TIWB Programme № F2018-0004

Host Administration:
Maldives Inland Revenue Authority (MIRA)

Expert Source:
Financial Directorate of the Slovak Republic (FDSR)

Programme Dates:
August 2018 – July 2020

The Maldives requested TIWB tax audit assistance for transfer pricing and international taxation issues in March 2018. The FDSR subsequently assisted MIRA in its endeavour to increase the capacities of its auditors. An FDSR official conducted five onsite missions and one virtual mission from August 2018 to July 2020. During this same period, ad-hoc assistance was provided in between missions. Twelve audit cases were commenced and further to targeted risk analysis, eight audit cases in the tourism and hospitality and construction sectors were progressed. Tax issues covered under this TIWB programme included transfer pricing (TP), intragroup services, intragroup loans, assets and depreciation, and intangibles. MIRA officials and the TIWB expert rated the support provided by the TIWB Secretariat highly.

Impact of the practical audit assistance programme

The TP audit assistance programme helped the Maldives achieve the following results:

- **Human Resource Development - Skill and knowledge transfer:** Thirty MIRA tax officials participated in the programme and applied the knowledge and skills acquired for selecting audit cases based on risk assessments. MIRA officials also furthered their skills in conducting initial interviews with taxpayers and in performing functional risk analysis. MIRA tax officials’ increased confidence has helped them engage in more fruitful and detailed case discussions on relevant facts.

- **Institutional Development – Legislative changes, tools, process and procedures:** A special unit for TP audits was created within the organisational structure of MIRA. In July 2020, the TP unit consisted of four tax auditors and a head of unit, with the perspective of expansion in the future. Together with TIWB experts, MIRA officials developed an internal audit and administrative manual and recommended changes to the TP legislation, TP documentation, regulations, and general audit processes.

- **Lessons Learned:** Engaging with senior management helps ensure all stakeholders are on board, to manage expectations and clarify programme objectives. Effective legislation can have a significant impact on taxpayer compliance and tax administration organisational culture. MIRA took advantage of
remote assistance, which is a key element of TIWB programmes. The remote assistance provided by the expert helped continue the momentum needed for such a “learning by doing” approach through regular follow-ups.