



# MALDIVES

## TECHNICAL ASSISTANCE REPORT—MODERNIZING THE GOODS AND SERVICES TAX

June 2022

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## **Maldives**

# **Modernizing the Goods and Services Tax**

Maria Coelho, Lee Burns, and Peter Mullins



**Technical Report**

**March 2022**



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## ABBREVIATIONS AND ACRONYMS

B2B	Business-to-business
B2C	Business-to-consumer
BPT	Business Profit Tax
BPTA	Business Profit Tax Act
CD	Capacity Development
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
GAAR	General Anti-Avoidance Rule
GDP	Gross Domestic Product
GGST	General Goods and Services Tax
GST	Goods and Services Tax
GSTA	Goods and Services Tax Act
HIES	Household Income and Expenditure Survey
IMF	International Monetary Fund
LVIG	Low-Value Imported Goods
MIRA	Maldives Inland Revenue Authority
MOF	Ministry of Finance
OECD	Organization for Economic Cooperation and Development
OTA	Offshore Travel Agent
P2P	Peer-to-Peer
SAARC	South Asian Association for Regional Cooperation
SME	Small and Medium Enterprise
TAA	Tax Administration Act
TGST	Tourism Goods and Services Tax
TPU	Tax Policy Unit
VAT	Value-Added Tax

## PREFACE

In response to a request from the Maldivian Ministry of Finance on October 17, 2021, a remote technical assistance mission was conducted during January 6-24, 2022, comprehensively reviewing the existing Goods and Services Tax (GST) legislation and proposing concrete priority reforms to be included in a GST Act amendment. This mission of the International Monetary Fund's (IMF) Fiscal Affairs Department (FAD) comprised Ms. Maria Coelho (head), Mr. Lee Burns and Mr. Peter Mullins (both FAD external experts).

The mission had several rounds of productive discussions with the following officials and members of their staff: Minister of Finance Ibrahim Ameer and Mr. Ahmed Saruvash Adam (Ministry of Finance, MOF), Ms. Mariyam Juwairiya, Mr. Arshad Jameel, Ms. Aishath Hasna Ahmed, Mr. Mohamed Raaidh, and Ms. Nadheema Latheef (Tax Policy Unit -TPU - members and consultants). The mission also met with staff from the Maldives Inland Revenue Authority (MIRA), including Commissioner General Fathuhulla Jameel, Ms. Asma Shafeeu, Mr. Mohamed Ali Waheed, Ms. Aminath Zumra, Ms. Mariyam Jaidha, Mr. Ibrahim Rasheed, Mr. Ali Muaaz, Mr. Hussain Amir, and Ms. Fathimath Amaanee Khalid. The mission met with multiple representatives from the Ministry of Economic Development, Ministry of Tourism, and USAID consultants to MOF. Finally, the mission also met private sector representatives including PwC Maldives, CTL Strategies, S&A Lawyers, the Maldives Association of the Tourism Industry, the Maldives Association of Travel Agents and Tour Operators, and the Maldives National Chamber of Commerce and Industry.

A half day workshop was provided to the authorities on international best practice for Value-Added Tax (VAT) coverage of the digital economy, with participants from MOF, MIRA and the Tax Appeal Tribunal.

The mission is grateful for the collaboration of the authorities and the efficient support provided in organizing and facilitating the discussions.

This report contains the mission's findings, incorporating consultations with the authorities.