



MALDIVES
INLAND REVENUE
AUTHORITY

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GST Rate Changes

Fact Sheet





GST Rate Changes Fact Sheet

The Sixth Amendment to the Goods and Services Tax Act has brought changes to the GST rates in both the General GST (GGST) sectors and Tourism GST (TGST) sector effective from 1 January 2023. This fact sheet tells you the changes to the GST rates that will come into effect from 1 January 2023 onwards and briefly explains how the rate changes apply to different scenarios.

Changes to the rates

From 1st January 2023 onwards, GST rates will be as follows:

General Sector GST

► **8%**

Tourism Sector GST

► **16%**

Time of Supply

The “time of supply” determines the date on which a good or service is supplied for the purpose of accounting for GST, and therefore the GST rate applicable to that supply whenever there is a rate change.

GST must be charged at the new rates if the “time of supply” of a transaction occurs on or after 1 January 2023.

In general, the time of supply is the date on which the tax invoice for a supply is raised or the date on which payment for that supply is received, whichever comes first. For the general and specific rules on time of supply, you may refer to our [Guide to Time of Supply](#).



Getting started right away

It is to be noted that the prices of goods and services must be displayed inclusive of the new GST rates from 1 January 2023, and, it is important that all businesses proceed with the preparations for bringing the required changes to Point-of-Sale (POS) systems, accounting systems, billing/invoicing systems, reservation systems, websites, etc, in order to be able to reflect the changes promptly as required.

Businesses unable to switch prices overnight may display 2 prices, clearly indicating which price is applicable before 1 January 2023 and which price is applicable on or after 1 January 2023.

Cut-off times

Businesses like cafes and restaurants, etc. which are not run on a 24-hour basis can apply the new GST rates upon the time of opening of their business on the 1st of January 2023. Others must apply the new rates from 00:00 hours of 1 January 2023.

Some examples on determining “time of supply” involving the rate change period



Example 1

Mr and Mrs Curnow stay at Splendid Beach Resort from 27 December 2022 to 3 January 2023. A tax invoice for the goods and services provided to the Curnows during their stay is issued on 3 January 2023 and payment is made subsequently.

Since the “time of supply” in this example is 3 January 2023, GST must be charged at the rate of 16% (new tourism sector rate), irrespective of the fact that their stay started in the year 2022.



Example 2

Company H, a GST registered wholesaler received MVR 9000/- as advance payment from a retailer on 15 December 2022 for the sale of a TV set. A tax invoice is issued to the retailer on 2 January 2023 for the remaining amount of the TV set when the retailer collects it from the warehouse.

In this example, the “time of supply” for the advance payment of MVR 9000/- is the day the retailer paid the advance payment, which is 15 December 2022. Assuming the wholesaler is registered in the general GST sector, the GST rate applicable to the advance payment is 6%. The GST rate applicable for the rest of the payment is 8%.



Example 3

Mr. Messi stays at Splendid Beach Resort from 7 January 2023 to 17 January 2023. The resort issues a tax invoice to Mr. Messi on 30 November 2022 when he makes the booking.

The “Time of supply” in this example is 30 November 2022, and GST must be charged at the rate of 12% irrespective of the fact that the actual period of stay of Mr. Messi at the resort occurs in the year 2023.



Example 4

On 15 December 2022, Splendid Beach Resort receives the full payment for Mr. Harry's stay that would start on 7 January 2023.

The “time of supply” in this case is 15 December 2022, and GST must be charged at the rate of 12% irrespective of the fact that the actual period of stay at the resort occurs in the year 2023.





Example 5

On 1 January 2023 at 01:15 hours, Café Blue, registered in the GGST Sector, issues a tax invoice to Mr. Ahmed, and the payment is made subsequently, before closing the café for the night on 31 December 2022.

In this example, the Café Blue can deem that the “time of supply” for this transaction occurs on 31 December 2022 and charge GST at the rate of 6%, as specified in [the circular issued by MIRA](#).



Example 6

Mr. Ronaldo stays at Splendid Beach Resort from 25 December 2022 to 10 January 2023. The resort issues a tax invoice to Mr. Ronaldo at the end of 31 December 2022 for the goods and services supplied to him up to that point in time.

In this case, the time of supply of the services supplied to Mr. Ronaldo up to and including 31 December 2022 would be 31 December 2022 and the applicable GST rate would be 12%.



Example 7

TelMa, a telecom operator registered in the General GST sector, issues a tax invoice to a landline customer on 18 December 2022 for the call charges for the month of November 2022 and landline rental charges for the month of January 2023. The payment is made subsequently.

In this case, time of supply of the charges, including the landline rental charges, would be 18 December 2022 and applicable GST rate would be 6%.



Example 8

TelMa, a telecom operator registered in the General GST sector, issues a tax invoice on 5 January 2023 to a postpaid customer for the mobile phone services provided to that customer during the month of December 2022. The payment is made subsequently.

In this case, time of supply would be 5 January 2023 and applicable GST rate would be 8% despite the fact that charges are related to the month of December 2022.





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