

Taxpayer Perception Survey

2022



Contents

- List of Abbreviations 2
- Acknowledgments..... 3
- Executive Summary..... 4
- 1. Introduction 6
- 2. Methodology..... 7
 - 2.1 Target Population 7
 - 2.2 Sample..... 8
 - 2.3 Pilot Survey..... 10
 - 2.4 Questionnaire 11
- 3. Findings 12
 - 3.1 Business Survey 12
 - 3.1.1 Section A – Basic Information of Taxpayer..... 12
 - 3.1.2 Section B – Attitude Towards Payment of Taxes 14
 - 3.1.3 Section C – Tax Audits..... 24
 - 3.1.4 Section D – Tax Evasion 27
 - 3.1.5 Section E – Perception Towards Tax Administration..... 29
 - 3.2 Household Survey..... 34
 - 3.2.1 Section A – Basic Information of Respondents..... 34
 - 3.2.2 Section B - Attitude towards Taxes..... 35
 - 3.2.3 Section C – Tax Compliance 39
 - 3.2.4 Section D - Perception Towards Tax Administration..... 43
 - 3.2.5 Section E - Knowledge of GST and Income tax..... 45
- 4. Limitations 50
- 5. Conclusion and Implications 51

List of Abbreviations

BPT	Business Profit Tax
GGST	General Goods and Services Tax
GRT	Green Tax
GST	Goods and Services Tax
HIES	Household Income and Expenditure Survey
IIT	Individual Income Tax
IT	Income Tax
MBS	Maldives Bureau of Statistics
MCS	Maldives Customs Service
MoF	Ministry of Finance
MIRA	Maldives Inland Revenue Authority
MVR	Maldivian rufiyaa
NOTA	Notice of Tax Assessment
NRWT	Non-resident Withholding Tax
SMEs	Small and Medium-sized Enterprises
TGST	Tourism Goods and Services Tax
TPS	Taxpayer Perception Survey

Acknowledgments

We extend our sincere gratitude to the USAID PFM project for their invaluable guidance and technical input throughout the entire process of conducting the taxpayer perception survey. Their expertise and support were crucial in ensuring the survey's effectiveness and relevance.

Deep appreciation goes to the Maldives Inland Revenue Authority for their assistance in drafting the survey questionnaire and providing the essential data to determine the sample population. Their cooperation and collaboration were fundamental in obtaining accurate and reliable results.

We acknowledge the significant contributions of FJS Consulting Pvt Ltd in carrying out the entire fieldwork of the survey including data collection of the final survey and conducting the pilot survey. The feedback received from the pilot survey was immensely beneficial in refining the survey methodology and ensuring its success in the actual survey.

We extend our sincere thanks to all the respondents of Taxpayer Perception Survey for providing their valuable time in providing responses to the survey. We are immensely grateful to the individuals who took part in the household survey and the respondents from different businesses, representing different regions including Male' and the atolls.

A special mention goes to the dedicated staff of the Tax Policy Unit (TPU) for their outstanding efforts in leading the study and completing all the necessary tasks associated with it. Their commitment and hard work were indispensable in the successful execution of this project.

Lastly, we express gratitude to all other individuals, organizations, and stakeholders who contributed in any way to this project's completion. Their collective efforts have made a significant impact on the success of this taxpayer perception survey, and we are truly grateful for their support.

Executive Summary

Promoting voluntary compliance, public confidence, and trust in the Maldivian fiscal system requires designing a system that is perceived as fair and equitable. A tax administration should be perceived to deliver taxpayer services that have a service-oriented attitude, ensuring that taxpayers have the information and support they need to meet their obligations and claim their entitlements under the law, particularly in tax systems promoting voluntary compliance.

The taxpayer perception survey was conducted to 122 businesses and 472 households, to examine the perception of businesses and households regarding the fiscal policies and tax administration in the Maldives. Overall, the findings of this study are in line with initial expectations and have confirmed the MoF's views on the perception of businesses and the public on tax policy and administration.

Specifically, the findings of the survey indicate that:

- **Participation in Policymaking:** Both businesses and households indicated an interest to participate in the policy reform process. Reform measures preferred by the respondents in improving the Maldives fiscal position include "*reduce budget current expenditure*" by reducing allowances and administrative expenses, and "*improving the targeting of subsidies*". Both households and business respondents indicated a preference to increasing TGST as a reform measure over other taxes as well. While respondents, in general, do not oppose changes to fiscal policies, they prefer to be given prior notice and a reasonable lead time to prepare for and increase their awareness about the change.
- **Awareness of Taxes:** Businesses have an adept understanding of most taxes while households' did not have a sufficient knowledge of the newly introduced Income Tax. Most business respondents identified a higher tax burden on the business from direct taxes than indirect taxes. Household respondents were also aware of the benefits gained from exemptions in the GST regime. However, the majority of household respondents were not aware of the sources of income, tax rates and brackets, registration obligations, and the calculation procedure for Income Tax. A significant share of business respondents perceive for the tax system to be simple while most household respondents found the system to be neither simple nor complex.

- **Tax Compliance:** Most business and household respondents perceive that the main reason for paying taxes is because it is required by law. Key benefits of tax compliance identified by business respondents include avoiding the consequences of non-compliance and reducing the probability of fines. A significant share of large businesses also identified acquiring a good reputation as a benefit of law abidance. Conversely, the disadvantages of compliance highlighted include adverse impact on competitiveness when others are non-compliant and cashflow issues. Among current measures implemented by MIRA to improve compliance, “compliance visits”, “publishing the list of non-compliers” and “litigation”, are perceived by the respondents to be most effective.
- **Trust in Government Agencies:** The key reasons respondents attribute for not paying taxes are the mismanagement of tax collected due to corruption, high tax burden and weak enforcement. Half of the business-survey respondents believe that bribing MCS officials is pervasive; while the majority believed that bribing MIRA officials was not pervasive. Although the results indicate a general distrust of respondents in government agencies to address tax matters, majority of the respondents highlighted that tax administration is the institution they trust the most.
- **Perception of MIRA as a Service Agency:** Most participants of both surveys commend MIRA's services. Most businesses were also satisfied with their overall audit experience. Improvements to raising awareness efforts is the number-one recommendation of respondents among their suggestions for improvements in MIRA services and enhancing voluntary compliance. Frequently selected requests of respondents to improve taxpayer experience include improved accessibility, quick responses, and more services via apps. Further ways to improve MIRA's services and assist in improving tax compliance include reducing downtime of and frequent updates and enhancements to all applications, and frequent posts in social media and the internet on tax updates.

1. Introduction

Significant developments have occurred in the Maldives tax regime since a broad-based, self-assessed tax system was introduced in the Maldives in 2011. Taxes are now the main source of government revenue, accounting for 70 percent of total government revenue and grants in 2022. Over the years, notable tax policy reforms have been implemented in the Maldives, such as changes to import duty rates and method of calculating duties, changes to the General Goods and Services Tax (GGST) base and Tourism Goods and Services Tax (TGST) rates, the introduction of other indirect taxes, and the introduction of a holistic income tax regime in 2019. While key stakeholder engagement played a crucial role in formulating and implementing the reforms mentioned above, engaging the public in such matters and feedback on reforms after their implementation is still lacking.

A culture of greater collaboration on tax matters, such as through increased engagement between the government, private sector, civil society, and academia, can foster improved confidence in the tax system and help promote consensus building around key reform initiatives, paving the way for reform. Strategic communication around revenue initiatives, and effective engagement will further contribute towards initiating dialogue between stakeholders, influence public perception, and build support and public ownership around tax and nontax reform initiatives. Surveys such as this facilitate informed dialogues on fiscal policies of the government, to ensure that public input is incorporated in policy decisions related to the mobilization and the use of public resources.

Conducting independent and objective taxpayer perception surveys of the general population applying international standards contributes to assessing the performance of the tax administration and the fairness in policy implementation. As such, the survey enabled relevant authorities to understand public perception regarding crucial areas of the current tax administration system and fiscal policy.

This is the first official taxpayer perception survey conducted in the Maldives, to understand the perception of general public and taxpayers regarding tax policies and tax administration. While the main objective of this survey was to establish a baseline with respect to which the effectiveness of the reforms can be subsequently monitored and assessed, other objectives of the survey includes

- Support public confidence and trust in the Maldivian tax system.

- Strengthen fiscal transparency.
- Monitor awareness, perceptions, and the level of satisfaction with tax collection services.
- Gather information helpful in fiscal reforms.
- Encourage tax payments and promote voluntary compliance.
- Promote dialogue between stakeholders (public-private dialogue), support local ownership of tax and nontax reform initiatives.

2. Methodology

Due to the nature of this study, and to enhance responsiveness to the survey, the field work of the study was outsourced to a third party. FJS Consulting Pvt. Ltd. (FJS), a Maldivian consultancy group, conducted two Taxpayer Perception Surveys, in tight collaboration with the Taxpayer Survey Working Group (TSWG), composed of the employees of the Tax Policy Unit (TPU), the Maldives Inland Revenue Authority (MIRA), and USAID Maldives Public Financial Management (PFM) activity.

2.1 Target Population

To determine the target population, government revenues of 2019 were referred to, and divided into explicit and implicit payments made by households and businesses. The results show that in 2019, the explicit payments made by households were MVR 354 million and the implicit payments made through businesses amounts to MVR 6,254 million (27 percent of government revenue). Even though household's explicit contribution¹ to government revenue was 2 percent, their perception of tax and other fees is still an important factor to be considered since taxes, such as GST and import duties, which make up a significant share of government revenue, are implicitly paid by the households. Household perception about government revenue, in terms of policies, collection mechanisms and implementation can reflect the general awareness about government revenue.

Businesses were included in the target population as they are responsible for collecting taxes implicitly paid by the households in addition to paying their explicit taxes. Businesses would have

¹ Explicit contribution includes direct payments by household to the government such as fees and charges and individual income tax.

the highest interaction with tax administrations, making their views integral to assessing their services. Taxes and fees of MVR 21,000 million (including explicit payments from businesses and implicit household payments) were collected from businesses in 2019, representing 90 percent of government revenue. From taxes and fees paid by the businesses, MVR 15,000 million (63 percent of government revenue) were explicit payments by businesses.

In several countries, two separate surveys have been run covering two main categories of taxpayers: a household survey and a survey of businesses. Considering the reasons mentioned above, the target population was identified as businesses and households, and this survey was conducted to cover both households and businesses in the Maldives.

2.2 Sample

The target population for the household survey was all income-earning residents in the Maldives, who were 18 years or older on the day of the survey, excluding persons living in non-administrative islands such as resorts and industrial islands.

According to the Maldives Bureau of Statistics (MBS), in 2019, there were 87,537 households in the Maldivian inhabited islands. Given the total population, the equivalent size of a representative sample of 382 households was selected, by applying the standard formula and usual specifications (using a "sample size calculator").

Sample size: $n = N * [Z^2 * p * (1-p)/e^2] / [N - 1 + (Z^2 * p * (1-p)/e^2)] = 471.7$ households

Where:

- Population size: **N=87,537**
- The margin of error: **e=4.5%**
- The critical value for the normal distribution (confidence level: 1-e=95%): **Z=1.96**
- Standard deviation: **p=0.5**

No weighting was required or applied to the sample, as the sample fairly represented the key demographic characteristics of the target population.

472 households were selected for the survey, which accounts to approximately 0.7 percent of the total households in the Maldives. However, the sample did not include persons living in labor quarters (mostly foreigners) and the resort islands.

Given the above-specified characteristics of the population, a clustered, stratified, multi-stage random probability sampling approach was utilized where every element of the population was given an equal and calculable chance of being included in the sample. Urban and rural location stratified the sample within each region, and to ensure geographical coverage in sampling, 40 enumerated areas were selected, representing 35 inhabited islands across 8 atolls.

Atolls were used as Primary Sampling Units, where Probability Proportional to Size (PPS) selected 8 atolls for the survey and the representativeness was ensured in selecting the atolls. 34 islands were selected within these atolls as Secondary Sampling Units by the Probability Proportional to Size, sampling between urban and rural islands separately. In each of the sample atolls, the capital island has been selected, where as in Kaafu Atoll, the greater Male' Area (which includes the Capital City Male', Villingili and Hulhumale') was also selected as one-third of the population of the Maldives resides in this area.

Sampling points were selected randomly using a comprehensive list of locations and 100 Primary Sampling Units were selected, with no more than 5 interviews conducted in any of the units.

For each household, a participant was chosen from among all eligible individuals in the household, using a random number generator. Only one person from each selected household currently employed (i.e., paid employment or self-employment) was interviewed for the survey, and efforts were made for the sample to represent the employed population structure as per the Household Income and Expenditure Survey (HIES) 2019 closely. Phone interviews were attempted if selected respondents were not at home or unavailable for a physical interview.

Sample size: $n = N \cdot x / [N - 1 + x] = 221.6$ businesses

$$x = (Z^2) \cdot p \cdot (1-p) / e^2$$

- Target population size: **N = 44,200** businesses operating in the administrative islands and registered in MIRA
- Confidence level: **CI = 95%** and Z-score: **Z = 1.96**
- Standard deviation: **p = 0.5 (50%)**
- The margin of error: **e = 0.066 (6.6%)**: indicates how close sample results are to the true value of the target population

A list of registered businesses provided by MIRA was used as the sampling frame and 221 businesses were selected for the survey, representing 0.23 percent of the total registered businesses in the

Maldives. These businesses were initially drawn randomly, but due to difficulty in contacting the selected businesses, some surveyed businesses also included ones that were targeted through random walk-ins.

The survey was conducted on 16 pre-selected islands, across the country. A total of 221 interviews were conducted to gather data and 154 interviews were conducted in the Greater Male' Area, with 67 interviews being conducted in other residential islands. This data-gathering method helped the enumerators to explain the questions wherever needed and collect in-depth information. Moreover, using an interview-based approach also helped ensure a higher rate of responsiveness compared to other feedback mechanisms that MIRA currently implements, such as taxpayer feedback survey over the phone or emails.

The sample also covered businesses across numerous industries, with the retail trade; repair of motor vehicles and motorcycles representing the highest percentage of the sample (62 business activities accounting to 28 percent of the sample). The second and third industries with the largest number of business activities in the sample were other service activities (24 business activities) and accommodation services (20 business activities), respectively. These samples represented the current domestic business environment, with most business activities registered under retail trade and accommodation services. However, as resorts were excluded from the survey, tourism sector is under-represented and therefore, the industry structure of the sample does not represent the economy of the Maldives.

2.3 Pilot Survey

A pilot survey was conducted covering 50 households and 25 businesses in January 2022, the experience from which was incorporated into the final survey. The pilot survey was conducted in Male' and covered 5 percent of the total sample for both households and businesses. Efforts were made to include respondents across key demographic variables including age and gender, and to capture businesses of all sizes and across a variety of industries for the household and business survey respectively.

Based on the report of the pilot survey with feedback on the fieldwork, changes to the questionnaires were introduced. In particular, the questions which respondents found difficult were changed, and as it was noted that the household questionnaire was too long, leading to

respondents losing interest towards the end of the questionnaire, six questions from it were removed.

2.4 Questionnaire

The questionnaire used in this study is an initial template for future surveys and a comparative basis for monitoring various indicators by the Ministry of Finance (MoF), MIRA, and other authorities to improve their efficacy and operations. This will make it possible to quantify the dynamics of awareness and perception by residents of the Maldives.

Based on the feedback from the pilot survey and comments from several development partners, the final questionnaire mainly consisted of close-ended questions. However, some open-ended questions were also included to enable respondents to share qualitative feedback in selected areas.

The questionnaire broadly covered the following areas:

1. Taxpayer attitude towards payment of taxes
2. Tax audits and tax compliance
3. Tax evasion
4. Perception towards tax administration
5. Knowledge of GST and Income Tax

Taxpayer Attitude Towards Payment of Taxes

In the household survey, this area mainly focused on gauging the respondents' general awareness and knowledge of the tax system in Maldives, in addition to obtaining feedback and input on the existing tax system in addition to policy reforms. This section of the business survey also included questions related to perception of compliance obligations.

Tax Audits and Tax Compliance

While this section on Business Survey solely focused on taxpayer audits, including current audit experience and rights of taxpayers during audits, this section in the household survey, included questions related to the overall tax compliance amongst households.

Tax Evasion

This section of the business survey covered the perception of taxpayers regarding tax evasion and non-compliance. The section also looked into the perception on the effectiveness of MIRA's deterrent measures.

Perception Towards Tax Administration

The section covered the respondents' perception of MIRA's capacity to provide relevant and quality services to taxpayers and the public. The section also looked into the perception of the trustworthiness of other related state institutions.

Knowledge of GST And Income Tax

As GST is the main tax paid by households, this section aimed to evaluate the households' awareness and knowledge of GST and income tax. Since the tax on remuneration is fairly new in the Maldives,² this section also looked into the perception of individuals regarding this tax and obtained feedback on the current regime.

3. Findings

This section outlines the results from the Business Survey, followed by the Household Survey. While most respondents were aware of the taxes imposed in the Maldives, the results indicated a lack of understanding of the overall tax regime, particularly among household survey participants. Additionally, although demographic differences could be observed in some areas, most of the findings for both surveys remained consistent.

3.1 Business Survey

3.1.1 Section A – Basic Information of Taxpayer

The target population for this survey was the registered businesses in MIRA. This section collects general information, such as employment position, age, and gender of the respondent of the survey

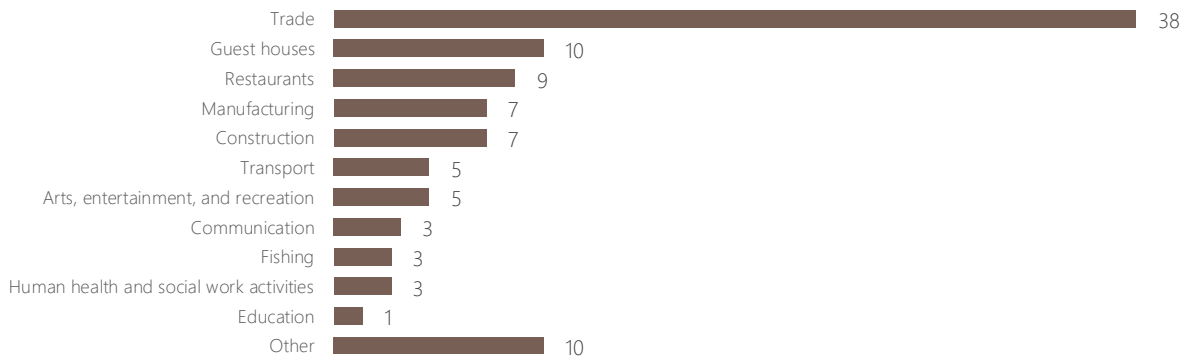
² Tax on remuneration or employment income was introduced in the Maldives in 2020, with the commencement of the Income Tax Act (Law Number 25/2019).

representing a business establishment. Furthermore, general information was collected about the business establishment, such as the form of business, duration of operation, number of employees, industry, and turnover.

Chart 1 depicts the share of industries in the total sample of the survey. The tourism sector was not well represented because resort islands were excluded from the sample whereas over one-third of the businesses in the survey were from the wholesale and retail sectors. The results from the survey show that the tax paid by the highest number of establishments in the past three years was GGST (Chart 2). While 44 percent of establishments in the survey paid Business Profit Tax (BPT), less than 16 percent paid other taxes.

Chart 1: Industries of Establishments

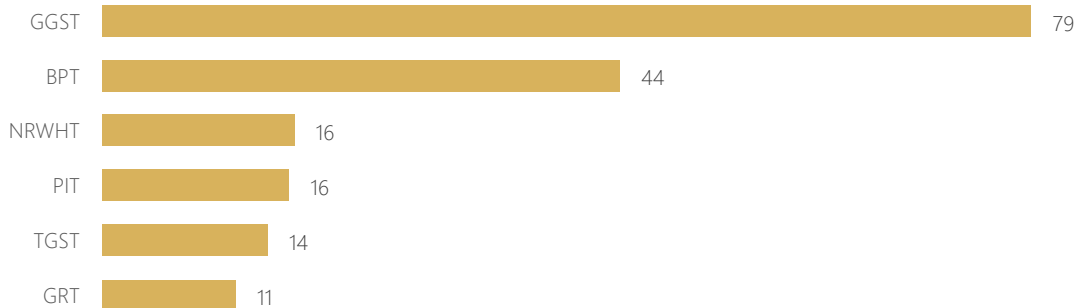
Percentage of Establishments



NOTE: This chart shows responses to the question "Which of the following industry do you earn the majority of your income?" and is to be read as 38 percent of establishments earned the majority of their income in the trade industry.

Chart 2: Taxes Paid

Percentage of Establishments



NOTE: This chart shows responses to the question "Has the establishment paid any of the different taxes levied in Maldives in the last three years?" and is to be read as, 79 percent of establishments paid GGST.

Chart 3: Annual Turnover of the Business

Percentage of Establishments



NOTE: This chart shows responses to the question "What is the annual turnover of your business?" and is to be read as 30 percent of respondents stated that their annual turnover is below MVR 500,000.

5.1.2 Section B – Attitude Towards Payment of Taxes

General Views on Taxes and Authorities

As depicted in Chart 4, 95 percent of respondents agreed that they paid taxes because it was required by law. In contrast, there was comparatively less agreement for other reasons such as moral responsibility, provision of public services, and influence by other taxpayers. The business survey respondents were also asked about their perception of the tax burden of different taxes levied on businesses and individuals. As depicted in Chart 5, more than half of the respondents stated they were unaware of the burden of taxation, apart from GGST, BPT, and individual income tax. This reflects the sparse number of establishments in the survey operating in the tourism sector. Notably, even though GGST is not levied on businesses, 25 percent of respondents believed that the tax burden of GGST was heavy or very heavy. In comparison, 31 percent thought the tax burden of BPT was heavy or very heavy. Looking at the responses from different sizes of businesses, more respondents from large establishments than micro establishments believed the GGST and BPT tax burden was light.

Chart 4: Reasons for Paying Taxes

Percentage of Respondents

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't Know
It is required by law	68	27	3	1	0	0
It is my responsibility as a citizen	43	31	11	11	3	1
It contributes to the provision of public services	42	24	14	14	5	2
It is the right thing to do	37	31	14	10	8	1
I believe that other businesses are reporting and paying taxes	22	21	13	26	14	4

NOTE: This chart shows responses to the question "Why do you pay taxes?" and respondents' degree of agreement with the possible reasons to pay taxes is to be read as 68 percent of respondents strongly agreed that they paid taxes because it was required by law.

Chart 5: Perception of Tax Burden

Percentage of Respondents

	Very light	Light	Somewhat heavy	Heavy	Very heavy	Don't know
GGST	14	33	19	16	10	9
BPT	3	20	24	22	10	21
Green Tax	2	13	11	10	2	61
NRWT	1	11	16	9	4	59
TGST	1	14	10	14	6	56
Individual Income Tax	0	14	18	15	5	48

NOTE: This chart shows responses to the question "How would you categorize today's tax burden?" and is to be read as 14 percent of respondents stated that GGST tax burden is very light.

Trust in tax authorities and related government institutions plays a key role in taxpayers' businesses' perception of the Maldives' tax system. The respondents were asked to rate their level of trust in six government institutions, as shown in Chart 6. Of the six institutions included in the survey, MIRA was the institution respondents trusted the most. Hence, 64 percent of respondents trusted MIRA in addressing tax matters. Additionally, 47 percent of respondents trusted the MoF.

Chart 6: Trust in Tax Authority and Other Related Government Institutions

Percentage of Businesses

	Fully trust	Somewhat trust	Neither trust, do not distrust	Somewhat do not trust	Do not trust at all	Don't know
People's Majlis	9	8	14	16	42	11
President's Office	14	14	21	16	20	15
Maldives Customs Services	21	24	16	13	20	5
Ministry of Finance	26	21	19	15	14	4
Tax Appeal Tribunal	24	19	14	10	12	20
MIRA	33	31	14	10	12	1

NOTE: This chart shows responses to the question "On a scale of 1-5, where '1' means "Do not trust at all" and 5 means "Fully trust", please indicate to what extent you trust or distrust the following organizations in addressing tax matters." and is to be read as 9 percent of respondents fully trusted People's Majlis.

Opinion on Policy

In this survey, the respondents were asked their opinion regarding changes to fiscal policy. Given that this survey was conducted when the businesses were recovering from the economic downturn caused by the Covid-19 pandemic, the respondents were asked their opinion on various policy measures related to the Covid-19 pandemic. Chart 7 depicts the respondents' opinions on the effectiveness of different fiscal support policies, which the government provided to businesses in order to overcome the difficulties they faced during the pandemic. Findings of the survey show that extension of deadlines was perceived as the most effective policy response measure, followed by deferral of rent payments. Furthermore, we asked the respondents if they believed changing tax rates was an appropriate government response during the Covid-19 pandemic. The respondents were also asked about their perception of changing tax rates during normal conditions³. The results from the survey show that more respondents viewed decreasing tax rates during Covid-19 economic conditions as an appropriate policy option compared to normal economic conditions. Notably, as the representativeness of the tourism sector in this survey was low, the percentage of respondents who stated that tourism-related taxes such as TGST and Green Tax should be increased was high.

³ This survey data collection was completed before the announcement of GST rate change effective from the 01st of January 2023.

Respondents generally believed the current GGST⁴ and BPT rates (taxes paid by most establishments in the survey) were appropriate.

Chart 7: Effectiveness of Covid-19 Relief Support

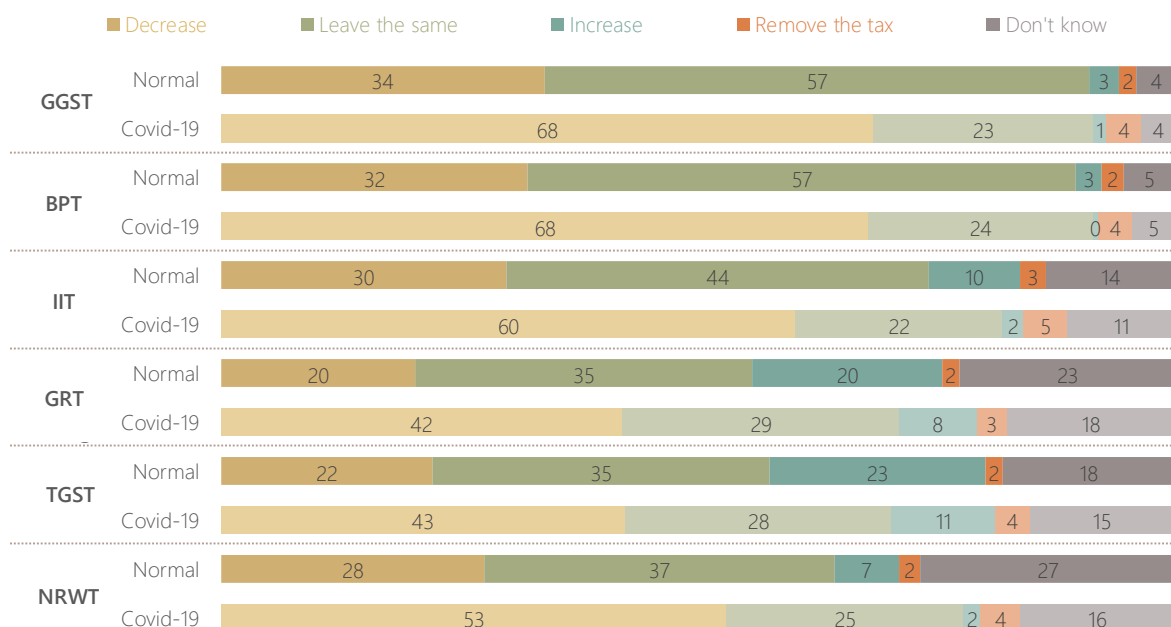
Percentage of Businesses

	Very effective	Effective	Neutral	Not effective	Very ineffective	No Answer
Extension of deadlines	24	47	12	11	2	3
Deferral of rent payments	17	36	14	16	5	11
Loan moratorium	14	35	19	17	5	10
Payment of TGST in MVR	14	31	18	17	6	14
Special instalment plans	13	36	18	18	7	10
Electricity and water subsidy	11	34	17	22	11	5

NOTE: This chart shows responses to the question "How would you rate the fiscal responses of the government to provide Covid-19 relief to businesses?" and is to be read as 24 percent of respondents believed extension of deadlines was very effective.

Chart 8: Perception of Tax Rate Changes During Normal Conditions and During Covid-19

Percentage of Businesses



NOTE: This chart shows responses to the questions "What do you think should be the appropriate government responses to taxes in normal economic conditions and under Covid-19 economic conditions?" and is to be read as 34 percent of respondents stated that decreasing GGST is an appropriate policy response during normal economic conditions.

⁴ GGST rate at the time of data collection was 6 percent.

To provide their opinion on the policies to reduce the country's deficit, respondents were asked to assess their level of agreement on several possible fiscal consolidation measures. Chart 9 shows the responses to this question. While the respondents preferred consolidation measures on recurrent expenditure compared to increasing revenue (except increasing rates for TGST), the most popular fiscal policy option to reduce the fiscal deficit was reducing government recurrent expenditure, with which 73 percent of respondents agreed. Making subsidies more targeted was also almost equally popular, as 72 percent of respondents agreed that targeting subsidies could reduce the government deficit. The government currently spends heavily on universal subsidies and is working on transitioning to targeted subsidies. Hence, this survey's results show that, in principle, business enterprises were likely to support such subsidy reforms.

Chart 9: Opinion on Fiscal Policy Measures to Reduce Fiscal Deficit

Percentage of Businesses

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't Know
Reduce government recurrent spending	45	29	14	9	3	0
Making subsidies more targeted	42	30	14	10	3	2
Increase TGST rate	17	33	11	22	10	7
Slow down infrastructure projects	12	23	22	29	13	1
Increase income tax rates on individuals	7	21	16	31	23	2
Increase fees for government services	4	18	16	38	24	0
Increase income tax rates on businesses	3	12	19	34	31	1
Increase GGST rate	2	12	15	39	31	1

NOTE: This chart shows respondents' degree of agreement with policies to reduce the fiscal deficit and is to be read as 45 percent of respondents strongly agreed to reduce government recurrent expenditure as a policy measure to reduce fiscal deficits.

Regarding policy measures, the respondents were asked for their opinion on the extent of prior notice that had to be given to businesses when tax policies were to be changed. Fifty-three percent of the respondents stated that six months or less was sufficient. Considering the results of this survey, the government announced the change in GST rates six months before the change was to be implemented. Nevertheless, the responses might have been different if there was a higher tourism sector representativeness, as the tourism industry showed more pronounced opposition to the notification time for the TGST rate change in January 2023. Furthermore, Chart 10 shows that businesses were not aware of proper channels to reach policymakers if they wanted to propose any

suggestion to tax policy formulation. MoF is the government institution responsible for the formulation of tax policy. However, among the few respondents who stated they were aware, most respondents wrongly identified MIRA as the institution responsible for formulating tax policy.

Chart 10: Awareness of the Institution that Formulates Tax Policy

Percentage of Businesses



NOTE: This chart shows responses to the questions “Are you aware of the proper channels for reaching policymakers, and if yes, what are the channels available?” and is to be read as 78 percent of respondents stated they were unaware of proper channels for reaching policymakers.

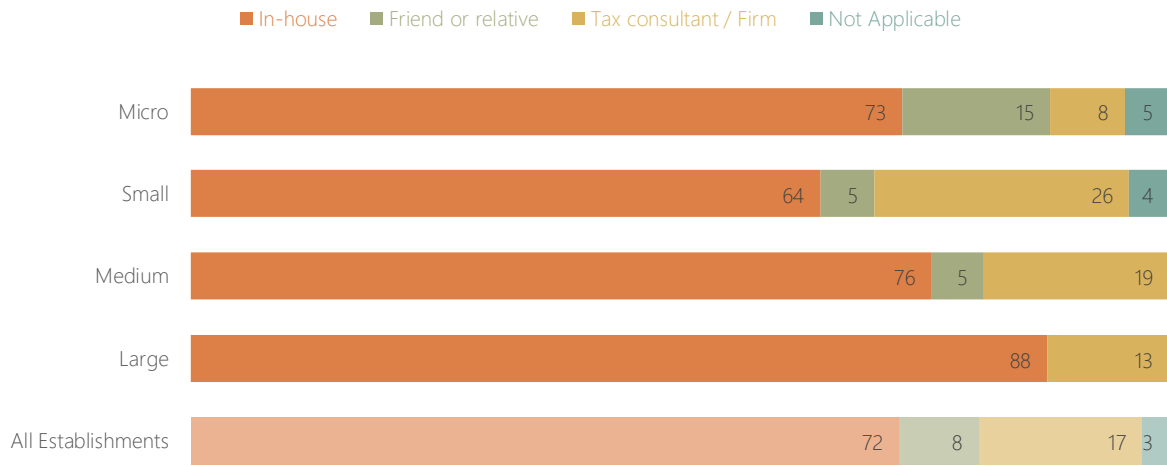
Cost of Tax Compliance

The cost of tax compliance determines effectiveness of voluntary compliance and have a direct impact on tax revenue received by the government. In this survey, we asked the respondents responsible for preparing their own tax returns, regarding their view on the significance of various tax compliance costs identified, and the average annual tax compliance cost for the business. It should be noted that the cost of tax compliance may also vary according to the size of the business.

About three-fourths of the respondents stated that they prepared the taxes in-house by accountants or accounts and finance departments. Friends or relatives prepared taxes the most often for micro businesses. In contrast, small businesses were most likely to outsource the preparation of taxes to tax consultants or firms. Since most establishments in this survey prepared their taxes in-house, administrative and accounting costs were their most significant tax compliance efforts. However, 29 percent of respondents from medium-sized establishments stated that the highest cost of compliance for them was the cost related to tax advisors, agents, and consultants (Charts 11, 12, and 13). Other compliance costs identified by respondents included training costs, the use of software, and extra time spent on tax-related matters. Furthermore, the tax compliance expenditure increased as size of the business increased. While half of the respondents from micro businesses spent less than MVR 10,000 per year for tax compliance, 66 percent of respondents from large businesses spent more than MVR 30,000 annually for tax compliance.

Chart 11: Means of Preparing Taxes

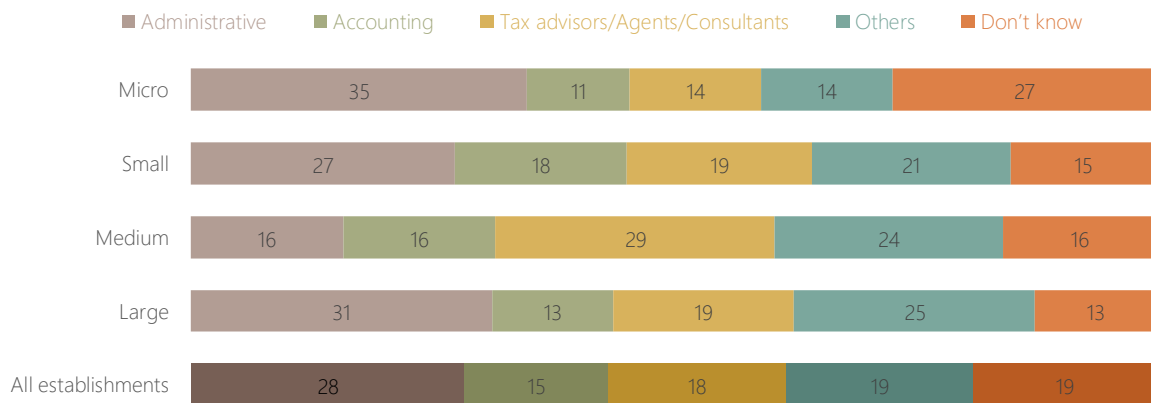
Percentage of Respondents



NOTE: This chart shows responses to the question “Who prepares taxes for you?” according to the size of the business and is to be read as 72 percent of respondents stated that they prepared taxes in-house by accounts departments.

Chart 12: Types of Tax Compliance Costs

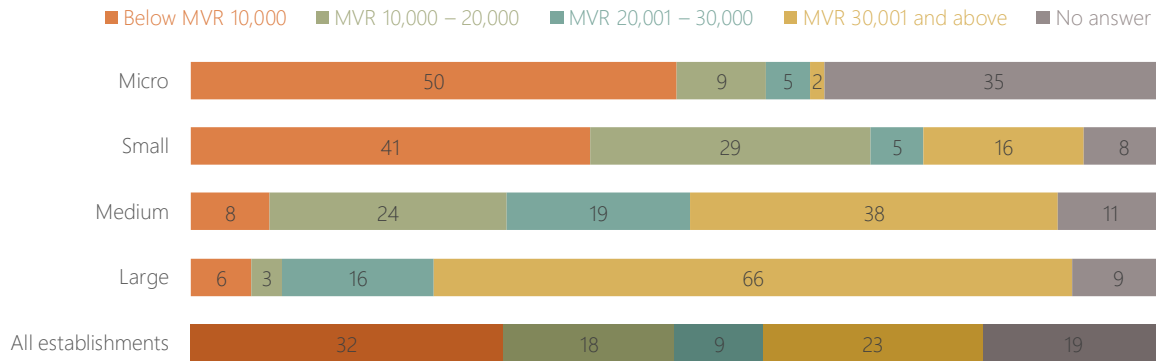
Percentage of Respondents



NOTE: This chart shows responses to the question “What do you think is the most expensive tax compliance cost for your business?” according to the size of the business and is to be read as 28 percent of respondents stated that the most significant cost was administrative cost.

Chart 13: Expenditure on Tax Compliance

Percentage of Respondents



NOTE: This chart shows responses to the question “How much do you spend per year for maintaining accounting, preparing financial and tax reporting?” according to the size of the business and is to be read as 32 percent of respondents stated that they spent more than MVR 10,000 per year.

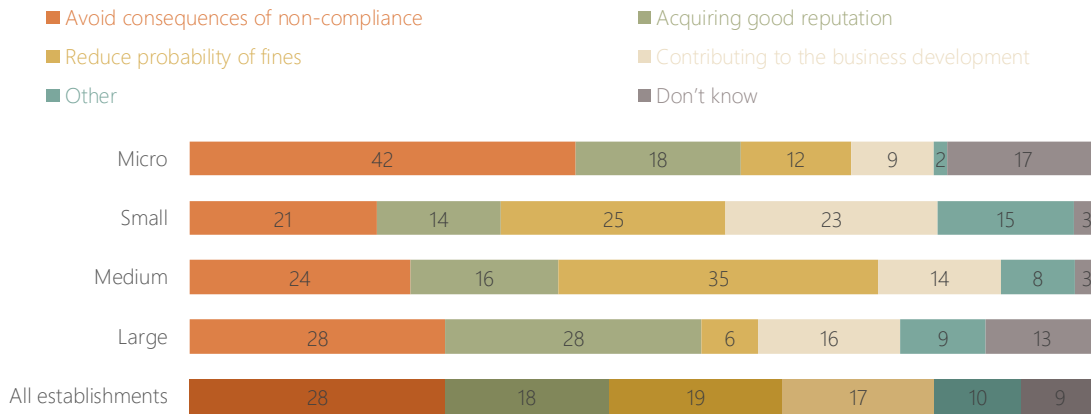
Opinion on Tax Compliance

While tax compliance rate is comparatively high in the Maldives, compliance rate declined during the Covid-19 pandemic. In this survey, the respondents were asked regarding their opinion on the biggest advantages and disadvantages of tax law abidance (Charts 14 and 15). A large share of the respondents believed that avoiding the consequences of non-compliance was the biggest advantage of tax compliance. Similarly, respondents from small and medium businesses believed that the biggest advantage was reducing the probability of fines. Even though 28 percent of respondents from large establishments believed avoiding the consequences of non-compliance to be the biggest advantage, acquiring a good reputation was equally important among such businesses.

When asked about the disadvantages of tax compliance, the respondents were restrained in answering, as 27 percent of the respondents stated that there was no disadvantage or stated they did not know. In addition, many respondents noted that the biggest disadvantage of tax compliance was the cash flow issues they faced when taxes were paid on time. This reason was the most significant for medium-sized businesses as well, where 35 percent of the respondents believed that the biggest disadvantage of paying taxes on time was cash flow issues.

Chart 14: Advantages of Tax Compliance

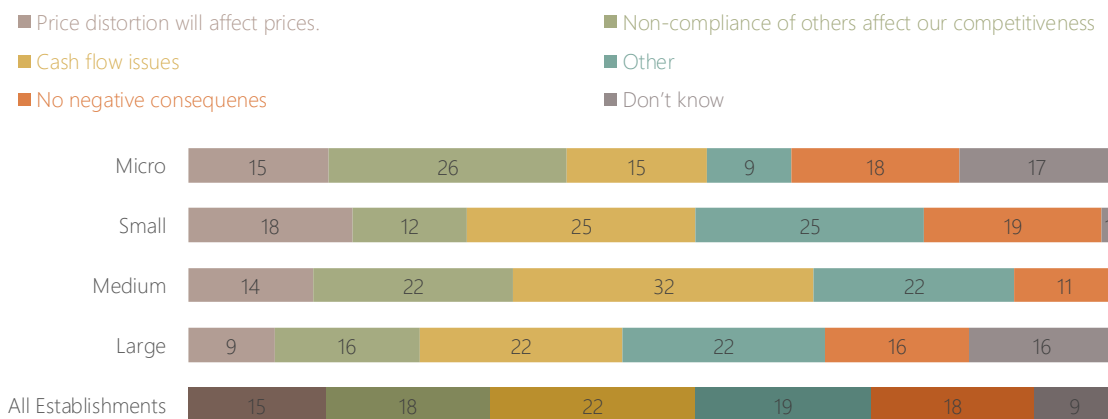
Percentage of Respondents



NOTE: This chart shows responses to the question “What is the biggest advantage for businesses of tax law abidance?” by business size. It is to be read as 28 percent of respondents stated it was to avoid the consequences of non-compliance.

Chart 15: Disadvantages of Tax Compliance

Percentage of Respondents



NOTE: This chart shows responses to the question “What is the most negative consequence of tax law abidance on the business?” by the size of the business. It is to be read as 15 percent of respondents stated that price distortions of taxes would affect business prices.

Opinion On Fairness and Tax Burden

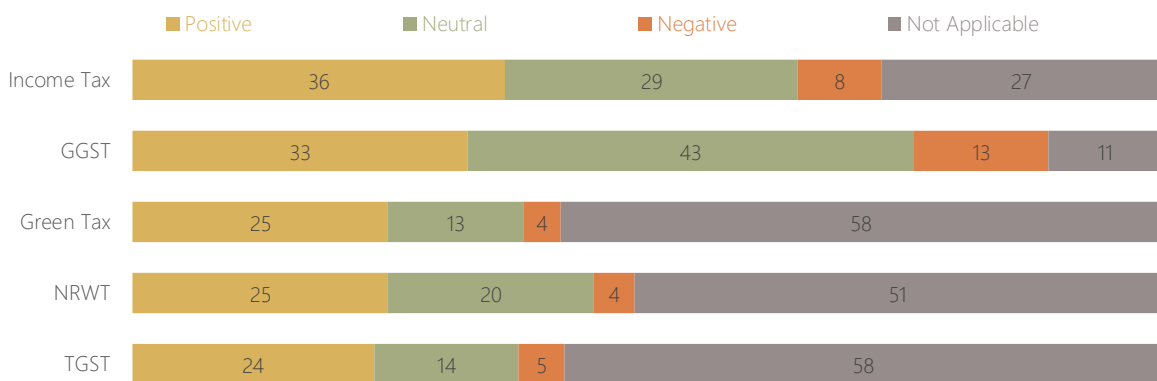
When asked if businesses like theirs are taxed in a similar manner, more than half of the respondents agreed that they are taxed similarly. Among the quarter of respondents who disagreed, the respondents were from businesses in the industries such as accommodation sector, restaurants, arts, and entertainment. It should be noted that some of the businesses in these industries may fall into tourism sector for the purposes of GST and may be charged TGST rate which is higher than the GGST rate.

Similar to other tax systems, several exemptions are provided in the Maldivian tax regime as well. Chart 16 depicts the responses to the question regarding impact on businesses from tax exemptions.

Income tax exemptions were considered as the type of tax that most respondents stated that their business benefited from. The reason for this response may be that most micro businesses benefiting from the tax-free threshold for income tax. Furthermore, when asked if similar businesses benefit from tax exemptions, 43 (NRWT) percent to 55 (GGST) percent respondents stated that similar businesses benefit from taxes, according to the type of tax.

Chart 16: Impact of Tax Exemptions

Percentage of Respondents

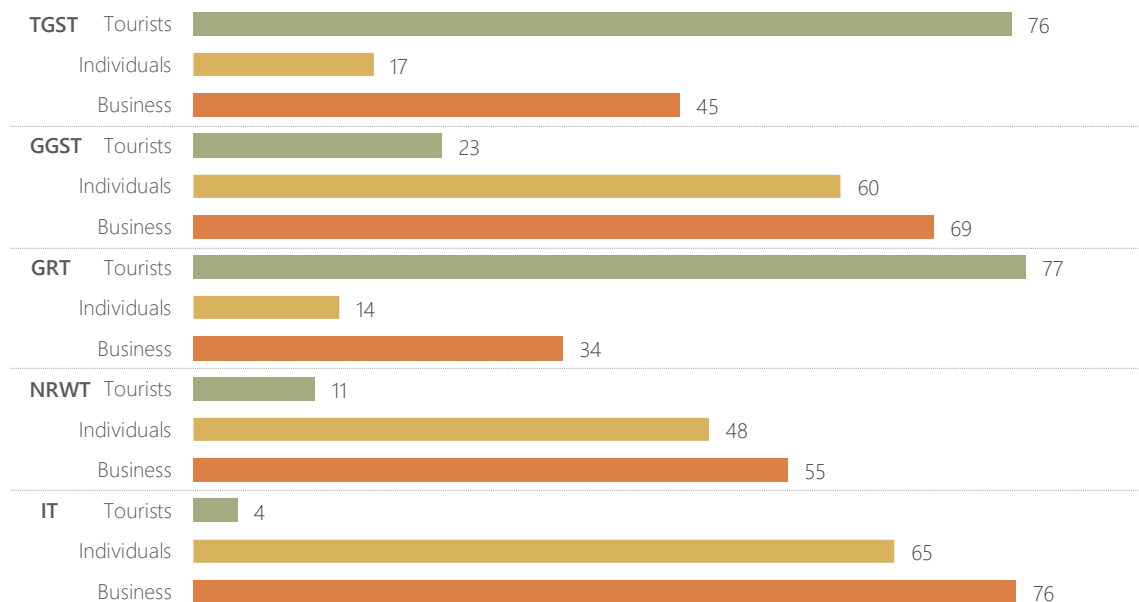


NOTE: This chart shows responses for the question “How does tax exemptions impact your business?” and is to be read as 36% of respondents stated that income tax exemptions impact them positively.

To gauge the awareness on tax burden, respondents were asked who bears the burden of different taxes. Chart 17 shows that respondents were able to correctly state who bears the tax burden for all types of taxes, except for GGST. 69 percent of respondents stated that businesses bear the GGST tax burden while 60 percent of respondents believed that the tax burden of GGST is borne by individuals as well.

Chart 17: Tax burden

Percentage of Respondents



NOTE: This chart shows responses to the question “Who bears the following taxes?” and is to be read as 76 percent of respondents stated that tourists bore TGST. For this question, respondents were able to select more than one option as they might think that both individuals and businesses paid some of the taxes.

5.1.3 Section C – Tax Audits

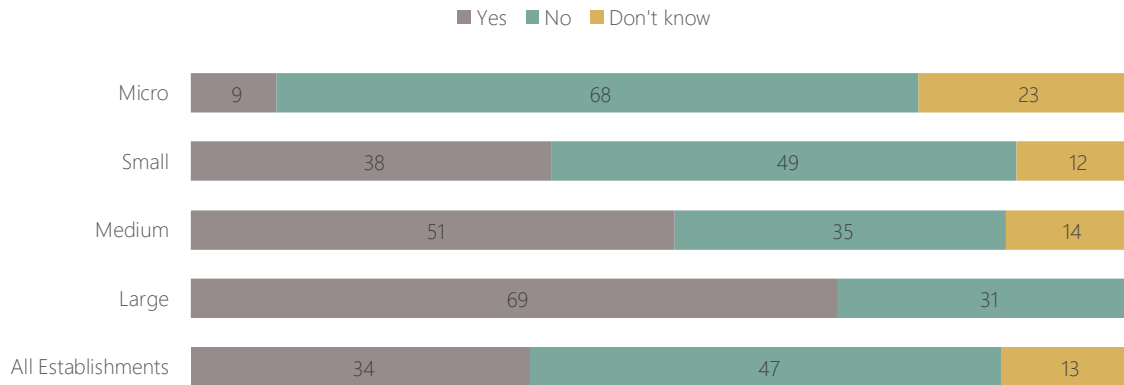
Section C of the business survey sheds light on the tax audit experience of businesses. This helps identify the key issues businesses face, leading to a greater focus on areas needing improvement.

Overall Tax Audit Experience

One-third of the businesses were tax audited in the past. Furthermore, 49 percent of those tax audited were medium and large businesses. The most frequently audited firms were those that had paid BPT and/or GGST during the past three years. Only half of the respondents stated that they received a Notice of Tax Assessment (NOTA). Since resorts were excluded from the sample, the results of the survey do not provide an accurate evidence on the frequency of audits of businesses paying TGST.

Chart 18: Businesses that were Tax Audited in the Past

Percentage of Respondents

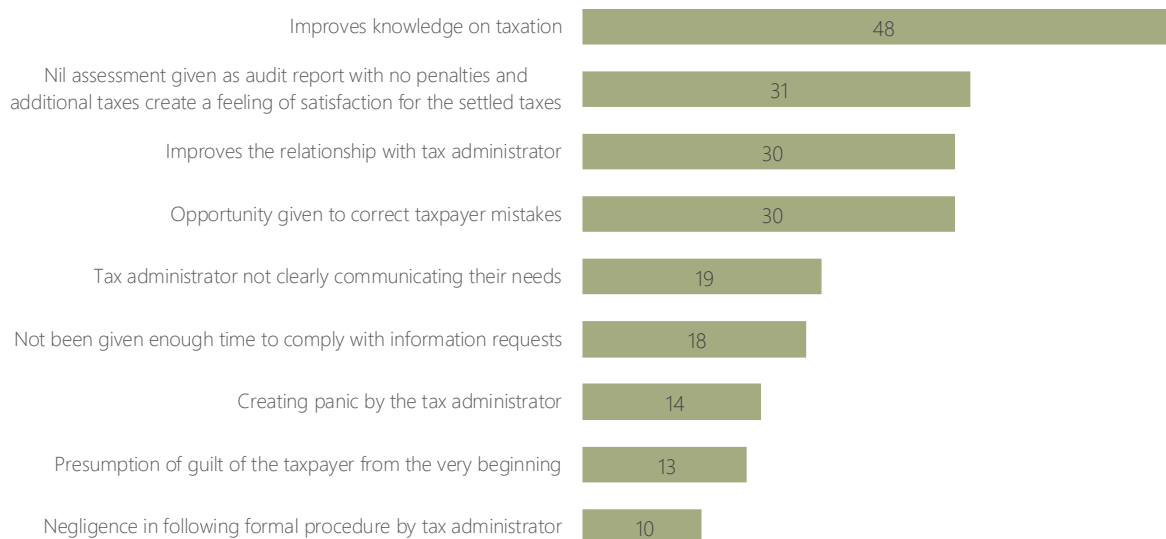


NOTE: This chart shows responses to the question “Have you been tax audited in the past?” according to business size and is to be read as 9 percent of micro-sized businesses were tax audited in the past.

A large proportion of the respondents from businesses audited in the past reported a positive audit experience, with 48 percent stating that the audit helped improve their knowledge on taxes and their relationship with the tax administrator. Nevertheless, there is room for improvement in some key areas, as 19 percent of the business survey participants highlighted the issue of unclear communication by the tax administrator regarding tax audits. Moreover, 18 percent of the respondents believed they had not been given sufficient time to comply with information requests, as shown in Chart 19.

Chart 19: Situations Experienced during Tax Audits

Percentage of Respondents



NOTE: This chart shows responses to the question “Which of the below situations have your business experienced during tax audits?” (Excluding participants who refused to answer) and is to be read as 48 percent of respondents stated that tax audits improved knowledge of taxation. Respondents could select more than one option for this question as they might have experienced multiple situations during tax audits.

Additionally, more than half of the audited businesses stated that they were completely or partially informed of the audit process beforehand and were wholly or partly able to exercise their rights to object and appeal. Most of these businesses had a pleasant perception of the experience overall, as shown in Chart 20.

Chart 20 – Overall Perception of the Audit Experience

Percentage of Respondents

	Excellent	Good	Satisfactory	Poor	Very Poor
Honesty of Staff	25	43	22	8	1
Acted Professionally	22	43	24	8	2
Showed Integrity	20	46	24	7	2
Practiced Neutrality	19	48	24	7	1
Treated Fairly	19	45	23	11	2

NOTE: This chart shows responses to the question “How would you rate your overall perception of audit experience?” and is to be read as 25 percent of respondents stated that the honesty of the staff was excellent.

5.1.4 Section D – Tax Evasion

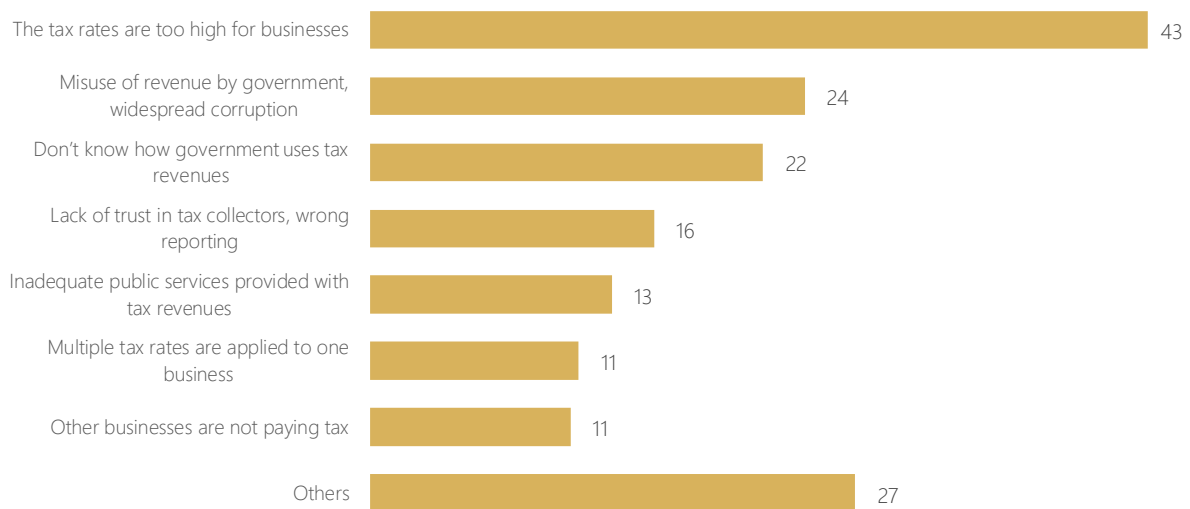
This section looks at the key reasons why businesses evade taxes.

General Views on Tax Evasion

Chart 21 shows that the respondents believed some businesses were unwilling to pay taxes because the tax rates were too high, and that the government revenue was misspent due to corruption.

Chart 21: Reasons Why Businesses are Not Willing to Pay Taxes

Percentage of Respondents



NOTE: This chart shows responses to the question “Generally, why are some businesses not willing to pay taxes?” and is to be read as 43 percent of respondents stated that the tax rates were too high for businesses. Respondents could select more than one option for this question as they may have experienced multiple situations during tax audits.

Most respondents, a large proportion of which were shareholders or owners, agreed that the main reason people did not pay or hide their taxes was that the taxes collected were mismanaged due to corruption. Also, a significant share of respondents thought they had already paid too much taxes on what they earned (Chart 22). On the other hand, more than half of the respondents disagreed that businesses did not pay taxes due to difficulties in accessing MIRA's services.

Chart 22: Reasons Why People Do Not Pay or Hide Their Taxes

Percentage of Respondents

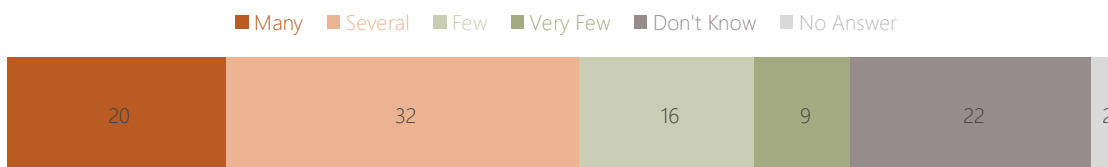
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The taxes collected are mismanaged due to corruption	38	29	13	14	2
People pay too much tax on what they earn	28	33	13	19	6
The penalty rates are very low, and one can afford to pay the penalty	20	21	11	31	15
The enforcement is very weak	20	27	10	29	10
The risk of getting caught is low	15	28	14	31	11
It is difficult to access MIRA's services	10	14	10	39	26

NOTE: This chart shows responses to the question "Think about why people do not pay or hide their taxes. Using a scale of 1-5, where '1' means 'Strongly agree' and '5' means 'Strongly disagree', to what extent do you agree or disagree with the following statements on why people engage in deliberate tax evasion (not paying taxes at all or paying less taxes than one should)." and is to be read as 38 percent of respondents strongly agreed that the taxes were mismanaged due to corruption.

Additionally, more than half of the business respondents believed that a large number of businesses evaded taxes in the city or island they operated in. The household survey participants also raised similar concerns over tax evasion.

Chart 23: Tax Evasion by Businesses in the Region

Percentage of Respondents



NOTE: This chart shows responses to the question "Based on your personal experience, would you say many businesses operating in your city/island evade taxes?" and is to be read as 20 percent of respondents stated that many businesses operating in their city/island evaded taxes.

Acceptance of Bribes

In both Male' and atolls, more respondents believed that MIRA was relatively less likely to accept bribes than the Maldives Customs Services, although most of these respondents did not know the reason for it. Additionally, 21 percent of the respondents believed bribes were often given and/or accepted to reduce red tape, and 22 percent believed this was due to the ease with which they could get away with giving and/or accepting bribes. This could also be due to the respondents' level of trust in the organizations concerning tax matters. While 21 percent of the respondents somewhat or fully did not trust MIRA, 33 percent somewhat or fully did not trust Customs.

Effectiveness Of Measures Taken to Increase Compliance

From the measures taken by MIRA to increase tax compliance of businesses, publishing the list of non-compliers was deemed the most effective for businesses located in Male’, followed by compliance visits, and litigation. However, businesses located in atolls found fines the second most effective measure to increase compliance, followed by compliance visits.

Chart 24: Effectiveness of Current Enforcement Actions Taken by MIRA to Increase Compliance

Percentage of Respondents

	Very Effective	Effective	Average	Ineffective	Very Ineffective	No Answer
Litigation	29	32	24	11	4	1
Publishing list of Non-Compliers	26	45	18	9	3	0
Account freezing	21	35	19	16	9	1
Fines	20	40	23	12	5	0
Compliance visit	20	43	24	10	2	0
Ceasing government services	19	33	16	19	12	0

NOTE: This chart shows responses to the question “How would you rate the effectiveness of current enforcement actions taken by MIRA to increase compliance?” and is to be read as 29 percent of respondents stated that litigation is very effective.

5.1.5 Section E – Perception Towards Tax Administration

This section looks at the respondents’ perception towards the tax administration, MIRA.

Perception of Tax Administration System

55 percent of the respondents found the current tax administration system simple. However, 29 percent of the respondents found the current tax administration system complex. Most of them were shareholders/owners or those representing micro-sized businesses. A key reason for this result could be the shareholders’/owners’ direct involvement by shareholders/owners in matters related to tax administration.

Chart 28: Assessment of Overall Administration of the Tax System by MIRA

Percentage of Respondents

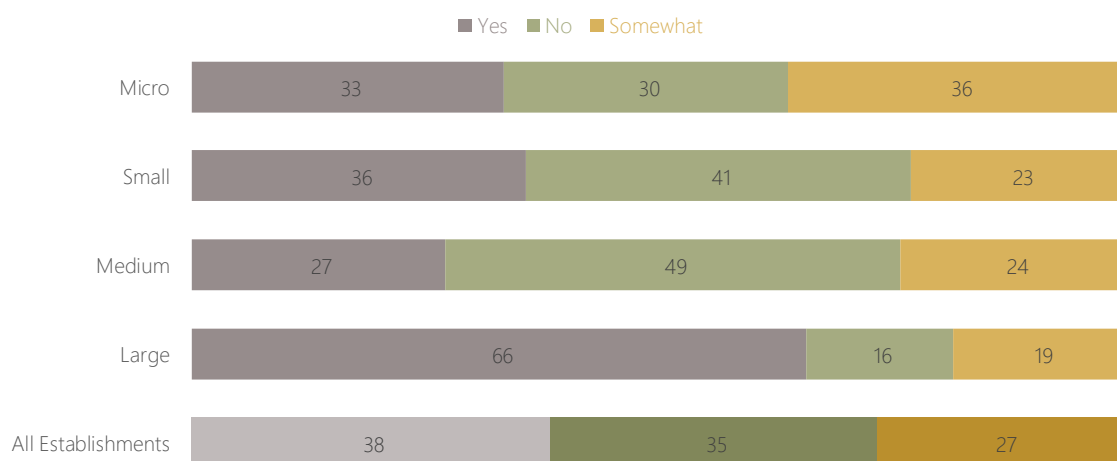
	Micro	Small	Medium	Large	All Establishments
Very Complex	14	5	0	0	6
Complex	30	21	14	23	23
Simple	38	67	70	68	58
Very Simple	8	5	5	10	6
Don't Know	11	1	11	0	6

NOTE: This chart shows responses to the question "How would you assess the overall administration of the tax system of the Maldives by MIRA?" according to the business size and is to be read as 14 percent of respondents stated that the overall administration of the tax system by MIRA is very complex.

39 percent of the SME respondents did not agree with the statement that the tax administrative system was fair. However, most large businesses that responded to this statement believed the tax administration system was fair.

Chart 29: Fairness of the Tax Administrative System

Percentage of Respondents



NOTE: This chart shows responses to the question "Is the tax administrative system fair, in that all taxpayers are treated fairly and are paying their fair share?" according to the size of business and is to be read as 33 percent of respondents stated that the tax administration system is fair.

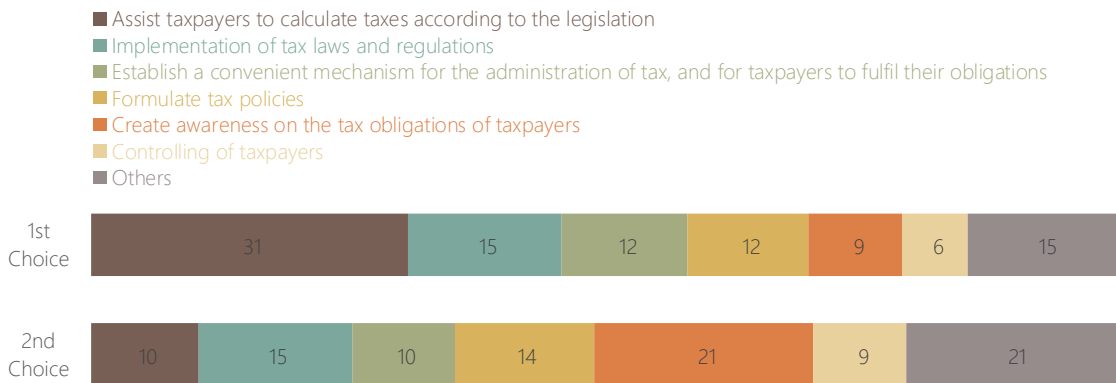
Opinion on the Mandate of MIRA

30 percent of the respondents stated that assisting taxpayers in calculating taxes should be the tax administrator's main task. Most of these respondents were shareholders and/or owners, accounting for 85 percent of the business survey's small and medium-sized enterprises (SMEs).

It should be noted that MIRA has already developed tools such as fine calculators and user guides for calculating tax payable and filing tax returns.

Chart 25: Main Goal of the Tax Administrator

Percentage of Respondents



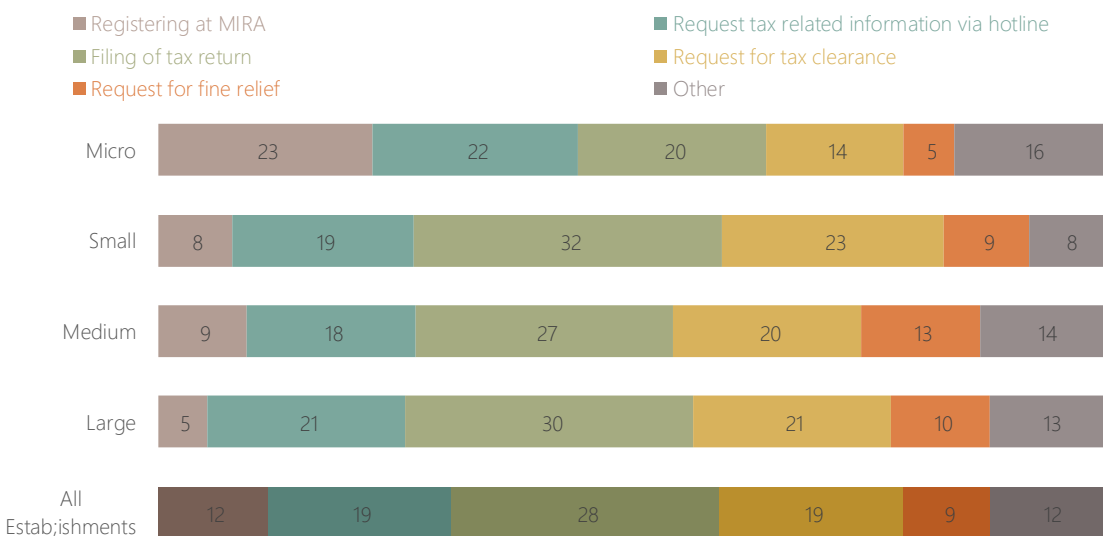
NOTE: This chart shows responses to the question “Which of the following do you think should serve as the main goal of a tax administrator?” and is to be read as 31 percent of respondents’ 1st choice for the main goal of a tax administrator was assisting taxpayers to calculate taxes according to the legislation.

Services Provided by MIRA

Most respondents used services related to filing tax returns, tax clearance reports, and the MIRA hotline in the past 12 months. These selections were common for both SMEs and large taxpayers. However, SMEs used services related to registration comparatively more than large businesses.

Chart 26: Usage of MIRA’s Customer Support Services

Percentage of Responses

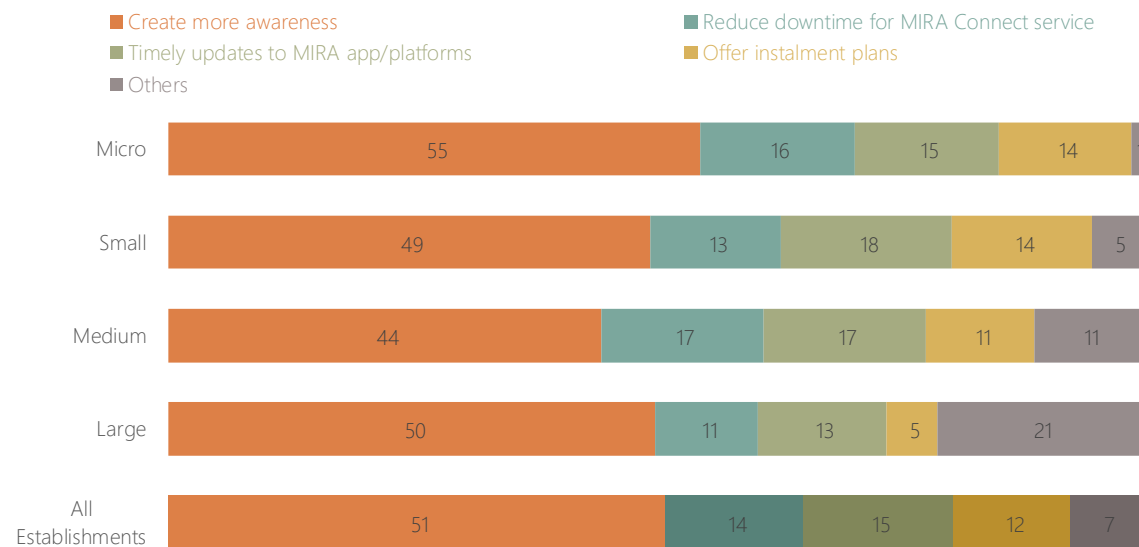


NOTE: This chart shows responses to the question “During the last 12 months, which of the following services did you use?” according to the business size. It is to be read as 23 percent of respondents stated they used MIRA’s registration service over the past 12 months. For this question, respondents could select more than one option as they may have used multiple services during the specified period.

When asked what MIRA could do to encourage better tax compliance, most respondents stated that creating awareness would be the best approach. Respondents from small businesses stated that timely updates for the digital tools would also assist them to be more compliant. In contrast, respondents from micro businesses highlighted reducing downtime of MIRA online services.

Chart 27: Administrative Measures to Improve Tax Compliance

Percentage of Responses



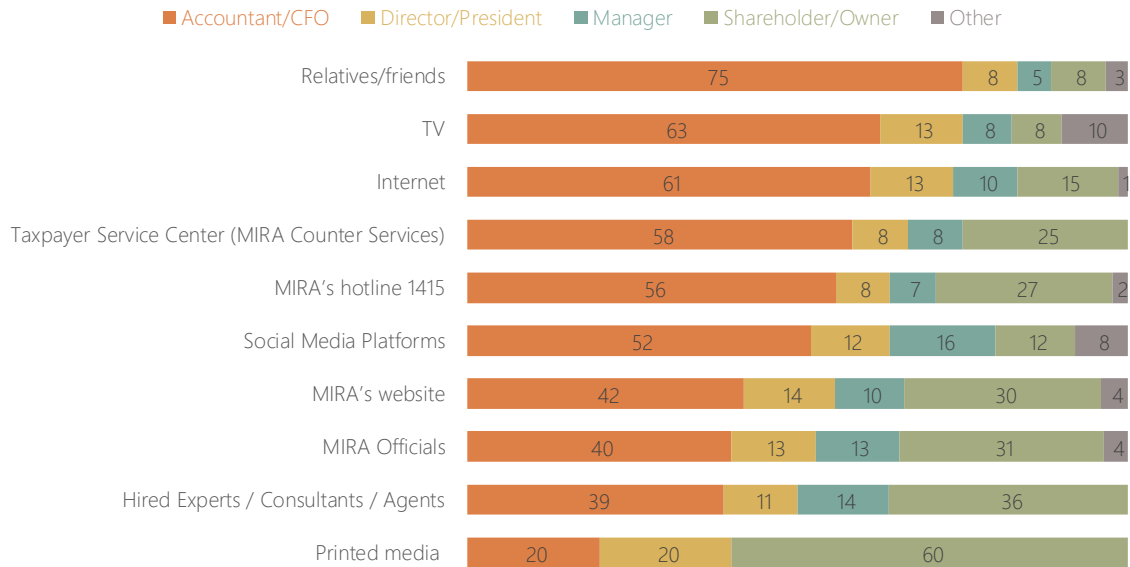
NOTE: This chart shows responses to the question “What can MIRA do to assist better tax compliance?” according to the size of the business and is to be read as 55 percent of respondents stated that MIRA could assist better tax compliance by creating more awareness. Respondents could select multiple options for this question as they might have multiple suggestions.

Source of Tax Information

Most of the respondents relied on MIRA’s website to gather tax-related information. Shareholders who participated in the survey also attained tax-related information through relatives/friends. The second main source of information used by respondents was MIRA’s hotline.

Chart 30: Source of Information by Type of Respondents

Percentage of Respondents



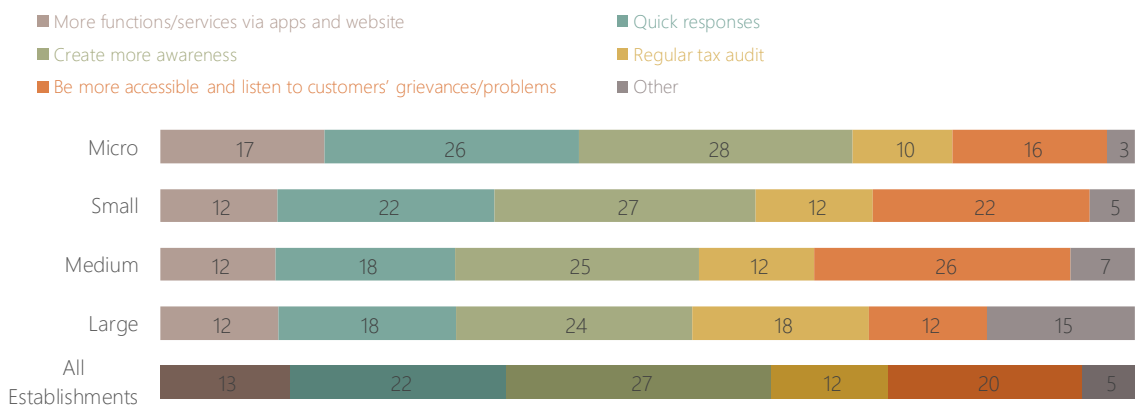
NOTE: This chart shows responses to the question “Where do you usually get information about taxes?” according to the position of the respondent and is to be read as of the respondents who usually get their information about taxes from Relatives/friends, 75 percent were accountants/chief financial officers. Respondents could select more than one option for this question as they might have got information from multiple sources.

Suggestions to Improve Taxpayer Experience

Respondents stated that creating awareness, quick responses, and being more accessible to customers would help further enhance their experiences with MIRA. Medium-sized businesses preferred MIRA’s increased accessibility over other choices.

Chart 31: Means of Improving Taxpayers’ Experience with MIRA

Percentage of Respondents



NOTE: This chart shows responses to the question “What would you suggest to improve MIRA’s services provided to taxpayers or what additional services can MIRA provide to enhance your experience?” according to the size of the business and is to be read as 17 percent of respondents stated that more functions/services via apps and website could improve the services provided by MIRA to taxpayers. Respondents could select multiple options for this question as they might have had multiple suggestions.

It was primarily micro businesses that stated that added functions to the current digital tools or more online services could enhance their experience with MIRA. However, it should be noted that 66 percent of these respondents were businesses with an annual turnover below MVR 500,000.

3.2 Household Survey

3.2.1 Section A – Basic Information of Respondents

The target population of this survey was the workforce of the resident population over the age of 18 years. In the household survey, respondents' information on demographic characteristics such as age, gender, place of residence, employment status, education level, and income level were collected. These characteristics infer the differences in perceptions among different demographic groups. Furthermore, the survey results are compared with the most recent nationwide survey to assess the representativeness of the survey.

Table 1 shows the comparison of survey indicators with HIES 2019 results.

Table 1: Taxpayer Perception Survey (TPS) and HIES 2019 Survey Indicators

	TPS	HIES, 2019
Gender		
Male	64%	59%
Female	36%	41%
Age		
18-34 years	50%	50%
35-64 years	48%	47%
64 and above	1%	2%
Employment status		
Employed	69%	81%
Self-employed (Including shareholders, individual entrepreneurs & employers)	31%	19%
Education status		
Primary or Lower	26%	30%
Secondary	39%	55%
Tertiary	35%	15%

Source: Maldives Bureau of Statistics, Ministry of Finance

Registration Status

Even though the survey's target population is the resident population's workforce, respondents might not have been registered in MIRA since the registration threshold for employee withholding tax is relatively high, and about three-fourths of the survey respondents are employees. 73 percent

of survey respondents were not registered in MIRA, and of the 22 percent registered in MIRA, 38 percent were self-employed respondents. 54 percent of respondents registered in MIRA were registered as a business, 22 percent as an individual for employee withholding tax, and 13 percent as payers of fees or rent. 11 percent of the respondents were registered for more than one tax.

3.2.2 Section B - Attitude towards Taxes

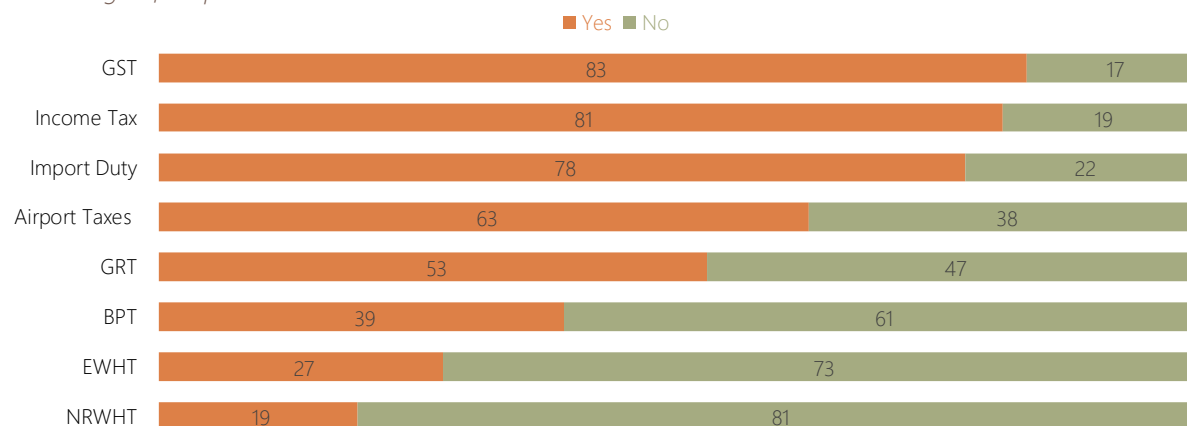
Awareness of Taxes

As depicted in Chart 32, individuals are most aware of GST, which comprises of TGST and GGST. The public pay GGST on goods and services they consume daily and as expected, they are most aware of this tax as opposed to the Non-resident Withholding Tax. The lack of awareness of NRWHT may be due to the tax only applying to non-residents, a group not covered in this survey. Most respondents who were not aware of taxes were females. The awareness of taxes was higher as the respondents' education level increased.

Even though the MoF formulated key tax policies, there was no separate function for tax policy formulation within the ministry prior to the year 2019. Hence, public awareness of the MoF's involvement in policy formulation was perceived to be low. This survey's findings show that individuals associated MIRA with tax policy, with 62 percent of respondents stating that MIRA was responsible for formulating tax policy in the Maldives. Eighteen percent correctly identified the MoF as the government authority responsible for formulating tax policy. This perception was consistent among different demographics of the survey respondents. Notably, 14 percent of respondents stated they did not know the agency responsible for formulating tax policy.

Chart 32: Awareness of Different Taxes Levied in Maldives

Percentage of Respondents



NOTE: This chart shows responses to the question “Are you aware of the following taxes?” and is to be read as 83 percent of respondents stated yes when asked if they are aware of GST.

Views on Taxes and Authorities

The survey respondents did not have a strong view of the general simplicity or the complexity of the tax system in the Maldives. When asked how complex tax system of the Maldives is, 30 percent of respondents stated that it was neither simple nor complex, while a similar percentage of respondents indicated that they did not know. Since 73 percent of survey respondents were not registered in MIRA, they did not have a strong view regarding the simplicity of the tax system. Moreover, among the respondents who stated that the tax system was neither simple nor complex, 42 percent indicated that they thought so because of a lack of awareness.

Chart 33: Reasons for Paying Taxes

Percentage of Respondents

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	No Answer
It is required by law	61	26	5	4	2	2
It is my responsibility as a citizen	36	31	9	13	10	2
Not to deal with the consequences of not paying taxes	35	20	18	13	8	6
It contributes to the provision of public services	32	33	15	10	8	3
It is the right thing to do	27	27	17	17	9	3
I believe that other businesses are reporting and paying taxes	15	30	18	21	12	4

NOTE: This chart shows responses to the question “Why do you pay taxes?” and respondents’ degree of agreement with the possible reasons to pay taxes. It is to be read as 61 percent of respondents strongly agreed that they paid taxes because it was required by law.

As depicted in Chart 33, 87 percent of respondents agreed that they paid taxes because it was required by law. When demographic characteristics such as age, income level, and gender were compared, there were no differences in reasons for paying taxes. In addition to the reasons for paying taxes, the respondents were asked their views on paying more taxes or increasing tax coverage. Since taxing more and increasing coverage are generally perceived by the public as unfair policies, policymakers need to understand the public's perception of returns from taxation. The survey results show that the respondents believed higher taxes were justified if the tax system were fairer and taxes were used to eradicate corruption (Chart 34).

Chart 34: Views on Paying More Taxes or Increasing Tax Coverage

Percentage of Respondents

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know/no answer
The amount of tax revenue is justified with current government spending on social projects	22	19	14	15	20	10
I am willing to pay more taxes if the government introduced more social benefits	26	22	8	22	19	4
I am willing to make tax payments if more is done to eradicate corruption within the government	33	19	8	19	18	4
I am willing to tolerate a more complex tax system if the tax system is fairer	38	29	10	13	8	3

NOTE: This chart shows respondents' degree of agreement with statements regarding increasing taxes and tax coverage. It is to be read that 38 percent of respondents strongly agreed that they would tolerate a more complex tax system if the tax system were fairer.

Trust in tax authorities and related government institutions plays a key role in the public's perception of the Maldives' tax system. The respondents were asked to rate their level of trust in six government institutions, as shown in Chart 35. As such, MIRA was the institution respondents trusted most among the six institutions included in the survey. 49 percent of respondents stated that they trusted MIRA in addressing tax matters. According to the National Survey of Residents of the Maldives, published in 2022 by the International Republican Institute, 40 percent of respondents stated that they trusted the general government. The results of the survey show that a higher percentage of respondents trusted MIRA, MoF, and Customs Services compared to respondents who trusted the general government.

Chart 35: Trust in Tax Authorities and Other Related Government Institutions

Percentage of Respondents

	Fully trust	Somewhat trust	Neither trust, nor distrust	Somewhat do no distrust	Do not trust at all	No answer
MIRA	27	22	18	10	18	6
Ministry of Finance	20	21	19	10	22	8
Maldives Customs Services	19	22	19	11	24	6
President's Office	18	18	17	13	27	7
Tax Appeal Tribunal	18	17	19	7	18	20
People's Majlis	12	11	15	12	44	6

NOTE: This chart shows the extent the respondents trust or distrust the organizations in addressing tax matters and is to be read as 27 percent of respondents fully trusted MIRA.

Opinion on Policy

Respondents were asked to assess their level of agreement with the policies aimed at reducing the country's deficit. Chart 36 shows that respondents preferred consolidation measures on recurrent expenditure to increase revenue (except rising rates for the tourism sector GST). The most popular fiscal policy option to reduce fiscal deficit was making subsidies better targeted, for which 71 percent of respondents agreed. The government currently spends heavily on universal subsidies and is working on transitioning from universal subsidies to targeted subsidies. Hence, the results of this survey show that the public was likely to support subsidy reforms. Furthermore, survey results also show that high-income respondents also agreed to target subsidies and similar results were generated from other demographic groups. The least popular fiscal policy option was the increase in income tax rates, with which 63 percent of respondents disagreed.

Chart 36: Opinion on Fiscal Policy Measures to Reduce Fiscal Deficit

Percentage of Respondents

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	No Answer
Making subsidies more targeted	53	19	11	7	7	3
Reduce government recurrent spending (e.g., allowances, administrative expenses etc.)	43	21	12	14	8	4
Increase GST rate for the tourism sector	42	27	10	12	6	3
Increase income tax rates on businesses	18	17	15	27	20	3
Slow down infrastructure projects	17	18	18	22	21	4
Increase GST rate for the general sector	13	14	17	30	22	4
Increase fees for government services	12	13	11	32	30	3
Increase income tax rates on individuals	12	9	13	33	29	4

NOTE: This chart shows respondents' degree of agreement with policies to reduce the fiscal deficit and is to be read as 53 percent of respondents strongly agreed to make subsidies more targeted as a policy to reduce fiscal deficits.

Regarding policy measures, we also asked the respondents their opinion on the length of time given as prior notice to the public and stakeholders if tax policies were to be changed. 56 percent stated that six months or less was sufficient. From the most recent tax policy changes, the government announced the GST rate changes six months prior to its implementation in January 2023.

3.2.3 Section C – Tax Compliance

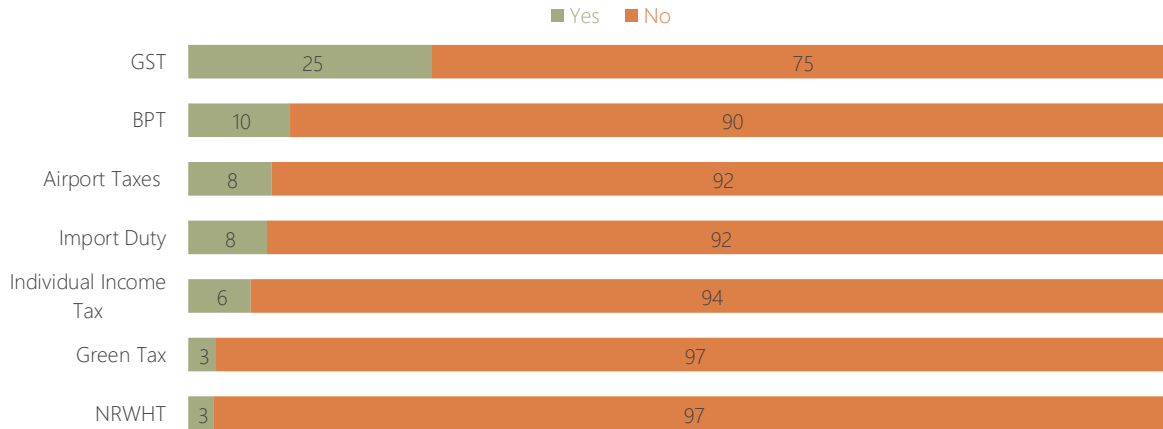
This section looks at the overall tax compliance amongst households, helps identify taxpayers' motivation to become compliant, and assesses the costs they face due to compliance. Findings from the section is expected to aid in reforming the tax system to incentivize compliance.

Taxes Paid

32 percent of respondents paid taxes to MIRA or MCS. GST was most commonly paid, followed by BPT, Airport Taxes, and Import Duty.

Chart 37: Payment of Taxes to MIRA or Customs

Percentage of Respondents



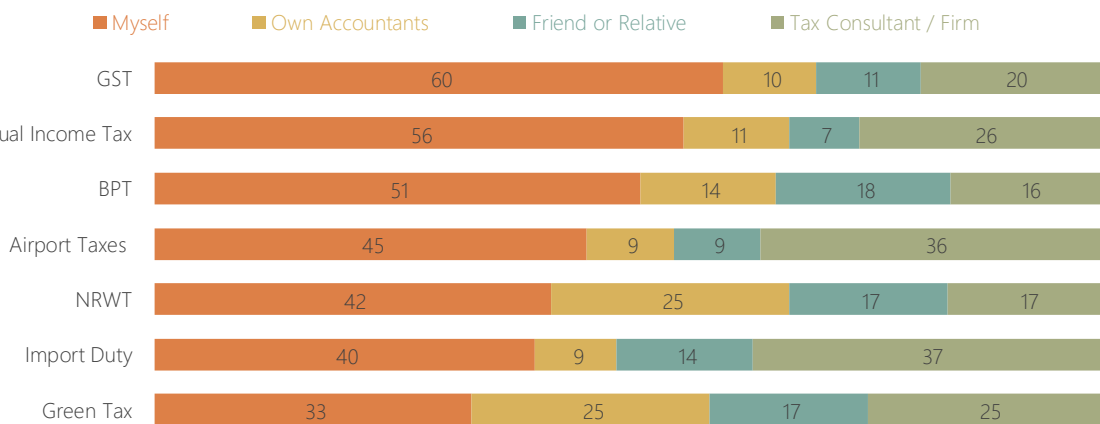
NOTE: This chart shows responses to the question “Do you pay any of the following taxes to MIRA or customs?” and is to be read as 25 percent of respondents stated that they pay GST.

Preparation of Taxes

Among the respondents who filed a tax return to MIRA, half the respondents prepared the tax returns by themselves. Out of these respondents, 43 percent spent less than one hour annually, while 35 percent spent 1 - 5 hours to prepare their tax returns. However, this survey did not gather data on the time required when tax returns are prepared by someone other than the respondent.

Chart 38: Preparation of Taxes

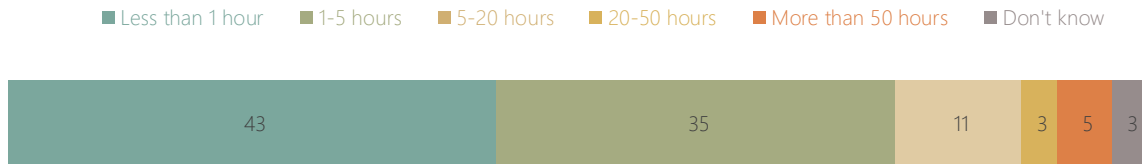
Percentage of Respondents



NOTE: This chart shows responses to the question “Who prepares taxes for you?” according to the type of tax paid by the respondent, and is to be read as 60 percent of respondents who pay GST prepare taxes themselves.

Chart 39: Time Taken to Prepare Taxes

Percentage of Respondents



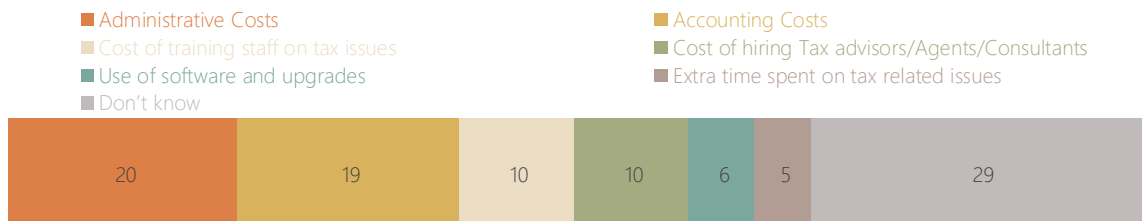
NOTE: This chart shows responses to the question “How many hours do you spend preparing your tax return every year?” It is to be read as 43 percent of respondents who prepare taxes themselves spend less than one hour on taxes annually.

Cost of Tax Compliance

As shown in Chart 40, the respondents who paid taxes believed that the highest compliance expense was administrative costs such as preparing tax forms, accounting costs (including payment of bank charges, mistakes in calculations, etc.), and the cost of hiring tax advisors/agents/consultants, regardless of the type of tax paid. However, 27 percent of the respondents could not identify the most significant cost associated with tax compliance.

Chart 40: Costs of Tax Compliance

Percentage of Respondents Who Pay Taxes



NOTE: This chart shows responses to the question “What do you think is the most expensive tax compliance cost you face?” and is to be read as, 20 percent of respondents stated that the most expensive compliance cost is administrative cost.

Views on Tax Evasion

57 percent of the respondents raised concerns regarding tax evasion. This concern was prevalent regardless of the respondent’s gender, age, and residency. Furthermore, 75 percent believed that the main reason taxpayers engaged in deliberate tax evasion was mismanagement of taxes collected due to corruption, followed by weaknesses related to enforcement and the low risk of getting caught.

Chart 41: Reasons for Tax Evasion

Percentage of Respondents

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	No answer
The taxes collected are mismanaged due to corruption	50	25	10	6	6	3
The enforcement is very weak	41	28	10	11	6	4
People think they pay too much tax on what they earn already	40	21	14	11	9	4
The risk of getting caught is low	38	26	11	14	9	3
The penalty rates are very low, and one can afford to pay the penalty	31	23	9	21	13	3
Difficult to access MIRA's services	18	14	17	20	24	7

NOTE: This chart shows responses to the question "Think about why people do not pay or hide their taxes. Using a scale of 1-5, where '1' means 'strongly agree' and '5' means "Strongly disagree", to what extent do you agree or disagree with the following statements on why people engage in deliberate tax evasion?" Tax evasion can take many forms. For example, some people did not pay the correct amount of tax or did not pay any tax at all and is to be read as 20 percent of respondents stated that the most expensive compliance cost was the administrative cost.

Regardless of the demographics, most respondents believed many people cheated on taxes whenever possible. As such, 70 percent of the respondents gave a rating above six, as shown in Chart 41. Over the years, MIRA has introduced different measures and increased its efforts to prevent tax evasion and strengthen enforcement.

Chart 42: Likelihood of Tax Evasion

Percentage of Respondents

	Nearly No One				Nearly Everyone					
	1	2	3	4	5	6	7	8	9	10
Greater Male' Region	1	1	0	1	8	4	2	4	2	14
Atolls	3	1	3	2	12	3	6	9	5	21

NOTE: This chart shows responses to the question "Using a scale of 1-10, where '1' means 'Nearly no one' and '10' means 'Nearly everyone', do you think people cheat on taxes when possible?", according to the residency of the respondent. It is to be read as 0.5 percent of respondents who provided a rating stated that nearly no one cheats on taxes.

3.2.4 Section D - Perception Towards Tax Administration

This section presents the perception of respondents towards the tax administration.

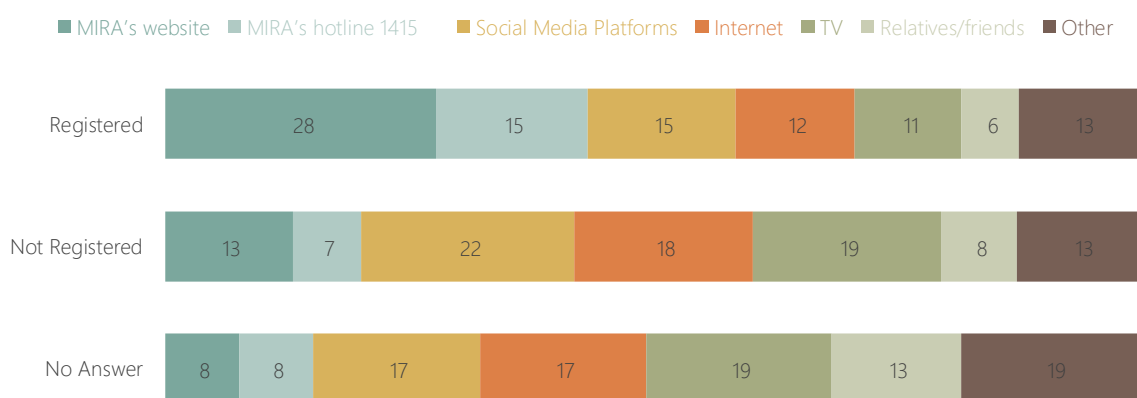
According to the respondents, main objectives of a tax administration authority should be creating awareness, assisting taxpayers, and implementing tax legislation.

Sources Used to Gain Tax Related Information

Most respondents relied on social media, television, the internet, and MIRA’s official website for information related to tax. These platforms are already being utilized under MIRA’s marketing strategies. Thus, findings of the survey support that MIRA had successfully reached out to the widely dispersed community across hundreds of islands by building on the community’s technology-friendly culture. However, it should also be noted that 25 percent of the respondents highlighted that they had gained most of the information via relatives, friends, and MIRA officials. Furthermore, demographic differences can be observed and as such, social media and the internet were the top sources used by 18–35-year-old respondents. Whereas, television, social media, and the MIRA website were the most used channels by 36–64-year-olds.

Chart 43: Sources of Information

Percentage of Responses



NOTE: According to their registration, this chart shows responses to the question “Where do you usually get information about taxes?”. It is to be read as 28 percent of registered respondents stated that they got most of their information from MIRA’s Website. Respondents could select multiple options for this question as they might have used more than one source to gather information.

As depicted in Chart 43, 43 percent of registered taxpayers relied on the official website and hotline of MIRA for information. While registered taxpayers preferred personalized services such as the hotline, those not registered preferred a more indirect approach such as the internet, TV, and social media platforms.

Services Provided by MIRA

Chart 44 shows how registered taxpayers perceived selected services provided by MIRA. Most registered respondents were satisfied with MIRACONnect, VaaruPay, MIRA website, MIRA hotline, and counter services, whereas a significant proportion of the respondents stated that they were not satisfied with trainings and information sessions.

Chart 44: Ratings of MIRA Services

Percentage of Registered Respondents

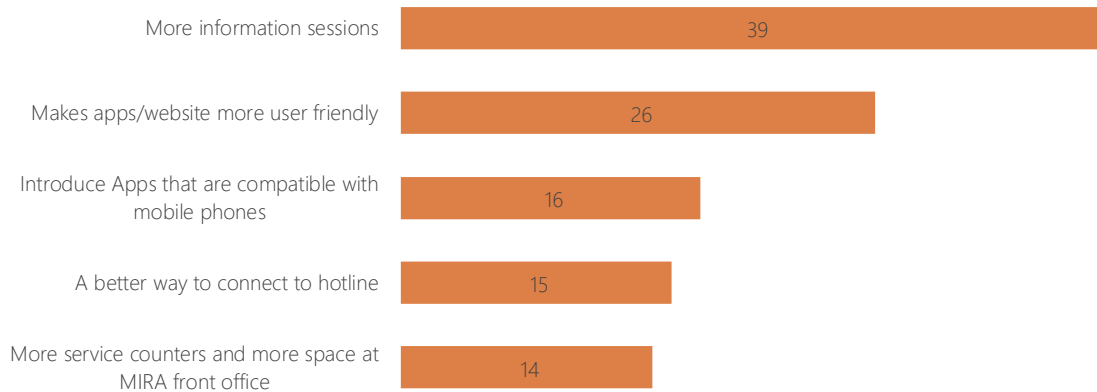
	Excellent	Good	Satisfactory	Poor	Very Poor	Not Applicable
MIRACONnect	33	37	4	1	0	25
VaaruPay	33	33	4	3	0	28
MIRA website updates	32	33	8	3	4	22
Counter services	28	34	10	3	3	23
MIRA hotline service	25	30	9	4	11	20
MIRA Mobile Application	20	27	10	3	1	39
Obtaining tax clearance	19	25	9	3	4	41
Obtaining fine relief	14	22	9	4	10	42
Training and information sessions	11	16	13	5	9	46
Providing installment plans	11	13	11	4	9	52

NOTE: This chart shows responses to the question "How would you rate the following services provided by MIRA?" for registered respondents (excluding those who refused to answer) and is to be read as 25 percent of respondents stated that services via MIRACONnect were excellent.

Accordingly, of the respondents who offered ideas for how MIRA may improve its services, 26 percent proposed adding more information sessions to improve their experience, while 17 percent suggested making the digital tools more comprehensible.

Chart 45: Ways to Improve MIRA's Services

Percentage of Respondents Using MIRA Services



NOTE: This chart shows responses to the question "What would you suggest to improve MIRA's services provided to taxpayers or what additional services can MIRA provide to enhance your experience?" for respondents who have used MIRA services in the past, and is to be read as 39 percent of respondents stated that more information sessions would help to improve MIRA's services.

3.2.5 Section E - Knowledge of GST and Income tax

This section of the survey focuses on the taxpayers' knowledge of the income tax regime as well as the GST regime. It also observes taxpayer perception of the various fiscal policies of the government during the Covid-19 pandemic and under normal economic conditions.

Taxpayer Knowledge of the Tax Regime

When asked about the benefits of implementing income tax on employment income, 72 percent of the respondents appreciated that the government spent additional revenue to increase its expenditure on public services and investments. While more than two-thirds agreed that this provided more funding for social welfare, almost half of them agreed that income tax promoted greater equality and fairness in the tax system as all sources of income were subject to taxation (Chart 46).

Chart 46: Benefits of Implementing Income Tax on Employment Income

Percentage of Respondents

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	No answer
Additional source of revenue to increase government spending on public services and investments	30	42	13	8	4	3
More funding for social welfare	30	38	15	9	4	4
Income tax promotes income equality	22	25	18	19	11	5
Promotes fairness in tax system as all sources of income are being taxed	21	26	18	18	13	3

NOTE: This chart shows responses to the question "What do you think are the benefits of implementing income tax on employment income? On a scale of 1-5, where '1' means 'Strongly agree' and '5' means 'Strongly disagree', please rank these benefits?" and is to be read as 30 percent of respondents strongly agreed that Additional source of revenue to increase government spending on public services and investments was a benefit of implementing income tax on employment income.

Nevertheless, as seen in Chart 47, most respondents did not know the specifics of the income tax regime. In most cases, the lack of knowledge regarding income tax could be associated with lower levels of education. This is also the case for individuals who were not registered with MIRA. 92 percent of all survey participants had only minimal knowledge or were unaware of the income tax thresholds. 91 percent had little or no knowledge of how to fill out the income tax return. Additionally, most respondents were unaware of the deductions allowed for assessing taxable income, rates charged on different income tax brackets, types of income tax under the Act, and who had to register and pay income tax. The fact that many of these respondents fell below the threshold and thus were not obliged to pay income tax could be a main contributor to this result.

Chart 47: Level of Knowledge Regarding Income Tax

Percentage of Respondents

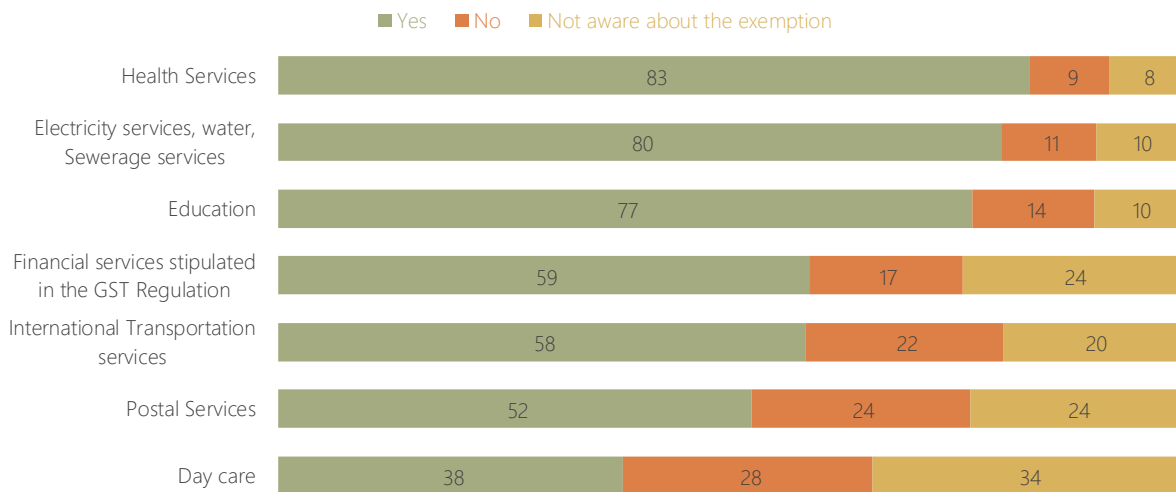
	Know Very Well	Know well	Know a little	Don't know at all
Who has to register for income tax	9	15	31	45
Who has to pay income tax	8	23	33	37
Types of income which are taxed under income tax	5	12	24	60
Rates charged on different income brackets	4	7	28	61
Deductions allowed for assessing taxable income	3	8	17	72
How to fill the income tax return	2	7	16	74
Income tax thresholds	2	6	20	72

NOTE: This chart shows responses to the question "Do you know the following information about income tax?" and is to be read as 9 percent of respondents stated they knew who had to register for income tax.

Regarding the GST regime, 64 percent believed they benefited from the exemptions of some services under the GST Act. Exemptions for health services, electricity, water and sewerage services, and education were deemed the most beneficial. A small proportion of the participants stated they did not benefit from GST exemptions for daycare, postal and financial services. International transportation services were deemed the least beneficial. Almost one-fifth or more of the respondents stated that they were unaware of the exemption of these services.

Chart 48: Knowledge of GST Exemptions

Percentage of Respondents

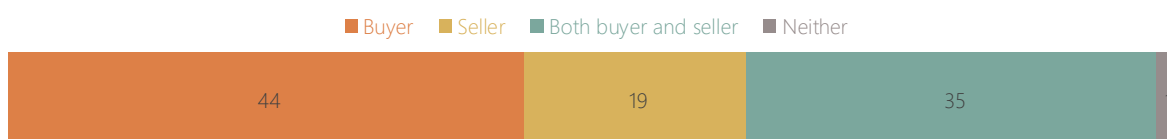


NOTE: This chart shows responses to the question “Do you benefit from the following goods that are exempted from GST (if provided after registering with the relevant government body)?” and is to be read as 83 percent of respondents stated that they benefit from exemptions provided for health services.

Moreover, 44 percent of the respondents believed that the buyer paid GST, while 35 percent believed (correctly) that both the buyer and the seller paid it. Among the respondents registered at MIRA, 51 percent stated that the buyer paid GST and 32 percent stated that both buyers and sellers paid it. Furthermore, almost half of the household survey participants believed that the GST collected by the business on their behalf was not fully paid to MIRA.

Chart 49: Knowledge of GST Payment

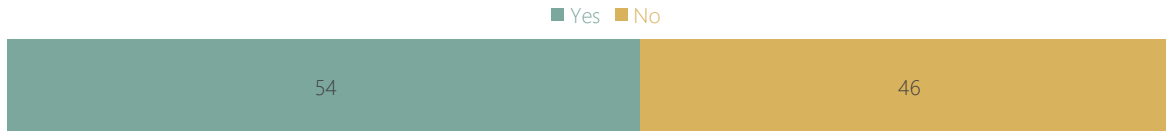
Percentage of Respondents



NOTE: This chart shows responses to the question “Do you believe the buyer, or the seller pays GST?” and is to be read as 44 percent of respondents stated that the buyer paid GST.

Chart 50: Payment of GST Collected by Businesses to MIRA

Percentage of Respondents



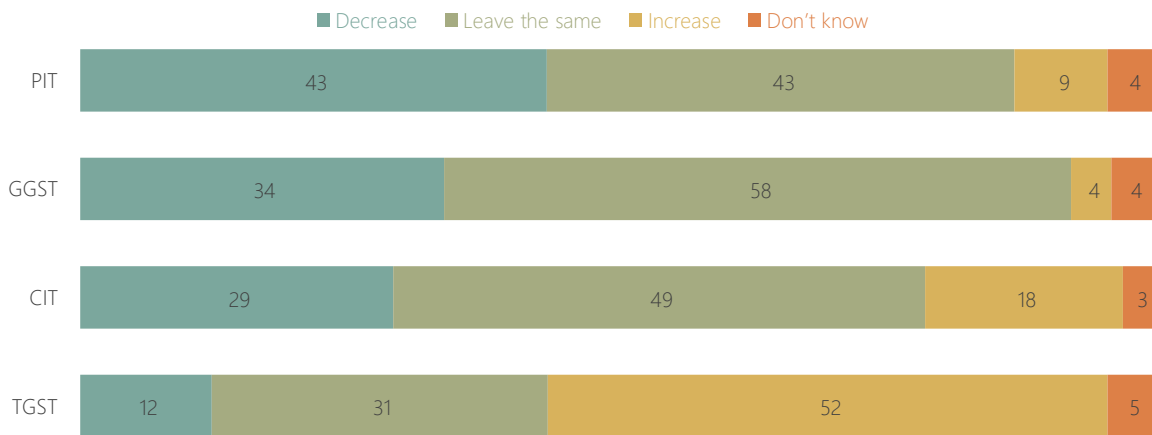
NOTE: This chart shows responses to the question “Do you think the GST collected by the business on your behalf is paid to MIRA?” and is to be read as, 54 percent of respondents stated that GST collected by businesses is paid to MIRA.

Perception of Fiscal Measures

As depicted in Chart 51, more than three-fourths of the respondents believed that the government should decrease or maintain the Income Tax and GGST rates under normal economic conditions at the current levels. However, results differ significantly for TGST, where 52 percent stated that the rate should be increased. This could be because households do not pay TGST and are rarely impacted by changes to the taxes implemented in the tourism sector. Under the Sixth Amendment to the Goods and Services Tax Act, the TGST rate increased from 12 percent to 16 percent, starting from 1 January 2023.

Chart 51: Payment of GST Collected by Businesses to MIRA

Percentage of Respondents



NOTE: This chart shows responses to the question “What do you think should be the appropriate government response concerning the following taxes under normal economic conditions (pre-Covid-19)?” and is to be read as 43 percent of respondents believe the personal income tax rate should be decreased.

The survey also looked at some fiscal responses provided by the government to households, as Covid-19 financial assistance. 61 percent of respondents agreed that these responses were effective, where as 19 percent of respondents believed these measures were ineffective.

Chart 52: Effectiveness of Fiscal Responses of the Government to Provide Relief During Covid-19

Percentage of Respondents

	Very effective	Effective	Neutral	Not effective	Very ineffective
Extension of deadlines	40	34	14	6	6
Deferral of rent payments	37	32	13	10	8
Electricity and water subsidy	35	31	11	12	10
Income support	33	28	14	12	13
Loan moratorium	32	26	19	15	8
Special instalment plans	30	29	19	12	9

NOTE: This chart shows responses to the question “How would you rate the following fiscal responses of the government to provide Covid-19 relief to households?” and is to be read as, 40 percent of respondents stated that the extension of deadlines was very effective.

Moreover, the survey also sought respondents’ suggestions for other fiscal relief mechanisms to help households deal with the loss of income from Covid-19. While 40 percent of the respondents who provided suggestions stated that rent control could be adopted to help households deal with the loss of income from Covid-19, 39 percent suggested providing more employment opportunities brought about by loans with low-interest rates.

Regarding the burden of income tax and GST, a larger share of respondents deemed the burden of GST to be lighter than income tax. However, of the respondents earning an income greater than MVR 30,000, 33 percent believed that the tax burden of GST was heavy, which was relatively higher compared to individuals earning a lower level of income. Furthermore, 25 percent of the respondents earning more than MVR 30,000 believed that income tax burden was also heavy.

4. Limitations

In designing the survey questionnaires, tradeoffs were made between the size and complexity of the survey and the collection of comprehensive, detailed information from households and businesses. As such, many questions from the initial drafts were eliminated in the interest of brevity. Still, there were several cases when the potential survey respondents refused to participate because of the long time necessary to answer questions.

The household sample was drawn from a database used by the MBS for running the HIES 2019. No account for possible changes between 2019 and 2022 was taken. The HIES database does not cover all Maldivian households. As such, the following households/persons were excluded from this survey:

- The residents of labor quarters, and
- The residents of resort islands

These exclusions impede the representativeness of the survey sample as many important taxpayers, such as the tourism sector were omitted. Moreover, there were difficulties verifying the internal representativeness of the business sample composition due to a lack of relevant data.

For practical reasons, the number of rural islands sampled was relatively low. Given the demographic and business environment of the capital city, the nature of the businesses conducted in Male' are likely to differ from those located in residential islands. Therefore, awareness of businesses based in other residential islands may not be well represented in the results. However, it should be noted that the sample size of Atolls was revised to 30 percent during the survey.

The business sample covered businesses from several industries. However, the number of businesses from each sector varied, and several industries covered only one business activity. As a result, the findings do not indicate how well taxpayers in a particular sector know about the country's tax system.

There can likely be a bias due to data collected from targeted walk-ins. This approach had to be utilized due to a lack of responses to the survey from randomly selected businesses.

Shortcomings in the questionnaires were reflected in the survey results as the responses might have been affected. Furthermore, survey participants might have been reluctant to reveal their true

judgments about the authorities and business information, being concerned about the possibility of a leakage that could negatively affect their relationships with the authorities. Moreover, only a small number of survey participants answered several questions. Therefore, their responses might have been subject to potentially significant statistical errors. Hence, some distortions or misinterpretations in the survey results were possible.

5. Conclusion and Implications

Improvements in the provision of information and public education are needed to strengthen public participation in policymaking. The central theme of the responses to several questions is insufficient information provided to taxpayers by authorities and inadequate public education/training in fiscal matters. To make the policy more inclusive/participatory and accountable, two-way communication channels should be broadly open to inform, educate, listen, debate, and agree, striving to achieve consensus in policy reform programs.

The following are policy implications evident from the survey

- **Prior Notice and Lead Time:** Policy changes should be communicated well in advance to businesses and households to allow them to prepare and increase awareness about the upcoming changes to fiscal policies.
- **GST Rates:** While a substantial share of households and businesses want to keep the general GST at pre-2023 rates, there is support for raising the tourism GST rate.
- **Reform Measures:** To improve the fiscal position, policymakers should focus on reducing budget current expenditure by rationalizing allowances and administrative expenses, and effective targeting of subsidies.
- **Tax Exemptions:** Tax exemptions are perceived to be ineffective, and removing or reducing discretionary exemptions may be a viable way to reduce the fiscal deficit without major changes to the existing tax regimes.
- **Improving Compliance:** MIRA should focus on awareness-support activities, tax payment installment plans, timely updates to apps/platforms, and reducing service downtime to improve compliance. Compliance visits and publishing the list of non-compliers are also deemed to be effective measures.

- **Enhancing Taxpayer Experience:** MIRA's services are to be commended, but efforts can be made to improve accessibility, provide quick responses, and offer more services through apps. Reducing downtime and frequent updates to applications, as well as active use of social media and the internet for tax updates, can enhance taxpayer experience.

With the availability of new datasets, migrating from households to individuals as the target population is envisioned for forthcoming perception surveys. The MBS conducted a census in 2022, which includes relevant and up to date information regarding the resident population of the Maldives. This census would be a better data source for selecting the sample for an individual survey. As the census data by MBS also covered businesses, its results will enable us to stratify the business sample drawn for the following survey.

To mitigate response bias and reduce the margin of error, plans have been made to increase the sample size in future surveys, given the available capacity. Moreover, to improve representativeness of the survey, the tourism sector will also be included in subsequent surveys.

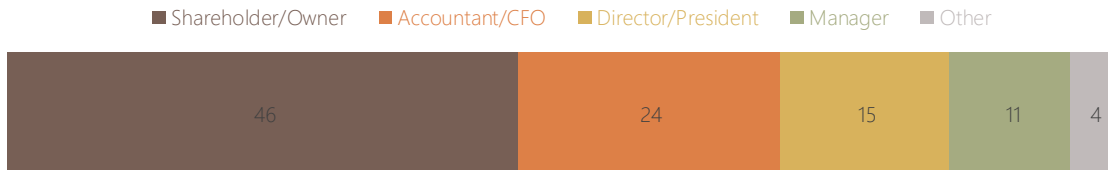
Annex 1 – Business Survey Statistics

Section A – Basic Information of Respondent

A1. What is your position (basic responsibility)?

Percentage of Respondents

N = 221



NOTE: This chart is to be read as 46 percent of respondents stated that they are the shareholder/owner of the business.

A2. Locality

Percentage of Respondents

N = 221

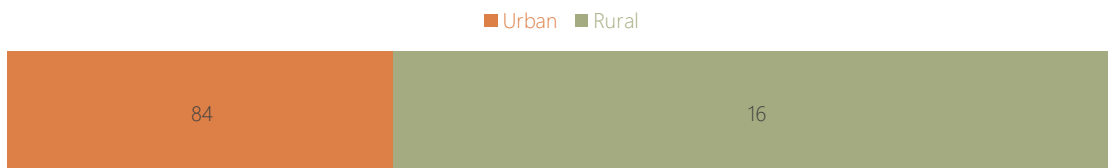


NOTE: This chart is to be read as 70 percent of respondents stated that the business is in Male'.

A3. Urban/Rural

Percentage of Respondents

N = 221

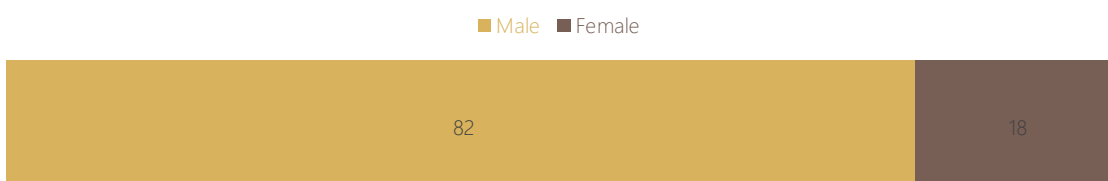


NOTE: This chart is to be read as 16 percent of respondents stated that the business is in a rural area.

A4. Gender

Percentage of Respondents

N = 221



NOTE: This chart is to be read as 82 percent of respondents stated that they are male.

A5. Nationality

Percentage of Respondents

N = 221

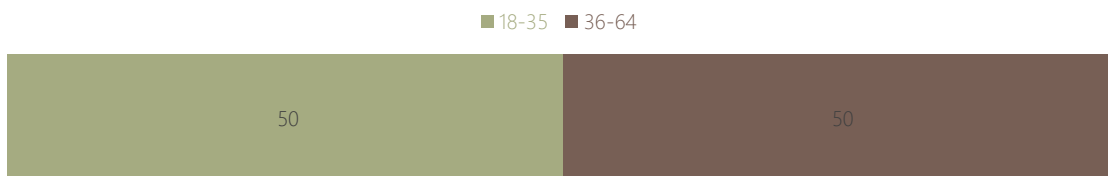


NOTE: This chart is to be read as 82 percent of respondents stated that they are Maldivian.

A6. Age of the respondent

Percentage of Respondents

N = 221



NOTE: This chart is to be read as 50 percent of respondents stated that they are between 18-35 years old.

A7. What is the legal form of your business?

Percentage of Respondents

N = 221

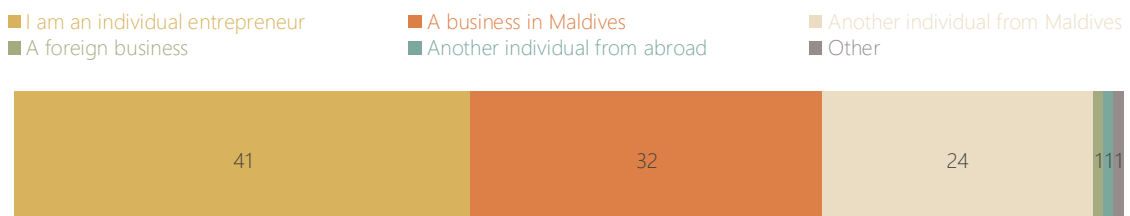


NOTE: This chart is to be read as 50 percent of respondents stated that the legal form of their business is a private limited company.

A8. Which of the following best describes who holds the largest interest in your business?

Percentage of Respondents

N = 221

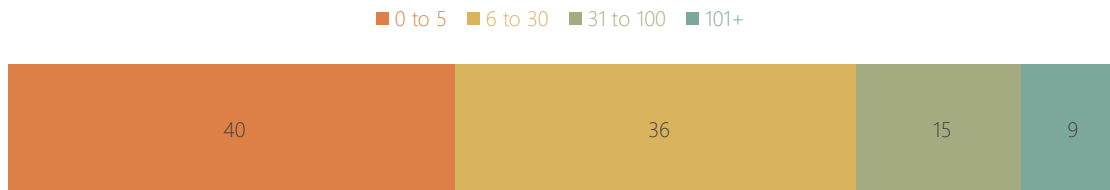


NOTE: This chart is to be read as 24 percent of respondents stated that another individual from Maldives holds the largest interest of the business.

A9. How many employees do you have?

Percentage of Respondents

N = 221



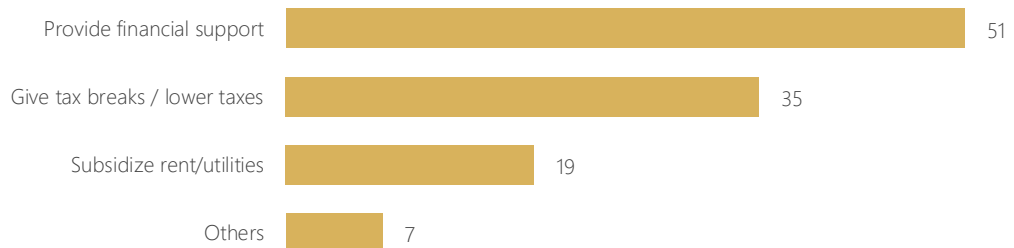
NOTE: This chart is to be read as 40 percent of respondents stated that they have between 0 and 5 employees.

Section B – Attitude Towards Payment of Taxes

B6. Do you have any suggestions for other measures to support business dealing with crises such as Covid-19?

Percentage of Respondents

N = 221

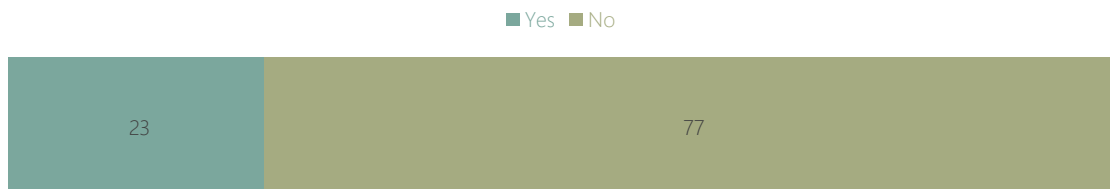


NOTE: This chart is to be read as 51 percent of respondents suggested providing financial support as other measures to support businesses dealing with crises such as Covid-19.

B10. If you would like to propose suggestions or changes to tax policy, are you aware of the proper channels for reaching policy makers?

Percentage of Respondents

N = 221



NOTE: This chart is to be read as 23 percent of respondents stated that they are aware of the proper channels for reaching policy makers to propose suggestions or changes to tax policy.

B12. If tax policies are changed how many months/years prior notice must be given to the public/stakeholders?

Percentage of Respondents

N = 220

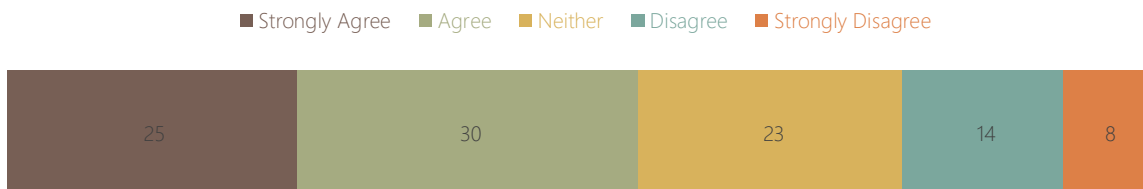


NOTE: This chart is to be read as 15 percent of respondents stated three months prior notice must be given to the public/stakeholders when tax policies are changed.

B18. Do you think similar businesses to yours are taxed similarly?

Percentage of Respondents

N = 221

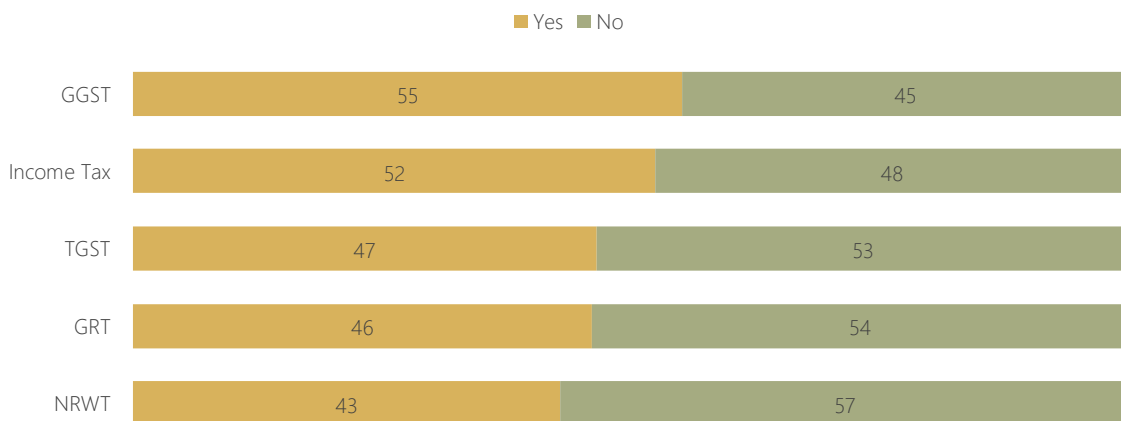


NOTE: This chart is to be read as 25 percent of respondents strongly agree that similar businesses to theirs are tax similarly.

B20. Do you know similar businesses benefit from exemptions from the following taxes?

Percentage of Respondents

N = 221



NOTE: This chart is to be read as 55 percent of respondents know that similar businesses benefit from exemptions from GGST.

Section C – Tax Audits

C3. Have you ever received a NOTA (notice of tax assessment)?

Percentage of Respondents

N = 82 (Excluding Respondents Who Refused to Answer)



NOTE: This chart is to be read as 59 percent of respondents stated that they have received a NOTA.

C4. Using a scale of 1 to 5, where '1' means "Completely uninformed" and '5' means "Completely informed", please mention to what extent you are informed or uninformed of audit process prior to the tax audits.

Percentage of Respondents

N = 83 (Excluding Respondents Who Refused to Answer)



NOTE: This chart is to be read as 22 percent of respondents stated that they are self-employed.

C5. Using a scale of 1 to 5, where '1' means "Fully unable" and '5' means "fully able", please mention to what extent you are able or unable to exercise your right to object and appeal?

Percentage of Respondents

N = 80 (Excluding Respondents Who Refused to Answer)



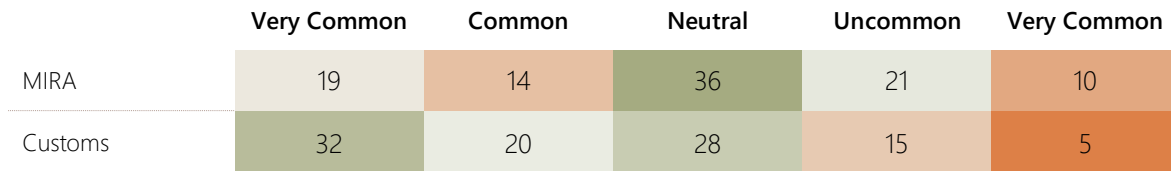
NOTE: This chart is to be read as 25 percent of respondents stated that they are fully able to exercise their right to object and appeal.

Section D – Tax Evasion

D5. How common or uncommon do you think is the practice of giving bribes to tax/customs bodies?

Percentage of Respondents

N = 221

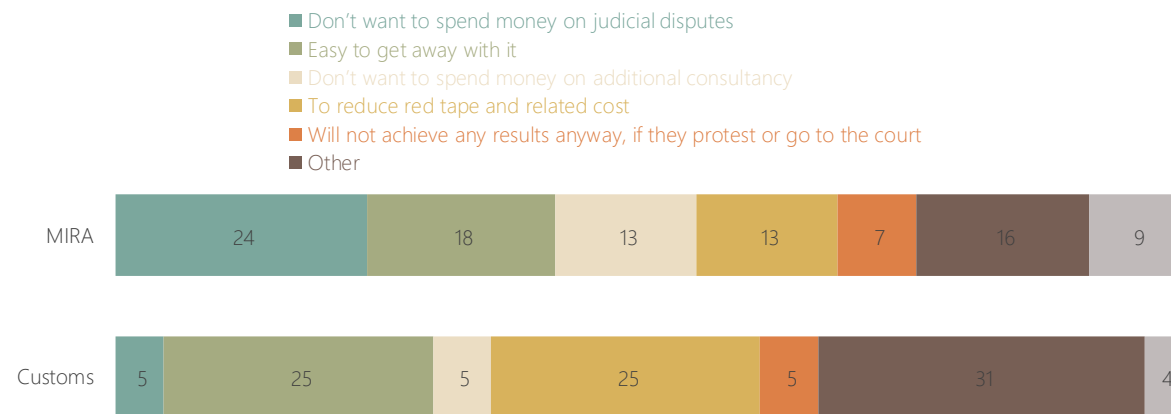


NOTE: This chart is to be read as 32 percent of respondents believe that the practice of giving bribes to Customs is very common.

D5. Why do they do so?

Percentage of Respondents

N = 221



NOTE: This chart is to be read as 25 percent of respondents stated that bribes are given to customs because it is easy to get away with it.

Section E – Perception Towards the Tax Administration

E3. How would you rate the services being delivered by MIRA in the following areas?

Percentage of Respondents

N = 221

	Excellent	Good	Satisfactory	Poor	Very Poor
MIRAconnect	29	46	19	5	1
VaaruPay	30	44	15	8	3
Obtaining tax clearance	18	49	22	9	2
MIRA website updates	18	54	16	9	3
MIRA hotline service	14	46	18	12	10
Counter services	17	53	21	8	2
MIRA Mobile Application	17	45	23	11	4
Training and information sessions	14	35	28	17	6
Obtaining fine relief	11	44	23	15	7
Providing instalment plans	12	53	26	4	4

NOTE: This chart is to be read as 29 percent of respondents rated MIRAconnect as excellent.

E4. What was your impression of the interaction you had with the MIRA in the past 12 months?

Percentage of Respondents

N = 221

	Very High	High	Average	Low	Very Low
Professionalism	20	36	37	6	1
Neutrality	14	34	34	12	5
Integrity	14	37	37	10	2
Fairness	14	34	37	11	4
Honesty	13	40	37	8	1

NOTE: This chart is to be read as 36 percent of respondents had a high impression of professionalism in their interaction with MIRA.

E6. Rate the following relief mechanisms provided by MIRA?

Percentage of Respondents

N = 221

	Excellent	Good	Satisfactory	Poor	Very Poor
Providing fine relief	16	41	19	20	5
Facilitating Instalment plans	16	40	25	12	7
Deadline extensions	12	50	17	15	6

NOTE: This chart is to be read as 41 percent of respondents rated providing fine relief as good.

E9. How would you rate the ease or difficulty with which you can complete tax returns?

Percentage of Respondents

N = 221

	Very Easy	Easy	Difficult	Very Difficult
GGST	10	78	12	1
Income Tax Interim return	8	73	17	2
GRT	7	64	24	5
TGST	6	62	28	4
Income Tax return	6	67	25	2
EWHT	6	69	21	4
NRWHT	4	73	24	0

NOTE: This chart is to be read as 78 percent of respondents stated that competing GGST return is easy.

E10. Rate the following programs in disseminating information to customers about taxes and tax related issues.

Percentage of Respondents

N = 221

	Excellent	Good	Satisfactory	Poor	Very Poor
One-to-one information sessions	13	37	17	24	9
Tax related meetings	12	41	21	19	8
Information desks	12	47	20	17	5
Online training and information sessions	12	36	22	26	5
Atoll visits	11	25	17	25	21
Television programs and interviews	11	39	22	24	5
Email communication	11	57	17	10	6

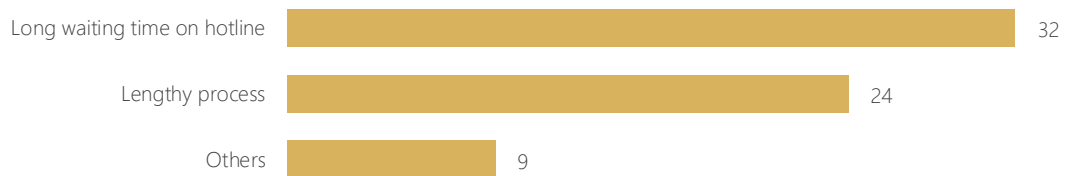
	Excellent	Good	Satisfactory	Poor	Very Poor
Sector specific workshop	10	33	16	32	9
Educational workshops	8	42	19	20	10
Social media dissemination	8	48	20	18	7
Awareness campaigns	7	29	20	29	14

NOTE: This chart is to be read as 57 percent of respondents rated email communication with MIRA as good.

E12. What are the challenges you face interacting with MIRA?

Percentage of Respondents

N = 221



NOTE: This chart is to be read as 32 percent of respondents stated that long waiting time on hotline is a challenge they face, in interacting with MIRA.

Annex 2 – Household Survey Statistics

Section A – Basic Information of Respondent

A1. Which of the following best describes your employment situation?

Percentage of Respondents

N = 472

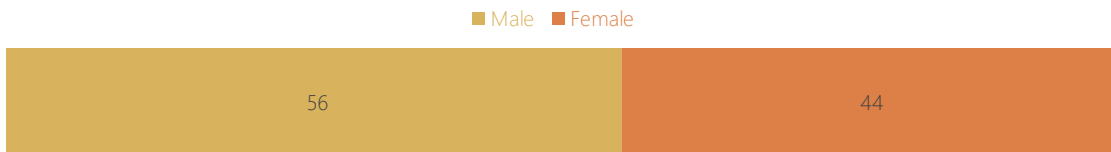


NOTE: This chart is to be read as 22 percent of respondents stated that they are self-employed.

A2. Gender

Percentage of Respondents

N = 472

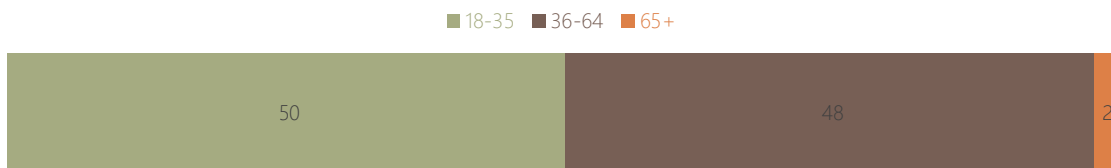


NOTE: This chart is to be read as 56 percent of respondents stated that they are female.

A3. Age of the respondent

Percentage of Respondents

N = 472



NOTE: This chart is to be read as 56 percent of respondents stated that they are female.

A4. What is your current resident island?

Percentage of Respondents

N = 472

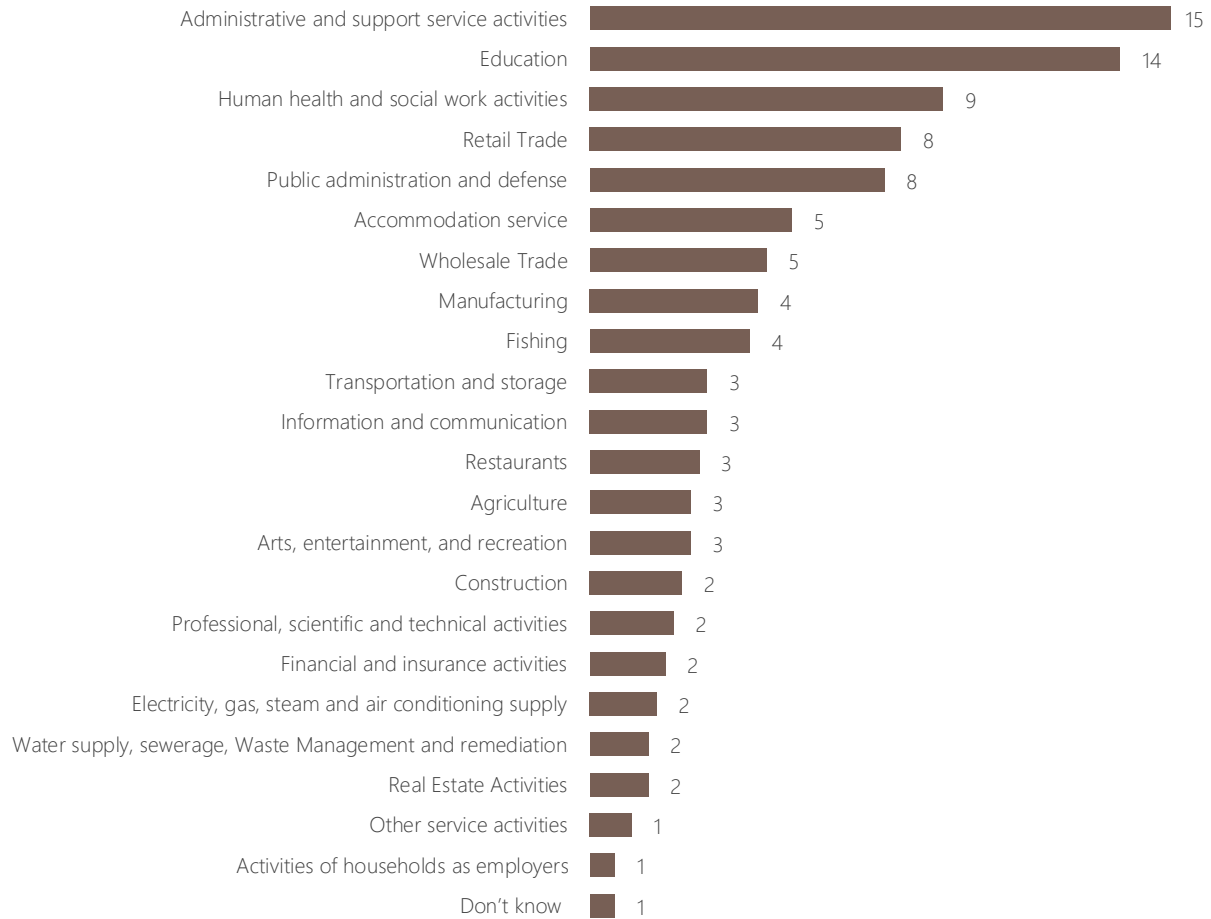


NOTE: This chart is to be read as 36 percent of respondents stated that they are resident in Male'.

A5. Which of the following industry does your primary job / work area best fall to?

Percentage of Respondents

N = 458 (Excluding 'No Answer')

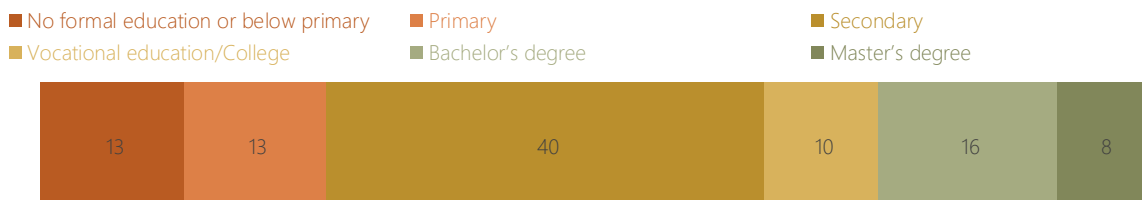


NOTE: This chart is to be read as 15 percent of respondents stated that their primary job or work falls to administrative and support service activities.

A6. What is the highest level of formal education you have completed?

Percentage of Respondents

N = 470 (Excluding 'Don't Know' and 'No Answer')

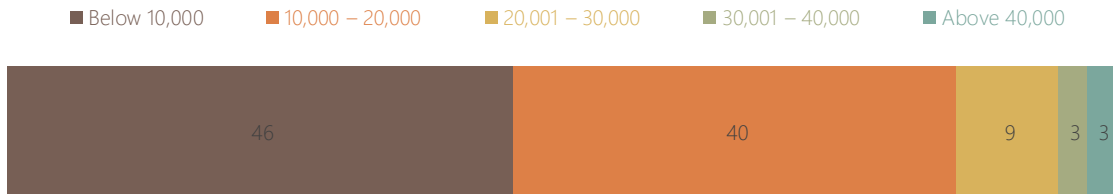


NOTE: This chart is to be read as 40 percent of respondents stated that they have completed secondary education.

A7. What was your average monthly income over the past 12 months? Consider the total income you earned from all sources. Select one from the following brackets.

Percentage of Respondents

N = 472

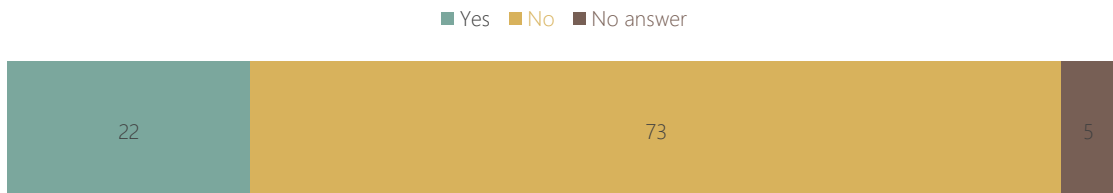


NOTE: This chart is to be read as 46 percent of respondents stated that their average monthly income is below MVR10,000.

A8. Are you registered in MIRA?

Percentage of Respondents

N = 472

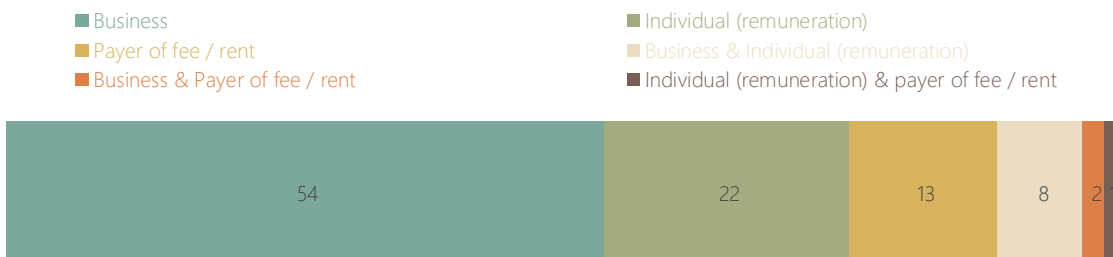


NOTE: This chart is to be read as 75 percent of respondents stated that they are not registered in MIRA.

A9. What type of registration?

Percentage of Registered Respondents

N = 104



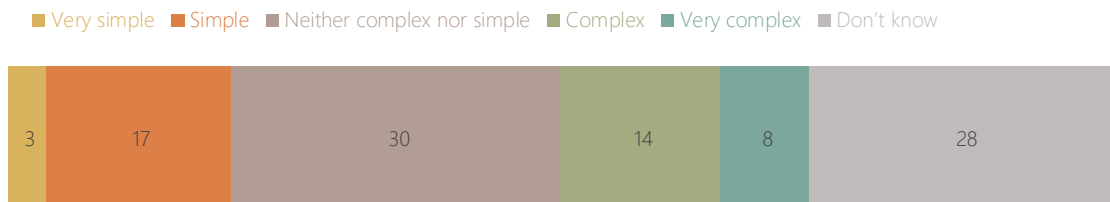
NOTE: This chart is to be read as 54 percent of respondents [22 percent of respondents who responded that they are registered in MIRA in the previous question] stated that they are registered as a business in MIRA.

Section B – Attitude towards Taxes

B1. How complex is the tax system in Maldives?

Percentage of Registered Respondents

N = 104



NOTE: This chart is to be read as 30 percent of respondents stated that the tax system in Maldives is neither complex nor simple.

B2. Why do you say the Maldives tax system is [Link to answer from B1]?

Percentage of Respondents

N = 339 (Excluding 'Refuse to Answer')

	Very simple	Simple	Neither complex nor simple	Complex	Very complex
Don't pay tax	4	26	39	15	15
Lack of awareness on tax system	1	1	55	30	13
Easy to understand and access	0	0	40	45	15
Lack of awareness on how tax revenue is used	0	0	0	86	14
Administrative difficulties/lengthy process	0	23	69	0	8
Other	14	60	22	3	1

NOTE: This chart is to be read as 86 percent of respondents stated that they believed the tax system is complex because they lack awareness on how tax revenue is used.

B5. Which government body is responsible for the formulation of tax policies in Maldives?

Percentage of Respondents

N = 467 (Excluding 'No Answer')

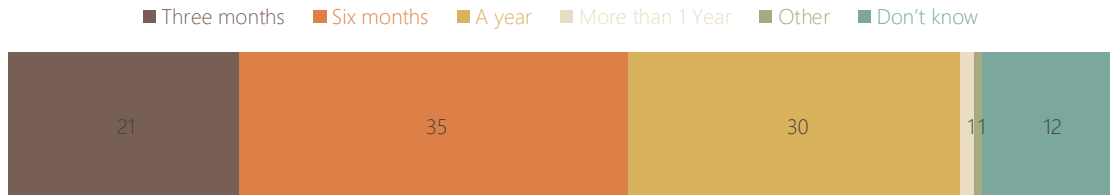


NOTE: This chart is to be read as 63 percent of respondents stated that MIRA is responsible for formulating tax policy in Maldives.

B6. If tax policies are changed how many months/years prior notice must be given to the public/stakeholders?

Percentage of Respondents

N = 465 (Excluding 'No Answer')



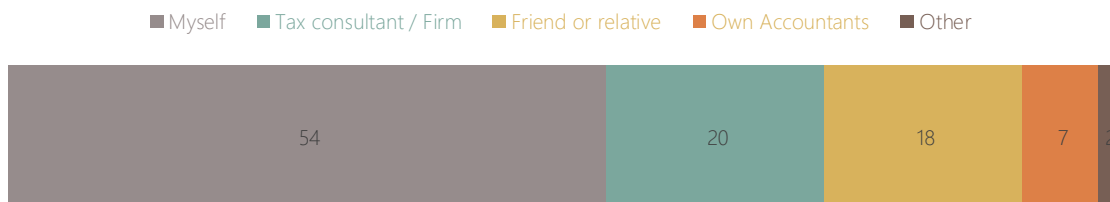
NOTE: This chart is to be read as 21 percent of respondents stated that 3 months prior notice must be given to the public/stakeholders when tax policies are changed.

Section C – Tax Compliance

C2. Who prepares taxes for you?

Percentage of Respondents Who Pay Taxes

N = 465



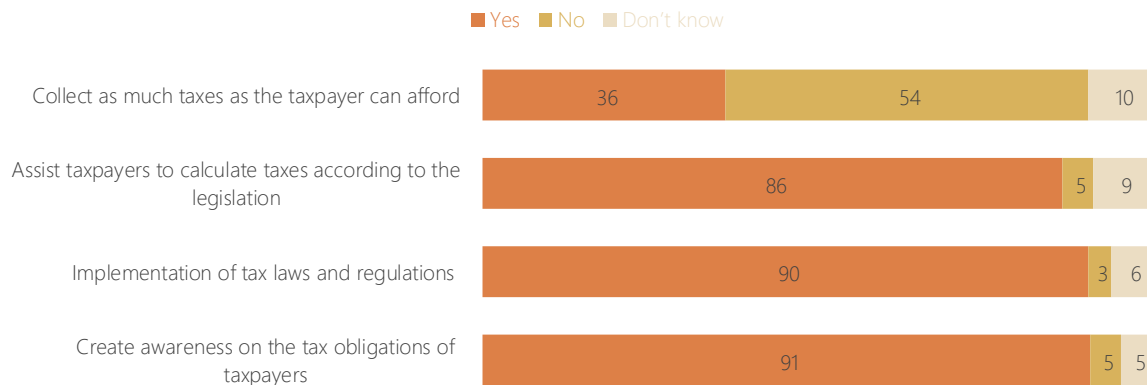
NOTE: This chart is to be read as 54 percent of respondents stated that they prepare taxes by themselves.

Section D – Perception towards Tax Administration

D1. Which of the following do you think should serve as the main goals of a tax administrator?

Percentage of Respondents

N = 472

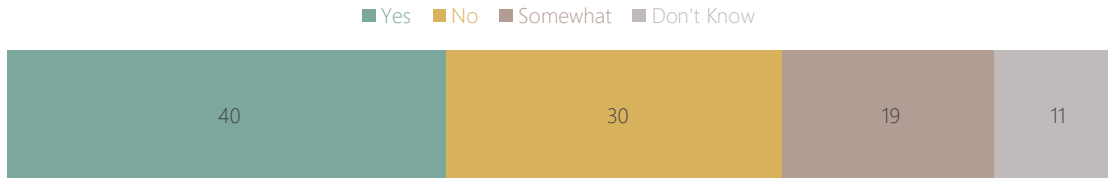


NOTE: This chart is to be read as 86 percent of respondents stated that one of the main goals of the tax administrator should be assisting taxpayers to calculate taxes according to the legislation.

D2. Is the tax administrative system fair, in that all taxpayers are treated fairly and are paying their fair share?

Percentage of Respondents

N = 466 (Excluding 'No Answer')

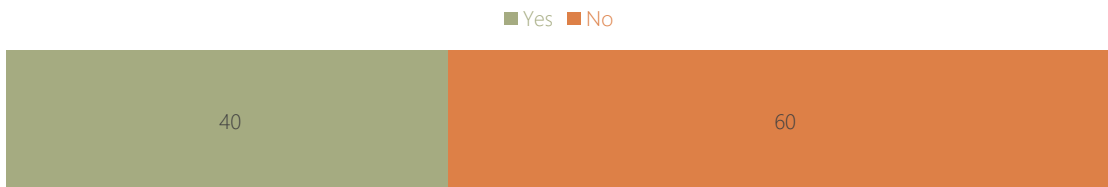


NOTE: This chart is to be read as 40 percent of respondents stated that all taxpayers are treated fairly and are paying their fair share.

D4. Have you used any services of MIRA in the past?

Percentage of Respondents

N = 472

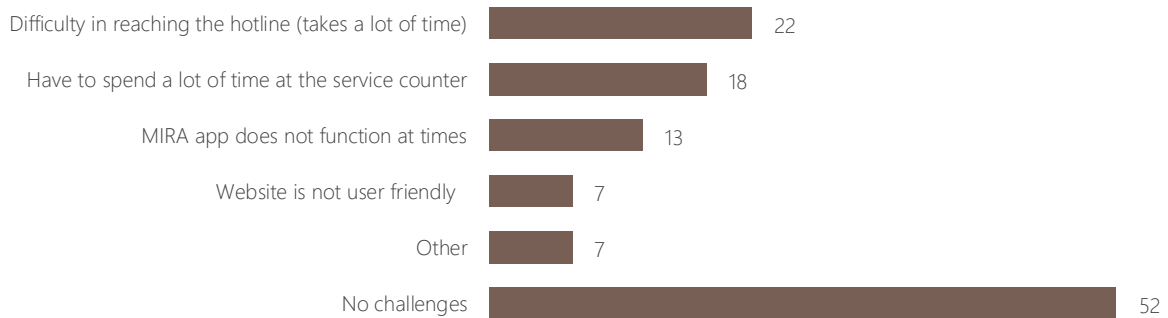


NOTE: This chart is to be read as 40 percent of respondents stated that they have used MIRA's services in the past.

D6. What are the challenges you face interacting with MIRA?

Percentage of Respondents

N = 189 (Excluding Respondents Who Did Not Respond)



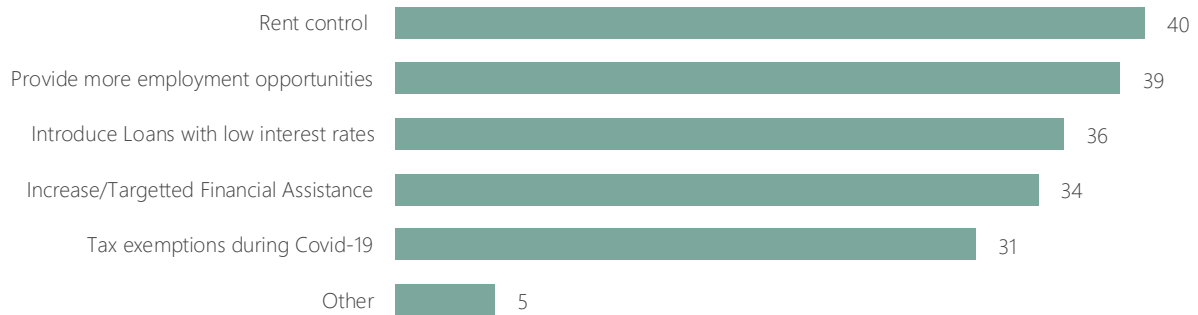
NOTE: This chart is to be read as 52 percent of respondents stated that they did not face any challenges in interacting with MIRA.

Section E – Knowledge of GST and Income Tax

E3. Do you have any suggestion for other fiscal relief mechanisms that can help households deal with loss of income from COVID-19?

Percentage of Respondents

N = 299 (Excluding Respondents Who Selected 'No Suggestions')



NOTE: This chart is to be read as 39 percent of respondents stated that providing more employment opportunities is a fiscal relief mechanism that can help households deal with loss of income due to Covid-19.

E4. How would you characterize today's tax burden (the amount of tax paid by a person, company), for the following types of taxes?

Percentage of Respondents

N = 466 (Excluding Respondents Who Refused to Answer)

	Very light	Light	Somewhat heavy	Heavy	Very heavy	Don't know
Income Tax	7	22	25	17	7	23
GST	9	29	27	18	8	11

NOTE: This chart is to be read as 25 percent of respondents stated that the income tax burden is somewhat heavy.