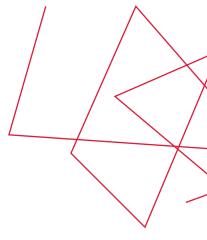


Tax Alert



20 April 2017

IN THIS ISSUE:

- ► Tax Ruling B59: Date of effect of certain amendments under Ruling B56 Some amendments apply to tax year 2016, but only if a return is not yet filed.
- ► Tax Ruling A12: Amending returns
 Explains the procedures for filing an amended tax return, and its implications.
- MIRA's policy on fine relief for small businesses

Small business may be eligible for complete relief from fines

TAX RULING B59: DATE OF EFFECT OF CERTAIN AMENDMENTS UNDER RULING B56

This Ruling changes the effective date of some of the rules introduced under the Tax Ruling B56. Tax Ruling B56 was issued as the eleventh amendment to the BPT Regulation, which introduced a number of new rules to be applied in the calculation of a person's taxable profit. Although Tax Ruling B56 was issued on 17 January 2017, under the Tax Ruling B59, some

of the rules mentioned in B56 apply to the tax year 2016 as well, provided that the taxpayer has not submitted their BPT Return for the tax year 2016, by 17 April 2017. The provisions of the BPT Regulation, amended via Tax Ruling B56 (paragraphs 9, 10 and 14), but applicable to tax year 2016 as well are:

- 1. Section 33(b) which considers the capital allowance of business assets used by person's whose remuneration is capped under Section 11(c)(1), as non-monetary remuneration due to that person.
- 2. Section 37(h) and (i) on deduction of loss within a group of companies.
- 3. Section 64 on the allocation of income from immovable property amongst heirs by the Court.

In addition, Tax Ruling B59 states that unless the taxpayer has, by 17 April 2017, submitted their BPT Return for tax year 2016 by applying the following provisions, they must be applied from tax year 2017 onwards.

- 1. Section 50(b) on claiming capital allowance for replacement of existing crockery, cutlery, utensils, linen and loose tools.
- 2. Section 51(d) on capital allowance of intangible assets with an indefinite useful life.

TAX RULING A12: AMENDING RETURNS

This Ruling streamlines the procedure on amending tax returns and treatment of resulting credit. As per this Ruling, an amendment to a tax return must be submitted to the MIRA along with the MIRA 913 form (Tax Return Amendment Request) unless the submission is made via MIRAconnect.

Amended tax returns resulting in a lower tax liability are subject to a review by the MIRA. This Ruling makes it clear that any credit that arises from that amendment may be set off only after the date that the MIRA notifies the taxpayer of their decision to accept the amended return.

MIRA'S POLICY ON FINE RELIEF FOR SMALL BUSINESSES

The MIRA has published a policy on 13 April 2017 regarding relief for GST and BPT related fines for Small Businesses. The policy allows businesses with an annual turnover of less than 10 million Rufiyaa to apply for fine relief if they:

- Have submitted all tax returns up to the date of application; and
- Paid all outstanding taxes or entered into an instalment agreement with the MIRA to pay any outstanding tax; and
- 3. The fine amount does not constitute part of a Courts decision; and
- 4. The fine amount did not result from an investigation; and
- The person applying is not perceived by the MIRA to be consistently negligent or fraudulent in fulfilling their obligations under the tax acts.

Eligible persons can request, using a MIRA 910 form, for fine relief under the policy which expires on 30 June 2017.



ABOUT US

CTL Strategies LLP is a firm specialised in providing tax and legal advisory services to businesses. Our tax advisory services include tax related business planning, tax compliance reviews, managing tax audits and controversies, and local and international tax planning.

Tax disputes are the mainstay of our practice and our tax disputes team, comprising of tax attorneys and MIRA licensed tax agents, can represent and assist you in tax audits and investigations by the MIRA, filing tax objections, filing appeals with the Tax Appeal Tribunal and at every stage of tax controversies.

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