



MALDIVES INLAND REVENUE AUTHORITY
Malé, Republic of Maldives

TAX RULING

Goods and Services Tax: Imposition of GST on immovable property

Reference No.: TR-2014/G19

Date of issue: Wednesday, 30 April 2014

This ruling is issued pursuant to the authority granted under Section 84 of the Tax Administration Act (Law Number 3/2010) as amended by Law Number 14/2011. Unless otherwise stated, all statutory references are to the Goods and Services Tax Act (Law Number 10/2011) as amended by Law Number 6/2014 and all references to the Regulation are to the Goods and Services Tax Regulation (2011/R-43), as amended. This ruling is legally binding.

Introduction

1. This ruling explains the rules for the imposition of goods and services tax (GST) on the supply of immovable property, pursuant to the repeal of section 3(b)(2) of the Act via the First Amendment to the Goods and Services Tax Act (Law Number 6/2014).
2. This ruling also explains the rules for the imposition of GST on accommodation supplied on a daily basis by guesthouses.

Ruling

GST on supply of immovable property

3. Where a registered person enters into a contract for the supply of immovable property on or after 6 February 2014, and the time of that supply occurs on or after 1 May 2014, the supplier shall account for GST on the supply in the relevant taxable period beginning on or after 1 May 2014.
4. Where:
 - (a) a registered person entered into a contract before 6 February 2014 for the supply of immovable property; and
 - (b) the contract addresses any taxes introduced after the date of execution of the contract; and
 - (c) the time of supply occurs on or after 1 May 2014, the supplier shall account for GST on the supply in the relevant taxable period beginning on or after 1 May 2014.
5. Where a registered person entered into a contract before 6 February 2014 for the supply of immovable property and the contract does not address any taxes introduced after the date of execution of the contract, the supplier shall account for GST on the supply where the time of supply occurs on or after 6 February 2015.

6. Where any contract referred to in paragraph 5 of this ruling is amended on or after 6 February 2014 and before 6 February 2015, the supplier shall account for GST on the supply where the time of supply occurs on or after 1 May 2014 or the date of execution of the amendment to the contract, whichever is later.
7. For the purposes of paragraphs 3 to 6 of this ruling, it shall be an offence for a registered person to enter into a contract, amend a contract or conduct any transaction during the period from 6 February 2014 to 6 February 2015 with the intent to avoid tax.
8. A registered person shall not be required to account for GST on the supply of immovable property which is not related to any of his taxable activities.
9. A registered person who supplies immovable property shall not be entitled to a deduction for input tax in respect of goods and services acquired by that person for the purpose of carrying out that taxable activity where:
 - (a) the time of supply of those goods and services was before 1 May 2014; or
 - (b) the goods and services were not acquired for the purpose of making a supply which is subject to GST under paragraphs 3 to 6 of this ruling.

Rent from lease of immovable property

10. For the purposes of section 20(k) of the Act, “rent earned from lease of immovable property” refers to the supply of residential and commercial immovable property by way of a conventional lease between a landlord and a tenant in consideration for periodic rental payments.
11. Supplies of accommodation by guesthouses which let rooms on a daily basis and do not require authorization from the Ministry of Tourism to supply accommodation shall be subject to GST under section 16 of the Act.
12. Section 65(a)(8) of the Tax Administration Act (Law Number 3/2010) shall not apply to a person who:
 - (a) supplies accommodation referred to in paragraph 11 of this ruling; and
 - (b) is not registered with MIRA at the date of effect of this ruling; and
 - (c) registers with MIRA before 1 June 2014.

Date of Effect

13. This ruling shall have effect from 1 May 2014.

This is the unofficial translation of the original ruling issued in Dhivehi. In the event of conflict between this translation and the Dhivehi version of this ruling, the latter shall prevail. Therefore, it is advised that both the Dhivehi version of this ruling and this translation be read concurrently.

