

Maldives: Technical Assistance Report—Estimating Tax Expenditures



MALDIVES

TECHNICAL ASSISTANCE REPORT—ESTIMATING TAX EXPENDITURES

October 2021

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Maldives

Estimating Tax Expenditures

Shafik Hebous, Marc Seguin, and Nate Vernon



Technical Report

September 2021

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Abbreviations and Acronyms

BPT	Business Profit Tax
CFC	Controlled Foreign Corporation
ETR	Effective Tax Rate
FAD	Fiscal Affairs Department (of the IMF)
GFCF	Gross Fixed Capital Formation
GDP	Gross Domestic Product
GST	Goods and Services Tax
HIES	Household Income and Expenditure Dataset
IMF	International Monetary Fund
ITA	Income Tax Act
MIRA	Maldives Inland Revenue Authority
MNEs	Multinational Enterprises
NPISH	Non-profit Institutions Serving Households
MOF	Ministry of Finance
OECD	Organization for Economic Cooperation and Development
PIT	Personal Income Tax
R&D	Research and Development
SUT	Supply and Use Table
TE	Tax Expenditure
TPU	Tax Policy Unit
VAT	Value-Added Tax
WEO	World Economic Outlook
WHT	Withholding Tax

PREFACE

At the request of Mr. Ibrahim Ameer, Minister of Finance, a team headed by the IMF Fiscal Affairs Department (Tax Policy Division) conducted a 'remote' mission to the Maldives during March 1– 18, 2021, to assist the authorities in estimating tax expenditures. The mission comprised Shafik Hebous (mission head), Nate Vernon (FAD), and Marc Seguin (FAD expert).

The mission held discussions with the Ministry of Finance (MoF) led by Mr. Ahmed Saruvash Adam (Chief Financial Budget Executive), Ismail Ali Manik (Minister of State for Finance), and Fathimath Razeena (Financial Controller).

The mission also held discussions with the Maldives Inland Revenue Authority (MIRA) led by Mr. Fathuhulla Jameel Commissioner General of Taxation and Asma Shafeeu (Deputy Commissioner General of Taxation).

The mission delivered a remote workshop providing a hands-on training on tax expenditure models developed for the Maldives. Attendees were a joint team from the MoF and MIRA that is expected to assume the responsibility of estimating tax expenditures. During the workshop, a set of accompanying slides (with details of the models) was delivered. The mission team thanks all attendees for the active participation in the workshop.

The mission team would like to express its sincere thanks to the authorities for the constructive discussions, and to Ms. Hasna Ahmad (head of the Tax Policy Unit at the MoF) for the excellent organization throughout the mission, and to Ms. Zumra Aminath (Director for Planning and Development at MIRA) for facilitating access to data and informative discussions.