

Country-by-Country (CbC) Reporting in Maldives

Background

Maldives has joined Organization for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) Inclusive Framework in November 2017 and thereby, committed to implement minimum action standards (i.e. Action Plan 5, 6, 13 and 14).

With this objective, in January 2021, Maldives Inland Revenue Authority (MIRA) has introduced Regulation 2021/ R-9 for implementing Country-by-Country (CbC) Reporting Regulation (BEPS Action Plan 13) in Maldives.

BEPS Action Plan 13 requires large Multinational Groups of Entities (MNE Groups) to file a CbC report to eliminate any gap in information between the taxpayers and tax administrations on jurisdictions where the profits are allocated or taxes are paid on a global level and whether it is commensurate with the economic value / activity undertaken by MNE Group entities.

Applicable from when?

In Maldives, CbC Reporting is applicable for the reporting fiscal year commencing on or after 1st January 2021. Therefore, for multinational enterprises following financial year as January to December, first applicable year for CbC Reporting would be **1st January 2021 to 31st December 2021**.

Applicable to whom?

CbC Reporting is applicable to multinational enterprises resident in Maldives and it is a part of group whose consolidated turnover is not less than **Euro 750 millions (approximately USD 850 millions or MVR 13,000 millions)** during the fiscal year immediately preceding the reporting fiscal year.

Contents of the CbC Report and Notification

CbC Report requires the MNE Group to submit following country-wise information where the MNE group has presence/activity:

- Revenue, profit (or losses) before tax, income-tax paid/payable, stated capital, accumulated earnings, accrued earnings, the number of employees, non-cash or cash-equivalent tangibles assets.
- Identity of each constituent entity of group including country of residence, country of establishment and nature of the business activity.

Additionally, CbC Notification requires the multinational enterprise to submit the following information:

- Whether it is an ultimate parent entity or surrogate parent entity
- When Maldivian entity is not ultimate parent entity or surrogate parent entity, information of the Group entity filing CbC Report
- Country in which CbC Report is filed by the Group entity

Compliance Requirement in Maldives

Sr. No.	Compliance Requirement	Responsible Entity to Comply	Prescribed Time Limit as per Regulation	Time limit for FY 2021
1	Filing of Notification	Any constituent entity which is tax resident in Maldives	On or before last day of reporting fiscal year	31st December 2021
2	Filing of CbC Report	Ultimate parent entity of Group which is tax resident in Maldives*	Within 12 months from end of last day of reporting fiscal year	31st December 2022

To notify MIRA, all constituent entities of MNE groups required to submit the CbC report should email the following details to

internationaltaxation@mira.gov.mv.

1. Full legal name of the constituent entity in Maldives

2. TIN of the constituent entity in Maldives

3. Full address of the constituent entity in Maldives

4. Contact person from constituent entity for CbCR purposes

5. Classification of constituent entity in Maldives (highlight relevant):

- a) Ultimate Parent Entity
- b) Surrogate Parent Entity
- c) Neither of the above

In the case of the constituent entity in Maldives being neither Ultimate Parent Entity nor Surrogate Parent Entity, they should also provide the below details of the reporting entity that will be filing the CbC Report for the MNE Group.

1. Full legal name of the reporting entity

2. Tax residence of the reporting entity

3. Full address of the reporting entity

Administrative Penalties

Any non-compliance may invite the penalty as stipulated under Section 65 of the Tax Administration Act (Law Number 3/2010).

Way Forward

Tax authorities across the world are utilizing CbC Reports for the purpose of assessing high-level transfer pricing risks and other base erosion and profit shifting related risks in multinational group. In fact, many of the countries have already started exchanging CbC reports with other countries which has increased the potential Transfer Pricing risk of multinational group significantly. Therefore, it is strongly recommended to multinational group operating in Maldives to ensure complying with CbC Reporting, if applicable and more importantly, revising transfer pricing policy to mitigate the future risk and challenges.



How Crowe can help?

Crowe can assist you in following ways:

- Analysing the applicability of CbCR in Maldives
- Assisting in preparation and submission of CbC Notification
- Assisting in preparation and submission of CbC Return
- Advising on tax efficient transfer pricing model and how to mitigate Transfer Pricing Risk

Contact Us



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