



MALDIVES TAX FORUM

2025

Contents

Key Discussion Areas	2
Panel 1: Challenges in tax compliance for non-residents.....	2
Panel 2: Transfer Pricing in the Maldivian Context	3
Panel 3: Destination Based Taxation	4
Panel 4: Inside Pillar One and Two: Key Developments and Insights	6
Panel 5: Proactive Compliance Tools and Digital Transformation.....	6
Conclusion and Way Forward	7
Strategic Recommendations by the Taxation Committee	8
ANNEX: Forum Agenda.....	10
Opening Session	10
Panel 1: Challenges in Tax Compliance for Non-Residents.....	10
Panel 2: Transfer Pricing in the Maldivian Context	10
Panel 3: Destination Based Taxation.....	11
Panel 4: Inside Pillar One and Two: Key Developments and Insights	11
Panel 5: Proactive Compliance Tools and Digital Transformation.....	11
Closing Session	12

MALDIVES TAX FORUM 2025 – Outcome Statement

The inaugural Maldives Tax Forum 2025, held on November 15, 2025, at Meerumaa Hall, Malé, Maldives, marked a significant milestone in advancing tax dialogue in the Maldives. Organized jointly by the Institute of Chartered Accountants of the Maldives and the Maldives Inland Revenue Authority (MIRA) under the theme "Shaping a Smarter Tax Future Together," the forum brought together over 150 tax professionals, lawyers, accountants, business leaders, and regulatory authorities.

The forum addressed five critical dimensions of modern taxation through expert panel discussions, creating a unique platform for knowledge exchange between local practitioners and international experts.

This comprehensive outcome statement synthesizes key findings and actionable recommendations to guide tax policy reform and administrative modernization.

Key Discussion Areas

1. Panel 1: Challenges in Tax Compliance for Non-Residents
2. Panel 2: Transfer Pricing in the Maldivian Context
3. Panel 3: Destination Based Taxation
4. Panel 4: Inside Pillar One and Two: Key Developments and Insights
5. Panel 5: Proactive Compliance Tools and Digital Transformation

Panel 1: Challenges in tax compliance for non-residents

This panel explored practical and regulatory challenges faced by non-resident taxpayers in meeting their tax obligations in the Maldives, with particular focus on the tourism and construction sectors.

The panelists discussed:

1. That PE determination remains one of the most technically complex areas for both taxpayers and administrators. Key PE types discussed include:
 - a. Fixed place PE
 - b. Service PE
 - c. Agency PE
 - d. Contract-splitting arrangements

2. There is a significant knowledge gap among non-residents regarding PE thresholds and registration requirements, leading to inadvertent non-compliance.
3. That there are several persistent challenges affecting non-resident compliance:
 - a. Lack of clear understanding of tax provisions
 - b. Confusion regarding exemptions, particularly in social housing projects
 - c. Difficulties in maintaining separate books of accounts for Maldives operations
 - d. Challenges in distinguishing between branch and head office transactions
 - e. Complex requirements for indirect share transfers
4. The panel highlighted significant cash flow impacts on non-residents due to 5% Non-resident Withholding Tax (NWHT) often exceeding actual tax liability and delayed refund processing affecting business operations.
5. The panel concluded that while the Maldives has made significant strides in establishing a comprehensive tax framework for non-residents, there remains considerable scope for improvement. The path forward requires a balanced approach that maintains the integrity of the tax system while reducing compliance burdens through better guidance, technology adoption, and administrative efficiency.

Panel 2: Transfer Pricing in the Maldivian Context

The panel examined the evolution and implementation challenges of transfer pricing rules, highlighting gaps between regulatory requirements and practical compliance capabilities.

1. The panel highlighted that transfer pricing is among the most complex areas of taxation globally as it is frequently updated, and from the advisor's perspective, the Maldives faces similar challenges. Businesses often perceive it as a secondary tax issue, leading to delayed compliance until audits or penalties arise. Limited resources, lack of specialized staff, and the high cost of preparing documentation further discourage proactive compliance.
2. The panel emphasized that preparing Master File and Local File is tedious process and requires technical expertise, which is scarce locally, resulting in reliance on foreign affiliates. This reliance often leads to inaccurate analysis due to limited understanding of local economic conditions. Furthermore, the absence of case laws creates uncertainty, leaving businesses without clear guidance and causing repeated non-compliance even after audit adjustments. The significant costs and administrative burden associated with preparing the documentation remain a concern.

3. The panel noted that taxpayers may be hesitant to approach Advance Pricing Agreements (APAs) despite the availability of resources for several reasons. One key observation was that the Maldives was relatively late in introducing APAs. Had APAs been available earlier before disputes escalated into litigation, they might have been viewed more favorably by businesses. The timing has influenced perceptions, as businesses often associate APAs with complex processes or past disputes rather than proactive compliance. Other factors could include limited awareness, perceived administrative burden, and uncertainty about the benefits compared to traditional compliance approaches.
4. It was emphasized that being a developing country, policymakers could consider introducing safe harbor rules, which would lower compliance costs by reducing extensive documentation requirements and minimizing disputes. Panel also highlighted that even OECD has introduced a major simplification through Pillar One – Amount B, acting as a safe harbor for baseline marketing and distribution activities. Adopting similar measures locally could help reduce future tax disputes and ease compliance for businesses. Advisors pointed out that businesses want to do the right thing, and the demand for clear frameworks is growing. Practical, certainty-driven solutions like safe harbors can bridge the gap between compliance requirements and business realities.
5. The panel highlighted that advisors, lawyers, and accountants, being the first point of contact for investors, should integrate transfer pricing obligations and the Alternative Minimum Tax into initial tax planning, rather than retrofitting analysis after positions are taken. MIRA's approach has so far focused on facilitating compliance without imposing penalties, but with upcoming amendments, businesses must take these requirements seriously.
6. While the Maldives collects financial data such as annual accounts through the Ministry of Economic Development (MED), this information is not publicly available, making it difficult for businesses to perform reliable benchmarking. Financial information can serve as dependable measures, but without access compliance becomes complex. Going forward, strengthening data availability and transparency should be a priority to support accurate analysis and reduce compliance burdens.

Panel 3: Destination Based Taxation

The panel emphasized the need for Maldives to transition from its current GST framework toward a destination-based system, aligning with global VAT/GST standards and addressing long-standing risks of revenue leakage.

1. Panelists noted that under the current model, significant value escapes taxation- particularly in tourism and digital services- because much of the marketing, contracting, and payment processing occurs offshore, beyond the tax administration's visibility.
2. The discussion emphasized that moving to a destination-based GST system will require major policy choices, including whether Maldives should begin charging GST at the point of importation, how to design and implement a reverse charge mechanism for B2B and B2C cross-border services, and whether to mandate vendor registration and vendor collection obligations for non-resident suppliers.
3. The panel noted that any vendor-registration framework should be broad enough to encompass digital platforms, online marketplaces, and international booking engines to ensure GST is properly collected on cross-border supplies facilitated through these channels.
4. Panelists highlighted that implementing destination-based taxation will also require a modern legal and operational framework capable of taxing non-resident suppliers with no physical presence in Maldives. This includes establishing simplified non-resident GST registration, digital filing pathways, and strong compliance and monitoring systems.
5. It was noted that this shift cannot succeed without enhanced inter-agency coordination between MIRA, Maldives Customs Service, and tourism authorities, alongside improved access to transaction data from financial institutions, digital platforms, and international partners.
6. From a private-sector perspective, panelists emphasized that the transition will particularly affect the tourism industry's practices. Resorts, travel agencies, and foreign tour operators may need to renegotiate wholesale contracts, revise invoicing practices, and adjust pricing models to reflect destination-based taxation of the full value consumed within Maldives. Comprehensive stakeholder engagement, clear guidance, and sector-specific transition support were recommended to reduce compliance burdens and maintain industry stability.
7. Finally, the panel stressed the importance of a phased approach, allowing adequate time for legislative drafting, systems development, business adaptation, and capacity building. A well-sequenced rollout will be essential to building confidence among taxpayers and ensuring that Maldives is prepared- administratively, technologically, and strategically- to operate a modern destination-based GST system.

Panel 4: Inside Pillar One and Two: Key Developments and Insights

The panel analyzed how OECD's landmark reforms will reshape the Maldives' tax landscape, requiring strategic adaptation of investment policies and tax administration.

1. The panel concluded that the OECD's Pillars One and Two will significantly reshape the Maldives' tax and investment landscape, creating both opportunities and challenges. Pillar One may give the Maldives new taxing rights over major digital tourism-linked multinational enterprises such as online travel agents, while Pillar Two's 15 percent global minimum tax places a firm floor on corporate tax competition and reduces the value of traditional rate-based incentives such as Special Economic Zone tax holidays and Presidential exemptions.
2. The panel also highlighted the importance of Amount B, noting that transfer pricing remains one of the most difficult areas for the Maldives. A simplified and standardized return for baseline marketing and distribution activities would reduce subjectivity, ease compliance burdens and strengthen administrative capacity, making it an important tool for the Maldives to consider adopting.
3. A key conclusion was the strategic importance of introducing a Qualified Domestic Minimum Top-up Tax, even without implementing the full Globe package. This approach is more manageable for a small tax administration and ensures that any top-up tax on low-taxed profits is collected in the Maldives rather than by foreign jurisdictions.
4. The panel also recognized the value of implementing the Subject to Tax Rule through either the STTR MLI or bilateral treaty changes to safeguard the tax base from low-taxed cross-border payments.

Panel 5: Proactive Compliance Tools and Digital Transformation

This panel explored the evolving role of proactive compliance strategies and digital transformation in modern tax administration. The concept of Tax Administration 3.0, as envisioned by the OECD, was introduced as a future model for integrated, seamless, and taxpayer-centric administration. While no jurisdiction has fully implemented it, the panel discussed that incremental progress is both feasible and necessary.

MIRA's digital transformation roadmap was presented, with e-invoicing identified as a cornerstone initiative. The system enables real-time or near real-time transmission of invoice data to both MIRA and the buyer, with offline functionality.

Concerns were raised about data privacy and cybersecurity, particularly in the context of real-time data sharing and system integration. The Maldives currently lacks comprehensive data protection legislation, which could hinder trust and adoption.

The panelists discussed:

1. Smaller businesses may face practical barriers in adopting automated systems, including cost, technical capacity, and change management.
2. Building taxpayer confidence in digital systems requires not only technical reliability but also legal safeguards and transparent governance.
3. The need to accelerate legislative reforms to introduce robust data protection and cybersecurity frameworks, aligned with the digitalization goals of MIRA and broader national initiatives such as Maldives 2.0.
4. To continue stakeholder engagement to ensure that digital tools- especially e-invoicing- are accessible, user-friendly, and responsive to the needs of diverse taxpayer segments.
5. To promote awareness and education around proactive compliance tools, emphasizing the benefits of early engagement and collaborative resolution.
6. To explore phased implementation of Tax Administration 3.0 principles, focusing on interoperability, real-time data exchange, and taxpayer-centric service design.

The panel concluded that proactive compliance and digital transformation are not merely technical upgrades but foundational shifts in the relationship between tax authorities and taxpayers. Success will depend on trust, inclusivity, and a shared commitment to modernizing the tax ecosystem.

Conclusion and Way Forward

The Maldives Tax Forum 2025 has charted a clear path for modernizing the nation's tax system. The comprehensive discussions across all five panels reveal both challenges and opportunities in creating a tax framework fit for the digital age.

Success requires sustained collaboration between policymakers, administrators, advisors, and businesses. The forum's key message is clear: the Maldives must balance international compliance with local economic realities, invest in digital infrastructure while ensuring inclusivity, and maintain competitiveness while securing fair tax revenues.

The recommendations presented provide actionable steps toward a smarter, more efficient tax future. Implementation will require political will, adequate resources, and continued dialogue among all stakeholders.

Strategic Recommendations by the Taxation Committee

Following the comprehensive discussions across all five panels, the Taxation Committee of the Institute of Chartered Accountants of the Maldives presents the following strategic recommendations for consideration by policymakers and tax administrators. These proposals reflect the consensus emerging from expert panels and prioritize actions critical for modernizing our tax system.

1. Implement Qualified Domestic Minimum Top-up Tax (QDMTT)

The QDMTT represents a critical sovereignty measure under the OECD's Pillar Two framework. By implementing this, the Maldives ensures that any top-up tax on multinational enterprises earning profits below the 15% minimum rate is collected domestically rather than by foreign jurisdictions. This is particularly important given our current tax incentive regime, which may result in effective tax rates below the global minimum.

2. Conduct Industry Consultation on Destination-Based GST

The transition to destination-based taxation will fundamentally impact some industries' (such as the tourism sector) business models and pricing structures. Early and comprehensive consultation is essential for smooth implementation.

Consultation priorities:

- Impact on existing wholesale contracts and pricing
- Treatment of online travel agents and booking platforms
- Transitional measures for long-term contracts

3. Ratify the Subject to Tax Rule (STTR) Multilateral Instrument

The STTR MLI provides a fast-track mechanism to update our tax treaties, ensuring that cross-border payments (interest, royalties, and service fees) between related parties are subject to a minimum 9% tax rate. This protects our tax base from erosion through treaty shopping and prevents multinational enterprises from exploiting tax rate differentials.

4. Expand Safe Harbor Rules for Transfer Pricing

Safe harbor provisions offer predetermined acceptable margins for routine transactions, reducing compliance costs while ensuring appropriate tax collection. Given the complexity

highlighted in Panel 2, these rules are essential for making transfer pricing compliance accessible to all taxpayers.

5. *Implement Advance Pricing Agreement (APA) Fast-track Procedures*

APAs provide taxpayers with certainty on transfer pricing methodologies, reducing future disputes and audit risks. A fast-track procedure for qualifying transactions would make this tool more accessible and practical for businesses operating in the Maldives.

6. *Enact Comprehensive Data Protection Legislation*

Before implementing full-scale digital transformation and data sharing initiatives, robust data protection laws are essential. This legislation must balance the needs of tax administration with fundamental privacy rights, building taxpayer trust in digital systems.

7. *Make E-invoicing Implementation Business-Size Appropriate*

E-invoicing promises significant compliance improvements, but implementation must consider the diverse capabilities of businesses. A phased rollout based on business size ensures successful adoption without overwhelming smaller enterprises.

ANNEX: Forum Agenda

Date: November 15, 2025 (Saturday) | **Venue:** Meerumaa Hall

Opening Session

07:30 – 08:30 Arrival and Registration of Participants & Guests

08:30 – 08:35 Recitation of Holy Qur'an

08:35 – 08:45 Remarks by President of CA Maldives: Mr. Mohamed Haleem Abdulla

08:45 – 08:55 Remarks by Commissioner General of Taxation: Mr. Hassan Zareer

08:55 – 09:05 Speech by the Chief Guest

09:05 – 09:10 Remarks by Vice President of CA Maldives: Mr. Ali Faris Mohamed

09:10 – 09:30 Morning Tea & Networking

Panel 1: Challenges in Tax Compliance for Non-Residents

09:30 – 10:30

Keynote Speaker: Mr. Hassan Zareer, Commissioner General of Taxation

Moderator: Mr. Mohamed Ali Waheed, Member of UN Tax Committee

Panelists:

- Ms. Adha Amir, Deputy Director General, Medium Taxpayer Audit
- Mr. Prashant Mishra, Partner, Deloitte Maldives

10:30 – 10:55 *Engaging Activity*

Panel 2: Transfer Pricing in the Maldivian Context

10:55 – 11:55

Keynote Presenter: Mr. Colin Hutchins, Deputy Secretary Revenue, Nauru Revenue Office

Moderator: Ms. Nafa Waheed, Director General, Large Taxpayer and International Tax Audit

Panelists:

- Mr. Bunyaameen Mohamed, Deputy Director, Large Taxpayer and International Tax Audit
- Ms. Aminath Shiyana, Tax Advisor – BDO Maldives LLP

- Mr. Husam Shareef, Partner – CTL Strategies LLP

11:55 – 13:10 *Lunch and Prayer Break*

Panel 3: Destination Based Taxation

13:10 – 14:10

Keynote Presenter: Ms. Melina Rocher, Policy Advisor, Tax Administration and VAT Division, OECD

Moderator: Mr. Tholhath Rasheed, Senior Tax Advisor, Faris & Co LLP and SHC Law & Tax LLP

Panelists:

- Ms. Shifa Thaufeeq, Risk Management and Investigation, MIRA
- Mr. Sulakshan Ramanan, Partner – Ernst & Young

Panel 4: Inside Pillar One and Two: Key Developments and Insights

14:10 – 15:10

Keynote Presenter: Ms. Laura Stefanelli, Senior Advisor, OECD Centre for Tax Policy and Administration

Moderator: Mr. Zaif Fazal, Tax Lawyer, QVL Advisory

Panelists:

- Ms. Sausan Saeed, Deputy Director, Taxpayer Education, MIRA
- Mr. Suresh Perera, Principal – Head of Tax & Regulatory, KPMG

15:10 – 15:25 *Coffee Break*

Panel 5: Proactive Compliance Tools and Digital Transformation

15:25 – 16:25

Keynote Presenter & Panelist: Ms. Fathimath Ameerza, Deputy Commissioner General

Panelists:

- Mr. Nahshal Mohamed, Director General, Enterprise Systems
- Mr. Ismail Kaleem, Founder & CEO, OXIQA

Moderator: Mr. Ahmed Shareef, Assistant Commissioner General

Closing Session

16:25 – 16:35 Closing Remarks by Mr. Mohamed Siraj Muneer, Council Member & Chairperson of Taxation Committee, CA Maldives

16:35 – 16:50 *Photo Session & Networking*