



Investing in Asia Pacific 2019

Maldives

Audit / Tax / Advisory

Smart decisions. Lasting value.

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Welcome

to the Crowe Global
Investing in Asia Pacific 2019: Maldives guidebook.

This guide forms a part of the Investing in Asia Pacific 2019 series and provides a quick reference for those interested in investing in Maldives. While it is not exhaustive, this guide aims to answer some of the key questions that may arise. When specific issues arise in practice, it will often be necessary to consider the relevant laws and regulations and to obtain appropriate professional advice.

The guidebook will cover five main topics as follows:

- Establishing the business entity
- Tax information
- Human resource requirements
- Withdrawal procedures





Introduction to Crowe Global

Crowe Global is ranked eighth largest global accounting network with over 200 independent accounting and advisory services firms in close to 130 countries around the world.

Crowe Global member firms are known for their local knowledge, expertise, and experience balanced by an international reputation for the highest quality in audit, tax, advisory and risk services. They are unified through a shared commitment for impeccable quality service, highly integrated service delivery processes and a common set of core values and management philosophies that guide their decisions daily.

This unique combination of talent provides Crowe Global the worldwide capabilities of a highly integrated network to deliver value to multinational clients doing business across borders.

Maldives

Smart decisions.
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Establishing the business entity

1. Formation and costs

Company

A. Formation

There are three ways to register a business entity in the Maldives, under the normal regime governed by the Foreign Investment Act (Law No: 25/79) of the Maldives.

1. Incorporating a new foreign investment company with 100% foreign ownership.
2. Re-register a foreign incorporated company in the Maldives
3. Acquiring shares from a locally incorporated company

Note: A detailed guide of Foreign Investment Approval and Registration Procedure will be provided upon request

B. Timing

Standard processing time for foreign Investment Approval Process is a maximum of 30 days from the date of application. If there are no delays from other institutions, minimum completion time is 17 days.

C. Cost

- Company registration fee is payable to the Ministry of Economic Development (MOED); depends on the authorized registration fee capital of the company.
- Company Annual fee; approximately USD\$ 156.
- Stamp fee approximately USD\$ 39.
- Re-registering a company resident overseas in the Maldives is free. (A one-time administrative charge of \$2000 is applicable)

2. Investment incentives

Company

1. Right to 100% foreign ownership.
2. Legally backed investment guarantee.
3. Provision for overseas arbitration of disputes.
4. Long term contractual agreements and long-term lease of land.
5. Freedom to use foreign managerial, technical and unskilled workers.
6. No foreign exchange restrictions.
7. No restrictions on the repatriations of earnings or profits.

3. Foreign ownership restrictions

Initial investments with a value exceeding USD 1 million are highly considered in the evaluation process. 100% Foreign ownership allowed in tourism, the major industry in Maldives. Ownership restriction applies for certain businesses, a list will be provided upon request.

4. Work permits and visas

No restriction on work permits and visas. Business visa or any other visa cannot be changed to work visas.

5. Accounting standards and audit requirements

All the financial statements should be in accordance with IFRS. IFRS for SME's allowed.

6. Residential directors / promoters' requirements

At least (1) one director should be resident if the company is 100% foreign owned.

7. Foreign ownership over tangible assets

Land cannot be acquired by foreigners. However, resorts could be leased for a period of up to 99 years.

8. Country quirks

Maldives is known as a luxury travel destination consisting of 1,192 coral islands grouped in 26 atolls which stretches over 90,000 sq. kms of Indian Ocean and surrounded by an Exclusive Economic Zone (EEZ) covering 859,000 sq. kms. Some unique features in doing business in Maldives include low taxation, no foreign exchange control and minimum government restriction.

Helping our clients make smart decisions today, that create lasting value tomorrow.



A person in a red shirt is silhouetted against a clear blue sky, balancing on a thin tightrope. The tightrope is stretched across a rocky mountain peak. The scene is set during sunset or sunrise, with the rocks in the foreground illuminated by a warm, golden light. The background shows a hazy mountain range under a soft, orange and yellow sky.

We offer solutions tailored to your tax challenges.

Successful companies consider tax implications before they make business decisions, so they do not pay more than their legal obligation. This makes international tax compliance, consulting, and structuring a crucial element in your global strategy.

Tax information

1. Tax rates on corporate income

15% Income tax on income exceeding MVR 500,000 (approximately US\$ 32,425).

2. Other taxes

Good and Services Tax (GST)	6% on general goods. Tourism services subject to 12% GST.
Green Tax	<p>Green tax is a tax payable by tourists who stay in tourist resorts, tourist hotels and tourist vessels.</p> <p>Also payable by tourists who stay in tourist guesthouses from 1 October 2016 onwards.</p> <p>Green tax is payable at the rate of US\$6 per day of stay from tourist resorts, tourist hotels and tourist vessels.</p> <p>US\$ 3 per day of stay from tourist guesthouses.</p> <p>Maldivians and resident permit holders are not required to pay Green Tax</p>
Value Added Tax (VAT)	Non

3. Branch income

15% Income tax on income exceeding MVR 500,000 (approximately US\$ 32,425).

4. Tax incentives

Non.

5. Withholding Tax

Dividends	Nil
Interest	Nil
Royalties	10% tax
Technical fee	10% tax
Branch profit	10% tax

6. Tax administration

Companies are required to file Business Profit Tax (BPT) return on or before 30th June of the following year and must pay the calculated taxes to Maldives Inland Revenue Authority (MIRA) within the period. Companies should submit an interim return before 31st January and 31st July every year.

7. Taxable incomes for non-residential companies and individuals

Non-resident companies are taxable at 5%. Individuals income is not taxable.

8. Annual filing and compliance requirements

Companies, partnerships and other entities except individuals and deemed partnerships are required to submit their BPT returns before deadline irrespective of their level of income.

Annual reports (Financial Statements and Directors Report of the company)

Audited Financial statements of the company (if BPT threshold is reached)

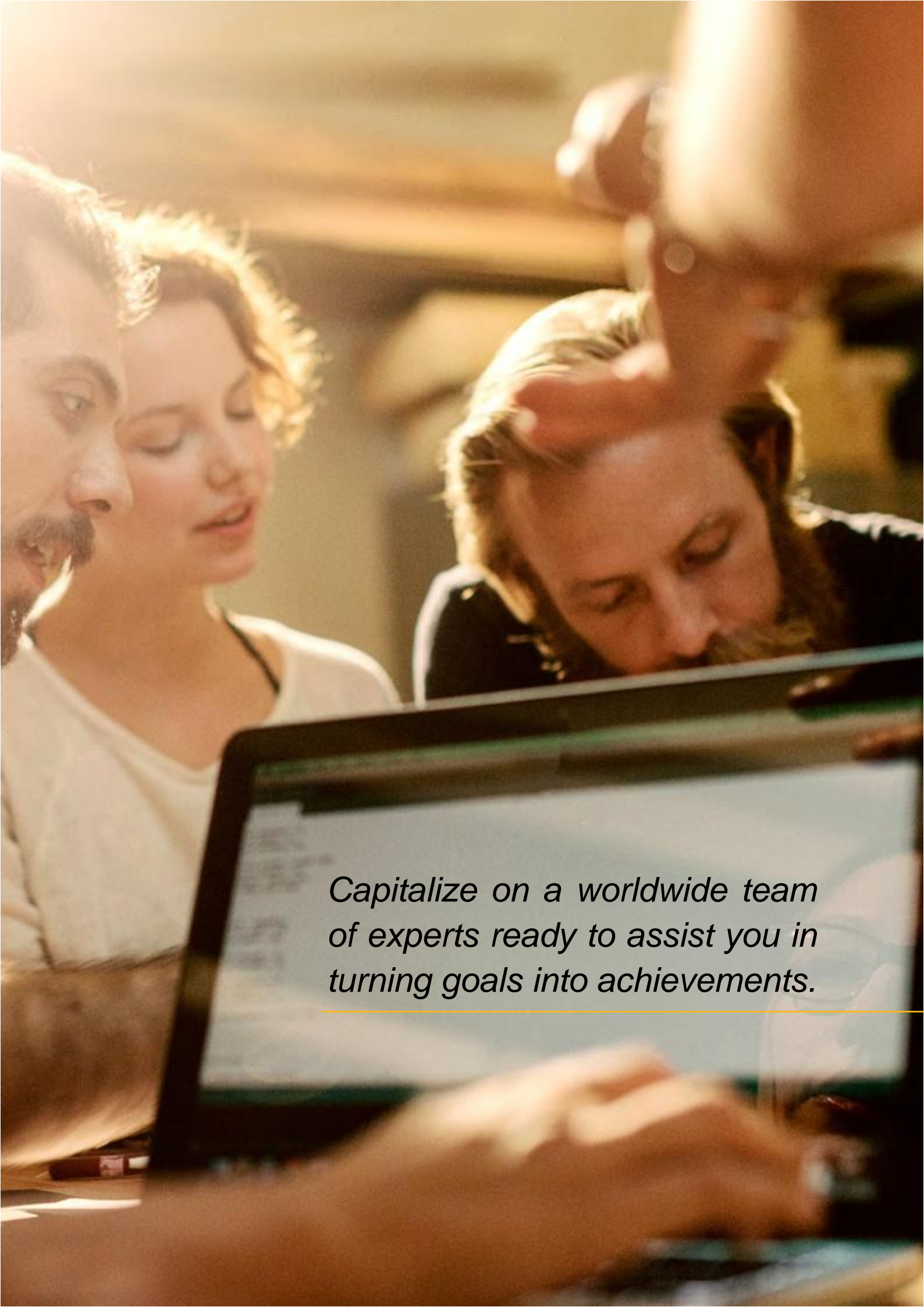
Deadline for the submission of annual reports is before 30th June of every year.

Companies with an annual turnover of more than MVR 10 million are required to submit their BPT returns online.

Unlike other tax returns, BPT returns are quite complex and comes with the obligation to furnish financial statements to be submitted together with the return.

Crowe Global member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide decisions daily





*Capitalize on a worldwide team
of experts ready to assist you in
turning goals into achievements.*

Human resource requirements

1. Special labor standards to take heed of

Maldivian nationals shall be employed in investments in the Republic of Maldives except in those cases where employment of non-nationals becomes necessary.

2. Social welfare: insurance, pension, etc

The Pension Act (Law No: 8/2009) mandates a contribution of 7% of the pensionable wage from both employee and employer to Maldives Retirement Pension Scheme.

3. Requirements for retirement benefits

No requirement

4. Legal annual leave and public holidays

All employees are entitled to following leaves:

- 10 days Public Holidays (Annually)
- 30 days paid annual leave
- 30 days paid medical leave
- 10 days Family responsibility leave
- 05 days paternity leave
- 60 days maternity leave

5. Brief information on labour unions

No labour unions.

6. Country quirks

None.

Withdrawal procedures

1. Company: legal procedures required for liquidation

Board of directors could decide to liquidate the company and should get approval of the shareholders. The shareholders should appoint a liquidator to windup the company within seven (7) days. Liquidation process will take 30-60 days.

2. Company: tax requirements

A final tax return up to the date of liquidation should be submitted together with the liquidator's report.

3. Branch: legal procedures required for closing branch

Board resolution to liquidate the company and termination of the investment agreement is sufficient to de-register the branch.

4. Branch: tax requirements

A final tax return up to the date of liquidation should be submitted together with the liquidator's report.

Local expertise, global connections



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About us

Crowe Maldives LLP is a leading professional service firm providing audit, tax and advisory services, led by partners with extensive local knowledge and experience. Our dynamic teams have combined experience in multitude of diverse businesses and industries. We help our clients to take smart decisions that deliver lasting value in today's dynamic business environment.

Our Global Reach

Ranked the eighth largest accounting network in the world, Crowe Global has over 200 independent accounting and advisory firms in more than 130 countries. Each firm is well established as a leader in its national business community and is staffed by nationals, thereby providing a knowledge of local laws and customs which is important to clients undertaking new ventures or expanding into other countries. "Crowe Global is a network that distinguishes itself in the market by bringing smart decisions that deliver lasting value to clients, talent, and the communities where we live and work".

David Mellor, Chief Executive Officer, Crowe Global

www.croweglobal.org