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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**MALDIVES INLAND REVENUE AUTHORITY**

Malé, Republic of Maldives

# TAX RULING

## Business Profit Tax: Approved banks and financial institutions

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**Reference No.:** TR-2018/B67

**Date of issue:** Thursday, 8 November 2018

*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 term “bank or financial institution approved by the MIRA” in section 11(a)(5) of the Act.
2. This ruling supersedes Tax Ruling TR-2012/B2 (Business Profit Tax: Approved banks and financial institutions).

### Ruling

3. For the purpose of section 11(a)(5) of the Act, a bank or financial institution approved by the MIRA refers to:
  - (a) A bank that has been granted a banking license by the central bank of the country of operation of that bank;
  - (b) A housing finance company or leasing finance company licensed by the central bank or the regulatory body of the country of operation of that housing finance company or leasing finance company;
  - (c) The following international financial institutions (IFIs) and agencies controlled by such institutions:
    - (1) World Bank;
    - (2) International Monetary Fund (IMF);
    - (3) Asian Development Bank (ADB);
    - (4) Islamic Development Bank (IDB);
    - (5) European Investment Bank (EIB);

- (6) European Bank for Reconstruction and Development (EBRD);
  - (7) Nordic Investment Bank (NIB);
  - (8) OPEC Fund for International Development (OFID);
  - (9) Deutsche Investitions- und Entwicklungsgesellschaft (DEG);
  - (10) Groupe Agence Française de Développement (AFD).
4. Taxpayers shall request in writing to the Commissioner General to add to the list of approved banks and financial institutions.
  5. The Commissioner General may, at his discretion, add to the list of approved IFIs in paragraph 3(c) of this ruling by publishing such additions on the official website of the MIRA.
  6. Taxpayers shall apply paragraph 3 of this ruling in a tax year only if the relevant IFI was approved on or before the due date for filing their Business Profit Tax return for that year.
  7. The list of approved IFIs shall be published on the official website of the MIRA.
  8. Notwithstanding anything to the contrary in this ruling, the amount of interest paid or payable by a housing finance company, leasing finance company or an insurance company licensed by the Maldives Monetary Authority to another housing finance company, leasing finance company or insurance company licensed by the Maldives Monetary Authority, shall be deductible in full in the computation of taxable profit.
  9. This ruling shall be subject to Tax Ruling TR-2018/B64 (Thin capitalization).

### **Date of Effect**

10. This ruling shall have effect from its date of publication in the Government Gazette, and apply to tax year 2018 and thereafter.

*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.*