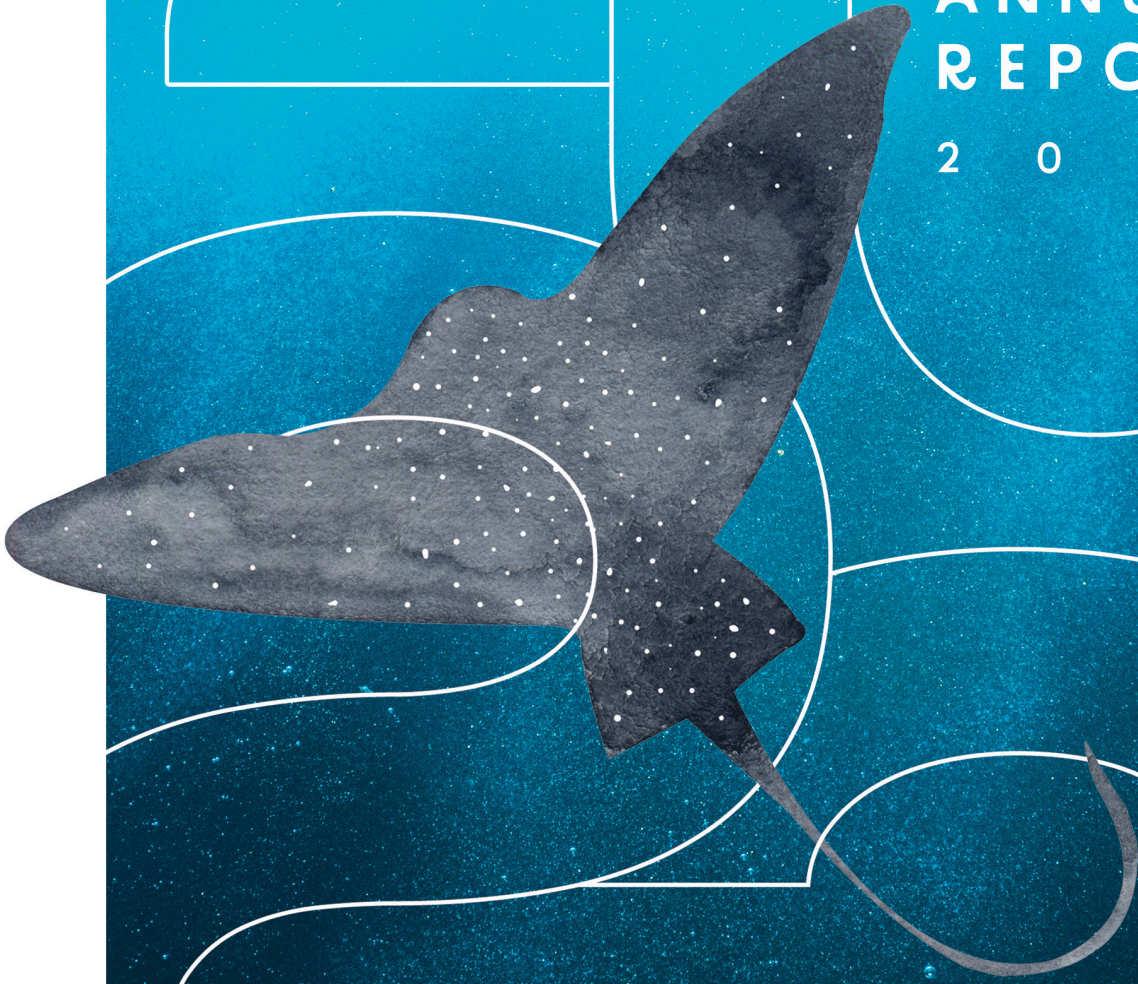




MALDIVES
INLAND REVENUE
AUTHORITY

ANNUAL REPORT

2 0 2 2



A N N U A L
R E P O R T
2 0 2 2

Contents

1. Introduction	01
2. Chairperson’s Message	03
3. Commissioner General’s Message	05
4. Management	07
4.1 Board of Directors	07
4.2 Organizational Structure	11
4.3 Committees	15
4.4 Senior Management	16
4.5 Human Resources and Management and Development	23
4.6 Technical Assistance Received	33
4.7 Administrative Expenditure	34
5. Revenue	35
5.1 Total Collections	35
5.2 USD Collections	38
5.3 Tax Revenues	39
5.4 Non-tax revenues	45
5.5 Top revenue contributors	50
6. Activities carried out during the year	71
6.1 Activities carried out to improve tax administration	71
6.2 MIRA’s Compliance Risk Management Policy and Compliance Improvement Plan	73
6.3 Reviews of MIRA and the Maldivian Tax System	74
6.4 Tax Regulations and Amendments	76
6.5 Registration of Taxpayers and other persons	78
6.6 Taxpayer and Public Awareness	80
6.7 Activities carried out to check whether taxpayers are in compliance with the tax laws and regulations	82
6.8 Activities carried out to establish beneficial relationships	84
7. Strategic Plan 2020 - 2024	88
8. Outlook 2021	94

Introduction

MIRA marked 12 years of service in 2022. This new year has been focusing mainly on paving the way ahead to establish a more modern tax administration. During the year MIRA has put extensive efforts to implement the international best practices and establish modern means to collect taxes for the government.

Maldives' economic activity rebounded strongly from the Covid-19 pandemic induced contraction, as tourism activities bounced back. The recovery of the economy on the back of strong growth in the tourism sector, resulted in a strong growth in related sectors such as trade and transportation. The policy measures commenced at the beginning of the pandemic for the taxpayers as leniencies and support were ceased, and enforcement actions were resumed this year. On 16 March 2022, MIRA had gazetted a General Enforcement policy, detailing the procedures in enforcing the collection of tax, fees and any other payment which has not been paid to MIRA pursuant to the respective Laws, Regulations and Agreements. Along with this, compliance activities of MIRA were also recommenced and taxpayers were urged to continue meeting their tax obligations.

During the year, more importance was given to enhance the quality of audits and investigation process. Audit manuals were reviewed and special trainings were conducted for the Criminal Investigation team of MIRA. In addition to this, the Compliance Risk Management Policy was developed and Compliance Improvement Plan of MIRA for 2022 was published.

Maldives has put extensive efforts to keep pace with the developing nations and implement the Base Erosion and Profit Shifting (BEPS) initiative of the OECD. As such, MIRA has undergone the Tax Administration Diagnostic Assessment Tool (TADAT) by the International Monetary Fund

(IMF) to assess the tax administration functions, process and the overall health of key components of a country's system of tax administration. Additionally, Maldives has also undergone the Global Forum on Transparency and Exchange of Information for Tax Purposes' on confidentiality and data safeguards in the context of implementing the AEOI Standard. Maldives has also joined the Asia Initiative on tax transparency by remitting the signed declaration and aims to work together with other regional members to accelerate the transparency agenda in Asian region.

There has been a remarkable growth in collection by MIRA over the last decade. During the year 2022 MIRA has collected over 22.12 billion rufiyaa of which 98.7% was collected through MIRA's online portals, MIRAconnect and Vaaru Pay. This was an increase of 40.4% compared to last year and an increment of 43.5% than the forecasted revenue.

This report details the revenue performance of MIRA during 2022 and administrative activities carried out by MIRA during the year to govern the tax system of the Maldives.



Ahmed Saruvash Adam

Chairperson

Chairperson's Message

Maldives Inland Revenue Authority (MIRA) celebrated its twelfth year in 2022, and over the years it has become one of the most trusted public institutions in the country. The reforms in the past few years helped the institution to regain the confidence of the public and sustain the recognition of MIRA as a professional and service-oriented office.

2022 also marked the highest collection recorded by MIRA in its history, despite the economic challenges. MIRA's revenue collection surpassed MVR 22.0 billion in 2022. This was despite the economic hurdles and uncertainties that faced the world and Maldivian economy during the year, notably the Russian invasion of Ukraine and the ensuing oil price shock. The resiliency of the Maldivian economy to bounce back from the shocks strongly is reflected in the revenue collection too.

MIRA has also shown adaptability in the face of uncertainties and challenging circumstances. MIRA responded to the economic downturn caused by the Covid-19 pandemic and helped the economy and businesses to recover from the abyss through various policy and administrative measures. The ability of the institution to adapt to the circumstances is a large part of its success in these uncertain times while remaining a popular institution.

One of the mediums that helped immensely during the pandemic was the digitization of services. The increased usage of digital technology by the public due to the Covid-19 pandemic eased the digitalization of MIRA's services. MIRA's current strategic plan heavily emphasizes increasing the efficiency of revenue collection and taxpayer compliance through technology. Today, 95% of all tax returns are filed online and 97% of the revenue to MIRA is collected online. MIRA being at the forefront of

digital technology in the public sector also contributed to its favorable image in the public as one of the most efficient service institutions in the country.

Despite the successes, some improvements can be brought to the services of MIRA. Notably, the compliance level of taxpayers has weakened since the Covid-19 crisis. This is expected, as the tax policy and administration offered taxpayers various leeway to emerge from the crisis and manage liquidity. However, since the economy has rebound from the crisis, it is time to tighten and return the policies to normalcy. In 2022, MIRA started to restore enforcement policies and increased efforts to address compliance risks.

The success was achieved by the efforts of many dedicated people. As such, I would like to highlight and thank Commissioner General of Taxation, Fathuhulla Jameel for stewarding MIRA at a challenging time, which tested both tax policies and administration. I would like to extend my gratitude to the Deputy Commissioner General, senior management, and all the employees. The true praise for the success of MIRA belongs to the hard-working employees, from now and the past, who keep a high professional standard and stay true to the values of MIRA as an organization. I would also like to note the services of the Board of Directors, who provided valuable input to the strategic guidance and regulations enacted by MIRA.

I would like to assure that MIRA and the board will strive to achieve the strategic objectives and foster a compliant taxpayer community. MIRA's efforts will be focused on preserving its status as a committed service organization, while ensuring that revenue due to the state is collected fairly and transparently.



Fathuhulla Jameel

Commissioner General of Taxation

Commissioner General's Message

Introduction

In the year 2022, MIRA successfully carried out numerous efforts to improve the tax compliance levels and further strengthen the tax system of the Maldives. In addition, the continued effort to enhance the administrative functions of MIRA and reinforce the information security standards within the organization was also carried forward within the year. It gives me great pleasure to note that some of the significant events of 2022 include the review of compliance policies, review and amendment of regulations to solidify the tax system and the work done to enhance the services provided by MIRA.

The Year 2022

Despite the headwinds created by the pandemic, the Maldivian economy records a robust recovery during the year 2022. Driven by the rebound of tourism sector, and with the associated spillover to the other sectors, the Maldivian economy continues towards a strong recovery. However, the Russia-Ukraine conflict that arose in February 2022, poses considerable challenges to the recovery process.

Although the economy started to recover in 2021, we expected taxpayers would require more time to rebuild and resume business activities as normal. With this in mind, the leniencies offered to taxpayers in 2020, were extended till the end of 2021. However, with the sustained recovery of economic activities in 2022, MIRA halted all leniencies allowed to taxpayers from April 2022, with the publication of a revised enforcement plan and commencement of enforcement activities. Some of the enforcement activities include naming and shaming of taxpayers with unpaid dues, freezing of bank accounts and efforts to collect taxes due with court orders. In addition, granting of special fine relief for taxpayers were ceased and revised the

fine relief policy to encourage and increase tax compliance levels among taxpayers. To further aid the efforts to bolster the tax system of the Maldives, changes have also been brought to tax regulations.

With the enactment of the 6th amendment to the Goods and Services Act on 22 November 2022, the Goods and Services Tax (GST) rates were to be increased from 1 January 2023. To ensure smooth transition, numerous public awareness programs were conducted while changes were also brought to MIRA's systems and regulations to reflect this amendment.

Similar to previous years, various tax compliance activities and tax based educational programs were organized and held in this year. It gives me great pleasure to note that significant work was done during the year to implement the various activities laid out in the compliance improvement plan published in 2022.

Within the past year, MIRA worked on fostering strong relationships with our counterparts, increased participation in international platforms and worked to adopt international best practice within the administration. In the endeavor to improve the tax system and processes, Maldives has joined "Asia Initiative on Tax Transparency" spear headed by the OECD to improve tax transparency and coordination among Asian countries.

To better understand the strengths of MIRA and the areas in which improvement is required, MIRA conducted a Tax Administration Diagnostic Assessment (TADAT) in March 2022 with the help of the TADAT tool developed by International Monetary Fund (IMF). This assessment has helped MIRA identify the areas that require extra attention to revamp and further develop. In addition, MIRA also underwent the first phase of the "Confidentiality and Data Safeguards Review" during the year as well. This review was focused mainly on the assessment

Maldives Inland Revenue Authority

of the data safeguards and controls in place in MIRA to protect the confidentiality of the data maintained inhouse.

Numerous changes were brought to the administrative policies of MIRA during the year to reinforce the administrative processes of the administration. Further, a number of employees were also given the opportunity to participate in trainings and workshops to enhance their skills and improve their knowledge.

Outlook

In the effort to enhance and improve the online services offer by MIRA, the website and mobile application of MIRA has been relaunched with improved services. To expand the online services MIRA offers, work is being done to add on to the existing online services and introduce additional services. In addition, exciting work has been planned for the upcoming year to develop a “MIRA digital roadmap” together with assistance from Asian Development Bank (ADB). This project will digitally transform MIRA and assist in the stride to perform on par with other developed tax administration around the world. The legal framework is also being reviewed to facilitate the changes that would arise with digital transformation. The work that would be required to implement the changes brought from the introduction of the Waste Management Act is also in the pipeline. Additionally, in order to update our system, procurement of forensic equipment with the help of ADB has also been added to the 2023

workplan. MIRA will continue to work together with our bilateral and multilateral donor agencies and amend the tax regulations to improve the services and functions of the tax administration. Furthermore, MIRA is committed to working hard in implementing changes being brought to the taxation laws and working in line with the strategic action plan of MIRA.

Conclusion

I note with great pleasure that MIRA was able to successfully undertake numerous activities in 2022 as well in the implementation of tax laws and strengthening the tax system. It is noted that last year was recorded with the highest revenue collection in the MIRA's history with revenue collected more than MVR 22 billion. It is with gratitude that I take note of the dedicated work of MIRA's staff towards MIRA's achievements. May Allah grant us the strength to further develop MIRA as an exemplary organization and grant us more success in the upcoming year in the effort to bolster the functions of the tax administration. I would like to highlight and extend my appreciation for the unfaltering support and guidance provided by the MIRA's Board in strengthening the operational running of MIRA. Further, I would like to extend my gratitude to the Deputy Commissioner General of Taxation and other government agencies and institutions for their cooperation. I would like to thank the all taxpayers and the general public of the Maldives for their faith and trust in MIRA. I wish MIRA, and the Maldives, an even more prosperous future.

Management

4.1 Board of Directors

The Board of Directors of the MIRA is appointed in accordance with the Section 4(a) of the Tax Administration Act (Act No. 3/2010), with the purpose of determining the administrative policies of the MIRA pursuant to the Act.

Board Members



Ahmed Saruvash Adam
Chairperson



Leena Mohamed Zahir Hussain
Deputy Chairperson

Maldives Inland Revenue Authority



Fathuhullah Jameel
Commissioner General of Taxation



Mumthaz Abdul Rasheed
Board Member



Makhzoom Saleem
Board Member



Aishath Asha Ali
Board Member



Husham Waheed
Board Member

Pursuant to Section 4 (h) of the Tax Administration Act, Mr. Ahmed Saruvash Adam, Chief Financial Budget Executive of Fiscal Affairs Department, Ministry of Finance was appointed as the Chairperson of MIRA's Board of Directors. Ms Leena Mohamed Zahir Hussain was appointed as the Deputy Chairperson.

As per Section 7(e) of the Tax Administration Act, Mr. Mohamed Raaidh, Assistant Fiscal Analyst of Tax Policy Unit, Ministry of Finance served as the secretary of the Board, for the period of January 2022 to September 2022. From October 2022 onwards, Ms. Mariyam Juwairiyya, Assistant Fiscal Executive, Tax Policy Unit, Ministry of Finance is serving as Secretary of the Board.

4.1.1 Meetings and Attendance

Name	Meetings Held	Attended	Attendance
Ahmed Saruvash Adam	14	14	100%
Leena Zahir Hussain	14	13	93%
Fathuhullah Jameel	14	14	100%
Aishath Asha Ali	14	14	100%
Makhzoom Saleem	14	14	100%
Husham Waheed	14	14	100%
Mumthaz Abdul Rasheed	14	13	93%

4.1.2 Activities of the Board

Similar to previous years, numerous issues related to enhancing administrative efficiency of MIRA and the tax regime were presented to the Board, for its deliberations and guidance. This includes changes to regulations following amendments brought to various Acts, in addition to matters related to governance of MIRA, and amendments to staff regulation of the institution. MIRA Board also monitored the performance of attaining key priorities stated in the Strategic Action Plan quarterly, and advised the management on strengthening the organisational performance.

Advice on the following issues proposed by the Commissioner General of Taxation was given to him after deliberations made at meetings held by the Board of Directors, during the year 2022.

- Finalized the amendments to Income Tax Regulation
- Amended the Policy on accessing bank account information and freezing bank account
- Finalized the Name and Shame Policy
- Amended the Enforcement Policy of MIRA

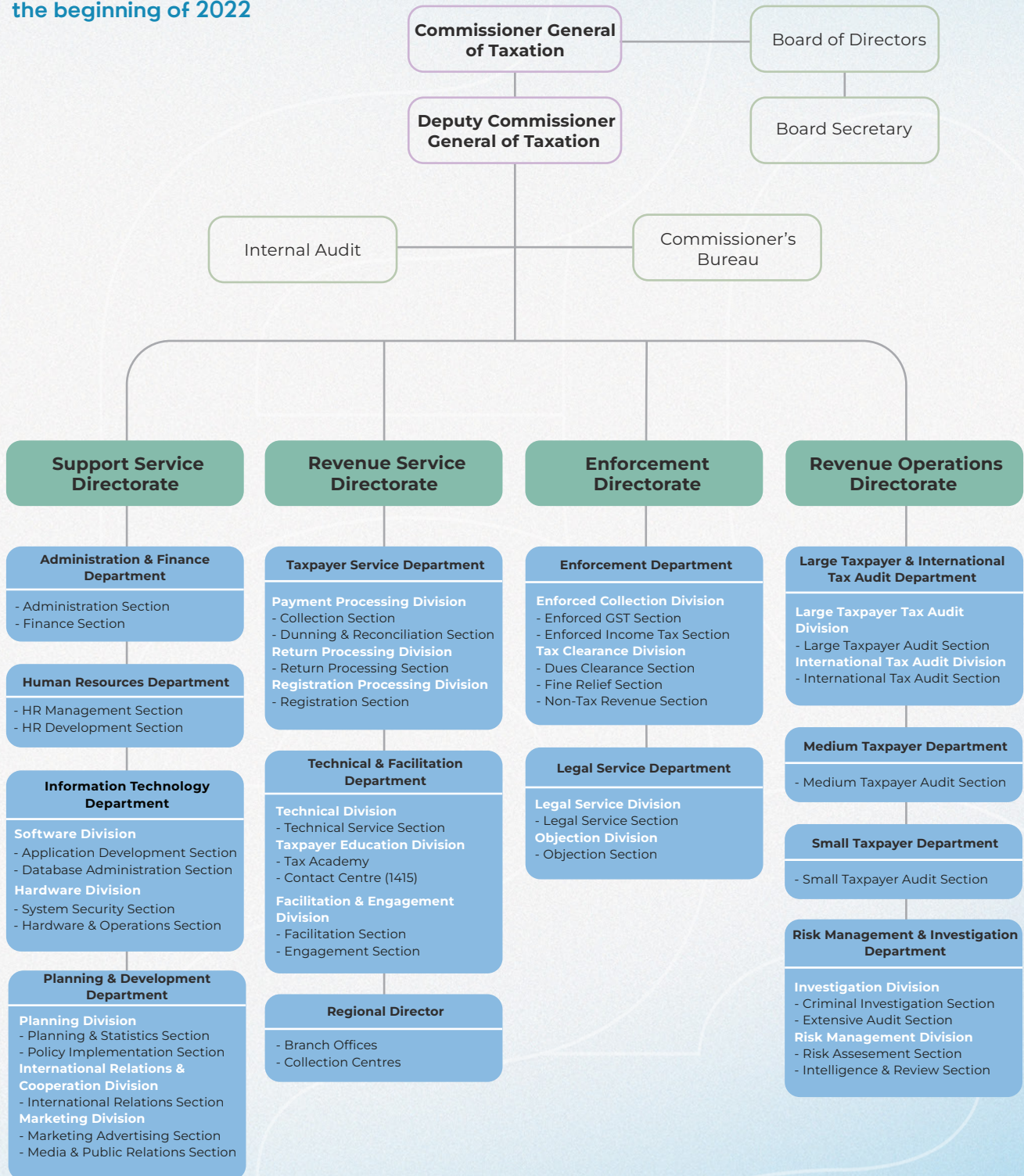
- Amended the Fine Relief Policy of MIRA
- Finalized the amendments to Tax Agents Regulation
- Finalized the amendments to Country-by-Country Reporting Regulation
- Established changes to the salary structure of MIRA
- Amended the Green Tax Regulation
- Amendments to Goods and Service Tax Regulation
- Discussion on the Plastic Bag Fee Regulation
- Amendment of Staff Regulation and Policies formulated under the regulation

Other

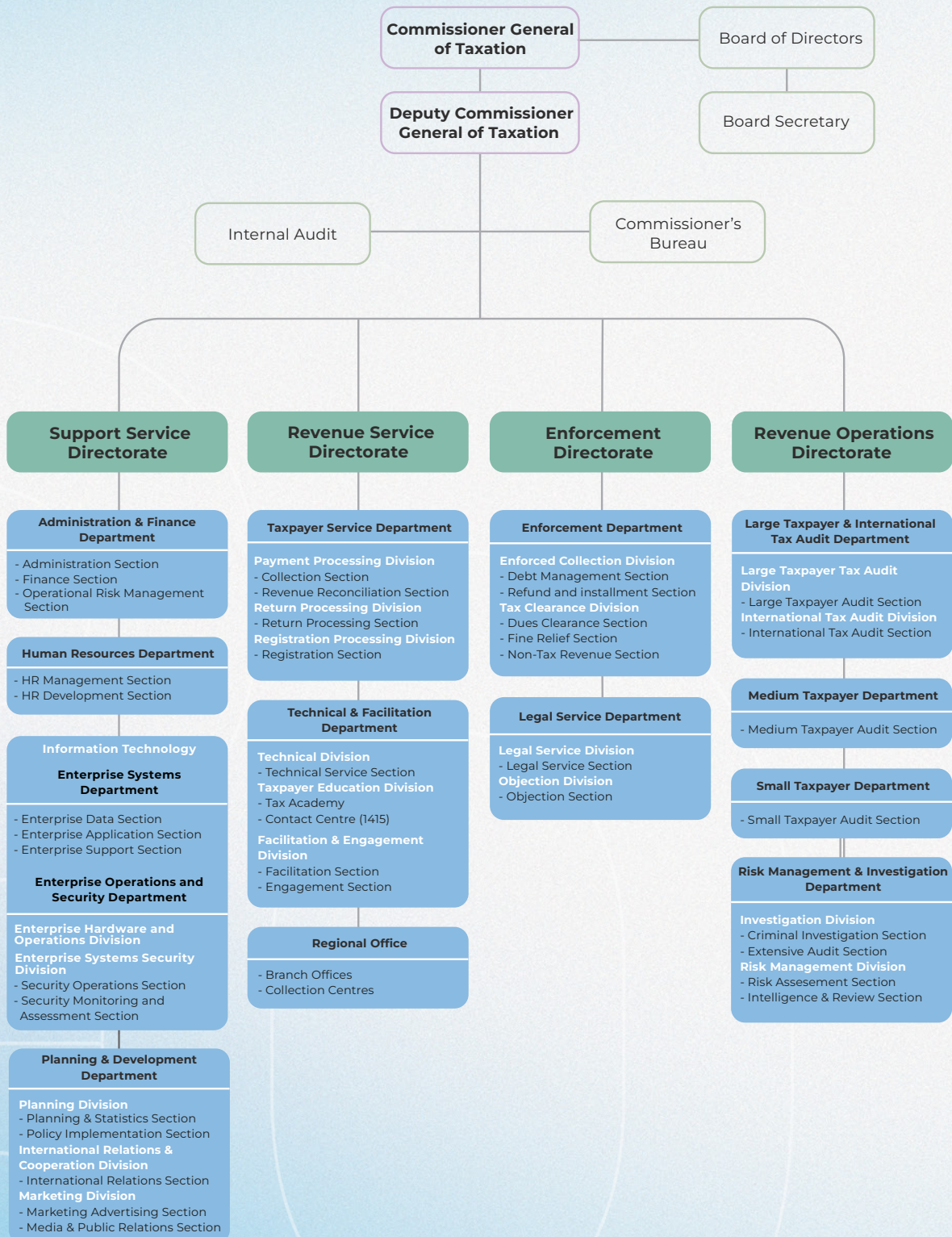
MIRA Board members travelled to Singapore during the year for a trip on sharing experience and information on implementation of a modern tax regime by the Inland Revenue Authority of Singapore (I.R.A.S). During this trip, discussions related to enhancing the professional relationship between the tax authorities and extending the availability of training opportunities were held. These include challenges faced implementing a tax regime during Covid-19 and the refund mechanism established in Singapore.

4.2 Organizational Structure

Organizational Structure at the beginning of 2022



Organizational Structure
from May 2022



The amended organizational structure in May 2022 brought the following changes:

- A new section known as Operational Risk Management Section was formed under the Administration and Finance Department.
- The Information Technology Department was reformed and split into two departments: Enterprise Systems Department and Enterprise Operations and Security Department.
- The Dunning and Reconciliation Section under Taxpayer Service Department was changed to Revenue Reconciliation Section.
- The sections under the Enforced Collections Division were renamed to Debt Management Section, and Refund and Installment Section.

4.2.1 Directorates

MIRA's organizational structure comprises 4 directorates, namely: Support Service Directorate, Revenue Service Directorate, Revenue Operations Directorate and Enforcement Directorate.

Support Service Directorate

Administration and Finance Department

The core functions of this department include handling the administrative and financial operations of MIRA, and overseeing the work environment of office premises.

Human Resource Department

The department's primary function is to oversee all employee-related matters. The department contributes to the delivery of its corporate strategies and objectives by effectively recruiting, developing, managing employee performance, and managing payroll. In addition, department carryout payroll process and manages the culture and work environment by overseeing employee motivation, engagement, and wellness.

Planning and Development Department

The Planning and Development Department oversees various tasks, including establishing close relations with tax-related organizations, analyzing and maintaining revenue statistics of MIRA, and all works related to tax treaties and Tax Information Exchange Arrangements. In addition, this department handles marketing and promotion of MIRA's services and tax system as well, along with implementation of newly introduced laws and regulations, development of implementation project plans and monitoring the post implementation process.

Information and Technology

Enterprise Systems Department

The main functions of this department are to develop software applications for MIRA, to manage and maintain enterprise data, provide logical/physical access to employees, along with managing accesses and providing I.T support to other departments, along with overseeing the operation and maintenance of department functions.

Enterprise Operations and Security Department

The main functions of the department include hardware acquisition and maintenance, network operation and maintenance, IT security management and IT security assessments, and identification and implementation of security improvement measures.

Revenue Service Directorate

Taxpayer Service Department

The functions of this department include collection of tax returns and payments, and undertaking dunning and reconciliation processes. In addition, identification and registration of persons required to register under tax laws, and taxpayer account maintenance is carried out by this department as well.

Technical and Facilitation Department

Preparing information needed to provide technical advice on formulating tax policies, and formulating legal and technical documents such as regulations and tax rulings of MIRA are the core responsibilities of this department. Moreover, conducting tax awareness sessions to taxpayers, general public and professionals are also done by this department. This department also handles MIRA's hotline 1415 and the support email 1415@mira.gov.mv.

In addition, skip tracing and verifying whether all businesses in Male' and atolls are in compliance with the tax laws and regulations, identifying those who don't comply with filing and payment obligations and taking necessary actions against such persons is carried out by this department.

Regional Offices

The functions of this department include overseeing the work of regional branches and collection centers of MIRA. This includes conducting tax awareness sessions in the atolls, collecting payments and returns, and undertaking compliance activities.

Revenue Operations Directorate

Large Taxpayer and International Audit Department

The core functions of this department include conducting tax audits of persons classified as large taxpayers and international tax audits, ascertaining whether the tax computation is in accordance with the laws and regulations.

Medium Taxpayer Audit Department

This department oversees audits and related tasks of companies not classified as large taxpayers. The main functions of this department include ascertaining whether tax computation of the taxpayers is in accordance with the tax laws and regulations.

Small Taxpayer Audit Department

The main responsibilities of this department include carrying out audits and tasks related to individuals not classified as large taxpayers. The department ascertains whether the tax computation of the taxpayers is in accordance with laws and regulations.

Risk Management and Investigation Department

Conducting investigations under tax laws, gathering intelligence information for the audits and investigations conducted by MIRA, and risk profiling audit candidates are the responsibilities of this division. This department also oversees all works related to compliance risk assessment and mitigation, and undertakes extensive audits where necessary.

Enforcement Directorate

Enforcement Department

This department undertakes all necessary means to recover tax and other non-taxes collected by MIRA from persons in default, taking necessary actions against persons in default or those who fail to submit returns, ensuring all receivables are recovered and issuing tax clearance.

Legal Service Department

The main functions of this division include reviewing objections made by taxpayers in relation to decisions of MIRA, representing MIRA at the Courts and Tribunals in cases related to tax and any other legal issues related to MIRA, and undertake all other legal related works.

Internal Audit

The mandate of this division includes planning, organizing and monitoring internal audit work related to MIRA, carrying out work related to corruption prevention, evaluating internal controls, ensuring that the SOPs and all tasks undertaken by MIRA are in accordance with laws, regulations and policies and report any non-compliance.

4.3 Committees

In addition to the work done by the departments, committees have been formed to carry out special tasks, to make decisions in consultation with the staff and to advise the Commissioner General in various matters. At the end of 2022, the committees in place were:

- Human Resource Committee
- Investigation Committee
- Objection Committee
- Technical Committee
- Bid Evaluation Committee
- Audit Committee
- Fine Relief Committee
- Steering Committee for the disclosure of Non-Payers
- “Technical Support to Legal Team” Committee
- Risk Management Steering Committee
- “Ran Laari” Award Committee
- Review Committee
- Whistleblower Protection Committee
- Committee for Gender Equality
- Complaints Review
- Business Continuity Committee
- Prevention of Sexual Harassment Committee
- Internal Audit Committee

4.4 Senior Management

At the end of 2022, the Senior Management of MIRA comprised the following:

Commissioner General and Deputy Commissioner General of Taxation



Fathuhullah Jameel
Commissioner General of Taxation



Asma Shafeeu
Deputy Commissioner General of Taxation

Assistant Commissioner Generals



Fathimath Ameerza

Assistant Commissioner General,
Enforcement



Ahmed Shareef

Assistant Commissioner General,
Revenue Service

Senior Executives



Mohamed Najiz
Chief Technology Officer



Fathimath Shifaza
Director General, Human Resource



Ahmed Shafneez
Director General, Administration and Finance



Mohamed Ali Waheed
Director General, Technical and Facilitation



Ibrahim Rasheed
Director General, Risk Management
and Investigation



Aminath Zumra
Director General, Planning and
Development



Ali Muaaz
Deputy Director General, Large
Taxpayer and International Tax Audit



Nahshal Mohamed
Deputy Director General, Enterprise
System

Senior Staff



Ibrahim Faisal
Senior Director,
Internal Audit



Ali Naseer Ibrahim
Director,
Tax Clearance



Adha Amir
Director,
Small Taxpayer Audit



Mohamed Jinah Ibrahim
Director,
Enterprise Hardware,
Operations and Security



Yoosuf Shiraz
Director,
Technical and Facilitation



Ahmed Zakariyya
Director,
Returns Processing



Ikram Ibrahim
Deputy Director,
Medium Taxpayer Audit



Mohamed Azhan
Deputy Director,
Objection



Aishath Suha
Deputy Director,
Payment Processing



Abdul Matheen Abdul Sattar
Deputy Director,
Regional



Fathimath Shiuma
Deputy Director,
Investigation



Nafa Waheed
Deputy Director,
Large Taxpayer Audit



Aminath Shiyana
Deputy Director,
International Tax Audit



Shifa Thaufeeq
Deputy Director,
Risk Management



Mariyam Himmath Hassan
Deputy Director,
International Relations and
Cooperation



Mariyam Yasha
Deputy Director,
Legal Service



Ahmed Hussain
Deputy Director,
Enterprise System Security

4.5 Human Resources Management and Development

MIRA places the utmost importance on recruiting the most qualified and skilled candidates for the job, as the work of tax professional is critical to the effective enforcement of tax laws and the collection of taxes and other non-tax revenues. Moreover, MIRA provides training programs every year in order to retain its existing employees and to improve the services provided by MIRA.

Employees

Staff working at MIRA at the beginning of the year	297
Staff hired during the year	46
Staff resigned due to various reasons	38
Staff granted no-pay leave	4
Staff working at MIRA at the end of the year	305
The number of staff increased by	2.72%

Gender Ratio

Male Staff	42.77%
Female Staff	57.23%
Male to Female Ratio	1:2

Staff Educational Level

Bachelor's Degree or equivalent level qualification	129	42.30%
Master's Degree or equivalent level qualification	58	19.02%

Staff Training

In order to ensure that MIRA has a highly skilled and competent workforce, MIRA provides opportunities for growth and development through both local and overseas trainings in which a number of employees have participated.

02 Induction programs were held for new staff

21 staff development programs were held

05 Local seminars, conferences, meetings were held with a total of **17** participants

44 Overseas trainings, workshops were held with **301** participants

39 Overseas seminars, conferences, meetings with **172** participants

At the end of 2022, **15** staffs were studying on ACCA scholarship

At the end of 2022, **01** staff was studying a course other than ACCA on a scholarship

Local Training Programs

Name of the training	Conducted by	Date	No. of employees
Leadership Training Program for Management Team	Sharmeela Abdul Gafoor	13 February – 02 March 2022 (6 Days)	14
VISIONING MALDIVES [®] LEADERSHIP DIALOGUES – Session 1: Leading through uncertainty: Strategic Foresight	Public Service Training Unit of the President's Office and the Civil Service Training Institute (CSTI/UNDP)	23 March 2022	3
TSW CIO FORUM 2022	The Systems Workshop Pvt Ltd (TSW)	29 March 2022	2
EEEEP Program - Session 3	Civil Service Trainingswing Institute	18 May 2022	1
National HR CONVENTION AND EXPO 2022	MAHRP - Maldives Association of HR Professionals	21&22 May 2022	2
Capacity Building Workshop	Ministry of Tourism	26 May 2022	10
EEEEP Program - Session 5	Civil Service Training Institute	8 June 2022	1
Max Planck Foundation Workshop II - Practical Considerations for Transforming Policy into Legislation	Max Planck Foundation	19 - 21 June 2022	3
Climate Change and Technology Invitation to E-Transection Workshop	Ministry of Environment, Climate Change and Technology	20-22 June 2022	2
ARUTHA Program	Maldives Police Services / Crime Prevention and Public Affairs	29 June 22	150
Data Analysis with R	Cyryx College	3 - 17 July 2022	1
EEEEP Session 6	Civil Service Training Institute	06 July 2022	2
IFRS Training	CA Maldives	20-21 August 2022	5

Maldives Inland Revenue Authority

Name of the training	Conducted by	Date	No. of employees
Legal Assistant of Migrant Workers and Persons with Disabilities	Maldives Bar Council	13 - 15 September 2022	1
Awareness session on Prevention of Sexual Abuse and Harassment Act	HRCM	13 & 19 September 2022	301
EEEP Program Session 8 - Employee Engagement & Empowerment - Keys to Creating Synergy	Civil Service Training Institute/President's Office	14 September 2022	3
Civil Procedure Code Training	Maldives Bar Council	17 September 2022	5
Training on Open Data Policy	President's Office	26 September 2022	2
IFRS Workshop 2022	KPMG Maldives	20 October 2022	1
Maldives Academy Training on Information Security and Privacy	NCIT	24-25 October 2022	4
Maldives Accountants Forum 2022:	Max Planck Foundation	19 - 21 June 2022	3
'Economic Transformation, Rethinking Growth in the New Economy'	CA Maldives	29 -30 October 2022	7
R-Studio Training	Hassan Fahmy	22 October - 07 November 2022	15
Leadership Training	Adam Naseer	21 November 2022	27
Evidence Act (Law No:11/2022) Training	Maldives Bar Council	29 November 2022	5
Media Team Training	Mohamed Shanoon	01 December 2022	21
Seminar on Maldives Retirement Pension Scheme for HR Professionals	Maldives Pension and Administration Office	21 December 2022	1

Overseas Conference, Seminars and Meetings

Name of the training	Date	Place	No. of employees
IMF tax policy technical assistance mission (GST) - Logistical Arrangements	6, 11 & 18 January 2022	Virtual	14
Webinar IRS-CI CASE STUDY: OFFSHORE TAX EVASION	13 January 2022	Virtual	18
TFDE Meeting in MLC format	17-18 January 2022	Virtual	1
OECD: Asia-Pacific Regional Consultation on BEPS Addressing the Tax Challenges of Digitalization: Further developments on the Two-Pillar Solution	25 January 2022	Virtual	3
OECD: 2022 Tax & Development Days	16 - 17 February 2022	Virtual	12
OECD: First meeting of the Asia Initiative	16 February 2022	Virtual	2
40th Meeting of the Peer Review Group	21 and 23 February 2022	Virtual	5
OECD: Exchange of Information - The Last Mile	22 – 24 February 2022	Virtual	16
OECD: Self Participation: Fundamentals of International Taxation	3 March 2022	Virtual	4
ADB-OECD: Virtual Seminar on Supporting the Digitalization of Developing Country Tax Administrations In the Asia and Pacific Region	10 March 2022	Virtual	2
1st Virtual ATAIC Correspondents Meeting	30 March 2022	Virtual	1
ATAIC: Capital flight, (aggressive) tax planning by multinational companies (MNC), IFFs connected to MNCs	28 April 2022	Virtual	1
TFDE Meeting	28 April 2022	Virtual	3
CATA Management Committee	17 May 2022	London, United Kingdom	2
IFA Tax Conference - Emerging International Taxation Landscape post the Pandemic, 2022	29 - 30 April 2022	New Delhi, India	3
TFDE Meeting	17 & 18 May 2022	Virtual	3

Maldives Inland Revenue Authority

Name of the training	Date	Place	No. of employees
Maldives: update on Task Force on Digital Economy (TFDE)	23-25 May 2022	Virtual	3
American Bar Association Rule of Law Initiative (ABA ROLI): Stop ML Virtual Regional Conference	25 May 2022	Maldives	2
Regional Consultation on International Tax Matters for Asia-Pacific	2 June 2022	Virtual	1
TFDE Meeting	30 May & 1 - 3 June 2022	Virtual	3
Symposium on Strengthening Government Capacities for Gender-sensitive Data and Evidence	16 June 2022	Virtual	2
Webinar - Avoiding Transfer Pricing Disputes	17 June 2022	Virtual	2
Asia Initiative Ministerial Meeting and Signing Ceremony	14 July 2022	Bali, Indonesia	2
International Webinar on Modern Techniques of Investigation and Intelligence Gathering	18 to 22 July 2022	Virtual	9
Virtual Webinar on Revenue Statistics in Asia and the Pacific	21 July 2022	Virtual	4
ATAIC: First Meeting of the Technical Groups	26 July 2022	Virtual	3
IGF-ATAF-TIWB Workshop on Extractive Industry Tax Audits	28 and 29 July 2022	Virtual	3
Country Consultation Mission to formulate a Medium-Term Revenue Strategy for Maldives	6-15 August 2022	Virtual	5
ATAIC & CATA Webinar: Taxation of the Digitalized Economy	30 August 2022	Virtual	5
Second High-Level Meeting of the Asia Initiative	31 August - 2 September 2022	Bali, Indonesia	3
Seminar on Financing SDGs Through Sustainable Revenue Streams	26 September 2022	Virtual	6
ATAIC 17th Annual Technical Conference	26-27 September 2022	Virtual	3
OECD: 14th Meeting of the Inclusive Framework	6-7 October 2022	Paris, France	2

Name of the training	Date	Place	No. of employees
15th Global Forum Plenary & Associated Meetings	8-11 November 2022	Seville, Spain	1
Tax Certainty Day	22 November 2022	Virtual	4
Dialogue on Tax and SDGs, New York	30 November - 02 December 2022	New York, United States of America	1
CATA/OECD/PITAA/SGATAR: Regional Consultation on International Tax Matters for Asia-Pacific (in-person event)	05-06 December 2022	Manila, Philippines	1
CATA/OECD/PITAA/SGATAR: Regional Consultation on International Tax Matters for Asia-Pacific (virtual event)	05-06 December 2022	Virtual	1
Driving Effective Partnerships and Dialogue in International Tax to Achieve the SDGs	14 December 2022	Virtual	16

Overseas trainings and workshops

Name of the training	Date	Place	No. of employees
Pilot program 2022: Women Leaders in Tax Transparency	Throughout the year	Virtual	1
IMF SARTTAC: Virtual Training on Compliance Risk Management	7-11 February 2022	Virtual	5
OECD: Conducting Financial Investigations (Foundation) Program	7-18 February 2022	Virtual	2
TIWB Training: Permanent Establishment, Definition	8 February 2022	Virtual	35
IBD: Virtual Regional Workshop: Advancing Beneficial Ownership Transparency in the Asia and the Pacific Region	21-23 February 2022	Virtual	2

Maldives Inland Revenue Authority

Name of the training	Date	Place	No. of employees
Virtual Workshop on International Tax Cooperation in Asia	2-4 March 2022	Virtual	6
TIWB 2nd Training session: PE Profit Attribution & Head Office Expenses (By: Collin)	8 March 2022	Virtual	44
TIWB Stakeholders Workshop	9-10 March 2022	Virtual	1
Asset Recovery Workshop	14 March 2022	Virtual	2
Global Forum/OECD: 2022 "Train the Trainer" Programme	7 - 8, 11 - 12 April 2022	Virtual	2
Succession Planning Workshop (Pilot)	28 – 29 March 2022	Maldives	32
IMF SARTTAC Virtual Training on Taxpayer Registration	4-8 April 2022	Virtual	6
Transfer Pricing Workshops for MIRA by Moody's Analytics	12 - 13 April 2022	Maldives	13
2nd Virtual Workshop on Tax and Digital Transformation	12 May 2022	Virtual	5
Brown Bag Workshop on Base Erosion and Profit Shifting (BEPS) Two Pillar Package	13 and 18 May 2022	Virtual	2
INTERPOL Policing and Training Capabilities Training	5 - 7 June 2022	Virtual	2
Max Planck Foundation - Regulation Drafting Workshop - Session 1	19-21 June 2022	Maldives	3
Department of Demography, Faculty of Arts of University of Colombo, Sri Lanka: Course on Research and data analysis using – Rstudio	June/July 2022	Virtual	1
At the Frontier: India's Digital Payment System and Beyond	2 June 2022	Virtual	3
TIWB Training: Session 3 - FAR and Comparability Analysis (Theory and case study)	14 & 16 June 2022	Virtual	50
HPE EBC Singapore Event 2022	15 – 17 June 2022	Singapore	1
SAP Basis Training	20 June - 1 July 2022	Kuala Lumpur, Malaysia	2
Global Forum: Exchange of Information - The Last Mile	28-30 June 2022	Virtual	2

Name of the training	Date	Place	No. of employees
ATAIC Workshop on Pillar One and Pillar Two	29 June 2022	Virtual	2
INTERPOL Global Programme on Anti-Corruption, Financial Crimes and Asset Recovery trainings	2 - 4 August 2022	Virtual	1
The 7th Training Course of China-South Asia Legal Training Base	22 August - 02 September 2022	Virtual	3
IMF SARTTAC Training on Compliance Risk Management	12 - 16 September 2022	New Delhi, India	6
IBFD Advanced Professional Certificate in International Taxation (APCIT)	01 October 2022 - 31 March 2023	Online Program	1
Advanced Professional Certificate in Transfer Pricing - 1	01 October 2022 - 31 March 2023	Online Program	1
UNDP: Leveraging and Managing Climate Finance for Sustainable Development	3-5 October 2022	Bangkok, Thailand	1
OECD/UN a& Korea Policy Center: Getting ready for tax treaty negotiations	4-6 October 2022	Virtual	3
IMF SARTTAC Training on Risk Based Audit Techniques	17-21 October 2022	New Delhi, India	6
F5 AWAF Training	19 – 20 October 2022	Bangalore, India	3
TOIT-Tax Treaty Workshop	31 October – 4 November 2022	Selangor, Malaysia	2
TOIT-Transfer Pricing Workshop	7-11 November 2022	Selangor, Malaysia	2
Effective use of Country-by-Country Data	15-17 November 2022	Virtual	8
Max Planck Foundation - Regulation Drafting Workshop - Session 3	20-22 November 2022	Maldives	3
FortiSIEM training	21 - 23 November 2022	Kuala Lumpur, Malaysia	3
Conducting Financial Investigation	28 November - 09 December 2022	Virtual	2
Workshop on Dealing with Taxpayers and Enforcement Tools	12-14 December 2022	Virtual	21
IMF SARTTAC: Tax Administration Diagnostic Assessment Tool (TADAT) Accreditation	12-16 December 2022	New Delhi, India	6

Maldives Inland Revenue Authority

Name of the training	Date	Place	No. of employees
Integrated National Financing Framework (INFF) Validation Workshop	13 December 2022	Manhattan Business Hotel, Maldives	2
Developing ASP.NET Core MVC Web Applications	19-23 December 2022	Virtual	2
London Premier Centre: Enterprise Risk Management	26-30 Dec 2022 (1 week)	Virtual	1

4.6 Technical Assistance Received

Like the preceding years, MIRA received extensive assistance from international organizations. During this year, technical assistance missions that commenced in 2020 and 2021 were continued and several new assistance missions were conducted in collaboration with International Organizations. Details of the technical assistance projects carried out in 2022 are detailed in the table below.

Organization/ Body	Area of Assistance	Duration	Experts
International Monetary Fund (IMF)	Assistance for Insurance Business Audits	10 January 2022 - 12 January 2022	Ms. Josephine Tiong
	Revenue Administration (RA) Gap Analysis	07 February 2022 - ongoing	Ms. Elena D'Agosto
	Advanced Pricing Arrangement (APA)	04 April 2022 - 18 April 2022	Mr. Cameron Smith
	Medium Term Revenue Strategy (MRTS) Awareness	13 June 2022 - 15 June 2022	Ms. Doris Akol
	Tax Treaty Mission	17 June 2022 - 21 June 2022	Mr. Lee Burns
Tax Inspectors without Borders (TIWB)	Assistance with international taxation issues in tourism and hospitality industry	13 July 2021 - ongoing	Mr. Colin Hutchins
USAid	Assistance with Revenue Forecasting	11 January 2021 - ongoing	Mr. Janusz Szyrmer
US Treasury – Office of Technical Assistance (OTA)	Expertise on fundamentals of auditing Assistance in debt collection Assistance in succession planning and staff development	08 June 2020 - ongoing	Ms. Charlestine Hardy Ms. Verlinda Paul Mr. Quinton Smith
	Audit Training of the taxpayers in the construction sector	31 July 2022 - 30 November 2022	Ms. Peggy Gavaghan

4.7 Administrative Expenditure

Total Expenditure:

MVR 100.45
million

1.5% higher compared to 2021

Expenditure is higher because of increase in recurrent expenditure than in the previous year

96.1%

Recurrent Expenditure

An increment of MVR 8.02 million compared to 2021

3.9%

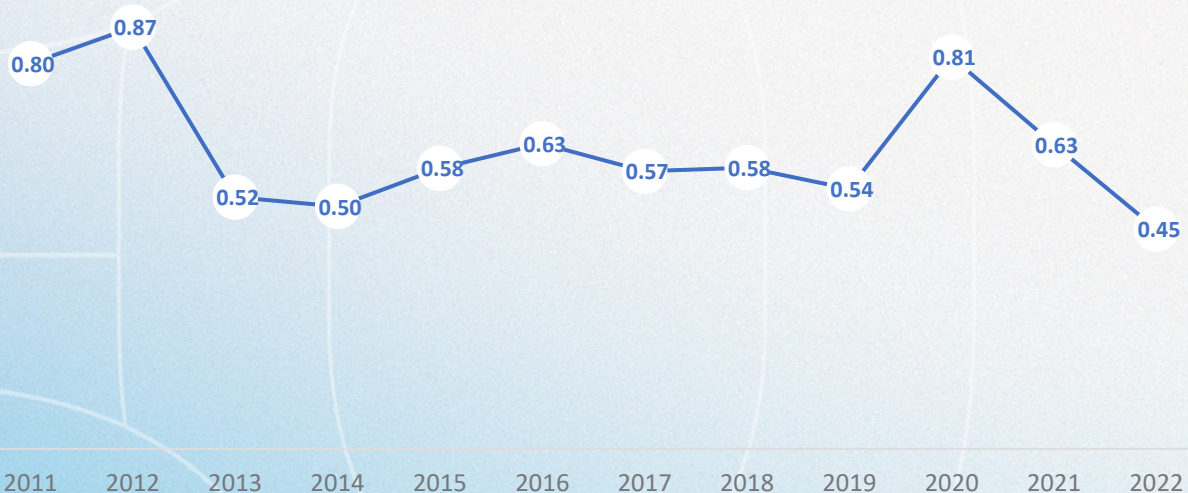
Capital Expenditure

A decrement of MVR 6.58 million compared to 2021

MVR 3.93 million was spent on capital expenditure, 42.7% of which related to the acquisition of Information Technology hardware. From recurrent expenditure, most of the expense was on employees' salaries and allowances which accounts up to 82.6% of total recurrent expenditure.

For every **MVR 100** collected by MIRA, **45 laari** was spent

For every **1 MVR** spent by MIRA, **MVR 220** was collected as revenue



5. Revenue

5.1 Total Collections

Total Revenue of 2022

MVR 22.12
Billion

40.4% higher compared to 2020

43.5% higher compared to projection for 2022

The Maldives economy is heavily dependent on tourism, which has been the main driver of the economic growth. Dependence on the tourism sector, resulted in an adverse impact to the global Covid-19 pandemic. When the nation-wide lockdown was declared, businesses in this sector suffered a severe setback. Nonetheless, with the re-opening of the border to international tourists, economic activity activities in the tourism sector resumed and driven by the rebound of this sector, economic activities in the related sectors has nearly recovered to the pre-pandemic level. As a result, MIRA's tax revenue has increased significantly during this year.



MVR 16.08 billion collected as tax revenue

34.9% higher than 2021

33.8% higher than the
projected revenue for this year

72.7% of the total revenue collection during the year was from tax revenues.

Tourist arrivals during the taxable period of this year exceeded the corresponding period of 2021 by 32.01%, which resulted in an increment of TGST and Green Tax collection.

With the increment in tourist arrivals, the number of departures from the country increased significantly, along with the amendment brought effective from 1 January 2022 to levy departure tax based on the passengers' flying class led to an increment of Departure Tax.

Compared to the projection, collection of all taxes surpassed the projection for this year.

MVR 6.04 billion collected as non-tax revenue

57.4% higher than 2021

78.2% higher than the projected
revenue for this year

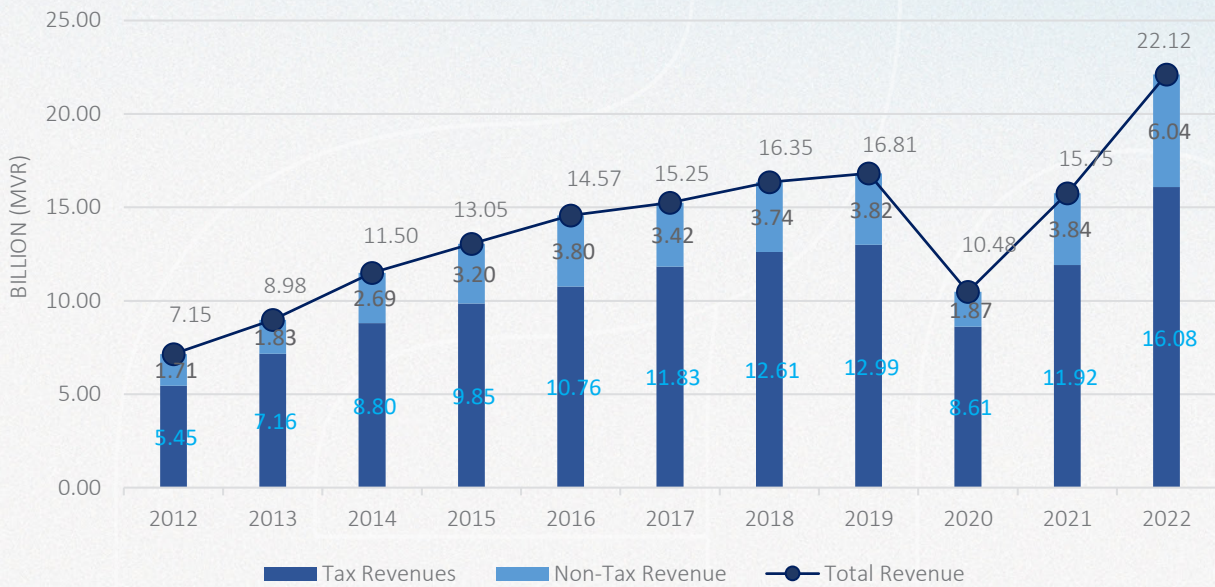
An increment of MVR 2.20 billion and MVR 2.65 billion recorded for non-tax revenues when compared to the collection of 2021 and forecasted revenue for this year, respectively.

The increment compared to 2021 were mainly due to the receipt of Lease Period Extension Fee, and Airport Development Fee.

Compared to 2021, a higher collection for Airport Development Fee was recorded, as the rate was tied to the passenger's flying class effective from 1 January 2022.

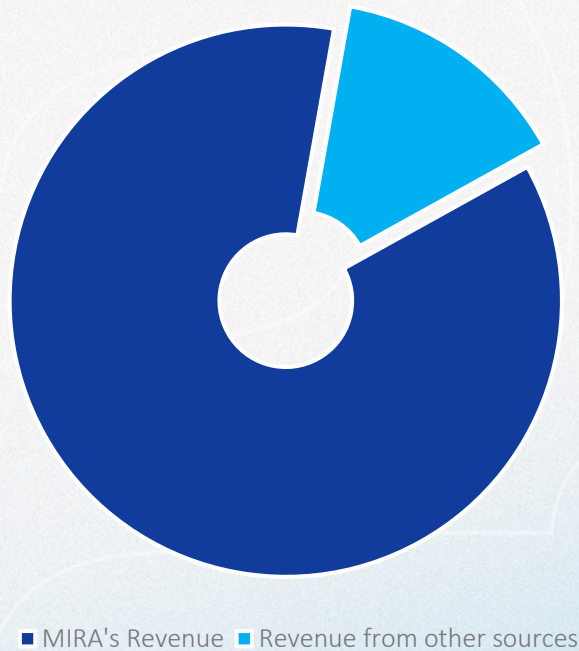
Pursuant to the Lease Period Extension Fee Regulation, resorts could extend their lease period up to 99 years, and a lower rate of payment was tied to the statutory deadline of 26th December 2022. As stated in the regulation, the rates to extend the lease period increases after this statutory deadline, as such most taxpayers chose to pay the fee before this deadline.

Total Revenue Collection 2012 -2022



MIRA's revenue share in total government revenue

MIRA collected 85.9% of the government's revenue in 2022.



1.2 USD Collection

Total USD collection 2022

USD 895.00
million

Equivalent to MVR 13.73 Billion

42.9% higher compared to 2021

62.1% of the total revenue was collected in USD

USD Collection



The increment in USD collection in this year, in comparison to 2021, was due to the increment in Lease Period Extension Fee and Airport Taxes and Fees. The increase in Airport Taxes and Fees during this year can be attributed to the increment in tourist arrivals of 32.01% compared to the taxable of last year. Along with the increment in tourist arrivals, the rates levied on passengers for Departure Tax and Airport Development Fee were tied to the passenger's flying class effective from 1st January 2022, which resulted in a higher collection. In addition to this, USD 127.50 was collected as Lease Period Extension Fee, which led to a considerable increment in revenue collected in USD during this year.

1.3 Tax Revenues

Tax revenue collected in 2022

MVR 16.08 billion

34.9% higher compared to 2021

The highest contributors to tax revenue in 2022 were TGST and Income Tax

Tax Revenue



Comparison of tax revenues against previous year and against projection

Revenue	2021 (MVR million)	2022 (MVR million)	2020 v. 2021	Reason for increment/ decrement	Projection (MVR million)	Compared to Projection	Reason for increment / decrement compared to Projection
Departure Tax / Airport Service Charge	473.43	830.56	75.4%	Pursuant to the 1st amendment to Airport Taxes and Fees Act, Airport Service Charge was repealed and Departure Tax was commenced on 1 January 2022. Revenue from Departure Tax has increased in 2022 compared to 2021, as the tax was levied based on the flying class and the levied rates varies between USD 12 and USD 120.	735.55	12.9%	There is an increment in tourist arrivals compared to the projection by 3.17%. In addition, assessed tax collection and dues recovery collectively led to this increment in Departure Tax collection compared to the forecasted revenue.
Bank Income Tax	675.07	901.26	33.5%	Bank Income Tax paid in 2022, from the Banks with the highest market share has increased by MVR 226.19 million compared to 2021.	603.38	49.4% ^{aw}	Projection for Bank Income Tax is based on the GDP growth from the financial sector. An increment of 17.0% was forecasted for financial sector for the tax year 2021. Out of the 8 commercial banks operating in the Maldives, income reported from the Banks with the highest market share has increased which led to the increment in Bank Income Tax collected compared to the projection.
BPT / Withholding Tax	101.82	96.07	-5.6%	with the enactment of taxation under the Income Tax Act from 1 January 2020, Business Profit Tax Act was repealed on 31st December 2019. Only dues prior to 2019 were recovered during this year.	-	-	Since Business Profit Tax Act was repealed, no estimates were done for this revenue.

Revenue	2021 (MVR million)	2022 (MVR million)	2020 v. 2021	Reason for increment/decrement	Projection (MVR million)	Compared to Projection	Reason for increment / decrement compared to Projection
Income Tax – Companies and non-individuals	1,032.06	2,120.55	105.5%	In 2022, Income Tax return for the tax year 2021 was due, and the taxable payable reported has increased by 69.3% compared to the tax year 2020. Highest increment was from Tourism sector. There is an increment of income tax revenue by twice the collection of 2021 in this year.	1,251.91	69.4%	Due to the negative impact of Covid-19 pandemic, there was a significant decrement in taxable income reported by taxpayers for the year 2020. Projection for 2022 was done with the assumption that, businesses would re-bound due to the gradual recovery of economic activities. Taxable income reported for 2021 has increased significantly and surpassed projection. Highest increment was observed for Tourism Sector followed by administrative and support service activities, transportation and storage and wholesale and retail trade sector.
Personal Income Tax	96.78	116.10	20.0%	Under the Income Tax Act, individuals are taxed on their income at rates ranging from 0% to 15% based on their income. The tax payable reported for tax year 2021, filed in this year is 37.7% higher than the last year's tax payable reported for year 2020. In addition, 7% of the Personal Income tax collected this year relates to dues recovered from the deadlines of last two years.	91.55	26.8%	Personal tax revenue exceeded the forecasts. The individuals working in the education sector reported MVR22.62 million rufiyaa with a share of 67% of total tax payable reported for the tax year.

Maldives Inland Revenue Authority

Revenue	2021 (MVR million)	2022 (MVR million)	2020 v. 2021	Reason for increment/ decrement	Projection (MVR million)	Compared to Projection	Reason for increment / decrement compared to Projection
Employee Withholding Tax	122.41	202.14	65.1%	<p>Employee Withholding Tax withheld from tourism sector had increased considerably, which led to the increment of revenue in 2022, compared to 2021.</p> <p>55% of the employee withholding tax was contributed by the employees working in the tourism industry. The tax payable reported for the taxable periods of this year, increased by 50% compared to last year.</p>	115.03	75.7%	<p>Employee withholding tax withheld from salaries were projected based on the tax collection of 2021, and given the rebound of the tourism sector, the tax collected was higher than the forecast.</p> <p>Additionally, 5.08 million rufiyaa was collected as dues from the taxable periods of the last two years, which collectively led to the favorable outcome in collection compared to the forecasted tax.</p>
Non-Resident Withholding Tax	782.23	1,045.82	33.7%	<p>A significant portion of Non-resident Withholding Tax is derived from the activities from the tourism sector and construction sector.</p> <p>From the taxable categories, withholding tax reported had increased from the categories; technical service fees, dividend and royalties. Compared to the taxable period of the previous year, the amount withheld from technical service fees increased by MVR 215.04 million rufiyaa, followed by an increment of MVR 19.82 million from dividend. Additionally, an increment of MVR 33.68 million was recorded for the royalty's category.</p>	661.66	58.1%	<p>Economic growth was driven by the rebound of tourism sector, and as such taxpayers in the tourism sector reported a higher tax than the forecast. With the contraction of economic activities in 2020, the reported profits declined and the tax to be withheld from these activities were lower and thus the projection of tax collection was assumed to be lower.</p> <p>Nonetheless, with the steady growth of economic activities, revenue collection exceeded the forecasted revenue.</p>

Revenue	2021 (MVR million)	2022 (MVR million)	2020 v. 2021	Reason for increment/ decrement	Projection (MVR million)	Compared to Projection	Reason for increment / decrement compared to Projection
Green Tax	802.12	972.99	21.3%	Green Tax is payable at rate of USD 6 from tourists staying at tourist resorts, hotels and vessels, and at the rate of USD 3 from those staying at tourist guesthouses. Total Green Tax collection of this year is higher than 2021. In the taxable period of 2022, a surge in tourist arrivals by 32.01% was recorded against 2021, which resulted in the increment in Green tax collection this year	858.19	13.4%	The number of taxable bed nights had increased as a result of the increment in tourist arrivals compared to projection by 3.57%. This subsequently, led to a higher collection than the forecasted tax.
GGST	2,580.55	3,193.63	23.8%	With the gradual recovery of economy, collection of GGST in 2022 has increased comparatively. The highest increment was observed in the trade sector followed by transportation and storage sector. Compared to the taxable periods of 2021, GGST reported for this year has increased by 30%. 8% of the GGST collection was from dues recovery from prior deadlines and assessed tax collection.	2,780.26	14.9%	Projection for GGST was estimated based on the GDP growth and collection trend of the previous years. With the rebound of tourism sector, the economic activity in the associated sectors such as trade and transport sector have recovered, resulting in a higher tax collection than the projected revenue.

Maldives Inland Revenue Authority

Revenue	2021 (MVR million)	2022 (MVR million)	2020 v. 2021	Reason for increment/ decrement	Projection (MVR million)	Compared to Projection	Reason for increment / decrement compared to Projection
TGST	5,249.61	6,601.17	25.7%	In the taxable periods of this year, tourist arrivals have increased by 32.01% compared to 2021. The rebound of the tourism sector resulted in a higher collection of TGST in 2022. Compared to 2021, TGST reported for the taxable periods of 2022 has increased by 31%. Highest increment was reported from tourist resorts. Out of the total collection, 97.3% were payments paid towards the deadline while the remaining 2.7% were recovered dues from past deadlines.	4,922.66	34.1%	An increment of 3% in tourist arrivals was recorded compared to the forecasted arrivals. Additionally, an increment in the average daily rates were recorded was this year compared to last year. Also, with the significant increment in taxable revenue reported from tourist resorts with the highest market share, TGST collection has surpassed the projection.
Land Sales Tax	0.04	-	-100.0%	As of 1 January 2020, with the implementation of the Income Tax Act, Land Sales Tax was abolished. In 2022, only arrears from previous periods were collected.	-	-	No forecast was done for this tax as the Act was abolished.
Remittance Tax	0.10	0.01	-86.3%	As of 1 January 2020, with the implementation of the Income Tax Act, Remittance Tax was abolished. In 2022, only arrears from previous periods were collected.	-	-	Since Remittance Tax Act was ceased, no estimates were done for this revenue.
Revenue Stamp	2.32	-	-100.0%	During July 2021, the Revenue Stamp Act was abolished, and with that the collection ceased during July 2021.	-	-	Since Revenue Stamp Act was repealed, no estimates were done for this revenue.

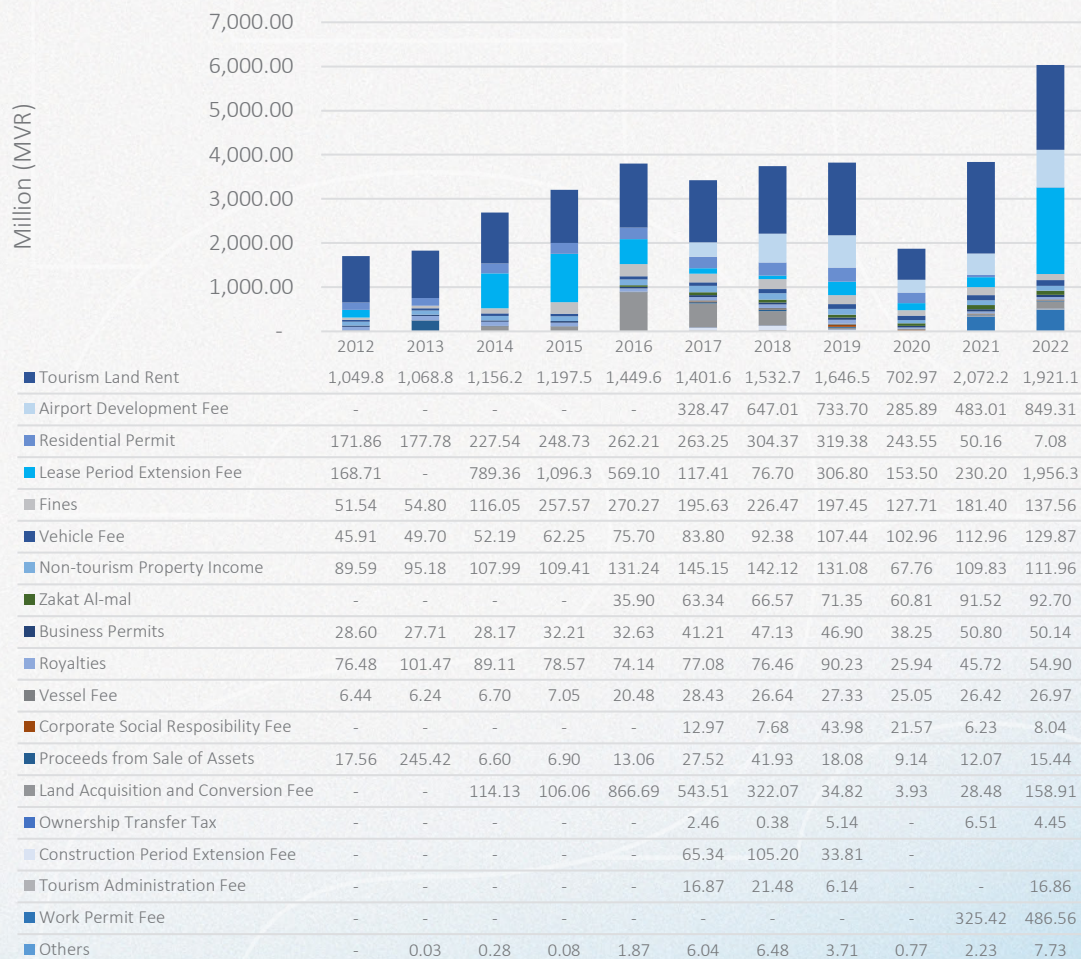
1.4 Non-tax Revenues

Non-tax revenue collected in 2022

MVR 6.04 billion

The highest contributors to non-tax revenue in 2022 were Lease Period Extension Fee

Non-Tax Revenue



Comparison of non-tax revenues against previous year and against projection

Revenue	2021 (MVR million)	2022 (MVR million)	2020 v. 2021	Reason for increment/ decrement	Projection (MVR million)	Compared to Projection	Reason for increment / decrement compared to Projection
Airport Development Fee	483.01	849.31	75.8%	Revenue from Airport Development Fee collected this year is higher than the past year, as new rates were levied and these rates were tied to the flying class of the passenger, pursuant to the first amendment to the Airport Taxes and Fees Act. New rates range from USD12 to USD120. In 2021, ADF was charged at the rate of USD12 for Maldivians and USD25 for foreigners.	735.55	15.5%	Compared to the forecasted arrivals, an increment of 3.17% was recorded for tourist arrivals for the year. In addition, the recovery of dues and collection of assessed tax, collectively led to the increment in Airport Development Fee collection compared to projection.
Corporate Social Responsibility Fee	6.23	8.04	28.9%	As per the regulation on Construction Period Extension and Deferment of Rent and Fines for Places Leased for Tourism Purposes, Atolls were categorized to zones and different rates were levied in 2019. The collection received in this year consists of fees paid to extend the construction fee of developing establishments this year and the payments deferred payments during the first waves of the pandemic.	-	-	This fee is paid by the taxpayers if the construction period of their developing establishments allotted by the Ministry of Tourism needs to be extended. Thus, no projection for this fee is done for the year.

Revenue	2021 (MVR million)	2022 (MVR million)	2020 v. 2021	Reason for increment/ decrement	Projection (MVR million)	Compared to Projection	Reason for increment / decrement compared to Projection
Tourism Land Rent	2,072.27	1,921.19	-7.3%	Compared to last year, Tourism Land Rent received in this year decreased by 7.3%. To grant leniencies to the taxpayers at the beginning of the pandemic, Ministry of Finance granted the deferment of rent for 2 quarters of the year 2020, where repayment was split to four payments. As per the circular issued, the last payment of this deferment was to be collected by the mid-2021. This meant the collection of 2021 to be higher than this year. In this year, rent for the deadlines in 2022 in accordance with the rent schedules were collected.	1,846.46	4.0%	In 2022, rent from deferred deadlines and dues from prior periods were collected. Additionally, new taxpayers commenced their rent as per their schedule, which led to an increase in actual revenue compared to the projected revenue by 4%.
Lease Period Extension Fee	230.20	1,956.33	749.8%	Pursuant to the Lease Period Extension Fee Regulation, resorts could opt to extend their lease period up to 99 years. The payment option and a lower rate being tied to the statutory deadline of 26th December 2022 and as the rate of extending the lease period increases after this deadline, most payers chose to extend the lease period before the deadline.	-	-	This fee is not included in the projection as the payment options to extend the lease period of resorts are completely left to the discretion of the taxpayers.

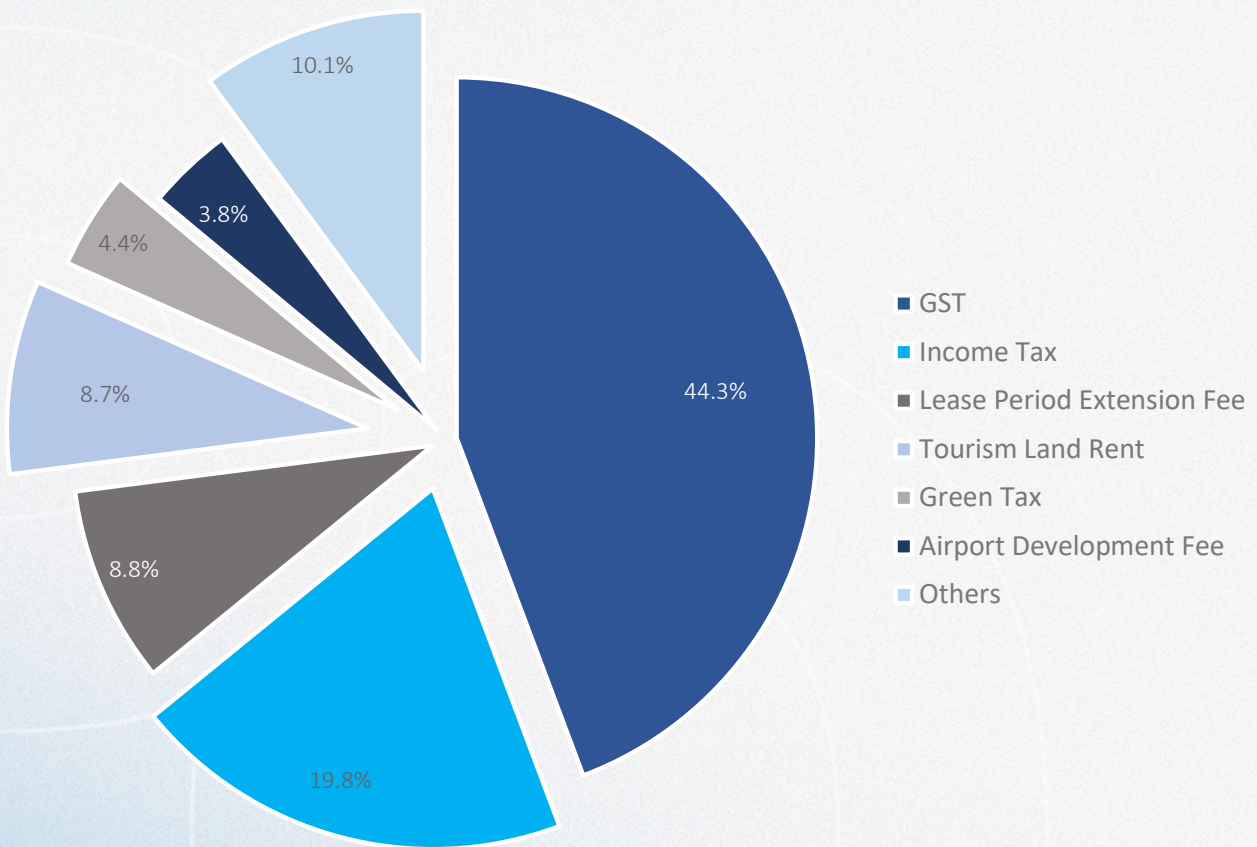
Maldives Inland Revenue Authority

Revenue	2021 (MVR million)	2022 (MVR million)	2020 v. 2021	Reason for increment/ decrement	Projection (MVR million)	Compared to Projection	Reason for increment / decrement compared to Projection
Royalty	45.72	54.90	20.1%	In 2022, only Duty-free Royalty was collected. The increment in royalty revenue compared to 2021 highly correlates with increase in the number of tourists departing from the Maldives which resulted in higher revenue reported by duty free shops.	52.00	5.6%	Projection of Royalty is done based on tourist arrivals. With the increment in departures by 3.17% compared to the estimated departures, collection of Royalty revenue has surpassed the projection.
Land Acquisition and Conversion Fee	28.48	158.91	458.0%	Compared to 2021, collection of Land Acquisition and Conversion fees increased by MVR 130.43 million. This increment is mainly due to the newly leased islands along with the receipt of subsequent fees.	-	-	No projection for this fee was done for the year, since this fee is not required to be paid under a specific schedule, and paid only when islands are newly leased.
Non-tourism property income	109.83	111.96	1.9%	Non-tourism Property Income increased this year compared to 2021. In 2020, to alleviate taxpayer burdens due to the impact of Covid-19 pandemic, Ministry of Finance issued a Circular which has given leniency to tax payers with deferred deadlines. The final deadline to pay the deferred rent was by mid-2021. The average revenue collection is MVR 135 million in past years. Collection had declined from last year, as some rent codes have been assigned to local councils for collection, as per the changes to regulations.	106.13	5.5%	MIRA estimated MVR 106 million as the lease agreements were being transferred to the councils. Rent from Local Markets, plots from Alimas Ufaa carnival area, food carts and agricultural lands in inhabited islands have been assigned to local councils for rent collection.

Revenue	2021 (MVR million)	2022 (MVR million)	2020 v. 2021	Reason for increment/ decrement	Projection (MVR million)	Compared to Projection	Reason for increment / decrement compared to Projection
Vehicle Fee	112.96	129.87	15.0%	In 2022, 23,755 vehicles were registered. The revenue from these fees has increased with the increase in vehicles compared to the previous year.	110.68	17.3%	With the increase in number of motor vehicles registered compared to the estimate, collection of vehicle fees surpassed the forecasted revenue. From 1 January 2023 onwards, this fee will be collected by the Transport Authority.
Vessel Fee	26.42	26.97	2.1%	In 2022, 415 vessels were registered. Compared to the previous year, the number of vessels registered and annual fees paid have increased.	26.82	0.6%	A slight increment in collection of vessel fee compared to projection. From 1 January 2023 onwards, this fee will be collected by Transport Authority.

Top revenue contributors

The top 6 revenue contributors for 2022 are GST, Income Tax, Lease Period Extension Fee, Tourism Land Rent, Green Tax and Airport Development Fee.



Goods and Services Tax

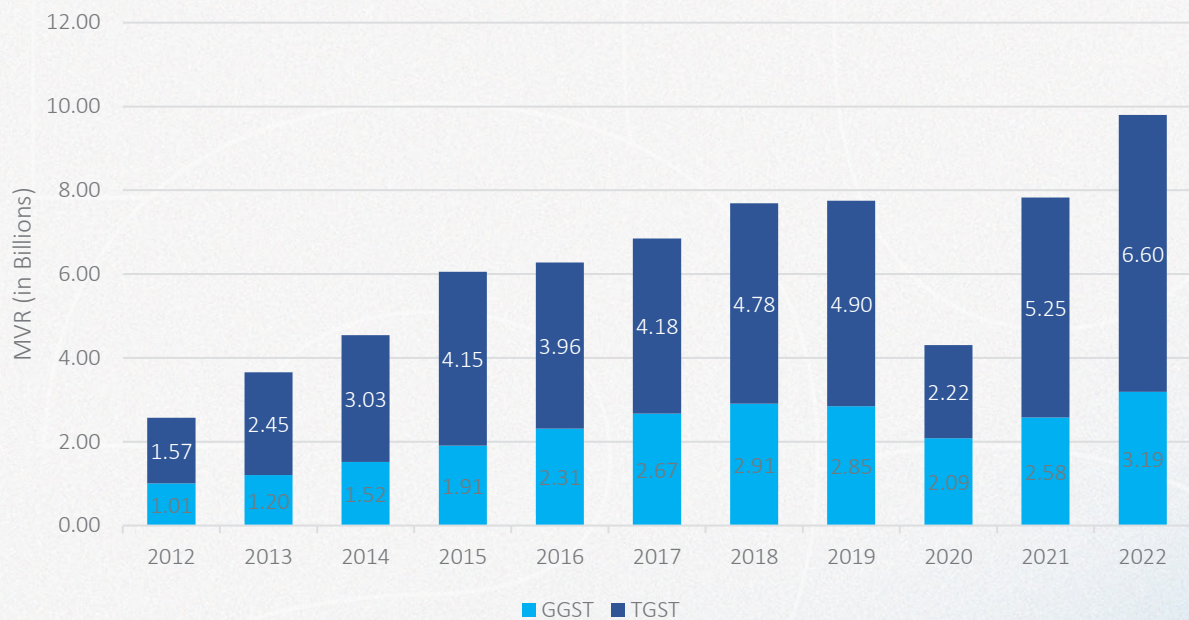
Total GST revenue 2022

**MVR 9.79
Billion**

25.1% higher compared to 2021

27.2% higher compared to projection for 2022

Total GST collection 2012 to 2022



GST is levied at the rate of 12% from the tourism sector and at 6% from all other sectors. GST share from tourism sector is 67.4% while all other sectors contributed 32.6% to the total GST revenue.

Tourism Sector GST

TGST collection in 2022

**MVR 6.60
Billion**

Equivalent to USD 430.49 million

25.7% higher compared to 2021

34.1% higher compared to projection for 2022

TGST collection from 2012 to 2022



The Maldivian economy is dependent on the tourism and associated sectors to the tourism sector, which subsequently generate the highest tax revenues. With the rebound of tourism sector, tourist arrivals for the taxable period of this year has increased by 32.01% compared to 2021, which led to the increment in TGST collection compared to 2021. 97.3% of TGST collection

were payments towards the deadlines of this year while the remaining 2.7% are recovery of dues including the assessed tax collected.

During this year, amendment to GST Act was published on the gazette to increase the TGST rate to 16% effective from 1 January 2023.

TGST Liability reported via TGST returns for 2021 and 2022

Table below shows the TGST amount reported by different categories in 2022. Reported tax payable will be different from collection.

Category	Tax reported in 2021 (MVR)	Tax reported in 2022 (MVR)	+/-
Tourist resort	4,552,211,980	5,985,054,216	+31.5%
Water sports facility	24,101,446	27,421,488	+13.8%
Other Facility	16,902,676	25,493,478	+50.8%
Tour operator	53,284,766	46,063,011	-13.6%
Foreign tourist vessel's agent	14,022,900	7,446,121	-46.9%
Domestic air transport	313,952,006	398,844,969	+27.0%
Home Stay Tourist Guesthouse	-	3,766	-
Tourist hotel	71,902,058	89,296,278	+24.2%
Tourist guest house	52,910,114	94,827,283	+79.2%
Tourist vessel	42,506,278	63,925,722	+50.4%
Diving School	84,910,654	107,610,593	+26.7%
Shops	22,746,077	28,725,614	+26.3%
Spa	21,543,531	25,352,405	+17.7%
Net TGST Liability reported	5,270,994,484	6,900,064,945	+30.9%

Deadlines in 2021: December 2020 to November 2021 and 20Q4 to 21Q3

Deadlines in 2022: December 2021 to November 2022 and 21Q4 to 22Q3

**Amount reported in USD converted to MVR at the rate of 15.35*

General Sector GST

Total GGST collection 2022

**MVR 3.19
Billion**

23.8% higher compared to 2021

14.9% higher compared to projection for 2022

GGST collection from 2012 to 2022



GGST is levied at 6% for all the sectors other than tourism sector.

After the economic contraction due to the pandemic, Maldives' economy bounced back on the back of the tourism sector, and spilled-over effects to the associated sectors, namely trade and transportation, subsequently led to a significant increment in GST revenue this year.

During this year, the leniencies granted to the taxpayer population during 2020; such as installment plan with lower commitment payment and waiving off fines that were extended and facilitated during 2021, were phased out. With the steady improvement in economic activities during, enforcement action against non-compliant taxpayers were enacted in 2022. Non-payers were advised to settle the dues and dues recovery action was initiated. As such 8% of the GGST revenue for this year were collected from prior deadlines.

During this year, sixth amendment to GST Act was ratified by the president on 16 November 2022 to increase the GST rate of the general sectors to 8% effective from 1 January 2023.

GGST Liability reported via GGST returns for 2021 and 2022

The table below shows the GGST amount reported by different categories in 2022. Reported amount is different from collection amount.

Industry	Tax reported in 2021 (MVR)	Tax reported in 2022 (MVR)	+/-
Agriculture, forestry and fishing	10,755,037	12,094,198	+12.5%
Manufacturing	47,267,960	96,393,313	+103.9%
Electricity, gas, steam and air conditioning supply	8,572,155	12,482,489	+45.6%
Water supply, sewerage, waste management and remediation activities	18,399,055	23,661,603	+28.6%
Construction	436,725,991	543,107,172	+24.4%
Wholesale and retail trade; repair of motor vehicles and motor cycles	1,519,759,744	1,844,826,882	+21.4%
Transportation and storage	120,619,648	246,286,531	+104.2%
Accommodation and food service	91,822,914	136,989,095	+49.2%
Information and communication	141,031,097	150,527,712	+6.7%
Financial and insurance activities	4,228,113	6,121,143	+44.8%
Real estate activities	6,403,649	4,601,562	-28.1%
Professional, scientific and technical activities	42,520,615	58,125,996	+36.7%
Administrative and support service activities	84,226,184	140,503,801	+66.8%
Public administration and defense; compulsory social security	145,170	103,594	-28.6%
Education	1,873,046	1,331,637	-28.9%
Human health and social work activities	2,328,813	3,406,102	+46.3%
Arts, entertainment and recreation	5,638,034	9,255,412	+64.2%
Other service activities	85,228,429	127,454,287	+49.5%
Activities of households	41,828	(10,378)	-124.8%
Total reported GGST	2,627,587,481	3,417,262,154	+30.1%

Deadlines in 2021: December 2020 to November 2021 and 20Q4 to 21Q3

Deadlines in 2022: December 2021 to November 2022 and 21Q4 to 22Q3

Income Tax

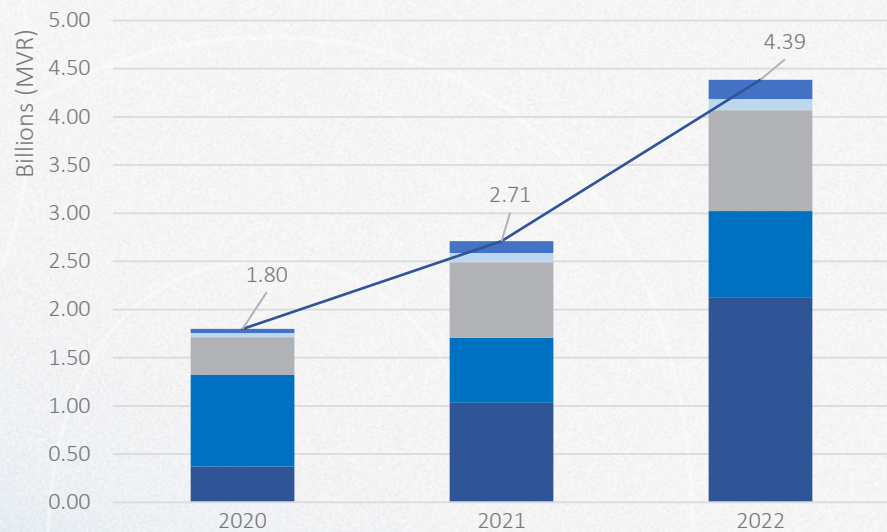
Income collection 2022

**MVR 4.39
Billion**

the highest increment was recorded for the income tax paid by the companies and non-individuals.

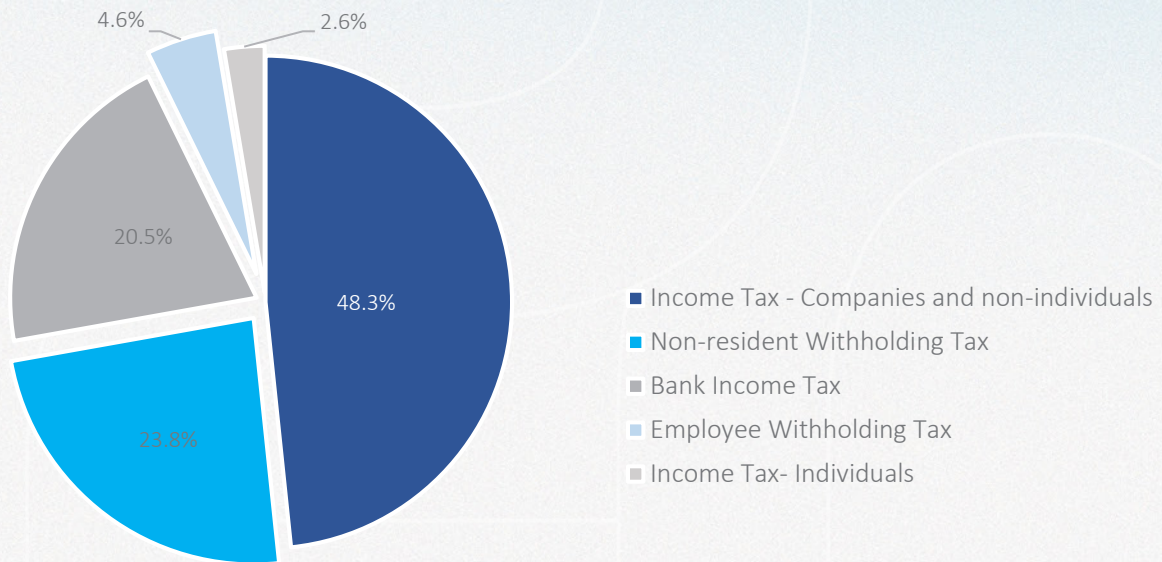
Income Tax is levied under the Income Tax Act (Law Number 25/2019). Taxation under the Act commenced on 1 January 2020. Pursuant to the Act, taxation on remuneration commenced on 1 April 2020.

Income Tax collection from 2012 to 2022



	2020	2021	2022
Employee Withhtolding Tax	42,123,987	122,411,429	202,138,104
Individual Income Tax	41,007,280	96,779,161	116,096,604
Non-resident Withholding Tax	390,869,393	782,233,442	1,045,820,161
Bank Income Tax	953,699,643	675,071,083	901,259,957
Income Tax: companies and non-individuals	370,490,477	1,032,057,063	2,120,552,430
Total Income Tax collection	1,798,190,780	2,708,552,178	4,385,867,256

Breakdown of Income Tax collection



Income Tax – Companies and non-individuals

Companies and non-individuals (except banks) have to pay Income Tax at the rate of 15% of the taxable income of that exceed MVR 500,000 per year.

In 2022, Income Tax received from companies and non-individuals was MVR 2.12 billion which is an increment of almost 2 times the collection of 2021. During 2022, such entities had to pay the Income Tax Second Interim and Final Payment for 2021 and First Interim payment for 2022.

Maldives Inland Revenue Authority

Reported tax payable for 2021 and 2020

After the end of taxable year, taxpayers get 6 months to file the income tax return to MIRA. During this year, income tax return for tax year 2021 was filed, while income tax return for 2020 was filed in the last year.

Industry	Tax reported in 2021 (MVR)	Tax reported in 2020 (MVR)	Variance %
Agriculture, forestry and fishing	3,400,688	3,806,802	+11.9%
Manufacturing	21,283,472	35,678,411	+67.6%
Electricity, Gas, steam and Air Conditioning supply	15,974,497	3,621,105	-77.3%
Water supply, sewerage, Waste Management and remediation activities	63,391,058	55,214,016	-12.9%
Construction	118,929,560	129,661,557	+9.0%
Wholesale and retail trade; repair of motor vehicles and motor cycles	279,815,094	375,318,386	+34.1%
Transportation and Storage	27,423,094	212,145,872	+673.6%
Accommodation and food service	19,092,931	4,251,406	-77.7%
Information and Communication	212,506,446	242,271,143	+14.0%
Financial and Insurance activities	29,123,649	32,265,814	+ 10.8%
Real estate activities	18,136,723	65,082,695	+258.8%
Professional, scientific and technical activities	11,975,173	33,355,481	+178.5%
Administrative and support service activities	75,920,747	292,906,604	+285.8%
Education	4,563,573	10,597,639	+132.2%
Human health and social work activities	15,899,625	61,958,093	+289.7%
Arts, entertainment and recreation	255,845	3,103,929	+1113.2%
Other service activities	39,901,515	10,257,776	-74.3%
Tourism Sector	89,967,567	438,670,964	+387.6%
Grand Total	1,047,561,257	2,010,167,693	+91.9%

Non-Resident Withholding Tax

MVR 1.05 billion was collected as Non-Resident Withholding Tax in 2022. This is an increment of 33.7% compared to the collection of 2021.

Reported Non-Resident Withholding Tax 2021-2022

From the categories taxable under this tax, compared to last year, the highest increment was observed for the Fees for technical services.

Taxable Categories for Non-Resident Withholding Tax	2021	2022	+/-
Rent in relation to immovable property situated in the Maldives	29,813,073	32,332,417	+8.5%
Royalty	53,628,082	87,304,768	+62.8%
Interest	31,102,961	68,465,941	+120.1%
Dividends	72,259,288	97,203,309	+34.5%
Fees for technical services	281,930,017	496,967,988	+76.3%
Commissions paid for services provided in the Maldives	65,362,619	73,623,779	+12.6%
Payments for performances by public entertainers in the Maldives	4,101,134	7,266,489	+77.2%
Payments for carrying research and development in the Maldives	158,588	723,049	+355.9%
Payments to a contractor	70,904,963	85,171,491	+20.1%
Insurance premium paid	17,397,443	19,520,266	+12.2%
Re-insurance premium paid	11,061,276	-	-100.0%
Reported Total Withholding Tax	637,719,444	968,579,497	+51.9%

Taxable period: December 2020 to November 2021 and December 2021 to November 2022

**These are the amounts reported in tax returns, and will be different from collected amount.*

Bank Income Tax



Pursuant to the Income Tax Act, commercial banks operating in the Maldives are liable to pay 25% of their taxable income per tax year.

In 2022, MVR 901.26 was collected as Bank Income Tax. This is an increment of 33.5% compared to the collection of 2021.

In this year, banks had filed the income tax return for 2021. Real GDP had increased by 41.7% for the year 2021, while the growth of financial services increased by 17.0% compared to 2020. Higher profits were reported by the banks, thus a higher tax recorded for this year.

Employee Withholding Tax

Total EWT collection 2022

MVR 202.14 million

65.1% higher compared to 2021

75.7% higher compared to projection for 2022

Pursuant to the Income Tax Act, if an individual receives an amount more than or equal to MVR 60,000 per month as remuneration, that income is subject to employee withholding tax. Income Tax on remuneration commenced on 1 April 2020.

Employee Withholding Tax rates with the monthly remuneration brackets are as below.

Remuneration subject to Employee Withholding Tax (Monthly)	Tax rate
MVR 60,000 or less	0%
More than MVR 60,000 but less than or equal to MVR 100,000	5.5%
More than MVR 100,000 but less than or equal to MVR 150,000	8%
More than MVR 150,000 but less than or equal to MVR 200,000	12%
More than MVR 200,000	15%

The table below shows the details of Employee Withholding Tax payable for the taxable periods of 2021 and 2022.

Tax rates for the Remuneration brackets	2021	2022
Below 60K taxed at 0%	-	-
60K - 100K taxed at 5.5%	15,846,954	21,193,930
100K - 150K taxed at 8%	32,401,299	38,735,185
150K - 200K taxed at 12%	19,827,284	32,833,249
Above 200K taxed at 15%	61,154,968	115,237,376
Grand Total	129,230,506	207,999,740

Taxable period: December 2020 to November 2021 and December 2021 to November 2022

**These are the amounts reported in tax returns, and is different from collected amount.*

Income Tax – Individuals

Income Tax - Individual collection 2022

**MVR 116.10
Million**

Second Interim payment and Final payment for the year 2021 and First Interim payment for the year 2022 was payable.

Individuals have to pay Income Tax on their business income as well as all other forms of income they receive.

Income Tax rates for individuals are as below.

Annual Taxable Income (MVR)	Tax rate
MVR 720,000 or less	0%
More than MVR 720,000 but less than or equal to MVR 1,200,000	5.5%
More than MVR 1,200,000 but less than or equal to MVR 1,800,000	8%
More than MVR 1,800,000 but less than or equal to MVR 2,400,000	12%
More than MVR 2,400,000	15%

Reported tax payable for 2021 and 2020

During this year, income tax return for tax year 2021 was filed, while income tax return for 2020 was filed in the last year.

As per the reported tax by individuals, in 2021 individuals in the education sector, followed by trade sector reported the highest taxes

Industry	Tax Payable for 2020	Tax Payable for 2021	Variance %
Agriculture, forestry and fishing	805,760	2,430,531	+201.6%
Manufacturing	98,201	3,009,055	+2964.2%
Electricity, Gas, steam and Air Conditioning supply	-	6,605	-
Water supply, sewerage, Waste Management and remediation activities	-	24,811	-

Industry	Tax Payable for 2020	Tax Payable for 2021	Variance %
Construction	79,142	129,055	+63.1%
Wholesale and retail trade; repair of motor vehicles and motor cycles	37,224,381	33,623,441	-9.7%
Transportation and Storage	146,997	202,127	+37.5%
Accommodation and food service	3,114,043	1,747,371	-43.9%
Information and Communication	-	1,410,085	-
Financial and Insurance activities	-	16,261	-
Real estate activities	16,215,075	24,298,254	+49.8%
Professional, scientific and technical activities	360,925	1,419,914	+293.4%
Administrative and support service activities	10,238,832	23,559,653	+130.1%
Education	33,993,060	34,246,295	+0.7%
Human health and social work activities	45,225	1,392,536	+2979.1%
Other service activities	1,579,836	1,425,773	-9.8%
Extraterritorial organizational bodies	-	40,445	-
Tourism Sector	2,444,412	10,025,810	+310.2%
	106,345,888	139,008,022	+30.7%

Lease Period Extension Fee

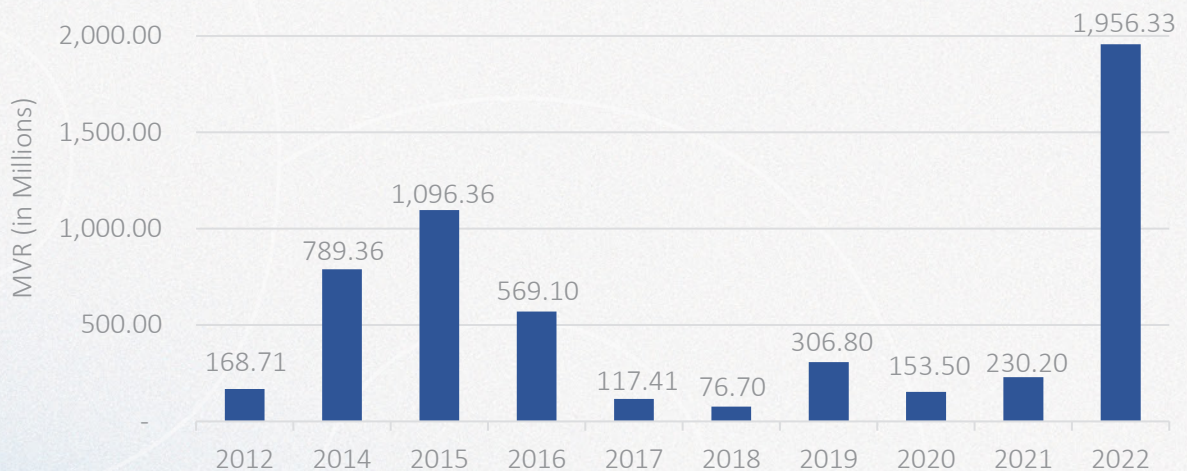
Total LPEF collection 2022

**MVR 1.96
Billion**

Equivalent to USD 127.50 million

8.5% higher compared to 2021

Lease Period Extension Fee



Annual revenue collection from Lease Period Extension Fee (LPEF) sums to 1.96 billion in 2022. Pursuant to the Tourism Properties Regulation gazetted on 9 June 2022, Lease Period Extension Fee can be paid under 4 payment options for 2 categories. The lessee is applicable to pay the fee at a lower rate if the payment is made by December 2022. For resorts with leases less than 50 years if the lessee chooses to make the payment by 26 December 2022 the fee rate will be USD 100,000 for every year sought in extension or if paid after the aforementioned date rate increases to USD 200,000 per year. For resorts with leases of 50 years, USD 5 million to extend for an additional 49 years (if paid by 26 December 2022). This rate increases to USD 10 million if opted to pay after this statutory deadline. Hence, most of the taxpayers opted to pay prior to 26th December 2022. This led to a record collection of LPEF in 2022.

This fee is not included in the projection as the payment options to extend the lease period of resorts are completely left to the discretion of the taxpayers.

Tourism Land Rent

Total TLR collection 2022

**MVR 1.92
Billion**

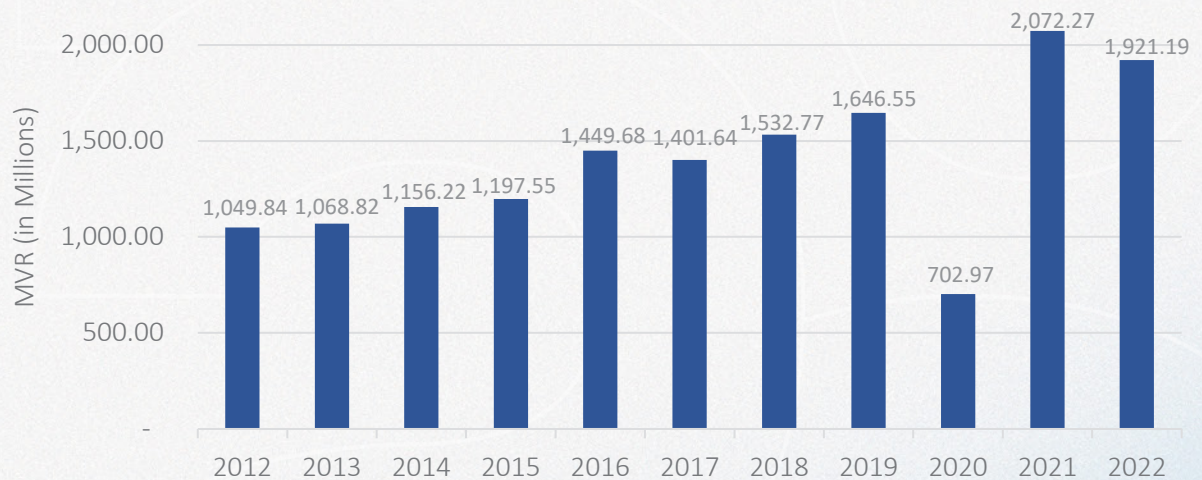
Equivalent to USD 125.23 million

-7.3% lower compared to 2021

4.0% higher compared to projection for 2022

Tourism Land Rent is charged from tourist establishments based on the land area pursuant to the Maldives Tourism Act. Rent is paid on a quarterly basis prior to the beginning of the quarter.

Tourism Land Rent



To alleviate the burden of taxpayer in the tourism sector due to the impact of Covid-19 pandemic, The Ministry of Finance has postponed the deadline for payment of rent for the second quarter of 2020 and allowed it to be paid in four quarters. The deferred land rent was collected throughout 2021, but deferred rent of half of the quarter was collected during this year. This meant the collection of 2021 to be higher than this year's collection.

Maldives Inland Revenue Authority

Tourism Land Rent Collection breakdown by Atoll

The highest contributors to non-tax revenue in 2022 were Lease Period Extension Fee

Atoll	2020	2022
AA.	90,731,660	91,592,937
ADH.	150,238,882	136,839,481
B.	216,008,420	233,740,069
DH.	139,774,410	111,196,021
F.	-	8
GA.	84,231,808	62,388,006
GDH.	38,181,333	37,499,186
HA.	23,455,972	23,515,454
HDH.	124,469	153,100
K.	684,956,587	579,993,291
L.	16,270,000	13,500,200
LH.	203,217,230	138,125,260
M.	7,918,784	10,571,982
N.	166,321,809	147,256,352
R.	177,176,016	239,289,661
S.	6,858,285	43,141,953
SH.	26,033,537	15,917,363
TH.	13,779,278	11,341,176
V.	26,986,788	25,124,346
Grand Total	2,072,265,269	1,921,185,842

Green Tax

Total Green Tax collection 2022

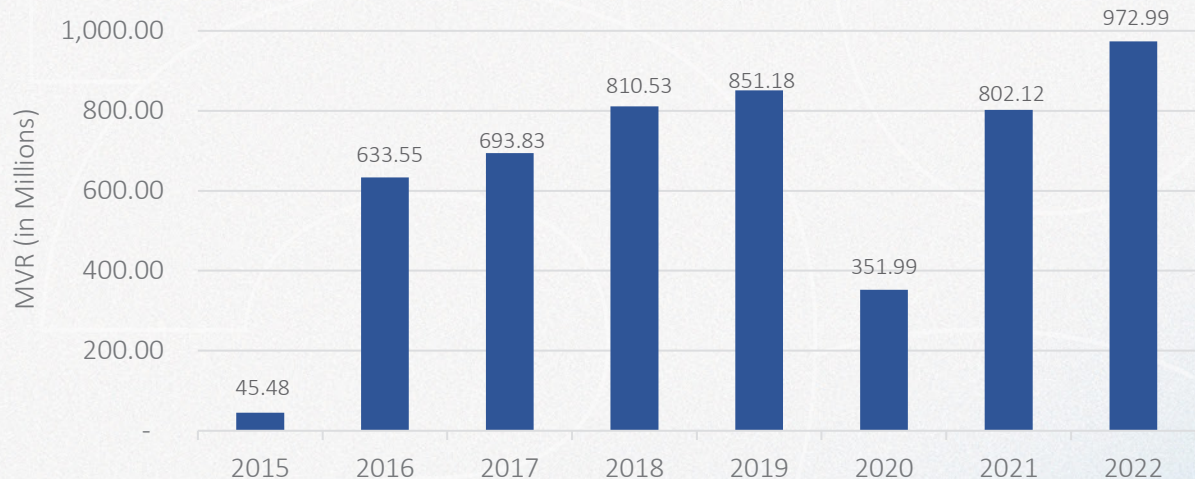
MVR 972.99
million

Equivalent to **USD63.45 million**

21.3% higher compared to 2021

13.4% higher compared to projection for 2022

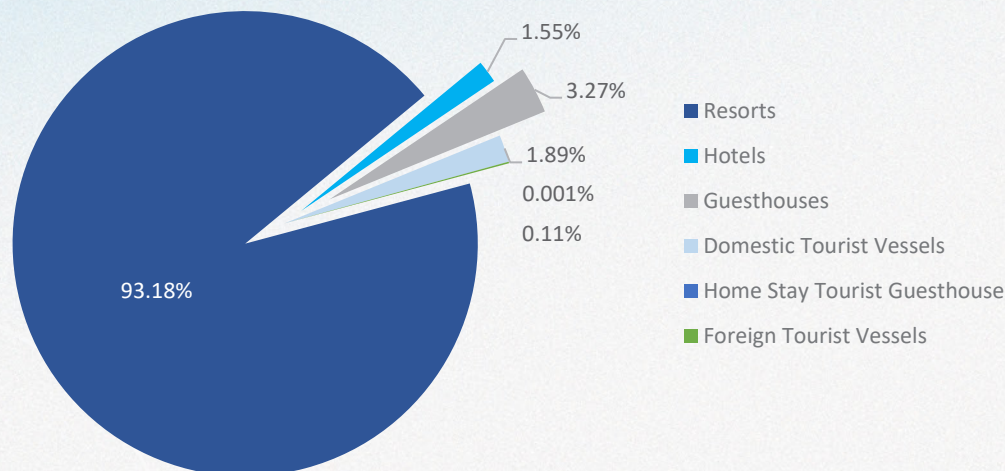
Green Tax collection from 2015 to 2022



Green tax is payable at the rate of 6 United States Dollars per day of stay from tourist resorts, tourist hotels and tourist vessels, and 3 United States Dollars per day of stay from tourist guesthouses, until 31 December 2022. Maldivians and resident permit holders are exempted from paying Green Tax.

Tourism Land Rent Collection breakdown by Atoll

Green Tax collected from the categories are shown below.



In the year 2022, Green Tax was reported for the periods from December 2021 to November 2022. Similarly, the taxable periods of 2021 are from December 2020 to November 2021.

Category	2021	2022	Variance
Guesthouse	1,682,208	2,194,814	+30%
Home Stay Tourist Guesthouse	-	525	-
Tourist Hotel	864,342	1,009,344	+17%
Tourist Resort	48,868,458	59,930,772	+23%
Tourist Vessel	956,676	1,293,054	+35%
Grand Total	52,371,684	64,428,509	+23%

**These are the amounts reported in tax returns, and is different from collected amount.*

An amendment to Maldives Tourism Act was brought on 22nd September 2022, which revises the rates of Green Tax were to be effective from 1 January 2023. Guesthouses and hotels operated in the inhabited islands with more or equal to registered 50 rooms will be liable to pay USD 6 per day of stay, equal to the rates levied at tourist resorts and vessels (both domestic and foreign). And the amendment mandates guesthouses with less or equal to 50 rooms to levy green tax at the rate of USD 3 per day of stay.

Airport Development Fee

Total ADF collection 2022

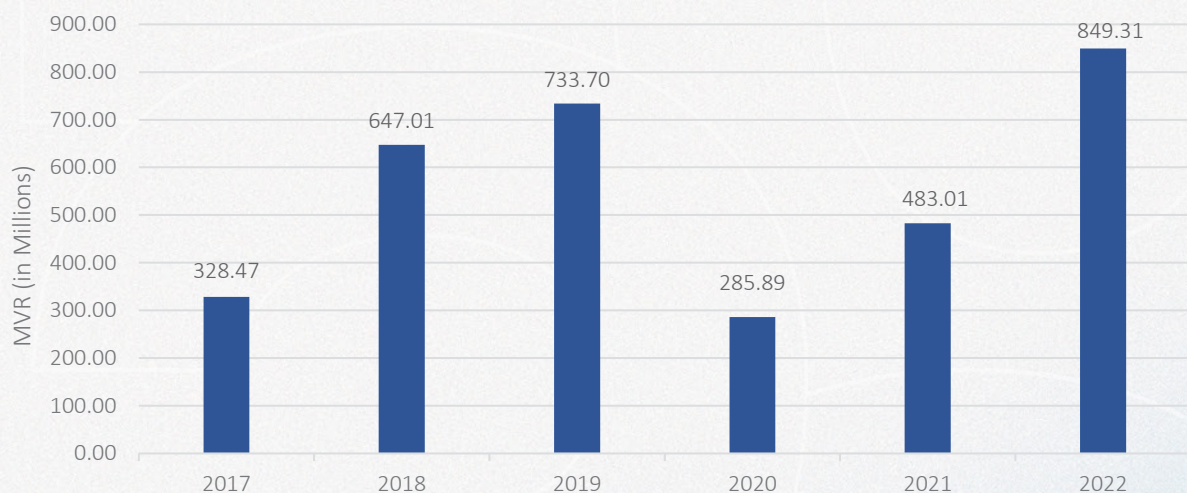
MVR 849.31
million

Equivalent to USD55.08 million

75.8% higher compared to 2021

15.5% higher compared to projection for 2022

Airport Development Fee collection from 2017 to 2022

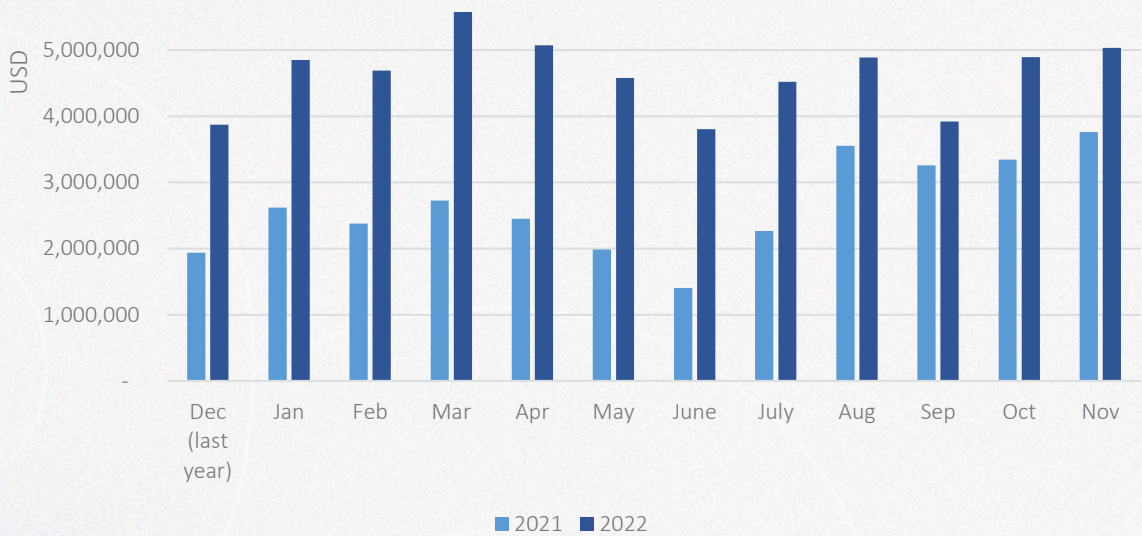


Airport Development Fee, which commenced on 1 May 2017, pursuant to the Airport Taxes and Fees Act, is levied on passengers departing from Velana International Airport at the rate of USD 25 for foreign passengers and USD 12 from Maldivian passengers. Effective from 1 January 2022, the rates are tied to the flying class of the passengers ranging from USD 12 to USD 120. This led to a steep increment of Airport Development Fee during this year. Additionally, the increment in departures by 3.17% compared to the forecasted departures, the collection surpassed the projection.

The rates under the new amendment to the Airport Taxes and Fees Act are provided below.

Travel class	Maldivian Passengers (USD)	Foreign Passengers (USD)
Economy class	12	30
Business class	60	60
First class	90	90
Private jet	120	120

Airport Development Fee payable for 2022 from foreign passengers increased by 75.7% compared to the taxable period of 2021, due to the amendment to rates based on flying class.



ADF payable by the Maldivian passengers had increased by 5 times compared to past year, due to the revisions brought to tax rates.



6. Activities carried out during the year

6.1 Activities carried out to improve tax administration

Leniency on filing the Income Tax Return

Companies, general partnerships and limited liability partnerships had been given leniencies in filing income tax returns during 2022. If these entities meet certain requirements, exclusion from filing the income tax return for tax year 2021 during this year were granted.

These requirements include:

- Taxable income for the accounting period ended in the year 2020 does not exceed MVR 500,000/-
- Taxable income for the accounting period ended in the year 2021 does not exceed MVR 500,000/-
- Total income for the accounting period ended in the year 2020 does not exceed MVR 2,000,000/-
- Total income for the accounting period ended in the year 2021 does not exceed MVR 2,000,000/-
- However, companies that are not required to file the income tax return were also given the opportunity to file returns as per their discretion.

Action taken against Forging of Tax Clearance Reports

During this year, MIRA had facilitated verification of the authenticity of tax clearance reports via the website after concerns were raised as various parties were forging and submitting tax clearance reports to the government offices and other institutions.

Facilitated issuance of Tax clearance report through MIRACONnect

The “Tax Clearance Report” issued by MIRA had been made available to taxpayers at any time through MIRACONnect online platform. In addition, detailed statements of payments and pending tasks can also be obtained through MIRACONnect online service. By the end of this the year, MIRA had issued 32,473 tax clearance reports to taxpayers.

MIRA assists businesses in preparing income tax returns

Similar to previous years, a special program was conducted between March to May 2022 to provide assistance to small business owners who are required to file their income tax returns for 2021 in preparing their income tax returns. The program was mainly conducted using telephone, email and other online means. In 2022, 48 taxpayers requested assistance in filing income tax returns and assistance was provided by MIRA's staff.

Conducted ‘Ashesh Soalha’ campaign to raise awareness of changes to GST rates

Pursuant to the amendment to the GST Act, MIRA has conducted awareness campaigns regarding the necessary system changes and pricing goods and services following the increment of GST rates effective from 1st January 2023, via social media, TV and radio. Thus, media interviews, social media posts and

advertisements were released under the campaign to create awareness among the general public and the taxpayers.

Provide tax information and assistance to Atolls

This year, the Facilitation and Engagement Division of MIRA has traveled to several Atolls of the Maldives to assist taxpayers in fulfilling their tax obligations. Compliance visits have been conducted to Haa Alif and Vaavu Atoll and a total of 107 taxpayers were interacted with during these visits. In addition, MIRA Tax Academy visited V. Fulidhoo, V. Thinadhoo, V. Felidhoo, V. Keyodhoo, K. Himmafushi, K. Huraa, K. Thulusdhoo and K. Dhiffushi and conducted information sessions.

Registration of taxpayers regarding the 12th amendment to the Tourism Act of Maldives

Tourists staying in tourist resorts, tourist hotels and tourist vessels are charged green tax at the rate of USD 6 for each day spent from November 2015. From 1st October 2016, until 31st December 2022, tourists staying in tourist guesthouses were charged green tax at the rate of USD 3 per person per day.

Pursuant to the amendment to Maldives Tourism Act on 22nd September 2022, the rates of Green Tax were revised to be effective from 1 January 2023. Guesthouses and hotels operated in the inhabited islands with more or equal to registered 50 rooms will be liable to pay USD 6 per day of stay, equal to the rates levied at tourist resorts and vessels (both domestic and foreign).

The amendment mandates guesthouses with less or equal to 50 rooms to levy green tax at the rate of USD 3 per day of stay.

System changes were brought and to registration task were carried out pursuant to the amendment brought to the Tourism Act.

Implementing a refund system to strengthen tax administration

During the year, MIRA has set forth a policy and standard of procedures to adopt a refund mechanism an issued refund to taxpayers. Under this procedure, income tax of MVR 78.72 million was refunded in cash and MVR 66.34 million was adjusted during this year, while GST was refunded MVR 273,386 in cash and adjusted MVR 189,993 towards tax liability.

Exchange of information with foreign tax authorities for the first time under a multilateral convention signed by the Maldives

Maldives joined the Global Forum on Transparency and Exchange of Information on Tax Matters (Global Forum) in February 2016 to establish international tax information standards and the Convention on Mutual Administrative Assistance in Tax Matters (MAAC) was signed on 12 August 2021 to implement these standards.

Under the Common Reporting Standard (CRS), one of the standards enforced by the MAAC, in 2022, MIRA received details of bank accounts and other financial accounts opened by a Maldivian tax resident in the countries participating in the Convention. This includes details of individuals' accounts, company and other similar entities with balances or values of US\$250,000.

Under the CRS, in 2022, MIRA had access to information on more than 28,000 bank accounts from 29 countries. Since residents must pay taxes on their gross income, including both domestic and non-domestic income, such information from 141 other countries will greatly enhance the MIRA's efforts to prevent attempted tax evasion and identify under-reporters.

In addition, under country-by-country reporting, in 2022, MIRA also received financial information for multinational enterprise (MNE) groups with consolidated group revenue exceeding EUR 750 million and MNE groups with constituent entities in the country. Thus, 8 country-by-country reports were received from 6 countries.

As foreign agencies provide information to the Maldives, Maldives has also provided this information to other countries participated in the Convention. In 2022, MIRA has sent details of bank accounts opened in the Maldives by

residents of 34 countries. In addition, financial account information shared with foreign institutions is shared with MIRA by financial institutions registered with MIRA under the Common Reporting Standard. MIRA has not shared a country-by-country report with any country as there is no MNEs that has a domiciled parent entity meeting the threshold of 750 million consolidated group revenue. Under the Country-by-Country Reporting Rules, notifications to MIRA are required of MNE groups with consolidated group revenues in excess of EUR 750 million that have established constituent entities in the country.

6.2 MIRA's Compliance Risk Management Policy and Compliance Improvement Plan

The Compliance Risk Management Framework has been developed to monitor compliance with tax laws, tax regulations, and to identify tax fraud and compliance risks in the tax system in order to take measures to mitigate these risks. A Compliance Improvement Plan is published for each year setting out the activities under the Compliance Risk Management Policy. The 2022 Compliance Improvement Plan includes five key activities to improve tax compliance. These include:

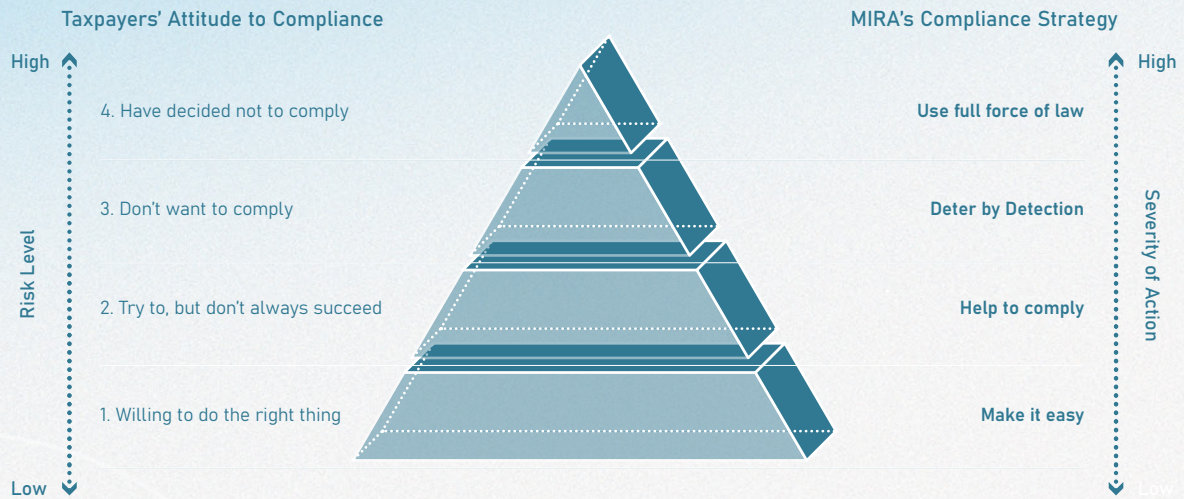
Increasing tax awareness among the public and taxpayers: During the year, campaigns for tax awareness will be targeted nationwide, as well as tax awareness sessions targeted at individual industries and sectors. This included information sessions to prevent repetition of offenses commonly identified in tax returns. These sessions were held throughout the year, totaling 270 information sessions.

Targeted registration of individual sectors to expand the taxpayer population: Under this program, registration activities will be carried out for lessees of non-transportable goods, providers of transport services and those engaged in fishing. In addition, it conducted registration assistance programs targeting illegal businesses to increase the taxpayer population,

and in turn increase the number of taxpayers. Although much of the data needed for this work has been collected during the year, much work remains to be done. The work to be done under this activity will be included in the Compliance Improvement Plan 2023-24.

Helping micro and small businesses increase tax compliance: Taxpayers in this category were assisted by facilitating deadline filing and payment obligations, and information sessions were conducted to raise awareness of accounting procedures for those engaged in specific sectors of business activity. As part of these activities, information sessions were held and 3,812 compliance visits were conducted in the islands and atolls. In addition, under this initiative, persons who have ceased their business and those earning less than the prescribed amount will be removed from the GST registry. A survey had been planned to conduct regarding the challenges faced by the taxpayers in complying with tax rules.

Ensure tax compliance of large and medium-sized taxpayers: To determine tax compliance of high-income businesses and individuals, these entities are regularly monitored and their information is submitted against third-party data. Among these taxpayers, taxpayers with the highest risks were to be



audited and criminal investigation of tax fraud are to be conducted. During this year, 10 criminal investigations and 11 extensive audits were completed.

Priority enforcement measures for 'high risk' tax violators: Actions are categorized based on the extent of tax non-compliance and enforcement measures are strengthened to recover these funds from third parties. Additionally, Information about repeat violators are disclosed, while the rules and regulations of waiving their fines have also been tightened. In addition, other compliance risk management activities during the year included proposing

amendments to the Tax Administration Regulations to align the MIRA compliance program with international best practices and proposing necessary amendments to the Tax Administration Act. The MIRA website was also redesigned to provide easy access to tax information. Industry-specific tax guides were issued and a digital map of taxpayers in the city area was established to monitor tax compliance. Most of the work on the new website was completed this year. An initiative to create a digital map to monitor the tax compliance had been commenced, of which 72 of the 348 blocks of the digital map completed during this year.

6.3 Reviews of MIRA and the Maldivian Tax System

International Reviews that MIRA took part in 2022

Tax Administration Diagnostic Assessment Tool (TADAT)

In the continued effort to improve the performance of MIRA and the tax system of the Maldives, MIRA underwent an assessment in March 2022, using the Tax Administration Diagnostic Assessment Tool (TADAT). This tool

provides an objective assessment of the health of key components of a tax administration by focusing on the major national taxes.

Based on the results of the TADAT assessment, IMF prepared and presented an assessment report to MIRA. This report detailed how to further strengthen the tax system in the Maldives by highlighting the areas MIRA performs exceptionally in while also providing recommendations for the areas that require improvement.

With the help of this, MIRA has been able to identify the scope of technical assistance required to enhance the performance and quality of services provided. The effort to strengthen the weaknesses in the administrative and operational running of MIRA highlighted in the TADA Report was initiated in 2022.

Exchange of Information (EOIR) on Review

The main objective of the EOIR review is to identify the extent to which the domestic laws of Maldives allow for the exchange of information with foreign jurisdictions. The EOIR review mainly looked at the availability of information, access to information and exchange of information mechanisms. Accordingly, relevant government bodies and authorities provided support and worked together with MIRA to provide required information for the EOIR review.

The EOIR review is conducted by the Peer Review Group (PRG) of the Global Forum. The Global Forum developed a handbook for peer reviews and published the Terms of Reference which provides a guideline against which the standards implemented by the country under review can be compared with the international tax transparency standards. The 3 elements this review was focused on include:

1. Availability of legal ownership information, accounting information and banking information in the Maldives
2. Level of access MIRA has to the legal ownership information, accounting information and banking information held in the Maldives and the rights and safeguards of taxpayers
3. Exchange of information mechanisms implemented

The Peer Review Group gives a rating based on the extent to which the 3 areas highlighted above are implemented. The 4 ratings include, "Non-Compliant", "Partially Compliant", "Largely Compliant" and "Compliant". A rating will be given to each of the elements separately and an overall rating will be awarded to the Maldives based on the individual ratings.

The EOIR review is conducted in two phases where the legal and regulatory framework is assessed in Phase 1 of the review and the EOIR process in practice is assessed in Phase 2 of the review. During the year 2022, Maldives underwent Phase 1 of the EOIR review. Phase 1 assessed the legal and regulatory framework in force in the Maldives as at 15 July 2022. Government bodies such as Financial Intelligence Unit of Maldives Monetary Authority, Ministry of Economic Development, Ministry of Youth, Sports and Community Empowerment and Capital Market Development Authority provided support and input required to successfully complete Phase 1 of the review.

The EOIR peer review report (Phase 1) was adopted by the Global Forum, by written procedure, on 7 November 2022. This report detailed changes that require to be brought to the legal and regulatory framework of the Maldives. Phase 2 of the review is scheduled to take place in 2025.

Confidentiality and Data Safeguards Review

The AEOI review focuses on the confidentiality and security standards established within MIRA to ensure the confidentiality of information received by MIRA. The Confidentiality and Data Safeguards review looks at the level of security provided for information received by MIRA, the policies and procedures put in place to uphold the confidentiality of information received, the frequency SOPs are reviewed and measure the standards implemented by MIRA against international best practice/standards. This review was also conducted by OECD.

Automatic Exchange of Review provides for the exchange of information of Multi-National Enterprises under Country-by-Country Reporting (CbCR) and the exchange of financial account information between tax authorities under the Common Reporting Standards (CRS). As such, the Confidentiality and Data Safeguards review focuses on the level of security standards provided for information received

by MIRA, the policies and procedures prepared and implemented to uphold confidentiality, the confidentiality trainings offered to staff and the extent to which the confidentiality standards have been implemented in MIRA. The exchange of information under Automatic Exchange of Information (AEOI) will be decided based on the result of this review.

The Confidentiality and Data Safeguards assessment consists of two elements, a desk-based CDS pre-exchange assessment followed by a follow up onsite visit. The first element of the assessment, was completed by way of teleconference in February 2022. After the completion of the initial assessment, the Maldives'

Confidentiality and Data Safeguards Report was shared with the APRG+ for approval. The Report was officially approved by the APRG+ on 19 July 2022 and adopted by the Global Forum on 10 August 2022.

The approval of the Report enables the Maldives to make their first AEOI exchange under CRS and CbCR in September 2022.

The second element of the assessment, the follow up onsite visit, is scheduled for the second quarter of 2023. The onsite visit allows the assessment team to verify the findings of the desk-based assessment report and, if required, make amendments to the report.

6.4 Amendments to the Tax Regulations

Second Amendment to Tax Agents Regulation (No: R-56/2022)

Published on 31 March 2022, the amendment revised Section 3 and 4 on "Scope of work of tax agents" and "works disallowed for tax agents". Additionally, categories for tax agents were revised and section 9 on "professional accountancy bodies accepted by MIRA", section 10 on "Application for tax agent license" and section 16 on "Registration of Tax Agents under Income Tax Act" were amended.

A subsection inserted to Section 12(b) to state to not represent any taxpayer prior to the submission of the form application stated in the section 12(a). The section 5(e) of this act was amended to include Maldivian citizen and subsection 5(f) was inserted. In addition to this, Section 8(b)-4, section 10(c), section 11(a-4), and section 11(a) and (b) were repealed. This regulation was published in gazette on 31st March 2022.

Regulation on Granting Special Exemption from Payment of Income Tax to Business Projects and Investments (No. R-59/2022)

This regulation was published on gazette by the Ministry of Finance in reference to the Section 1-12 of the Income Tax Act (25/2019). Published on 7th April 2022, this regulation focuses on detailing the ways in which the President, at his discretion exempt income derived from specific business projects or industries from being liable to tax. It further details the terms and conditions that businesses should fulfill in order to receive exemption from paying income tax from certain business projects or sectors, and define the procedure of publishing the register of exempted persons on the government gazette. This regulation was published on 7th April 2022.

Second Amendment to Country-By-Country Reporting Regulation (No: R-94/2022)

Published on 5th June 2022, the Second Amendment to Country-by-Country Regulation amended the “filing obligations of Country-by-Country Reports”. New subsections were added under Section 4 subsection (b-2) in order suspend local filing of CbCR information.

Fourth Amendment to Green Tax Regulation (No: R-145/2022)

The Green Tax Regulation was amended and published on 21 September 2022. The amendment repealed Section 12 (c), 12(d), 12(e) and 12 (f). Additional changes were brought to the sections detailing the “Objective”, “TIN”, “Green Tax Registration Certificate”, “Green Tax Computation” and “Deregistration”. Further amendments were made to “Green Tax Return”, “Submission of Information Sheet”, “Payments of Green Tax” and “Record Keeping”. New subsections were also inserted under “Registration for Green Tax” and “Checking in and Checking out”.

Moreover, a new subsection was inserted under Section 9 as “Transactional Matters” and under section 3(a-1) further detailing the registration for green tax.

Fourth Amendment to Green Tax Regulation (No: R-145/2022)

The Sixth amendment to Goods and Service Tax Act was published on 22nd November 2022. With this new amendment, Section 15(a)(1) on Tourism Goods and Service tax was amended and Section 15(b)(4) and (b)(5) was amended to incorporate new TGST rate of 16% effective from 1st January 2023. Further, Section 15(d) of this act was also amended.

Similarly, Section 16(b) on General Goods and Services tax was amended and additional subsection (c) was inserted to include the increased tax rate of GGST to 8% from 1 January 2023 onwards.

Twenty-ninth Amendment to Goods and Service Tax Regulation (No: R-217/2022)

Under the Twenty-ninth amendment of Goods and Service Tax Regulation, the “Application to Register”, “Separate Registration”, “Prohibiting Collection of GST Without Registration”, “Output and Input Tax”, “Goods and Service Supplied Free of Charge”, “Amending Tax Return” and “Application to deregister or for removal from the register” was amended. In addition to this, separate registration and the additional information that needs to be included in GST returns were added to the regulation. Similarly, section on the application for deregistration was repealed from this regulation.

Twenty-ninth Amendment to Goods and Service Tax Regulation (No: R-217/2022)

The waste Management Act was ratified by president on 18 December 2022. Under this act, plastic bag fee is collected by businesses operated in the Maldives on plastic bags provided free of charge or sold at the point of sale. The fee will be effective from 18 April 2023 onwards and must be charged at the rate of MVR 2 per plastic bag. Plastic Bag Fee collected by GST registered businesses are obligated to include the plastic bag details with the GST return when submitting and making payment to MIRA. Further, pursuant to the Waste Management Act, MIRA has to formulate the regulation to detail the provisions for plastic fee and publish within 3 months from the ratification of the Act.

6.5 Amendments to Policies during the year 2022

Name and Shame policy (No: G-10/2022)

The amended Name and Shame policy was published on 16 March 2022. This policy is formulated according to section 44 of the Tax Administration Regulation (no: 2013/R-45). Under this policy, the names of taxpayers can be disclosed with four means; announcement at MIRA's Taxpayer Service Center, publication on MIRA's Website, Gazette of the government of Maldives and broadcasted in social media.

Name and Shame policy (No: G-10/2022)

The Installment policy was amended on 16 March 2022. This policy was formulated to provide taxpayers with the choice to pay tax dues and other non-tax dues according to installment plans. This policy is formulated according to section 3 of the Tax Administration Act (Law Number 3/2010) and with reference to the section 42, 43 and 44 of the Tax Administration Regulation (no: 2013/R-45).

The policy was implemented with the aim to provide a solution for taxpayers who are unable to pay their tax and non-tax dues before the deadline by giving the opportunity to pay their dues according to an installment plan, to uphold equality among taxpayers and transparency of this process.

Policy on accessing bank account information and freezing bank account (No: G-9/2022)

This policy was amended on 16 March 2022. This policy covers how actions will be taken in relation to freezing bank accounts of taxpayers who has not paid their dues under the Tax Administration Act and any other Act as well as accessing bank account information of taxpayers with the help of MMA and other banks regarding an ongoing audit or investigation.

This policy was formulated according to section 47 and section 48 of the Tax Administration Act (Act no: 3/2010).

Fine Relief Policy (No: G-7/2022)

This policy was published was amended on 16 March 2022. The policy covers how actions will be taken to waive off fines as per the Commissioner General of Taxation's authority to reduce penalties with reference to section 75 (a) of the Tax Administration Act (Act no: 3/2010).

Under this policy, taxpayers who have submitted their tax returns and paid their tax dues or have come to an agreement with MIRA on how the tax dues will be settled, will be eligible for fine relief by submitting the form to request for fine relief (MIRA 910).

General Enforcement Policy (No: 2022/G-11)

This policy was amended on 16 March 2022. This policy covers the actions that will be taken by MIRA against taxpayers who do not fulfil their obligation under any tax act and who do not pay their non-tax dues.

The policy was formulated under section 44, 45 and 64 of the Tax Administration Regulation (No: 2013/R-45), with reference to section 47 (a), 49 and 50 of Tax Administration Act (Act no: 3/2010).

The policy includes actions that will be taken by MIRA in order to obtain tax returns and to recover dues. The actions include sending notice, name and shame of non-compliant taxpayers, freezing bank account, taking actions through a government agency, getting payment from a third party, filing cases in civil court if it is related to tax dues and sharing information with the relevant authority and attorney general's office if it is related to non-tax dues, imposing a fine on assets and enforcing this order

1st Amendment Name and Shame Policy (2022/G-10)

The first amendment brought to the name and shame policy was brought on 30 June 2022. The

amendment revised the section 2 on disclosing names (c) information disclosed and (d) steps to disclose information. The amendment also repealed section 3 (a-2).

6.6 Registration of Taxpayers and other persons

At the end of 2022, **58,240** activities were registered at MIRA

During the year **7,935** new taxpayers were registered

During the year **85** taxpayers were de-registered

GST registration at the end of 2022

Detail	No. of Taxpayers
Total TGST Registrants at the end of 2022	4,862
New Registrants during the year 2022	71
De-registrants during the year 2022	67
Total GGST Registrants at the end of 2022	19,583
New Registrants during the year 2022	382
De-registrants during the year 2022	163

Income Tax

Income Tax is levied under the Income Tax Act (Law Number 25/2019). The act was published in the Government Gazette on 17 December 2019 and taxation under the act commenced on 1 January 2020, while taxation of remuneration came within the purview of income effective 1 April 2020. The tax regimes imposed under the Business Profit Tax Act and Bank Profit Tax Act

were repealed with the commencement of the Income Tax.

With the enactment of Income Tax Act, taxpayers in the BPT regime were migrated to the Income Tax Registry. Employment withholding tax being a new component added to the tax regime of the Maldives, employers and employees were registered in MIRA

Details of Income Tax registration at the end of 2022

Detail	No. of Taxpayers
Income Tax	58,240
Bank Income Tax	8
Individual Income Tax	41,423
Income Tax – Companies and non-individuals	16,208
Employee withholding Tax (number of employers)	601
Employee withholding Tax (number of employees)	14,363

Employee withholding Tax registration

Detail	No. of Taxpayers
Registrants for Employee Withholding Tax	
Number of employers registered as of 2022	601
Number of employees registered as of 2022	14,363

Sectors of the employers registered by the end of 2022	No of Employers
Government offices	36
Sole proprietors	17
Private limited companies	482
Public Limited Companies	8
Partnerships	19
Re-registered foreign companies	36
Corporative society	1
Others	2

6.6 Taxpayer and Public Awareness

Activities carried out to promote information

In order to create public awareness towards tax laws, regulations and tax administration, numerous activities were carried out during this year.

Marketing activities carried out during the year 2022

Media interviews, various channels	20 interviews
News publishedw	18 news articles
Ads related to marketing and awareness campaigns	27 advertisements
MIRA's 1415 Show	6 episodes
Social media posts	734 posts

Activities undertaken to increase taxpayer awareness in 2022

6 guides, 2 interactive guides and 3 instruction sheets published, additional 16 guides and 18 instruction sheets were amended.

Program	No. of Sessions	No. of Participants
Information sessions on Income Tax	44	278
Information sessions on GST	56	556
Information sessions on MIRAconnect platform	24	274
Information sessions on Non-resident Withholding Tax	7	136
Tax awareness information sessions conducted to school students	15	1,275
Tax awareness information sessions conducted to staff of government offices	10	174

Program	No. of Sessions	No. of Participants
Tax awareness information sessions conducted to university students	2	30
Tax awareness information sessions conducted to staff of state owned enterprises (SOEs)	5	62
Training sessions to group of taxpayers earning income from multiple sources	3	4
Training sessions to specific sectors and professions	3	65
Information sessions to micro/small taxpayers on record keeping requirements of specific sectors	2	21

Additionally, under the initiative of the regional offices of MIRA, 525 information sessions were conducted across the Maldives.

One-to-one sessions	1,060 sessions
Sessions conducted for offices	9 offices
Sessions conducted for schools	29 schools

Programs carried out by Maldives Tax Academy in 2022

Program	No. of Sessions	No. of Participants
Certificate 1 in Taxation	41	84
Continuous Professional Development (CPD)	2	117
Program for training company directors and company secretaries organized by Capital Market Development Authority (CMDA)	11	229

Additionally, under the initiative of the regional offices of MIRA, 525 information sessions were conducted across the Maldives.

Program	No. of Sessions	No. of Participants
Tax awareness sessions for MIRA staff	22	219
'Kiyavamaa' sessions conducted for new staff of MIRA	23	30

6.7 Activities carried out to check whether taxpayers are in compliance with the tax laws and regulations

Monitoring taxpayer compliance

Educating taxpayers on the legal obligations imposed by the laws and regulations is the most efficient way of maintaining an effective tax system in Maldives. Continuous monitoring of taxpayer compliance level with the tax laws and regulations while taking necessary actions when required is vital for a competent tax administration.

MIRA's compliance department carries out several assessments to identify the compliance level of taxpayers through timely submission and review of returns, identifying non-compliant businesses, ensuring that tax laws and regulations are enforced accordingly. For this purpose, on one Saturday from each quarter, the entire staff body of MIRA is committed to carry out compliance activities, which includes taxpayer awareness programs regarding the amendments to tax laws and regulations, visiting business activities, and provide relevant information on respective issues identified. In 2022, 2,077 compliance visits were conducted. This includes visits carried out within the atolls by the regional branches, collection centers and the Compliance Department. In addition, 273 complaints were filed with MIRA and 270 cases were investigated.

Moreover, under MIRA's Enforcement Policy, 13 taxpayers were skip-traced and names of 902 non-compliant taxpayers were published under the name and shame policy during the year.

Audits and Investigations

As Maldives follow a 'self-assessment' system, in which taxpayers declare the amount of taxes they are liable to pay, it is important to have measures in place to determine the accuracy of returns declared by taxpayers. MIRA ensures the accuracy of information declared by taxpayers in their respective tax returns and ascertain taxpayers are making correct payments to MIRA through comprehensive audits carried out in accordance with the Maldivian tax laws and regulations. With the aim to further enhance efficiency of audits conducted, taxpayers are categorized per business type where four different audit departments focus on particular segment of business. These include, Small Taxpayer Audit, Medium Taxpayer Audit, and Large Taxpayer and International Tax Audit Department. Further, investigation of tax matters and extensive audits were carried out by the Risk Management and Investigation Department.

In addition, to ensure transparency and fairness, all audit cases are discussed and approved by the audit committee.

During the year 2022, 313 audits of 285 taxpayers were carried out, resulting in a tax impact of MVR 352.29 million.

In this year, 21 investigative audits were completed with MVR 56.90 million being declared as tax impact and 10 of these cases were convicted of criminal offences.

Program	No. of Sessions	No. of Participants
Business Profit Tax	162	206.53
Tourism GST	38	51.75
General GST	72	102.77
Income Tax – Non-Resident WHT	10	10.96
Income Tax – Companies and non-individuals	3	0.29
Income Tax – Employee Withholding Tax	10	0.43
Withholding Tax (refunded)	13	-20.69
Green Tax	2	-
Airport Taxes and Fees	3	0.25
Total	313	352.29

Taxpayer Objections

Pursuant to the provisions of Tax Administration Act, taxpayers have the right to object the Notice of Tax Assessment. 44 such cases and 1 non-audit case were filed at MIRA during the year 2022.

35 objection cases were completed during the year. This includes 2 case of which the objection

was fully allowed, 05 cases which were partially accepted, 27 cases were disallowed and 1 case was withdrawn by the taxpayer.

In 2022, 13 cases were filed at the Tax Appeal Tribunal regarding the decisions made by objection section, which is 37.14% of the cases completed during the year.

Tax Type	Cases received	Cases completed	Cases withdrawn	Remaining
General GST (MVR)	9	6	1	4
Tourism GST (USD)	3	1	-	2
Income Tax – NWT (MVR)	1	-	-	1
Income Tax – EWT (MVR)	1	-	-	1
WHT (MVR)	1	3	-	-
BPT	29	22	-	12
Subtotal	44	32	1	21
Non audit related objections	1	3	-	-
Total 2022	45	35	1	21

Enforcement Activities

MIRA is continuously working on enforcing collection of revenue payable to the government. This includes both taxes and other non-tax revenues collected by MIRA. Enforced collection during the year totaled to MVR 2.42 billion and with this, the total enforced collection by MIRA over the years has reached to over 13 billion.

During the year 2022, 20,295 dunning notices were issued to non-payers and 31,577 notices were issued to non-filers. Among them, 7,382

taxpayers have responded to those notices. Total of 506.69 million was recovered through dunning process.

MIRA was also able to recover MVR 864.10 million through dues clearance procedures. Further arrangements were made with 598 taxpayers to settle their dues under an installment plan where payments are spread over an agreed period of time.

Detail	Number of Taxpayers	Amount (MVR)
Through dunning	8,924	1,466,279,133
Dues clearance	2,496	864,095,866
Through Reminder Calls	162	94,361,363
Account Freezing Policy	9	1,762,417
Through legal action	22	1,240,755
MIRA Arrears	1	5,000
TOTAL	11,614	2,427,744,533

Installment Details:

Detail	Number of Taxpayers	Amount (MVR)
Number of installment plans granted	598	1,675,394,525
Recovery from installment plans granted	3,326	849,225,378

Where payment is not settled with the period stipulated in final notice, and where an installment plan to pay the outstanding amount has not been agreed upon, MIRA has the right to file a case against such person in the Civil Court. During the year 2022, MIRA filed 148 such cases in the Civil court, 11 cases in the High Court and 3 cases in the Supreme Court, while 43 cases were filed against MIRA, which includes 10 cases filed with Supreme Court, 15 cases filed with High Court, 5 cases filed with Civil Court

and 13 cases filed with the Tax Appeal Tribunal.

From the decisions made by courts, 34 cases were decided in favor of MIRA and 26 cases were decided against MIRA. In addition, 6 cases were dismissed without grounds for appeal or continuation, while 2 cases were withdrawn after the taxpayer paid the tax amount to MIRA. In addition, 21 cases have been resolved at the dispute resolution stage.

6.8 Activities carried out to establish beneficial relationships

Establishing relationship with international bodies, tax authorities and local offices

Maldives has put extensive efforts over the years to implement and adhere to the international best practices and standards. Having joined the Global Forum and Inclusive Framework, Maldives has given its commitment to implement the standard on transparency and exchange of information on request. However, to better tackle the tax evasion and avoidance, parallel and consistent collaboration between tax authorities through regional and international initiatives are important.

As such, Maldives joined the initiative by remitting the signed declaration for Asia Initiative in Bali on July 14, 2022. This initiative will allow Maldives to advance the transparency agenda and exchange of information while contributing to a sustainable post-pandemic recovery and a stronger cooperation to address tax evasion and other illicit financial flows

In 2022, MIRA actively participated in and contributed to several international forums and platforms organized by OECD and its umbrella bodies. This has enabled MIRA to make sound decisions concerning tax policy and join global consensus building efforts in tax related issues. During the year, MIRA coordinated with the Tax Policy Unit (TPU) of Ministry of Finance, and provided technical support for enhancing tax treaty policy. This policy has allowed MIRA and TPU to review and revise agreements made with foreign jurisdictions. Furthermore,

Ministry of Finance has been working with MIRA on Gap Analysis trainings with the help of International Monetary Fund (IMF) consultants. Additional trainings and works on Taxing Digitalized Economy was also conducted by both MIRA with TPU.

Similarly, with the help of Tax Inspectors Without Borders (TIWB) and UNDP, MIRA conducted a workshop on Whole Government Approach in Combating Tax Crimes for staffs of Anti-Corruption Commission, Attorney General Office, Maldives Police Service and Financial Intelligence Unit of Maldives Monetary Authority.

MIRA signed MoU with Bank of Maldives for the issuance of Vaaru Card. An MoU was also signed with Aviation Security Command (AVSECOM) to facilitate MIRA to collect fines and other payments which has to be paid to AVSECOM.

In addition to this, an MoU was signed between UNDP, Ministry of Finance and MIRA to blend national and regional taxation priorities, foster systematic reforms and institutional developments. It seeks to bring Maldives national priorities on financing for development and the Sustainable Development Goals (SDGs), with specific focus on taxation.

Similarly, with the help of USAID and in collaboration with Ministry of Finance, MIRA conducted a perception survey to determine the level of familiarity of taxpayers with the tax system and gather their views on the services provided by MIRA.

7. Strategic Plan 2020 - 2024

Strategic priority 1: Provide innovative and targeted education and awareness programs to support voluntary compliance

Key Performance Indicators

Status at the end of 2022

Ensure at least 75% of the taxpayers who take part in the annual taxpayer survey get 75% of the answers correct.

MIRA conducted a Taxpayer Perception survey along with USAid and Ministry of Finance in 2022. Furthermore MIRA is planning to conduct a taxpayer survey to measure public knowledge of the taxpayers in 2023 to achieve this KPI.

Strategic Priority 2: Strengthen the use and accessibility of services provided by the tax administration

Key Performance Indicators

Status at the end of 2022

Maintain an accurate and up-to-date registration database

A total of 957 taxpayers were approved for deregistration during the year and the majority of those deregistered were from the GGST taxpayers. During the period, a total of 51 applications were rejected for a number of reasons, of which also included mostly GGST taxpayers.

Ensure that 95% of returns are filed online and that 95% of collections are received online

94.55% of the returns submitted to MIRA in 2022 were filed online and 86.95% of the payments were received via online platforms.

Establish physical presence in all atolls of Maldives.

During the year, no new collection centers were opened. MIRA has a total of 19 offices opened in 18 atolls of the Maldives.

Administer the new income tax regime

44 information sessions regarding income tax were held with 278 participants during the year. Moreover, an income tax return filing requirement guide in both English and Dhivehi were published as well as 3 instruction sheets relating to Income Tax.

Strategic Priority 3: Protect the revenue base by using targeted compliance improvement programs

Key Performance Indicators

Status at the end of 2022

Achieve 95% on-time filing and on-time payment rates for all revenue collected by MIRA

During this year, 65.44% of the returns were filed on-time. This includes 59.59% of GGST returns, 70.27% of TGST returns, 70.45% of Green Tax returns, 91.47% of Airport taxes and fees and 77.89% of Income Tax returns that were filed on-time.

76.71% of the payments were made on-time. To further breakdown this ratio for the taxes; 64.62% of GGST returns, 82.40% of TGST returns, 87.25% of Green Tax returns, 76.03% of Airport taxes and fees and 87.08% of Income Tax returns were filed on-time.

Increase accuracy of voluntary disclosures by taxpayers

During the year, 390 returns were amended out of which 73 were returns with increased liability, 280 were returns with reduced liability and 37 were returns with no change in liability. Moreover, 313 audits were completed with a tax impact of MVR 352.12 million.

Establishment of a Compliance Risk Management Framework

The Compliance Improvement Plan was prepared for 2022 and under this plan, risk assessments were undertaken throughout the year to identify risky taxpayers and to assess their compliance risks. Activities which were planned to be carried out under this year's Compliance Improvement Plan includes improving tax literacy of taxpayers and general public, widening tax population through focused registration programs, guiding micro and small businesses towards better tax compliance, securing tax compliance of medium and large taxpayers and prioritizing enforcement actions against high-risk non-compliers. 94.44% of the risk assessments were completed and 45,460 taxpayers were selected for treatment based on the level of risks posed by the specific taxpayer or segment of taxpayers. Out of this, 303 cases were sent for auditing.

Strategic Priority 4: Improve the management of debt collection

Key Performance Indicators

Status at the end of 2022

Reduce the arrears-to collection ratio of taxes to 2% and work to maintain the ratio within internationally accepted range.

Tax arrears at the end of 2022 is 24.39% of tax revenue collection. Non-tax arrears is 50.59% of non-tax revenue collection.

Reduce annually the time to collect arrears from taxpayers

Age Analysis function has been implemented in SAP System and are able to generate reports for all the tax types except for GGST and ATF.

Strategic Priority 5: Improve audit efficiency and results

Key Performance Indicators

Status at the end of 2022

Implement an automated risk profiling and audit selection system

Proposal was submitted to Ministry of Finance to implement an automatic risk profiling system. The plan to implement the system is divided into two phases. The first phase is to prepare a data governance plan. UNDP has approved the project and has agreed to provide financial assistance to develop the data governance plan. The second phase is to establish an analysis system. Work on proposals are ongoing to secure assistance from ADB and other donor agencies to establish the analysis system.

Implement an integrated case management system

For the integrated case management system, an investigation case review activity, investigation case report activity, investigation case plan activity, investigation committee activity and investigation consolidated case module has been built. Joint testing began in the 3rd quarter of 2022. Investigation team is working on revising the blue prints for the system.

Strategic Priority 6: Adopt a risk-based approach throughout the organization

Key Performance Indicators

Status at the end of 2022

Identify the high-risk enterprise risks for programs and projects and ensure they are well-understood and actioned

The Business Continuity Committee Meetings commenced during 2022. The work plan for updating the Business Continuity Plan was finalized during the committee meeting.

Assess organizational performance and allocate resources according to risk

The Performance Review of all departments were completed and presented to the Senior Executives and the Board during 2022.

Strategic Priority 7: Enhance human resource capacity

Key Performance Indicators

Status at the end of 2022

Ensure at least 70% of the staff employed at MIRA hold graduate level qualification by the end of 2024

Graduate employee ratio by the end of 2022 was 61.74%.

Ensure at least 40% of technical staff employed at MIRA to hold relevant professional qualifications by the end of 2024

Proportion of technical staff with a professional qualification at the end of 2022 was 23.16%. This was a decrement of 44.28% compared to 2021. It should be noted that in 2021, degrees were considered as a professional qualification; however in 2022, only ACCA and CIMA credentials were deemed as such.

Train staff both locally and overseas to prepare them to face challenges and to develop annual training plans

During the year, 44 overseas trainings / workshops were held as well as 39 overseas seminars and conferences. Moreover, 2 induction programs were held for new staffs, 21 staff development programs and 05 local seminars and conference.

Increase the retention rate to 90% by the end of 2024

Staff retention rate for the year 2022 was 89%.

Strategic Priority 8: Implement international standards in organizational processes

Key Performance Indicators

Status at the end of 2022

Establish an effective dispute resolution mechanism, one adhering to international standards.

MIRA has implemented dispute resolution mechanism through Advance Pricing Agreement (APA).

Ensure areas of auditing, enforcement, risk management and information technology meet professional international standards.

During 2022, 10 trainings and 03 workshops were carried out to meet professional international standards in these areas. International Monetary Fund (IMF) and Global Forum assisted in development of MIRA's capacity development. Assistance was received on the implementation of Advance Pricing Agreement and Mutual Agreement Procedure. Tax Inspectors Without Borders (TIWB) also provided assistance for capacity building for auditors on transfer pricing issues faced in auditing taxpayers in tourism and hospitality industry. Moreover, TIWB provided assistance in Criminal Investigations area, for which a workshop was held with participation from other relevant agencies. The Office of the Technical Assistance (OTA) of US Treasury provided assistance in areas of Audit, Enforcement and Human Resources. Additionally, MIRA also had trainings with TIWB and ATO to train MIRA staff in the area of Criminal Investigations.

Strategic Priority 9: Provide state-of-the-art business solutions and technology

Key Performance Indicators

Status at the end of 2022

Achieve the ISO 9001 considered as the international benchmark of service quality by the end of 2024.

MIRA's information security policies have been formulated and implemented in accordance with the principles set out in the Global Forum's Tax Transparency and Information Security Standard. MIRA is working on securing necessary technical assistance to align with ISO 9001.

Key Performance Indicators

Status at the end of 2022

Develop an IT Capital Investment Plan and implement the plan in the equipment acquisition process, and ensure SAP system is upgraded

The IT Capital Investment Plan is being finalized with cost estimates and equipment requirement dates. In addition to this, an investment plan has been formulated for the acquisition of other IT equipment.

Strategic Priority 10: Ensure a safe and secure IT environment

Key Performance Indicators

Status at the end of 2022

Develop a Data and Service Security Plan to maintain and improve on this area of service

Development of a Data and Service Security Plan is ongoing with firewall installation in progress. In relation to this, FortiSIEM and web application firewall has been completed. Moreover, the security audit of 2022 has been completed and have to tender 2023 quarter 2 audit.

Develop and implement a long-term business continuity plan

Works of revising and updating the Business Continuity Plan were carried out during the year. As such, Risk Registers and Risk Action Plans were updated.

Strategic Priority 11: Enhance international relations

Key Performance Indicators

Status at the end of 2022

Build a network of tax treaties with strategic tax authorities

MIRA continued working on the ongoing negotiations of Sri Lanka DTA with Tax Policy Unit of Ministry of Finance. However, the negotiation of this DTA was rescheduled to the first quarter of 2023. Furthermore, agreed text of Malaysia DTA was further reviewed and MIRA shared DTA requests received from foreign jurisdictions with Tax Policy Unit.

Strategic Priority 12: Build a stronger relationship with the business community through a proactive consultative process

Key Performance Indicators

Open a dialogue to communicate with the business community to identify potential issues and address any concerns that may be raised

Status at the end of 2022

Draft of Regulations and forms were opened for public comments prior to official publication. A total of 2 forms, 01 information sheet and 8 regulations were opened for public comments and shared with stakeholders during the year.

Strategic Priority 13: Cooperate with other public sector bodies

Key Performance Indicators

Improve the exchange of information with other public sector bodies by having an improved data integration mechanism

Status at the end of 2022

During the year, 3 MoUs' were signed with UNDP and Ministry of Finance, BML and AVSECOM.

8. Outlook

MIRA has planned several activities for the upcoming year to strengthen the administrative efficiency and the quality of services provided to taxpayers. The work plan for 2023 is broadly based on the strategic plan 2020 – 2023 (version 2) and the compliance improvement plan 2023 – 2024. The strategic plan initially drawn up was revised as the strategic priorities required to be re-aligned in the aftermath of the Covid-19 pandemic.

One of the more significant activities planned for the year includes various educational programs focused around increasing the awareness levels of taxpayers and the general public about the new Goods and Services Tax (GST) rates that will take effect from 1 January 2023. Further, MIRA aims to continue the engagement programs initiated in all sectors and groups of the economy in the effort to encourage taxpayer compliance. One of the major campaigns planned to be conducted in 2023 include the engagement efforts to assist in the deregistration of inactive taxpayers from the GST registry.

With the enactment of the Waste Management Act in 18 December 2022, MVR 2 is levied to per plastic bag at the point of sale from all customers starting from 18 April 2023. As this Act further requires all GST registered taxpayers to pay the plastic bag fee to MIRA, MIRA has commenced work on drafting a guide outlining all aspects of the collection of the plastic bag fee. In addition, special campaigns focused on raising public awareness on the newly introduced fee has been planned for 2023 as well.

MIRA maintains confidential information which requires to be maintained under strict

confidentiality rules and guidelines. MIRA has developed a comprehensive system to ensure that various risks are accounted for within the controls currently implemented on the different processes and systems in place. To ensure these policies are continuously implemented in the most efficient manner reviews of administrative policies have been planned for the upcoming year. In addition to this, plans have also been made to conduct special programs in 2023 to encourage MIRA staff to minimize risks involved in conducting daily tasks within the organization.

In addition, MIRA will work to further develop the skills and knowledge of the workforce by securing assistance projects from international organizations. Some of the projects from this year such as those focused on international tax, risk profiling and audit of taxpayers in specialized industries will continue in the upcoming year.

In the continued effort to establish a modern tax system that is up to par with tax administrations around the world, MIRA will continue to adhere to international standards in the Maldives and implement international best practice across the board. MIRA will, together with relevant authorities, work to fulfil the obligations of bilateral and multilateral instruments signed by the Maldives and the obligations MIRA has towards the implementation of international best practices in achieving transparency and preventing tax base erosion.

The total revenue projected for 2023 is MVR 22.90 billion, which is a 3.1% increase compared to the revenue collected in 2022.

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