



PINETWORKS

✉ info@pinetworks.net

☎ +960 7921199

MALDIVES TAX LOCALISATION

User Guide



Contents

Background	2
Overview	2
Key functionalities.....	3
Benefits	3
Setting up the extension	4
How to force close a tax entry	10
Reports.....	10
1. GST Summary Report	11
2. Output Tax Statement Report.....	12
3. Input Tax Statement Report.....	13

Background

The Maldives Inland Revenue Authority (MIRA) is the legal entity that is responsible for enforcing the Taxation Acts and Tax policies in the Maldives and ascertain that all tax reporting done by businesses/individuals operating in Maldives are as per the tax guidelines and regulations established in the Maldives.

Through our work in rolling out Enterprise Resource Planning (ERP) solutions as well as automating business processes, we had identified the need for Maldivian businesses to ensure that financials from generated from the ERP solution complies to the existing standards in place.

To this extent, we at PiNetworks Pvt Ltd has developed the Maldives Tax Localisation extension to solely support the tax reporting requirements of MIRA, addressing the requirements related to Goods and Service Tax (GST) and tax activity classification requirements imposed by MIRA.

Overview

The extension was developed solely to support the requirements of Maldives Inland Revenue Authority (MIRA), addressing the requirements for GST, Tax Reporting and the tax-based activity classifications that are required by the authority. Accordingly, we had designed the extension to allow the users to generate Input and Output Tax reports at both a summarised level and further drill-down the reports at the sales invoice level if required.

Goods and Services Tax (GST) is a tax charged on the value of goods and services supplied in the Maldives from 2 October 2011 onwards. GST is charged under the Goods and Services Tax Act (Law Number 10/2011). The Act imposes a GST at the rate of 6% from 1 January 2012 to 31 December 2012. From 1 January 2013 to 31 October 2014, the GST rate on tourism sector is at 12% from 1 November 2014 onwards.

The following guide will set out the steps to undertaken for the user to setup and utilise the extension on the Business Central platform.

Key functionalities

- Manage Tax Activity numbers for different activities of the business
- Maintain GST setup and reporting as per Maldives Inland Revenue Authority (MIRA) standards
- Generating Output/Input Tax Statements
- Monthly/Quarterly Tax Reporting

Benefits

1. Saves time in preparing meticulous tax reports

The system automatically generates the tax reports based on the report specifications defined by the users and maintains the reporting by predefined dimensions.

2. Calculate and post the tax payable automatically

This also allows users to auto-calculate the tax payable amounts via the system and is not prone to calculation errors.


3. Avoid data input error

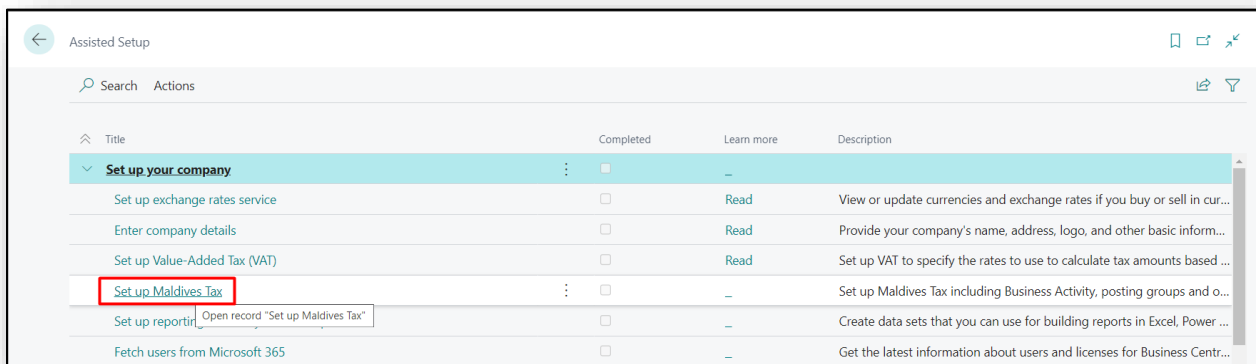
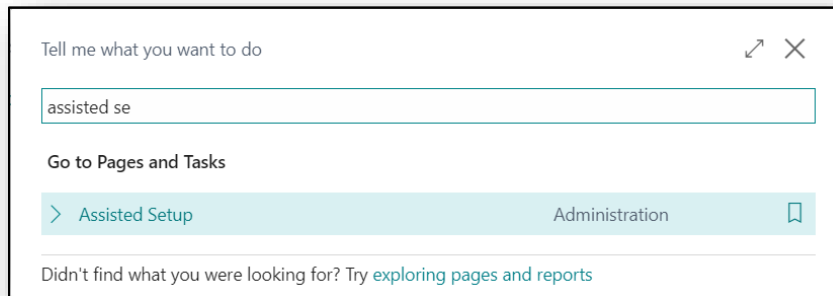
Users are not required to separately input data to generate the reports but rather the extension utilises the information that are already entered into the system during the sales/purchase process.

4. Avoid delays, ensuring timely reporting and tax filing

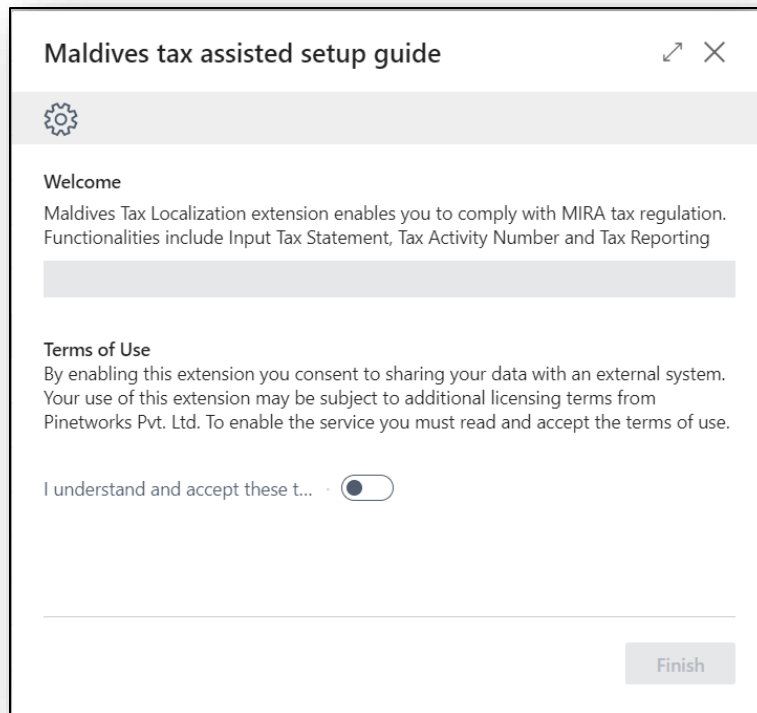
The tax reports are readily available as they are computer-generated and does not require manual intervention in deriving the reports.

Setting up the extension

- Go to search  icon, type in **'Assisted setup'** in the search bar and select **'Set up Maldives Tax'** to navigate to the Maldives Tax extension setup

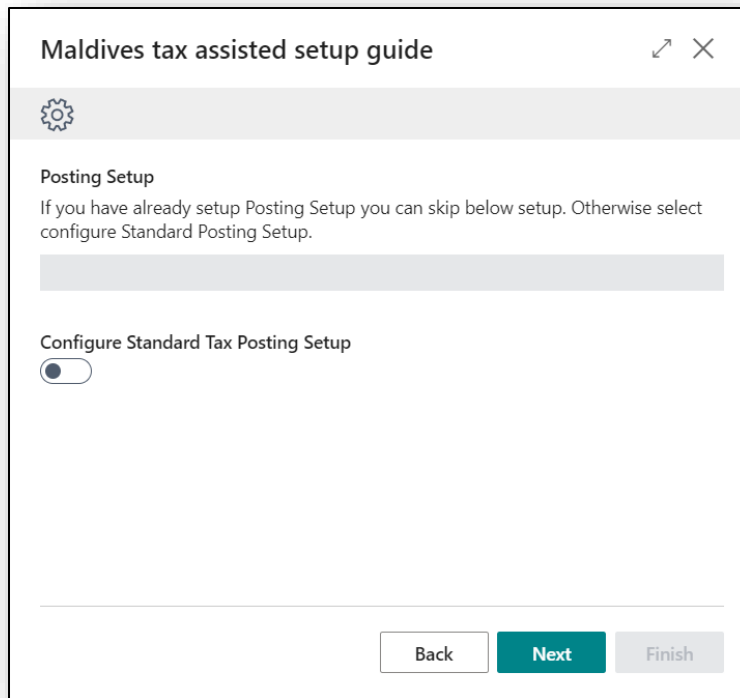


- Once selected a new menu will be prompted with a brief introduction of Maldives Tax extension and the Terms of Use for this extension along with an option for the user to agree to the terms.



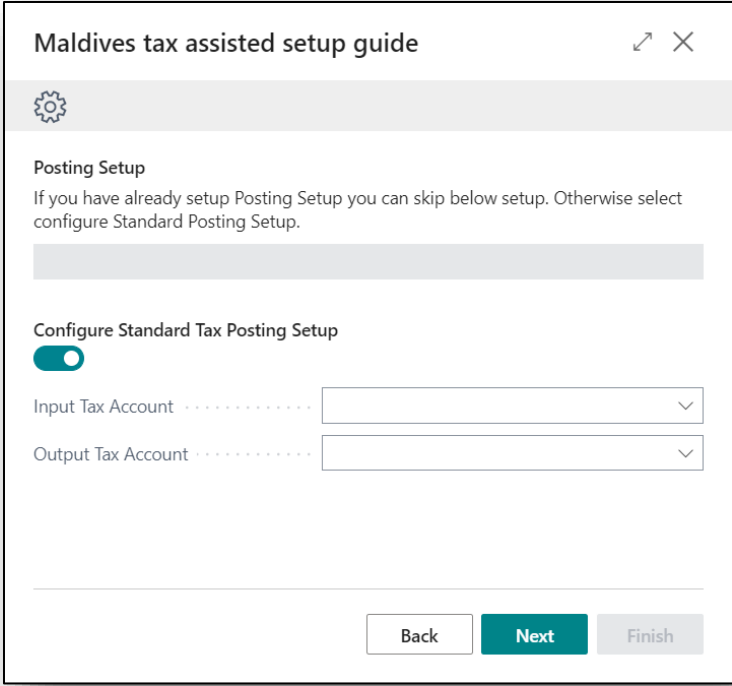
- Once the Term of use is agreed by the user, the following menu would provide the user option to set the Tax Posting setup.

(You can choose to skip this step if the VAT Posting setup is already configured)



VAT Posting Setup: This setup would allow defining and assigning the tax rates for customers and vendors based on parameters such as; customer/vendor group; and type of action carried out (sales/purchase) and is essential for the tax reporting. The 'Standard Tax Posting Setup' is tailored to fit the existing tax filing requirements under Maldives Inland Revenue Authority (MIRA).

- To proceed with the Maldives Tax setup, toggle the 'Configure Standard tax Posting Setup' button as shown below.



Maldives tax assisted setup guide

Posting Setup

If you have already setup Posting Setup you can skip below setup. Otherwise select configure Standard Posting Setup.

Configure Standard Tax Posting Setup

Input Tax Account

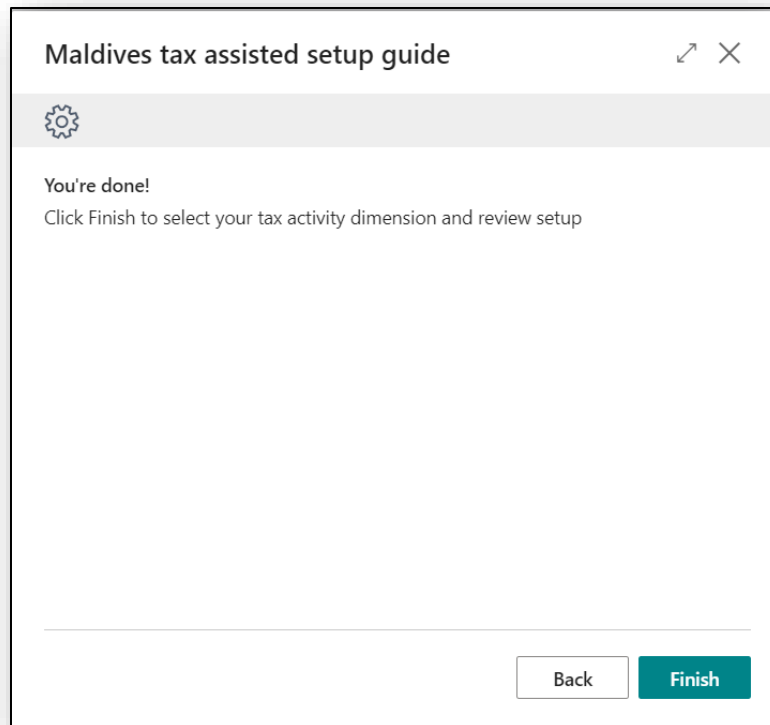
Output Tax Account

Back Next Finish

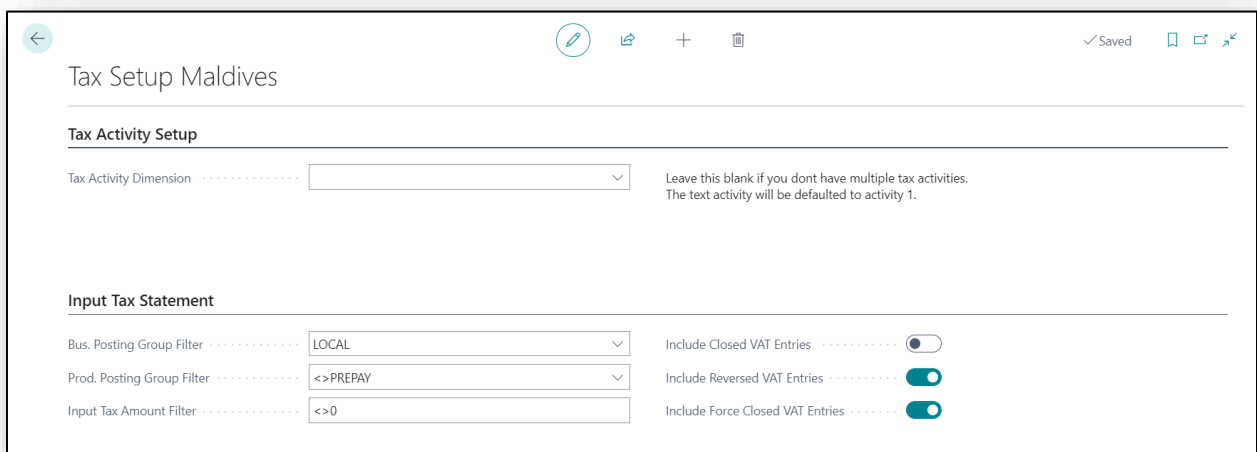
- This would prompt the user to select and assign the required General Ledger account for: **(1) Input Tax account;** and **(2) Output Tax account**

Input Tax Account refers to the account that will be used for expensing tax for all business purchases and imports.

Output Tax Account refers to the account that will be used for the tax incurred from the sales activities of the business.




- Following the selections, the user will be asked to select the tax activity dimension and further define the tax reporting setup as depicted below:

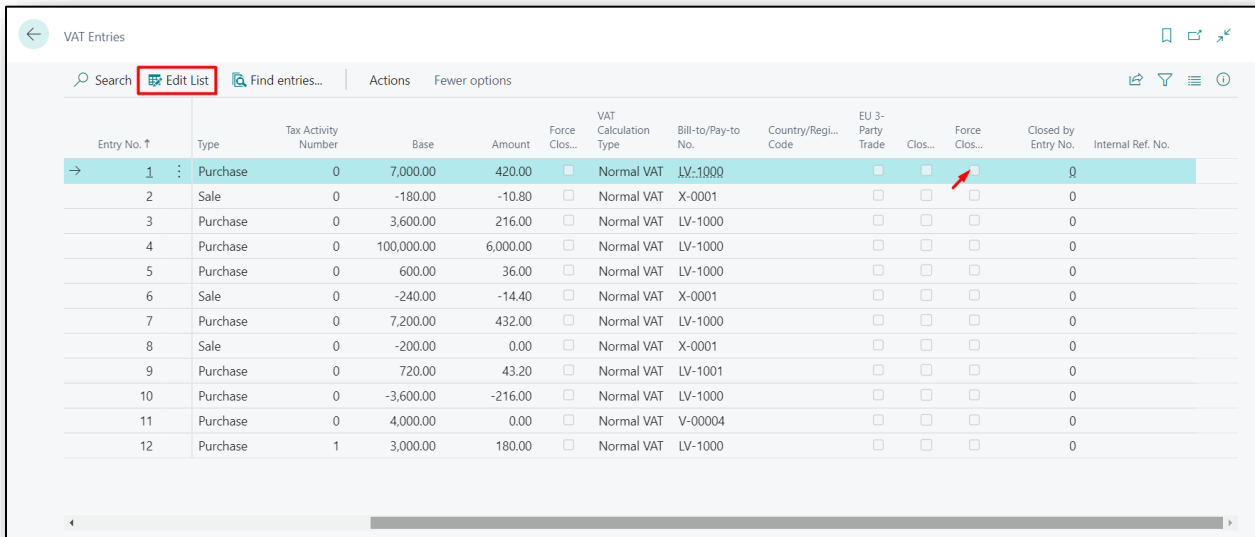


- The **Tax Activity Dimension** code here is used to segregate the tax reporting by groups that are identified separately by the business – usually involves reporting by the business activity carried out by a specific outlet or business unit that is predefined as a dimension code.
(If this is not selected and left as blank this field will be defaulted to the activity number 1 or the primary activity that is defined.)
- **Business Posting Group Filter** is used to remove foreign vendor/customers as the Goods and Services Tax only applies to local vendor/customers.
- **Product Posting Group Filter** will enable the user to avoid prepayment invoices and to consider only the consolidated invoice while reporting.
- **Input Tax Amount Filter** specifies whether zero tax transactions to be included in the report and can be utilised to avoid such transactions.
- **Include Closed VAT Entries** toggle is used to include or avoid the tax entries that have been already filed and closed.
- **Include Reversed VAT Entries** toggle allows the users to include transactions that have been reversed
- **Include Force Closed VAT Entries** toggle will enable the users to purposefully avoid/remove a specific tax entry from the report by force closing the entry which can only be done by users with the relevant access and permission.

The above setups are not limited to the selections done in the screenshot and can be configured based on the company/business reporting requirements.

How to force close a tax entry

- Go to search  icon, type in and navigate to **VAT Entries** page.
- Select **Edit** page and check the entry that requires to be force closed as shown below

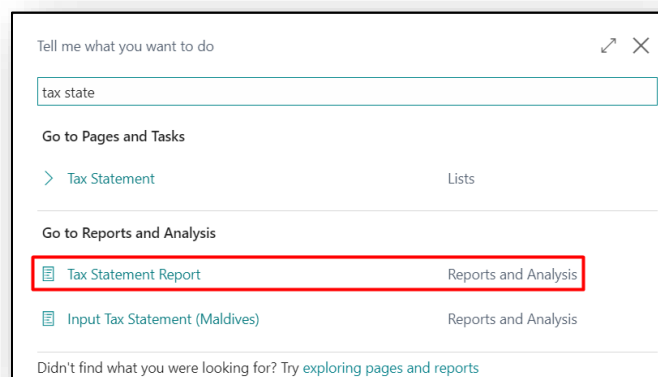


Entry No. ↑	Type	Tax Activity Number	Base	Amount	Force Clos...	VAT Calculation Type	Bill-to/Pay-to No.	Country/Regi... Code	EU 3-Party Trade	Clos...	Force Clos...	Closed by Entry No.	Internal Ref. No.
1	Purchase	0	7,000.00	420.00	<input type="checkbox"/>	Normal VAT	LV-1000		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
2	Sale	0	-180.00	-10.80	<input type="checkbox"/>	Normal VAT	X-0001		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
3	Purchase	0	3,600.00	216.00	<input type="checkbox"/>	Normal VAT	LV-1000		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
4	Purchase	0	100,000.00	6,000.00	<input type="checkbox"/>	Normal VAT	LV-1000		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
5	Purchase	0	600.00	36.00	<input type="checkbox"/>	Normal VAT	LV-1000		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
6	Sale	0	-240.00	-14.40	<input type="checkbox"/>	Normal VAT	X-0001		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
7	Purchase	0	7,200.00	432.00	<input type="checkbox"/>	Normal VAT	LV-1000		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
8	Sale	0	-200.00	0.00	<input type="checkbox"/>	Normal VAT	X-0001		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
9	Purchase	0	720.00	43.20	<input type="checkbox"/>	Normal VAT	LV-1001		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
10	Purchase	0	-3,600.00	-216.00	<input type="checkbox"/>	Normal VAT	LV-1000		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
11	Purchase	0	4,000.00	0.00	<input type="checkbox"/>	Normal VAT	V-00004		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	
12	Purchase	1	3,000.00	180.00	<input type="checkbox"/>	Normal VAT	LV-1000		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	

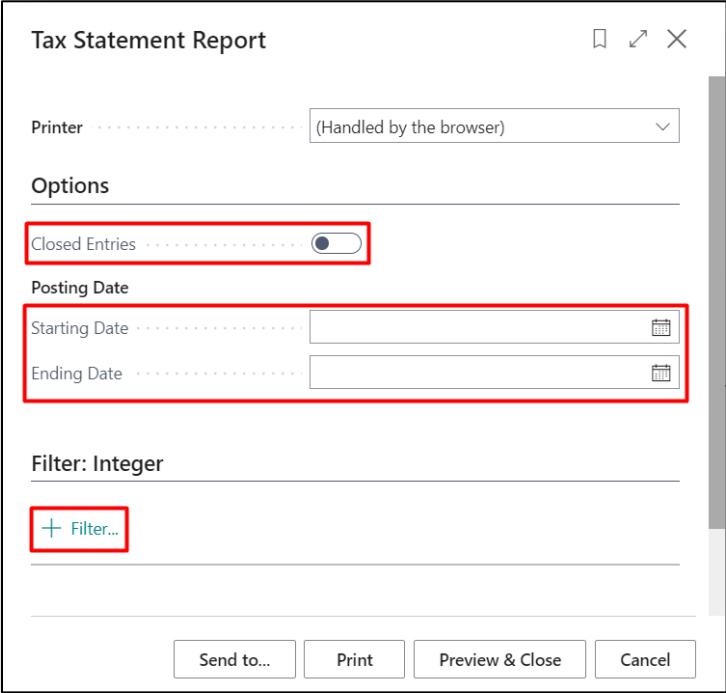
Reports

The following section will be highlighting on how to generate the tax statements and reports through Business Central and how the reports are formulated under the Maldives Tax localization extension.

- Go to search  icon, type in and select **Tax Statement Report** as shown below:



- Following this, the user will be prompted to complete the report specification i.e. the reporting period, filters, etc.



- The **Closed Entries** toggle allows the user to include tax entries that have already been closed
- **Posting date** specifies the reporting period that the user requires
- Additional **Filters** can be added as required where a list of available fields will be shown for the users to selected and modify the report accordingly.
- Three major reports are generated under this which includes:

1. GST Summary Report

The GST summary report act as the primary document to complete the GST filing process and is required to be submitted along with **MIRA 205 'GST Return-General GST'** form which summarises the GST details at the tax activity level as demonstrated below.

GST SUMMARY REPORT										
(Apportionment percent used for claimable Input Tax = 46.39%)										
Tax Activity Number	Activity Name	GST_Applicable_Revenue (GST Exclusive)	GST_Applicable_Revenue (GST Inclusive)	GST_Not_Applicable Revenue	Total Revenue	Output Tax	Input Tax	Apportionment %	Claimable Input Tax	
0	Total - All Tax Offices	0.00	0.00	190.00	190.00	0.00	0.00	0.00%	0.00	
1	Head Office Office	58,882.43	62,414.76	67,849.48	126,731.91	3,532.33	15,762.68	46.46%	7,312.72	
6	Hydrocarbon	0.00	0.00	65.00	65.00	0.00	51.50	0.00%	23.89	
7	Services	0.00	0.00	984.50	984.50	0.00	145.11	0.00%	67.32	
8	Real Estate	1,122.57	1,189.92	1,228.08	2,350.65	67.35	146.33	47.76%	67.89	
10	Construction	0.00	0.00	1,271.00	1,271.00	0.00	140.15	0.00%	65.02	
11	Transportation	0.00	0.00	1,105.00	1,105.00	0.00	144.88	0.00%	67.21	
12	Energy	1.42	1.51	993.19	994.61	0.09	140.19	0.14%	65.04	
13	Transportation	48.59	51.51	2,573.99	2,622.58	2.92	53.69	1.85%	24.91	
14	Construction	1,407.88	1,492.35	818.15	2,226.03	84.47	49.12	63.25%	22.79	
15	Manufacturing	750.00	795.00	5,183.70	5,933.70	45.00	49.87	12.64%	23.14	
16	Oil - Industrial Fuel Shop	3,376.15	3,578.71	17,603.69	20,979.84	202.56	0.00	16.09%	0.00	
17	MFC - Industrial Goods	80,837.72	85,687.98	141,969.82	222,807.54	4,850.26	140.64	36.28%	65.25	
18	Oil - Industrial Fuel Shop	3,356.10	3,557.45	9,377.57	12,733.67	201.35	190.43	26.36%	88.35	
19	Manufacturing	1,563.01	1,656.79	3,763.01	5,326.02	93.78	212.10	29.35%	98.40	
20	Hydrocarbon	0.00	0.00	6,334.80	6,334.80	0.00	9.74	0.00%	4.52	
21	Manufacturing	0.00	0.00	44.00	44.00	0.00	9.00	0.00%	4.18	
22	Services	0.00	0.00	0.00	0.00	0.00	140.18	0.00%	65.03	
23	Real Estate	1,386.00	1,469.16	2,031.00	3,417.00	83.16	51.45	40.56%	23.87	
Total		152,731.87	161,895.14	263,385.98	416,117.85	9,163.27	17,437.06		8,089.51	

2. Output Tax Statement Report

The Output Tax Statement Report is generated for the GST levied on the sales and is generated at two different levels: (1) GST Registered Customers and (2) General Customers.

- (1) To generate the Output Tax statement report by GST registered Customers, users are required to specify the tin numbers on **VAT Entries** page and the report is generated at the invoice-level as depicted below.

OUTPUT Tax Statement for MIRA (GST Registered Customers)									
#	Customer TIN	Customer Name	Invoice No.	Invoice Date	Value of Supplies Subject to GST at 6% or 12% (excluding GST)	Value of Zero-Rated Supplies	Value of Exempt Supplies	Value of Out-of-Scope Supplies	Your Taxable Activity Number
1	19022000000000000000	DEVELOPMENTAL SERVICES PVT COMPANY	PSI-22-55662	04-Jul-22	0.00	0.00	30.80		1
2	19022000000000000000	DEVELOPMENTAL SERVICES PVT COMPANY	PSI-22-55779	06-Jul-22	0.00		28,205.10		1
3	19022000000000000000	DEVELOPMENTAL SERVICES PVT COMPANY	PSI-22-55917	06-Jul-22	0.00		77.00		1
4	19022000000000000000	INDUSTRIAL TRANSPORT & CONTRACTING COMPANY	PSI-22-56255	31-Jul-22	0.00		2,680.54		1
5	19022000000000000000	INDUSTRIAL TRANSPORT & CONTRACTING COMPANY	SCM-22-5220	31-Jul-22	0.00		-2,680.54		1

- (1) General customers are those customers where the tin number is not identified, and this report can only be generated as a summary report at the tax activity level.

OUTPUT Tax Statement for MIRA (General Customers)				
Tax Activity Number	Value of Supplies Subject to GST at 6% or 12% (excluding GST)	Value of Zero-Rated Supplies	Value of Exempt Supplies	Value of Out-of-Scope Supplies
0	0.00		190.00	
1	58,882.43		39,536.58	
6	0.00		65.00	
7	0.00		984.50	
8	1,122.57		1,228.08	
10	0.00		1,271.00	
11	0.00		1,105.00	
12	1.42		993.19	
13	48.59		2,573.99	
14	1,407.88		818.15	
15	750.00		5,183.70	
16	3,376.15		17,603.69	
17	80,837.72		141,969.82	
18	3,356.10		9,377.57	
19	1,563.01		3,763.01	
20	0.00		6,334.80	
21	0.00		44.00	
23	1,386.00		2,031.00	
Total	152,731.87		235,073.08	

3. Input Tax Statement Report

The Input Tax Statement Report is generated for all goods and services acquired by the business and this report can only be generated at the invoice-level as required by MIRA.

INPUT Tax Statement for MIRA														
#	Supplier TIN	Supplier Name	Supplier Invoice Number	Invoice Date	Invoice Total (excluding GST)	GST Charged at 6%	GST Charged at 12%	Your Taxable Activity Number	Revenue / Capital	Project Reference	Project Value	Apportion %	ACTUAL Invoice Amount	ACTUAL GST
1	190248027501	ALUMINA PTE LTD	FSMS/MV/22/282- JULY -2022	01-Jul-22	1,530.96	91.86			1	Revenue		46.39%	3,300.00	198.00
2	190248027501	ALUMINA PTE LTD	FSMS/MV/22/283- JULY-2022	01-Jul-22	417.53	25.05			1	Revenue		46.39%	900.00	54.00
3	190248027501	PILOTAGE PVT LTD	22PIN1903	01-Jul-22	29,391.13	1,763.47			1	Revenue		46.39%	63,353.00	3,801.18
4	190248027501	PILOTAGE PVT LTD	202201016107	01-Jul-22	3,660.38	219.62			1	Revenue		46.39%	7,890.00	473.40
5	190248027501	PILOTAGE PVT LTD	260523	01-Jul-22	42.89	2.57			20	Revenue		46.39%	92.45	5.55
6	190248027501	SI-181220	SI-181220	03-Jul-22	426.81	25.61			1	Revenue		46.39%	920.00	55.20
7	190248027501	CINV-0383016	CINV-0383016	03-Jul-22	120.62	7.24			1	Revenue		46.39%	260.00	15.60
8	190248027501	PL/22/ICS/15	PL/22/ICS/15	03-Jul-22	1,148.22	68.89			1	Revenue		46.39%	2,475.00	148.50
9	190248027501	WI-15-11962	WI-15-11962	03-Jul-22	10,113.60	606.82			1	Revenue		46.39%	21,800.00	1,308.00
10	190248027501	MLE/2022/61371	MLE/2022/61371	03-Jul-22	273.72	16.42			1	Revenue		46.39%	590.00	35.40
11	190248027501	789	789	03-Jul-22	437.48	26.25			1	Revenue		46.39%	943.00	56.58
12	190248027501	CPL/1963/22	CPL/1963/22	05-Jul-22	4,500.09	270.01			1	Revenue		46.39%	9,700.00	582.00
13	190248027501	IND1049091	IND1049091	05-Jul-22	512.06	30.73			1	Revenue		46.39%	1,103.75	66.23
14	190248027501	820	820	05-Jul-22	1,456.73	87.40			1	Revenue		46.39%	3,140.00	188.40
15	190248027501	IND1050525	IND1050525	17-Jul-22	347.94	20.88			1	Revenue		46.39%	750.00	45.00
16	190248027501	AJSS/INVOICE/2022/22 5- JULY-2022	AJSS/INVOICE/2022/22 5- JULY-2022	20-Jul-22	4,491.27	269.48			1	Revenue		46.39%	9,681.00	580.86
17	190248027501	MV00100011866	MV00100011866	24-Jul-22	11,830.51	709.83			1	Revenue		46.39%	25,500.83	1,530.05
18	190248027501	IND1053983	IND1053983	24-Jul-22	347.94	20.88			1	Revenue		46.39%	750.00	45.00
19	190248027501	20162	20162	24-Jul-22	87.53	5.25			1	Revenue		46.39%	188.68	11.32
20	190248027501	INV/22/5528	INV/22/5528	29-Jul-22	2,319.63	139.18			1	Revenue		46.39%	5,000.00	300.00
21	190248027501	PE014/2022	PE014/2022	30-Jul-22	2,369.32	142.16			1	Revenue		46.39%	5,107.11	306.43
22	190248027501	PE012/2022	PE012/2022	30-Jul-22	3,319.83	199.19			1	Revenue		46.39%	7,155.95	429.36
23	190248027501	ACC-V22/336	ACC-V22/336	30-Jul-22	9,742.46	584.55			1	Revenue		46.39%	21,000.00	1,260.00
24	190248027501	ACC-V22/336	ACC-V22/336	30-Jul-22	927.85	55.67			18	Revenue		46.39%	2,000.00	120.00
25	190248027501	2022-87	2022-87	30-Jul-22	4,407.30	264.44			1	Revenue		46.39%	9,500.00	570.00
26	190248027501	INV/22/0457	INV/22/0457	30-Jul-22	2,689.38	161.36			1	Revenue		46.39%	5,797.00	347.82
27	190248027501	AGM/MAIN/22/0781	AGM/MAIN/22/0781	30-Jul-22	3,015.52	180.93			1	Revenue		46.39%	6,500.00	390.00

- Also, these reports can be downloaded as either PDF or excel files as it requires by the users.