

Sixth Amendment to the Goods & Services Tax Act

23rd November 2022

Overview

This tax update covers the notable changes brought in the Sixth Amendment to the GST Act (10/2011) (the “**Amendment**”).

The Amendment was passed by the Parliament of the Maldives on 16th November 2022 and ratified by the President of the Maldives on 22nd November 2022.

The key change from the Amendment is the following changes in the Goods and Services Tax (“**GGST**”) rates, which will come into effect from 01st January 2023.

- Increase in the General Goods & Services Tax (“**GGST**”) rate from 6% (six percent) to 8% (eight percent)
- Increase in the Tourism Goods & Services Tax (“**TGST**”) rate from 12% (twelve percent) to 16% (sixteen percent).



Time of Supply

GST must be charged at the new rates if the “time of supply” of a transaction occurs on or after 01st January 2023.

Section 17 of the GST Act should be applied to determine the time of supply, i.e., the **earlier of** the date on which an **invoice is issued** or the **payment is received**.

For a good or service supplied on or after 01st January 2023 for which full or partial payment is collected before 01st January 2023, the old GST rates would be applicable.

In the context of tourist resorts, guest houses, and other tourist establishments, the rate applicable for advance bookings made for periods on or after 01st January 2023 would be determined as follows:

1. If full payment is collected prior to 01st January 2023, the applicable TGST rate is 12% (twelve percent).
2. If partial payment is collected prior 01st January 2023 the applicable TGST rate is as follows:

Advance Payment	12% (twelve percent)
Balance Payment	16% (sixteen percent), which would be the applicable rate on the invoicing date.

3. If no payment is collected prior to 01st January 2023, the applicable TGST rate is 16% (Sixteen percent).



Cut-off date

Registered persons who supply on a 24-hour basis are required to collect GST on the following basis:

1. 6% (six percent) GGST or 12% (twelve percent) TGST for goods and services supplied before 00:00 hours of 31st December 2022.
2. 8% (eight percent) GGST or 16% (sixteen percent) TGST for goods and services supplied on or after 00:00 hours of 31st December 2022.

History of changes in GST Rates

GST was introduced to the Maldives in the year 2011. Over the last eleven years, the rates have changed as follows.

Period	GGST Rate	TGST Rate
01 st January 2011 to 01 st October 2011	N/A	3.5%
02 nd October 2011 to 31 st December 2011	3.5%	3.5%
01 st January 2012 to 31 st December 2012	6%	6%
01 st January 2013 to 31 st October 2014	6%	8%
01 st November 2014 to 31 st December 2022	6%	12%
01 st January 2023 onwards	8%	16%



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