



MALDIVES
INLAND REVENUE
AUTHORITY

TAXATION IN MALDIVES

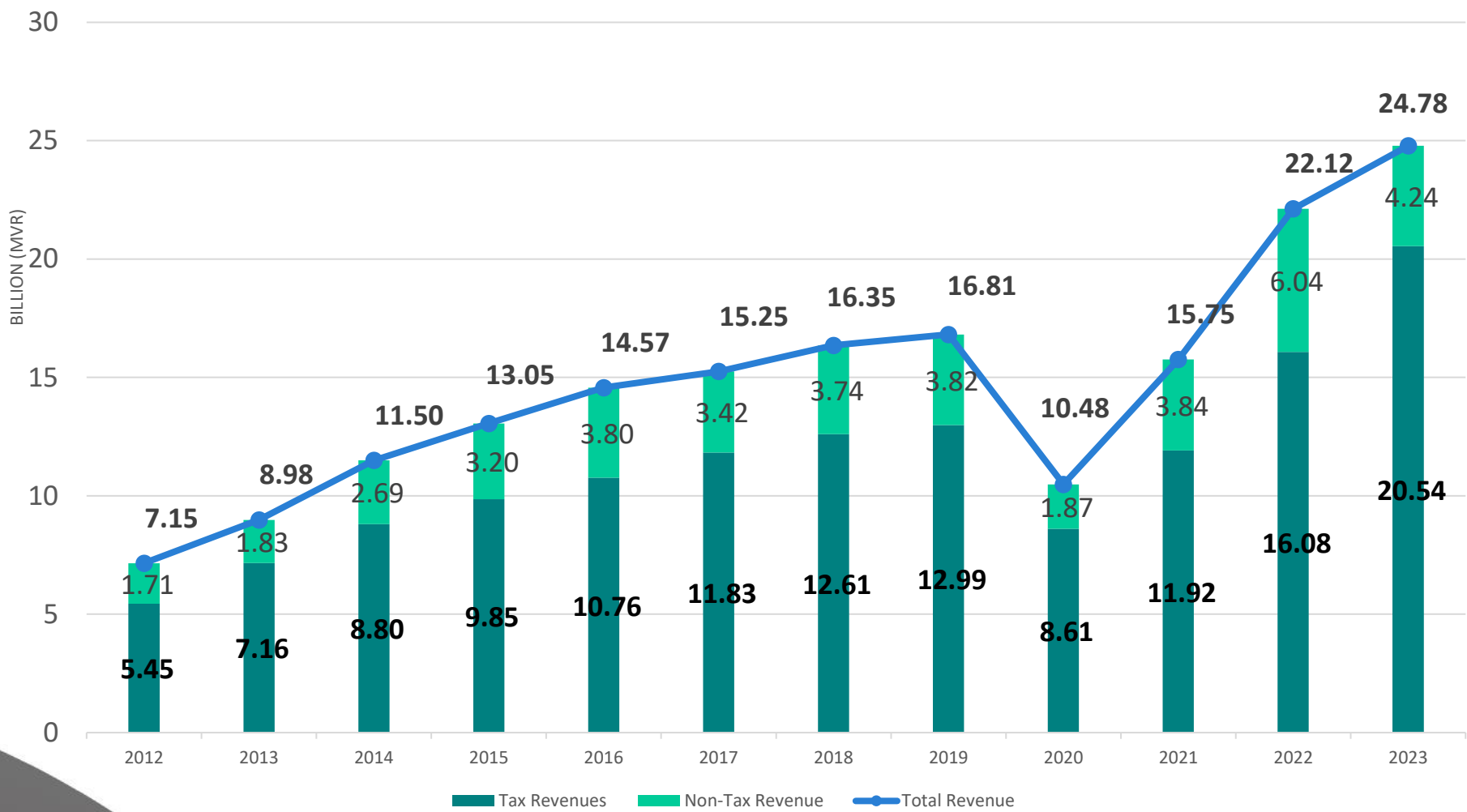
MALDIVES INLAND REVENUE AUTHORITY

Overview of the Maldivian Tax System



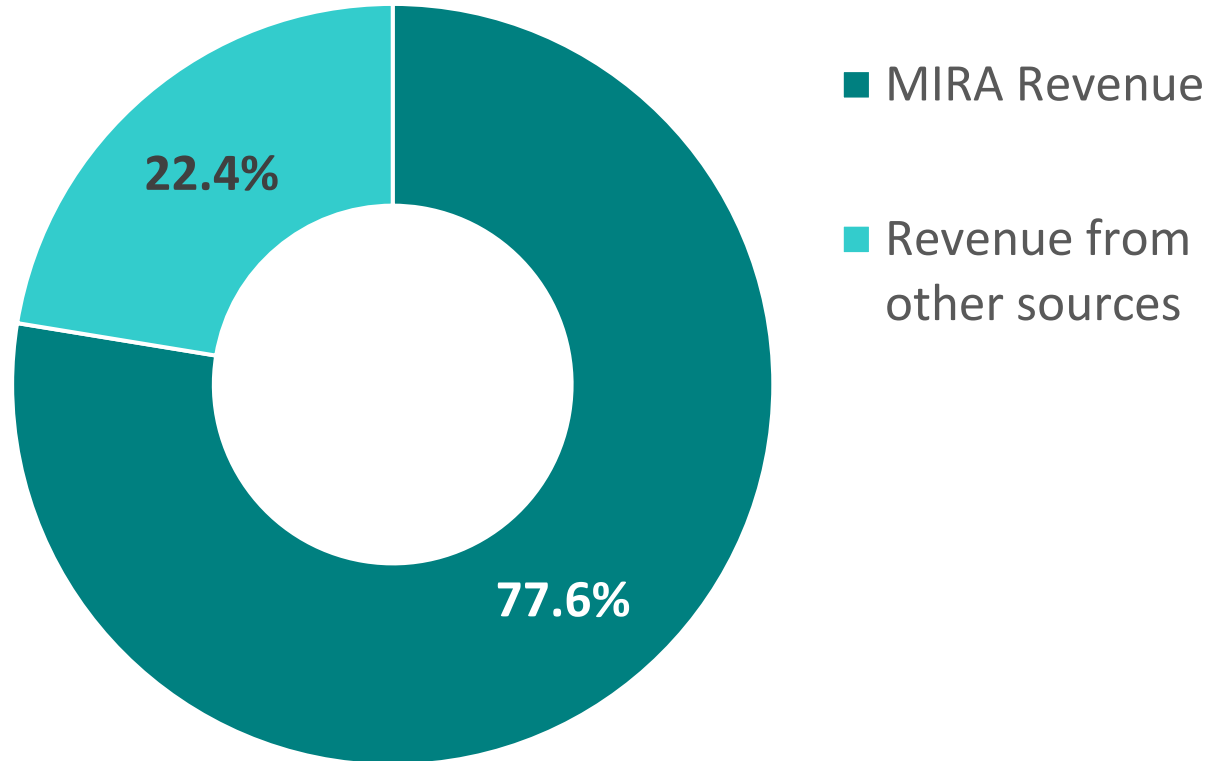
- Collection of Non-taxes under MOUs between other state institutions.
- Introduction of Goods and Services Tax (GST) and Business Profit Tax (BPT) in January and July 2011 respectively.
- With the commencement of Taxation under the Income Tax Act in 2020, Business Profit Tax Act and Bank Profit Tax Act was repealed.

MIRA Revenue Collection



2023:
Tax Revenue: **82.9%**
Non-tax Revenue: **17.1%**

MIRA's Share in Government Revenue



Overview of TE in Maldives

- In continuing the tax modernization process of the Maldives, estimation and regular reporting of Tax Expenditures are one of the top priorities.
- The Ministry of Finance is responsible for estimating the revenue implications and publishing including the Tax Expenditure.
- Anonymized data from the Tax returns submitted by the taxpayers is shared with the Ministry of Finance



Overview of TE in Maldives

- To improve the transparency in fiscal management, the cost of Tax Expenditures are published on the website.
- Tax Expenditures details related to Import Duty, GST and Income Tax are published on the website of Ministry of Finance.



Overview of TE in Maldives

- With the enactment of Income Tax Act, it allows tax exemptions for specific projects in which exemption is granted by the President.
- Under this clause, at present 23 projects have been given exemption. The details of these projects are also available to the public.



Tax Expenditure – GST and Income Tax

GST

- GST law provides exemptions and zero rated goods and services (in line with the international best practices), and a lower rate for the general sector to minimize the burden of tax to the local population.
- Recent changes to tax rates were brought from 1 January 2023
- Tourism Sector – 16%, General Sector – 8%.

Table 5: Tax Expenditure – GST

In MVR millions, unless stated otherwise

	2021		2022	
	As a share of GST Revenue (%)	Tax Expenditure	As a share of GST Revenue (%)	Tax Expenditure
Exempt	5.3%	410.4	3.9%	382.7
Zero-rated	9.6%	748.3	8.5%	830.9
GST rate below 12%	32.2%	2,512.0	35.4%	3,465.3
Total Tax Expenditure	45.8%	3,570.8	49.2%	4,813.9

Note: The total tax expenditure represents the correlation between individual components, and as such, the figure does not equate to the sum of all the individual components of tax expenditure.

Source: Ministry of Finance

Benchmark:

Based on the GST rates applicable in the year 2022, the benchmark rate for calculating GST expenditure is 12 percent on all goods and services consumed in the Maldives, except the exemption on public services and the zero rate of tax on exports.

Tax Expenditure – GST and Income Tax

INCOMETAX

- Tax rate for banks are higher than the benchmark rate, hence, banks exhibit a negative tax expenditure.
- Tax expenditure has remained stagnant despite the transition of the tax regime in 2020.

Taxable Income				Tax Rate
Corporate:				
Not exceeding	500,000			0%
More than	500,000			15%
Banks:				25% on taxable income
Individuals:				
Not exceeding	720,000			0%
More than	720,000	but not exceeding	1,200,000	5.5%
More than	1,200,000	but not exceeding	1,800,000	8%
More than	1,800,000	but not exceeding	2,400,000	12%
More than	2,400,000			15%

Benchmark:

- The benchmark for banks and businesses is set at the rate of 15%, with no tax-free threshold
- The benchmark established for individuals imposes tax, without a tax-free threshold, on the taxable income after deducting necessary expenses incurred to generate that income

Tax return forms

- Separate tax returns are filed for each tax type.
- MIRA maintains the return database at taxpayer level, containing all detailed information.
- All Tax Expenditure details are captured through tax return forms.



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GST Return

TOURISM GOODS AND SERVICES

MIRA 206

Version 23.2

Reset Form

Tax returns without the following details will not be accepted.

GST TIN (Taxpayer Identification Number)

[illegible]

Your TIN as it appears on your GST Registration Certificate

Taxpayer Name

Your name as it appears on your GST Registration Certificate

Taxable Period

D	D	M	M	Y	Y	Y	Y
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From

D	D	M	M	Y	Y	Y	Y
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1

Please complete the table overleaf before filling in the rest of this page.

United States Dollar
(rounded off to the nearest Dollar)

- 1 Sales of supplies subject to GST at 16% *(inclusive of GST)*
- 2 Sales of zero-rated supplies
- 3 Sales of exempt supplies
- 4 Sales of supplies which are out of scope of GST
- 5 Total sales *(Sum of Boxes 1 to 4)*
- 6 Output tax
- 7 Input tax *(Please attach the Statement of Input Tax)*
- 8 Amount of GST in respect of irrecoverable debts written off and amount of GST relating to credit notes*
- 9 GST collected in excess
- 10 GST LIABILITY FOR THE PERIOD *(Box 6 minus Box 7 and Box 8 plus Box 9)*
- 11 Amount of GST being paid
If the amounts in Boxes 10 and 11 are different, please provide an explanation below.

[illegible][illegible][illegible][illegible]

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Tax return forms

- Exempted income from Income Tax returns include:
 - Exemptions on pension and allowances to Maldives diplomats (tax holiday to diplomats)
 - Dividends received by a resident
 - Income under a tax treaty or an agreement
 - Payments to contractors

Income exempt under Section 12 of the Act, included in the Statement of Profit or Loss and Other Comprehensive Income

- 101 Dividends received from a resident company (if you are a resident)
 - 102 Profits received from a resident partnership (if you are a resident)
 - 103 Other amounts exempt under section 12 of the Act but included in the Statement of Profit or Loss and Other Comprehensive Income
 - 104 Other amounts deductible
 - 105 **Total amount of deductions allowed** (*Sum of Boxes 84 to 104*)

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Redesigning Tax return forms

- Most recent change was brought to tax returns with the implementation of the Income Tax Act.
- Coordination between MIRA and Ministry of Finance.
- Consultation with key stakeholders.
- The availability of tax expenditure data from the tax returns makes the analytical process easy.

Redesigning Tax return forms

- Forms can be redesigned to capture detailed exemptions and deductibles.
- If the changes to the tax returns are too complex, the impact on taxpayers need to be taken into consideration.
- Carrying out a cost benefit analysis prior to redesigning tax returns, to ensure that administrative procedures remain convenient to the taxpayers.

THANK YOU!

For Queries

 1415

 1415@mira.gov.mv

For Latest News & Updates



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