

7. וְסֵר דְּרִיתֵי (ה) זַר מֵאֵשׁ אֲזַרְיָהוּ "עֲלֵה-שָׁמַיְם" בְּרִישׁוֹתָיִךְ לְמִשְׁפָּחָיִךְ
מֵאֲזַרְיָהוּ; אִתִּי

(א) רִבְדִּיתָ מִקְרָבֶיךָ דְּכִתְּבֵי תְּחִיבֵי, דְּרָר מִקְרָבֶיךָ וְתִרְעִי מִשְׁמֵי אִי וְתִרְעִי בְּרִישׁוֹתָיִךְ
מִקְרָבֶיךָ אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ אֲזַרְיָהוּ דְּכִתְּבֵי מִשְׁמֵי; אִתִּי
(ב) דְּרָר מִקְרָבֶיךָ וְתִרְעִי אִי רִבְדִּיתָ מִקְרָבֶיךָ, דְּרָר מִקְרָבֶיךָ רִישׁוֹתָיִךְ אִי דְּרָר מִקְרָבֶיךָ
וְתִרְעִי מִקְרָבֶיךָ וְתִרְעִי מִשְׁמֵי אִי רִבְדִּיתָ מִקְרָבֶיךָ מִשְׁמֵי אִי דְּרָר מִקְרָבֶיךָ.

3. ב' תְּחִיבֵי 2 וְסֵר מִקְרָבֶיךָ מִשְׁמֵי רִישׁוֹתָיִךְ, דְּרָר מִקְרָבֶיךָ וְתִרְעִי דְּרָר מִקְרָבֶיךָ וְתִרְעִי
אֲזַרְיָהוּ דְּכִתְּבֵי אֲזַרְיָהוּ מִקְרָבֶיךָ.

(א) מִקְרָבֶיךָ רִבְדִּיתָ, אִי דְּרָר מִקְרָבֶיךָ וְתִרְעִי אִי דְּרָר מִקְרָבֶיךָ מִשְׁמֵי אִי רִישׁוֹתָיִךְ וְתִרְעִי
וְאֲזַרְיָהוּ דְּכִתְּבֵי מִשְׁמֵי; אִתִּי

(ב) רִבְדִּיתָ מִקְרָבֶיךָ אִי דְּכִתְּבֵי מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ דְּרָר מִקְרָבֶיךָ
וְתִרְעִי מִשְׁמֵי, אִתִּי אִי דְּכִתְּבֵי מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ (דְּרָר מִקְרָבֶיךָ וְתִרְעִי אִי
דְּרָר מִקְרָבֶיךָ מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ) אִי דְּרָר מִקְרָבֶיךָ מִשְׁמֵי אֲזַרְיָהוּ
אֲזַרְיָהוּ מִקְרָבֶיךָ דְּכִתְּבֵי מִשְׁמֵי; אִתִּי

(ג) רִבְדִּיתָ מִקְרָבֶיךָ אִי דְּכִתְּבֵי מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ מִשְׁמֵי
מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ (דְּרָר מִקְרָבֶיךָ וְתִרְעִי אִי דְּרָר מִקְרָבֶיךָ מִשְׁמֵי אֲזַרְיָהוּ
אֲזַרְיָהוּ מִקְרָבֶיךָ מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ) דְּרָר מִקְרָבֶיךָ וְתִרְעִי
מִשְׁמֵי אֲזַרְיָהוּ.

4. אִי רִבְדִּיתָ מִקְרָבֶיךָ מִשְׁמֵי רִישׁוֹתָיִךְ, ב' תְּחִיבֵי תִרְעִי אִי רִישׁוֹתָיִךְ רִבְדִּיתָ מִשְׁמֵי
אֲזַרְיָהוּ מִקְרָבֶיךָ מִשְׁמֵי. אִתִּי ב' דְּכִתְּבֵי אֲזַרְיָהוּ מִקְרָבֶיךָ מִשְׁמֵי אֲזַרְיָהוּ.

5. ב' תְּחִיבֵי 3 וְסֵר מִקְרָבֶיךָ אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ אִי מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ
רִישׁוֹתָיִךְ מִשְׁמֵי, דְּרָר מִקְרָבֶיךָ וְתִרְעִי דְּרָר מִקְרָבֶיךָ וְתִרְעִי מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ.
ב' תְּחִיבֵי מִקְרָבֶיךָ דְּרָר מִקְרָבֶיךָ וְתִרְעִי דְּרָר מִקְרָבֶיךָ מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ
מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ אִי מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ רִישׁוֹתָיִךְ.

בְּרִישׁוֹתָיִךְ וְתִרְעִי

6. ב' תְּחִיבֵי אִי רִישׁוֹתָיִךְ מִקְרָבֶיךָ, ב' תְּחִיבֵי מִשְׁמֵי אֲזַרְיָהוּ מִקְרָבֶיךָ מִשְׁמֵי אֲזַרְיָהוּ.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



MALDIVES INLAND REVENUE AUTHORITY
Malé, Republic of Maldives

TAX RULING

Business Profit Tax: Transfer of capital assets within a group of companies

Reference No.: TR-2015/B40

Date of issue: Monday, 19 January 2015

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 references to the Act are to the Business Profit Tax Act (Law Number 5/2011), and all references to the Regulation are to the Business Profit Tax Regulation (Regulation Number 2011/R-35) as amended. This ruling is legally binding.

Introduction

1. This ruling explains the tax treatment of the transfer of capital assets within a group of companies.

Ruling

2. Notwithstanding anything to the contrary in the Regulation, where the following conditions are met, the provisions of paragraphs 3, 4 and 5 of this ruling shall apply to the transferor and transferee:
 - (a) There is a transfer of a capital asset between two companies that are within the charge to tax in the Maldives and share the tax-free threshold under section 7(e) of the Act; and
 - (b) There is no consideration for the transfer other than the issue and/or transfer of shares to the transferor or its shareholders; and
 - (c) The asset transferred is used by the transferee to carry on the same business as the transferor immediately before the transfer.
3. Where paragraph 2 of this ruling applies, the transferor and the transferee may elect that:
 - (a) the asset transferred shall be treated as being sold for a sum equal to its tax written-down value immediately before the transfer; and

- (b) any capital allowance which arises after the date of transfer of the asset shall be allowed to the transferee over the remaining useful life of the asset, as would have been allowed if the transferor had continued to own the asset; and
 - (c) any balancing allowance or balancing charge which arises after the date of transfer of the asset shall be allowed to, or imposed on, the transferee, as would have been allowed or imposed if the transferor had continued to own the asset.
4. Where more than one capital asset is transferred, only one election may be made under this ruling with respect to all such assets, and such an election shall be irrevocable.
 5. An election under paragraph 3 of this ruling shall be made by notice signed by the transferee and transferor and submitted to MIRA before entering into the transaction. This ruling shall apply only where the Commissioner General has given written approval of the election to the transferor and transferee.

Date of Effect

6. This ruling shall have effect from its date of issue.

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.

