

# Tax Policy and Administration

## *The Maldives Experience*

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# Overview of Maldives

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- Maldives is a small island nation comprised 1190 islands (200 inhabited islands).
- Maldives has a population of 530,000 people.
- Male' City is heavily populated with 142,000+ people.
- The Maldives economy is primarily based on tourism and tourism related sectors.
- Other industries include construction, wholesale and retail, transportation / logistics, fishing, agriculture, etc.



# Tax Administration

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- MIRA established on 2nd August 2010.
- Autonomous body accountable to the Parliament.
- Enforce all Taxation Acts and implement taxation policies.
- Provide necessary technical assistance to the government in formulating the government's tax policies.



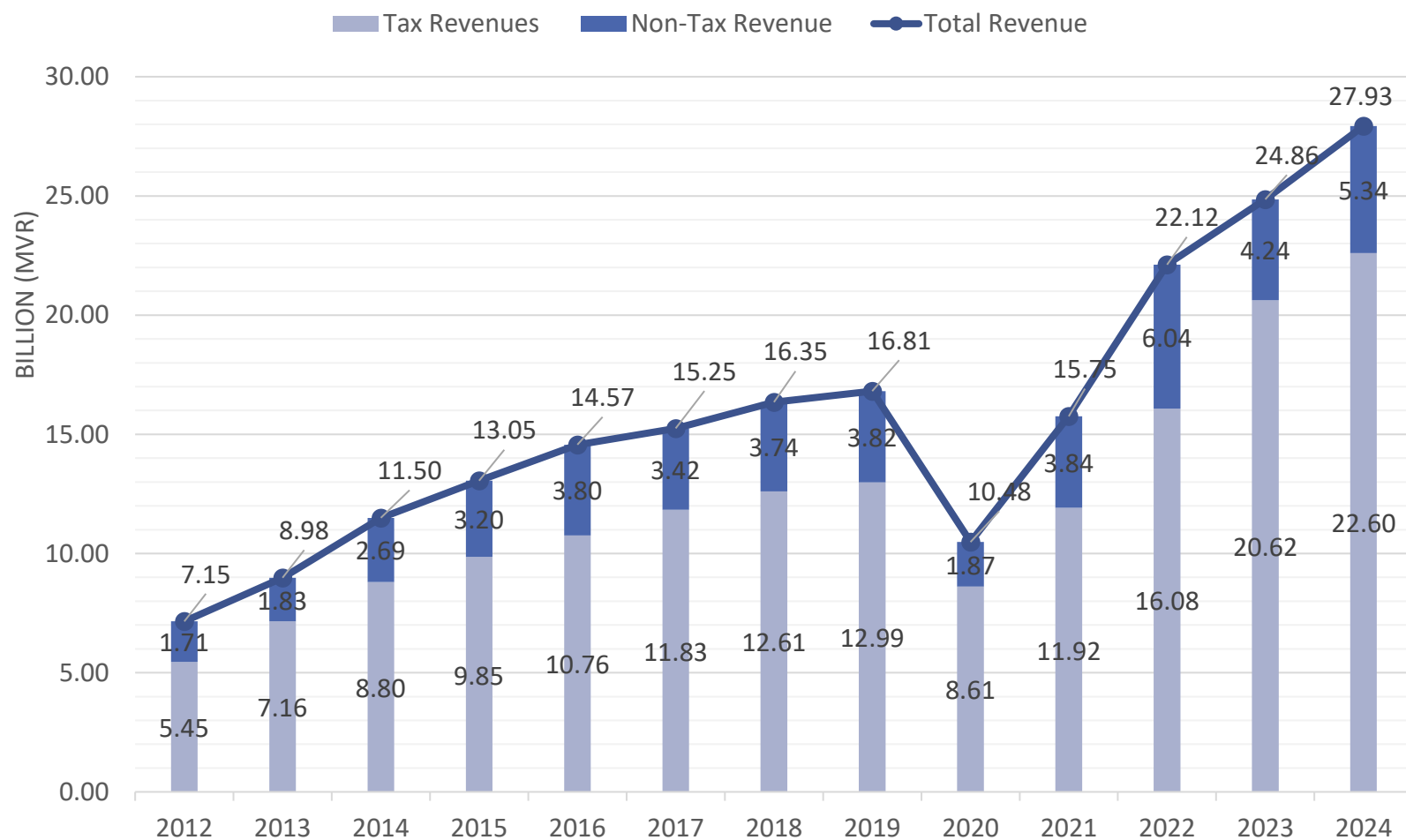


# Timeline of Tax Implementation

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# Revenue Collection 2012 - 2024



# Tax Incentives

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- Implementation of Special Economic Zones (SEZ)

The framework offers a wide array of incentives and privileges to developers and investors, particularly in high-growth sectors

- Special exemption under the Income Tax Act

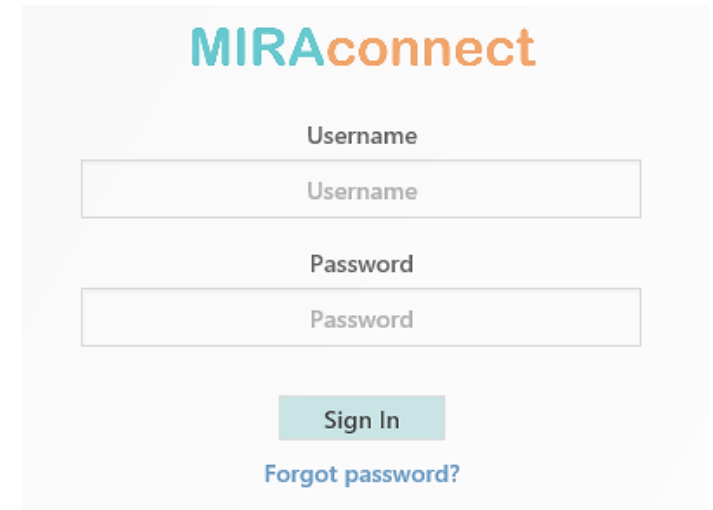
Special Exemption by the President, at his discretion, from income derived from specific business projects or industries from being liable to tax.

# Digital Transformation

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Progress made towards digitalization:

- The MIRACONnect platform supports online tax returns, with over 90% of returns now filed digitally
- A Digital Transformation Roadmap was developed with support from the Asian Development Bank (ADB), focusing on needs assessment, system upgrades, and taxpayer engagement



The screenshot shows the MIRACONnect login page. At the top is the logo 'MIRACONnect' in blue and orange. Below it are two input fields: the first is labeled 'Username' and contains the placeholder text 'Username'; the second is labeled 'Password' and contains the placeholder text 'Password'. Below the password field is a blue 'Sign In' button. At the bottom, there is a blue link that says 'Forgot password?'.

# Key Challenges

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## Internal challenges

- Data reporting and analytics are hindered by siloed system
- Retaining key technical staff
- Expertise required for tackling international tax issues

## External challenges

- Rising public debt and severe debt servicing challenges
- Geographic dispersion across 185 inhabited islands
- Large informal economy

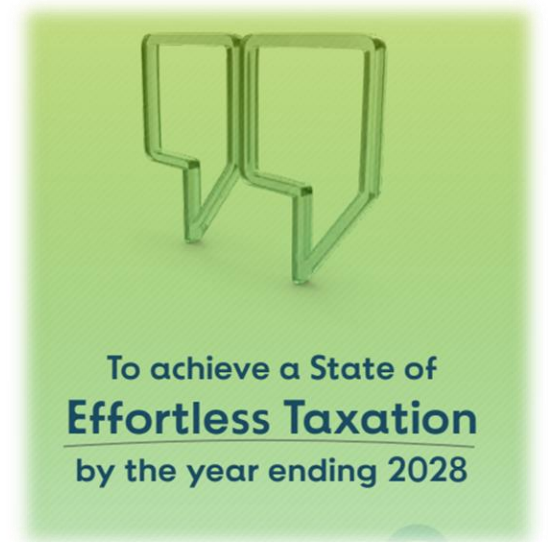




# Strategic Direction

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- Four-year strategic plan launched focusing on service improvement and compliance with best practices
- Key initiatives under the Strategic Plan
  - Implementation of e-invoicing and pre-filing of returns
  - Achieve automation through technology & data integration
  - Fostering a culture of voluntary compliance
  - Enhance organizational culture centered on upskilling
  - Implement a comprehensive enterprise risk management framework



# THANK YOU!

For Queries

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