per expectations and hence Airport Service Charge fell short of the projection by 14.1%. The unfavorable trend in arrivals was offset in GST because of the TGST rate increase from November 2014 onwards. Among other major revenues, BPT collection did not meet the expectation by 1.3%, Tourism Land Rent fell by 6.3% and Lease Period Extension Fee fell short by 8.0%.

Other revenues collectively surpassed the expectation. The most notable increment was depicted by Fines, which increased by 7 fold in 15Q2.



5. MAIN REVENUE CONTRIBUTORS



5.1

TOTAL GST COLLECTION

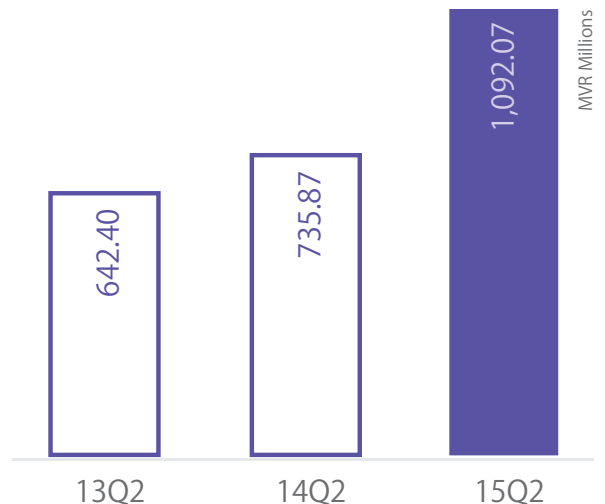
Total GST collection for 15Q2 amounted to MVR 1.57 billion. 69.5% of this revenue came from TGST while the rest is from GGST. Revenue from GST grew by 48.4% in 15Q2 compared to 14Q2, primarily due to the TGST rate change from November 2014 onwards. Compared against the projection, revenue from GST grew by 2.9%.

5.2

TGST COLLECTION

Revenue from TGST grew by 48.4% in 15Q2 compared to the corresponding quarter of 2014, to record a collection of MVR 1.09 billion. In 14Q2, the TGST rate was 8%, and this was increased to 12% in November 2014. Hence, in 15Q2, the TGST rate was 12%. The significant revenue growth is heavily contributed by this 50% increment in the TGST rate.

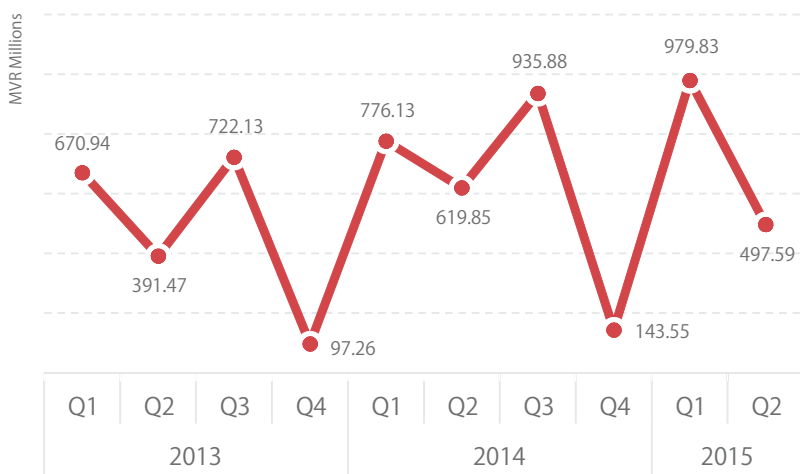
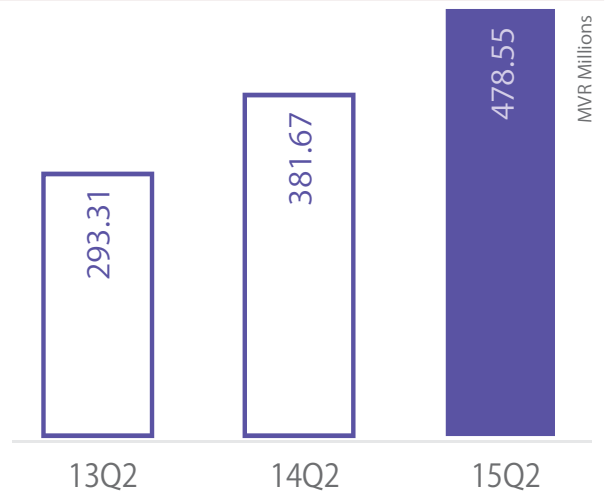
When compared with the projected revenue from TGST, the actual collection surpassed the projection by 3.0%.



5.3

GGST COLLECTION

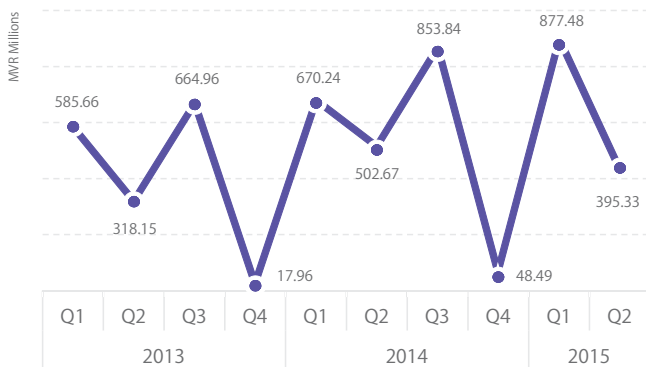
GGST revenue in 15Q2 amounted to MVR 478.55 million, registering a growth of 25.4% compared against 14Q2. Compared against the projection, it exceeded the projection by 2.6%.



5.4

TOTAL BPT COLLECTION

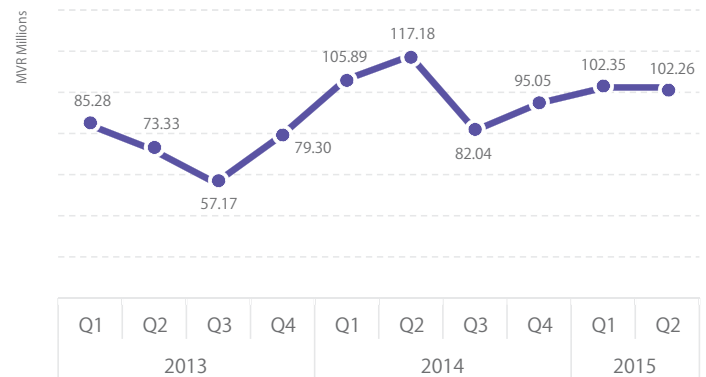
Total BPT collection consists of the revenue from the profit component of BPT and collection from WHT. Total BPT collection for 15Q2 amounted to MVR 497.59 million. As the profit component of BPT registered a decline in the review quarter, the total BPT collection declined by 19.7% in 15Q2 compared to 14Q2. Against the projection, it declined by 1.2%.



5.5

BPT PROFIT COMPONENT COLLECTION

The final BPT payment for 2014 tax year is due in the second quarter. However, the final payment is relatively lower compared to the interim payments in July and January. Final payment essentially shows the growth in the profitability of the business. The BPT revenue received in 15Q2 declined by 21.4% compared to 14Q2 and 0.2% compared to projection.



5.6

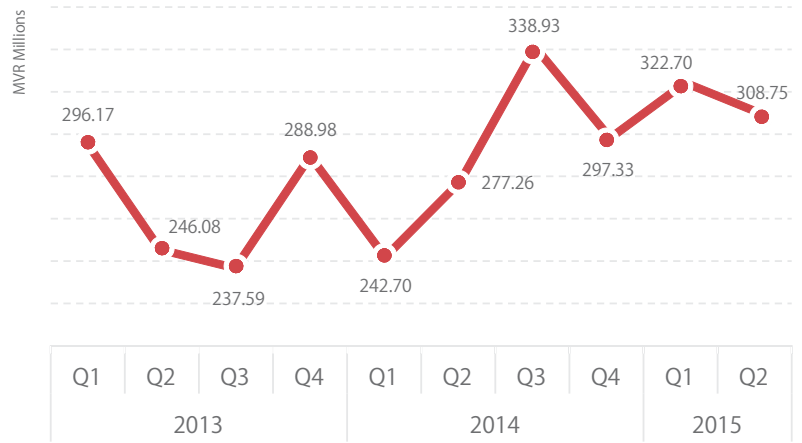
WHT COLLECTION

WHT collection in 15Q2 amounted to MVR 102.26 million. This revenue depicted a decline of 12.7% when compared with 14Q2. It also fell short of the projection by 4.9%.

5.7

TOURISM LAND RENT COLLECTION

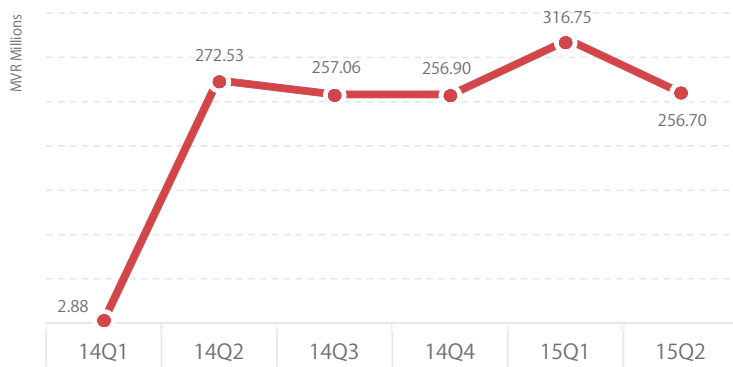
Collection from Tourism Land Rent amounted to MVR 308.75 million, depicting a growth of 11.4% compared to 14Q2. However, it declined by 4.3% compared to 15Q1 and by 6.3% compared to the projection.



5.8

LPEF COLLECTION

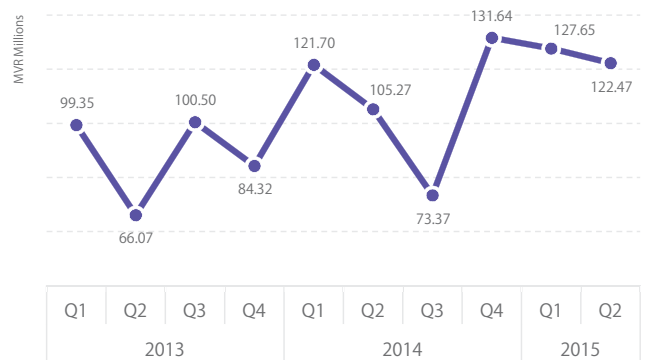
Collection from Lease Period Extension Fee amounted to MVR 256.70 million. It declined by 5.8% compared to 14Q2 and 8.0% against the projection.



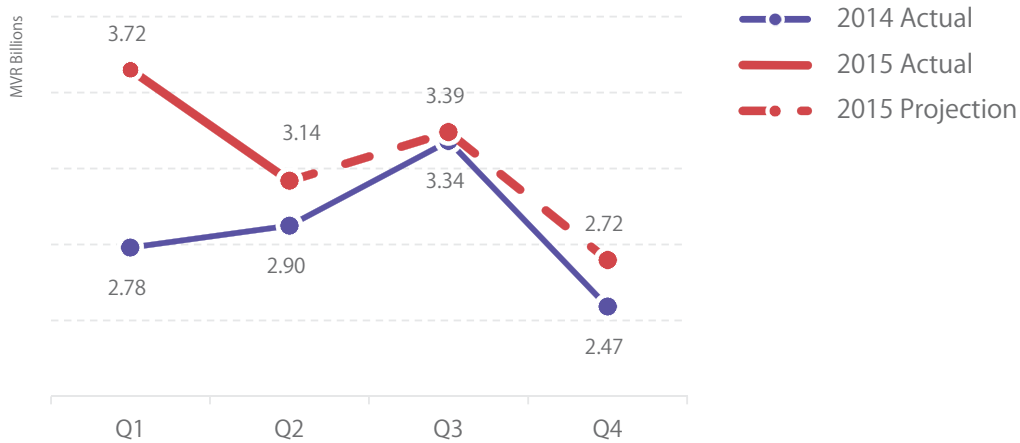
5.9

AIRPORT SERVICE CHARGE COLLECTION

Airport Service Charge increased by 16.3% in 15Q2 in comparison with the 14Q2 collection. The Airport Service Charge collection for 15Q2 totaled MVR 122.47 million. Airport Service Charge fell short of the expected collection by 14.1% as tourist arrivals did not perform as much as initially expected.



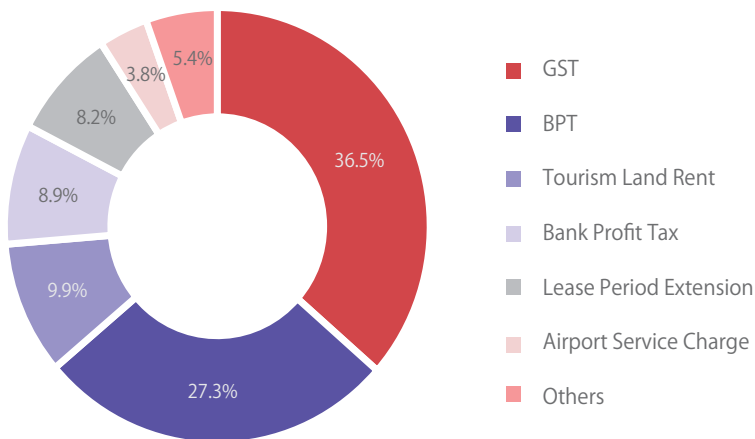
6. OUTLOOK



6.1

REVENUE OUTLOOK FOR 15Q3

MVR 3.39 billion is projected to be collected in 15Q3. This is 1.4% higher than 14Q3 total revenue.



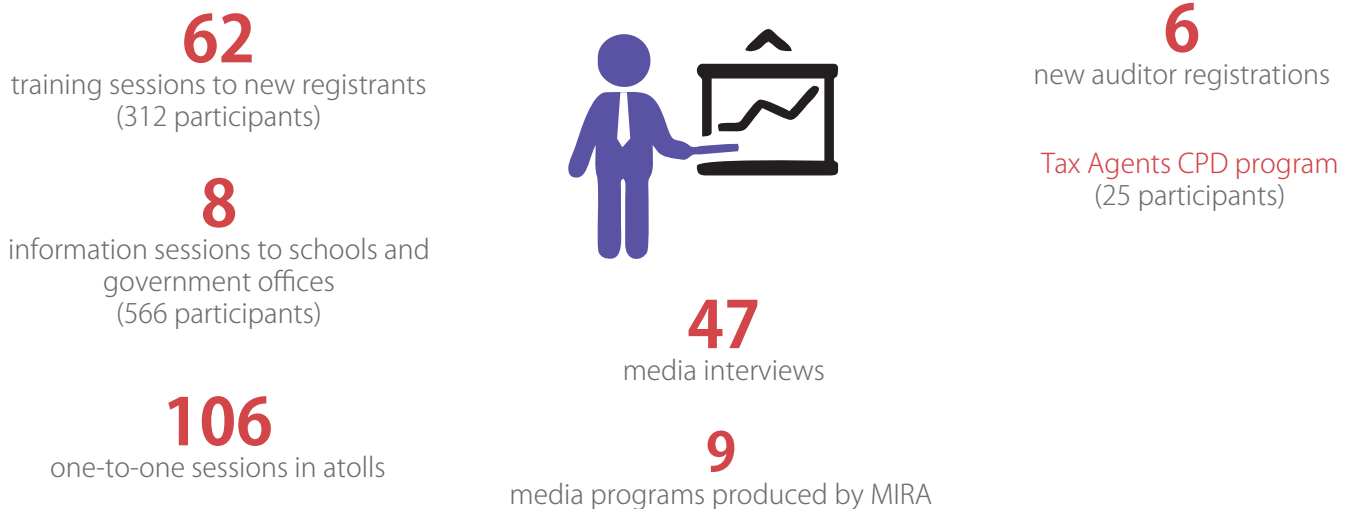
6.2

15Q3 REVENUE BREAKDOWN

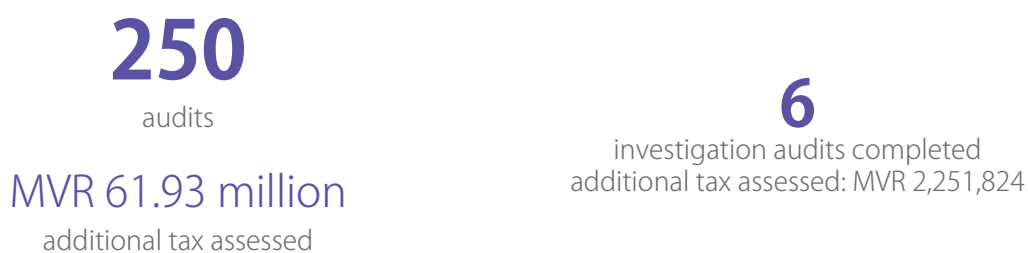
It is expected that GST and BPT will contribute 36.5% and 27.3% respectively to 15Q3 revenue. In addition, Tourism Land Rent, Lease Period Extension Fee will continue to be among top 5 revenues. Bank Profit Tax is also expected to feature in the Top 5 revenue contributors.

B. ACTIVITIES DURING THE QUARTER

TAXPAYER AWARENESS PROGRAMS



AUDITS AND INVESTIGATIONS



Tax type	No of audits	Additional Tax Assessed (MVR)
GGST	92	25,774,891
TGST	30	28,579,212
WHT	74	5,485,906
BPT	54	2,086,797
Total	250	61,926,806

COMPLIANCE



2,512

compliance visits

58

non-compliance notices issued

323

taxpayers names published under the policy on disclosure of non-compliant GST registered taxpayers

ENFORCED COLLECTIONS

Total enforced collection **MVR 272,056,551**

Amount recovered under:

Action Policy **MVR 1,690,723**

Bank Account Freezing Policy **MVR 103,100,603** (134 taxpayers)

Dues Clearance **MVR 34,050,457**

Dunning **MVR 69,996,191**

Court Cases **MVR 264,208**

Reminder calls/emails **MVR 62,954,370**



Final notices issued to 927 non-filers and 460 non-payers

Installment plans granted to 68 taxpayers

LEGAL ACTIONS



5

cases filed against MIRA with the High Court



2

cases filed with the Civil Court were withdrawn by MIRA



2

judgements passed in favour of MIRA



0

judgements passed against MIRA

OBJECTIONS

22

objections received

9 GGST 4 TGST

7 WHT 2 BPT

16

objections completed

9 GGST 2 TGST

2 WHT 3 BPT

TAX RULINGS ISSUED

- A2 Submission of documents during the process of an objection review
- B43 Application for exemption under section 16 of the Business Profit Tax Act
- B44 Eighth amendment to the Business Profit Tax Regulation

NEW REGULATIONS

Online Filing and Payment Regulation (Number 2015/R-147) was published in the government gazette on 23 June 2015.

HUMAN RESOURCE MANAGEMENT



230

staff working at MIRA at the end of the quarter

15

staff recruited during the quarter

13

staff terminated during the quarter

TRAININGS, SEMINARS AND CONFERENCES

15

trainings held (8 overseas, 7 local)

145 staff trained

24

staff studying for ACCA on scholarship

7

seminars/conferences attended

(4 overseas, 3 local)

13 staff participated



OVERSEAS TRAININGS

1. Anti-Money Laundering and Tax Evasion Course held in Malaysia from 13-17 April 2015 (2 participants).
2. SAT-OECD Event on Compliance by Design - Instruments to Strengthen Tax Compliance held in China from 20-24 April 2015 (1 participant).
3. International Tax Avoidance and Countering BEPS held in Malaysia from 20-24 April 2015 (2 participants).
4. Global Forum AEOI Training Seminar held in Manila, Philippines from 27-29 April 2015 (1 participant).
5. Seminar on Non-Tax Double Taxation held in Tunisia from 27-29 April 2015 (1 participant).
6. SAARC Training Seminar on Audit & Investigation of Multinational Enterprises held in Pakistan from 4-8 May 2015 (3 participants).
7. Workshop on Taxation of International Transaction (TOIT) held in Malaysia from 11-29 May 2015 (2 participants).
8. Investigative Interviewing Workshop held in Malaysia from 14-15 May 2015 (2 participants).

OVERSEAS SEMINARS/CONFERENCES

1. CATA Management Committee Meeting held in London from 14-15 April 2015 (1 participant).
2. Asia-Pacific Regional Tax Conference held in Singapore from 16-17 April 2015 (1 participant).
3. 4th Meeting of the SAARC Competent Authorities on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters held in Delhi, India from 23-24 April 2015 (2 participants).
4. Asia Tax Forum 2015 held in Singapore from 6-7 May 2015 (2 participants).

LOCAL TRAININGS

1. Customer Care Training conducted by Mr. Masood Ali on 1 April 2015 (30 participants).
2. Corruption Prevention (Batch 2, 3 and 4) conducted by ACC on 4 April, 18 April and 16 June 2015 (47 participants).
3. MBC Drama Training Session conducted by MBC from 14 -18 April 2015 (4 participants).
4. Media Relations Training conducted by Ms. Mariyam Waheeda on 2 May 2015 (29 participants).
5. Business Communication training conducted by CSTI from 24-25 May 2015 (21 participants).

LOCAL SEMINARS/CONFERENCES

1. Workshop on "Gaanoonulugoobaath" held at Attorney General's Office from 10-15 May 2015 (2 participants).
2. Workshop on "Gaanoonulugoobaath" Practical held at Attorney General's Office on 8 June and 17 June 2015 (2 participants).
3. Islamic Capital Market Awareness Workshop conducted by CMDA on 14 June 2015 (3 participants).

C. QUARTER IN PICTURES

MIRA signed an MOU with Ministry of Economic Development on 1 June 2015



MIRA's teams visited a tolls to assist taxpayers in preparing financial statements



MIRA launched online payments on 11 May 2015



Staff of MIRA donated to Beautiful Eyes Down Syndrome Association



Roadshow held on 13 June 2015 to promote MIRA's online services

D. DETAILED REVENUE FIGURES

Table 1 Total Revenue Contribution, 15Q2 (MVR)

Description	15Q2	% Share
Airport Service Charge	122,468,074	3.9%
Bank Profit Tax	94,185,132	3.0%
Business Permits ¹	3,519,748	0.1%
BPT	497,588,189	15.9%
Fines	93,735,841	3.0%
GGST	478,548,552	15.3%
TGST	1,092,073,994	34.8%
Land Acquisition and Conversion Fee	48,473,121	1.5%
Land Sales Tax	4,449,943	0.1%
Lease Period Extension Fee	256,701,709	8.2%
Non-tourism Property Income ²	26,551,842	0.8%
Proceeds from Sale of Assets ³	1,331,717	0.0%
Resident Permit	62,250,240	2.0%
Revenue Stamp	9,637,844	0.3%
Royalties ⁴	20,239,703	0.6%
Tourism Land Rent	308,753,287	9.8%
Tourism Tax	89,841	0.0%
Vehicle Fee	14,415,176	0.5%
Vessels Fee	1,541,393	0.0%
Others ⁵	-	0.0%
Total	3,136,555,347	100%

¹ **Business Permits:** Company Annual Fee, Restaurant, Café, Canteen Fee, Flat Maintenance Fee, Partnership Fees, Import Trade Fee, Co-operative Society Fees, Trade Registry Fee, Foreign Investment Administration Annual Fee, Company Registration Fee, Foreign Business Fee

² **Non-tourism Property Income:** Uninhabited Islands Rent, Government Buildings Rent, Commercial Land Rent, Rent from land for Industry, Longterm Agricultural leased islands rent, Rent from Floating Jetty, Uninhabited Islands Administration Fee

³ **Proceeds from Sale of Assets:** Sale of items at auction, Sale of Government Buildings, Sale of Government Lands

⁴ **Royalties:** Duty Free Royalty, Foreign Investment Royalty, Fishing Royalty, Fuel re-export Royalty, Re-Export Royalty, Yellowfin Tuna Export Royalty, Skipjack Industry Royalty

⁵ **Others:** Reimbursement from previous year's budget

Table 2 Total USD Revenue Contribution, 15Q2 (USD)

Description	15Q2	% Share
TGST	71,271,039	54.0%
Tourism Land Rent	18,724,443	14.2%
Lease Period Extension	16,750,030	12.7%
BPT	10,289,875	7.8%
Airport Service Charge	7,998,191	6.1%
Others	6,860,788	5.2%
Total	131,894,366	100%

* Others: Royalties, Foreign Investment Administration Annual Fee, Sale of Government Land and Fines

Table 3 Comparison Against 14Q2 (MVR)

Description	Actual 15Q2	Actual 14Q2	% Growth
Airport Service Charge	122,468,074	105,269,339	16.3%
Bank Profit Tax	94,185,132	95,777,203	-1.7%
Business Permits ¹	3,519,748	4,917,432	-28.4%
BPT	497,588,189	619,849,707	-19.7%
Fines	93,735,841	14,204,072	559.9%
GGST	478,548,552	381,672,573	25.4%
TGST	1,092,073,994	735,871,140	48.4%
Land Acquisition and Conversion Fee	48,473,121	28,195,333	71.9%
Land Sales Tax	4,449,943	3,932,193	13.2%
Lease Period Extension Fee	256,701,709	272,527,336	-5.8%
Non-tourism Property Income ²	26,551,842	26,507,422	0.2%
Proceeds from Sale of Assets ³	1,331,717	1,047,306	27.2%
Resident Permit	62,250,240	55,017,410	13.1%
Revenue Stamp	9,637,844	8,459,309	13.9%
Royalties ⁴	20,239,703	19,917,030	1.6%
Tourism Land Rent	308,753,287	277,262,651	11.4%
Tourism Tax	89,841	235,269,077	-100.0%
Vehicle Fee	14,415,176	11,346,585	27.0%
Vessels Fee	1,541,393	1,577,237	-2.3%
Others ⁵	-	-	
Total	3,136,555,347	2,898,620,352	8.2%

* Refer to Table 1 footnotes for details

Table 4 Comparison Against Projection (MVR)

Description	Actual 15Q2	Projection 15Q2	% Variance
Airport Service Charge	122,468,074	142,644,257	-14.1%
Bank Profit Tax	94,185,132	110,000,000	-14.4%
Business Permits ¹	3,519,748	4,639,199	-24.1%
BPT	497,588,189	503,591,715	-1.2%
Fines	93,735,841	11,560,688	710.8%
GGST	478,548,552	466,418,445	2.6%
TGST	1,092,073,994	1,060,216,627	3.0%
Land Acquisition and Conversion Fee	48,473,121	-	
Land Sales Tax	4,449,943	5,949,444	-25.2%
Lease Period Extension Fee	256,701,709	279,125,000	-8.0%
Non-tourism Property Income ²	26,551,842	27,918,907	-4.9%
Proceeds from Sale of Assets ³	1,331,717	23,572,301	-94.4%
Resident Permit	62,250,240	56,790,536	9.6%
Revenue Stamp	9,637,844	8,869,177	8.7%
Royalties ⁴	20,239,703	30,504,013	-33.6%
Tourism Land Rent	308,753,287	329,488,305	-6.3%
Tourism Tax	89,841	-	
Vehicle Fee	14,415,176	12,001,337	20.1%
Vessels Fee	1,541,393	1,635,666	-5.8%
Others ⁵	-	-	
Total	3,136,555,347	3,074,925,617	2.0%

* Refer to Table 1 footnotes for details

Table 5 TGST Breakdown, 15Q2

Category	Number of Taxpayers	Number of GST Returns	GST Liability (USD) **
Tourist Resort	118	349	60,746,761
Tourist hotel	20	53	1,204,048
Guest house	241	327	475,894
Tourist vessel	152	291	1,054,131
Picnic island	9	19	(17,174)
Diving School*	64	131	1,121,369
Shop*	86	184	417,513
Spa*	28	72	309,397
Water sports facility*	27	56	408,981
Other facility*	91	158	363,566
Travel agency service provider	480	716	624,123
Foreign tourist vessels' agent	9	11	49,760
Domestic air transport provider	6	20	6,070,072

* Located on a tourist establishment

** Discrepancy between GST liability and collection is due to adjustments by the taxpayer

