

Table of Contents

Maldives Economy Brief	2
Trade Statistics:.....	2
Maldives Market Entry Modes.....	3
For setting up Business in Maldives.....	3
1. Re-Registering a company in foreign jurisdiction with the registrar of companies	5
2. Incorporating a new Company/Partnership	5
3. Acquiring Shares from a locally Incorporated Company	6
Fee.....	6
Maldives Legal Landscape.....	7
The Judiciary	7
The Court System	7
Lower Courts	7
Superior Courts	8
Magistrate Courts	8
For latest Laws, Regulations and Policies related to business kindly visit Ministry of Economic Development’s Business Portal.....	9
Goods Prohibited from Importing	10
Restricted Items	10
Liquor and Alcoholic Products	10
Pork and its by-products	10
Chemical and Chemical Products.....	11
Pets.....	11
Firearms/Explosives/Weapons and Ammunition	11
Live Plants and Animals.....	11
Medicine	11
Tobacco and Tobacco Products	11
Communication Equipment	12
Items that Need Special Permission	12
Useful Contacts	14
Useful Laws & Regulations Links.....	15

Maldives Economy Brief

The Maldivian economy is extraordinarily dependent on tourism. Significant Foreign Exchange that flows into the country is through the tourism sector. Major percentage of government tax revenue comes from tourism related taxes.

Fishing is the second leading economic sector of the Maldives. A significant amount of country's income is generated through export of fresh fish and other fish/marine products.

Agriculture plays only a minor role in the economy of the Maldives as constrained by the limitedness of cultivable land.

Trade Statistics:

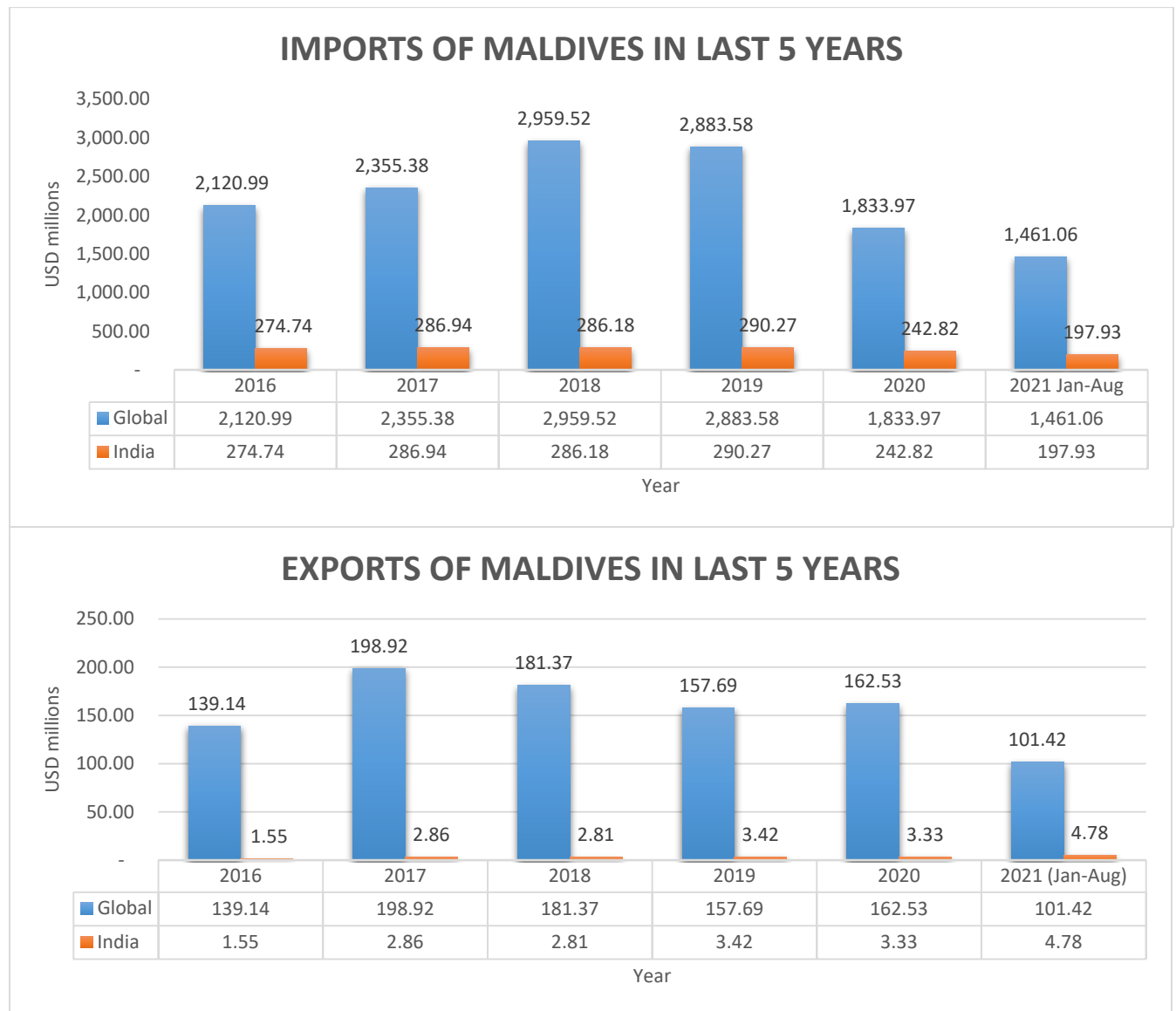


Figure 1 - Source: Maldives Customs Service

Maldives Market Entry Modes¹

For setting up Business in Maldives

To seek Foreign Investment approval, please submit all the relevant documents (identified below) to the Invest Maldives Office, Velaanaage 4th Floor.

The application review process takes 2 working days for applications submitted under the 'Automatic' route, and 5 to 14 working days for applications submitted under the 'Government' route.

Upon approval of the foreign investment, the Ministry will issue an acceptance letter to the applicant. Your next step is to register your business in one of the following three ways.



Your business will be registered in 1 business day. Once the business entity is registered, you are required to enter to a Foreign Investment Agreement (FIA) with Ministry of Economic Development.

¹ <https://business.egov.mv/>



Foreign Investment Registration Application



Clear, complete and valid Passport/National Identification Card copies of shareholders, directors and secretary / legal representative of the investing entity



Company Registration Certificate, Constitutional Documents of the entity notarized as true copy by relevant authorities of the registered country. Investor shall submit notarized translations of all documents that are not in English



Letter of financial credibility issued by a financial institution licensed by the central bank of the respective jurisdiction, for each shareholder (both individual and legal entity)



Profiles of the investors/shareholders. A CV shall suffice for individual investors/shareholders



Contract Award Letter from Private or Public Institutions (if applicable)



If applicant is looking to engage in sector such as Construction, an agreement/ award letter by the respective entity



Projected Business plan and Feasibility Study (upon request by MED)

Documents required seeking Foreign Investment Approval

1. Re-Registering a company in foreign jurisdiction with the registrar of companies

- Business Registration Application Form
- Company Registration Certificate, Constitutional Documents of the entity notarized as true copy (by relevant authorities of the registered country). *Note: Notarized translations must be provided for all the documents that are not in English.*
- Board Resolution of the Company
 - To re-register in Maldives
 - To appoint a Legal Representative who shall represent the company in any legal proceedings against the Company
- Acceptance Letter and NIC/passport copy of the appointed Representative *Note: The representative need not be a lawyer, but should be a resident individual or registered entity in the Maldives*
- Clear, complete and valid PP / ID copies of persons with tax responsibilities

2. Incorporating a new Company/Partnership

- If the foreign shareholder is an entity
 - Business Registration Certificate, Constitutional Documents of the entity notarized as true copy (by relevant authorities of the registered country). *Note: Notarized translations must be provided for all the documents that are not in English.*
 - Board Resolution of the Company
 - Details of the number and percentage of shares the company will hold in the new business
 - Details of the directors appointed to represent the entity in the new business (if any)
- Clear, complete and valid PP / ID copies of
 - Directors
 - Company Secretary
 - Tax responsible person(s)

3. Acquiring Shares from a locally Incorporated Company

- Share Transfer Form (2 originals)
- Revised Articles and Memorandum of Association of the entity proposing to undertake the investment (2 Originals)
- Board Resolution for the transfer of shares (as in step 1)
- Clear, complete and valid NIC/Passport copy of the new shareholders and directors
- Board Resolution of the Transferee (if an entity)
 - Details of the number and percentage of shares the company will acquire
 - Details of the directors appointed to represent the entity in the new business (if any)

Fee

- Foreign Investment Administration Fee equivalent to **USD 5,000.00**. This amount has to be paid to the Maldives Inland Revenue Authority (MIRA). *A copy of the receipt should be submitted to the Ministry of Economic Development.*

In addition to this, you are required to make entity registration fee depending upon the type of business you register in Maldives. For fee details please have a look at company registration process.

Maldives Legal Landscape²

Maldives is a multiparty presidential republic. The three branches of government, i.e. Executive, Judiciary and the Parliament, work separately and independently.

Article 4 of the Constitution provides that all the powers of the State of the Maldives are derived from, and remain within, the citizens. Article 5 of the Constitution states that all legislative power in the Maldives is vested in the People's Majlis and Article 6 of the Constitution provides that the executive power is vested in the President. By virtue of Article 7 of the Constitution, the judicial power is vested in the courts of the Maldives.

The Judiciary

The judicial power is vested in the Supreme Court, the High Court, and such Trial Courts as established by the law as provided in Article 141 of the Constitution. The Supreme Court is the highest authority for the administration of justice in the Maldives and the Chief Justice is the highest authority on the Supreme Court (Article 141(b)).

The Court System

The Maldives follow a three-tiered court system: the Supreme Court is at the top, followed by the High Court and finally the Lower Courts. Lower Courts are divided into two categories, Superior Courts and Magistrate Courts. The Supreme Court, High Court and Superior Courts are based in the capital of the country, Male'. Magistrate Courts are in the rest of the inhabited islands other than the capital island. In each inhabited island there is one Magistrate Court. Every court has jurisdiction to overturn the decision of a lower court (Article 143(c), the Constitution of the Maldives). Lower Courts shall follow the decisions of a higher court (Article 143(d), the Constitution of the Maldives).

Lower Courts

Lower Courts are courts created under Section 52 of the Judicature Act (Law No.22/2010) as first instance courts and courts which have the jurisdiction to try cases that are not mandated by the Constitution or a law to be carried out by other courts. Lower Courts are classified into two main categories:

- ✓ Upper category / Superior Courts
- ✓ Lower category / Magistrate Courts

² <https://www.nyulawglobal.org/globalex/Maldives1.html>

Superior Courts

Superior Courts are created as per Section 53 of the Judicature Act (Law No.22/2010). These courts are created under the Judicature Act or created for a specific reason under another Act. These courts are located in the capital, Male' City. Currently, existing superior Courts are:

- Criminal Court: The Criminal Court is mandated with looking into criminal matters, except for criminal activities committed by children or matters that, by law, would be assigned to a separate court.
- Civil Court: The Civil Court determines civil disputes except for those kinds of matters that fall under the jurisdiction of the Family Court. It may deliberate on financial disputes, contract disputes and administrative disputes. It also has the power to implement the civil injunctions relating to the decisions of the Supreme Court, the High Court, and the Criminal Court.
- Family Court: The Family Court is mandated to determine matters pertaining to disputes arising between families. These matters include inheritance disputes, disputes about parentage, marital issues and divorce, child custody hearings and assignment of child support.
- Juvenile Court: The Juvenile Court is a specific court that deliberates on cases involving minors. Any individual below the age of eighteen, who have been accused of a crime will be tried in Juvenile Court.
- Drug Court: Persons accused of drug related offences are tried at the Drug Court. The Drug Court had the power to subject such persons to mandatory rehabilitation programs, with the aim of reintegrating them back into society.

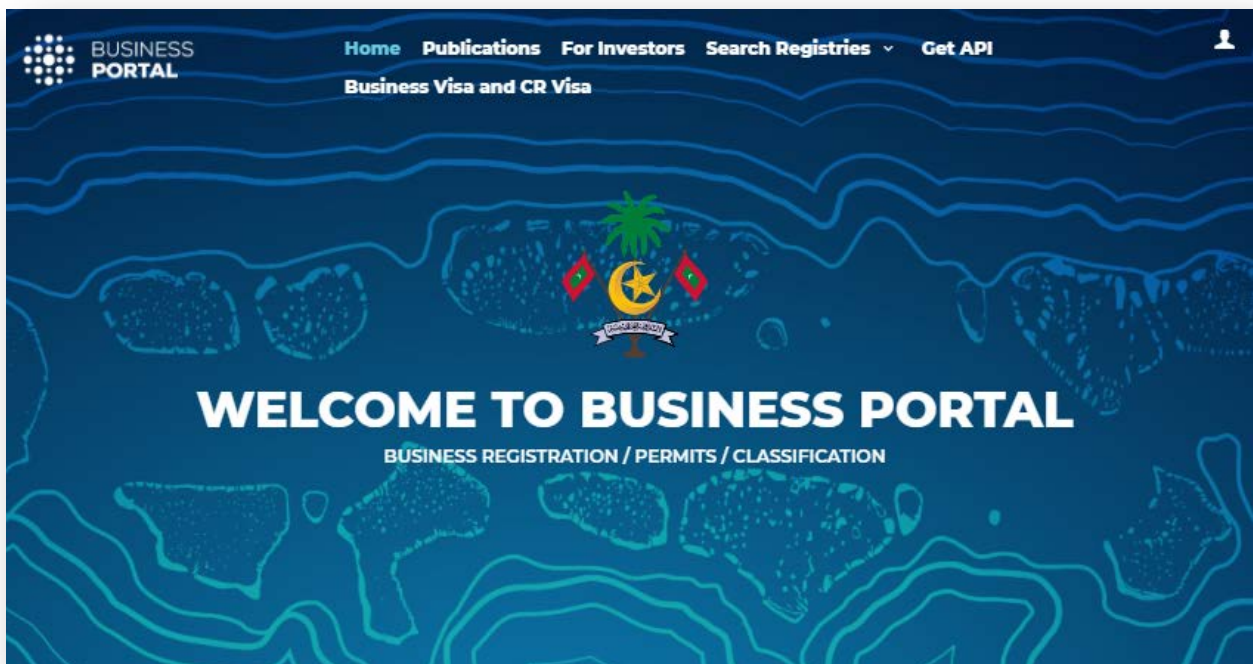
Magistrate Courts

Magistrate Courts are created under Section 62 of the Judicature Act (Law No.22/2010). The previously functioning Island Courts are transferred to the Magistrate Courts. Under section 63 of the Judicature Act, there shall be a magistrate court in each inhabited island except in the capital, Male' City, where the Superior Court exists.

NOTE: Under the Maldives Legal Landscape, for Trade/Civil disputes there is no legal entity/authority other than the Maldives Civil Court to resolve disputes

For latest Laws, Regulations and Policies related to business kindly visit Ministry of Economic Development's Business Portal

Link: <https://business.egov.mv/>



From this portal, you can apply for Government Business services such as:

- Check available business name
- Apply for Business Entity Registrations
- Check registered Business Entities
- Logo, seal & trademark registration etc
- And many more services

Goods Prohibited from Importing³

Prohibited goods are goods that are banned completely.

Narcotics and psychotropic substances	Banned
Pornographic material (including sex toys) such as books, magazines, films, videos, DVDs and software	Banned
Religious materials offensive to Islam	Banned
Live pigs	Banned
Idols (for worship)	Bann

Restricted Items

Restricted goods are goods that require a specific permit in order to import them.

Liquor and Alcoholic Products

According to Maldivian Law No: 4/1975 (Import prohibition Act), importation of liquor and alcoholic products without prior approval is prohibited.

Hence, it is advised not to purchase liquor and alcoholic products on the flight or duty free shops while en route to the Maldives as these items will be confiscated upon arrival at the airport. However, liquor, beer and other such alcoholic beverages are available at all tourist resorts/hotels. These have been imported under special license issued prior to their importation.

Pork and its by-products

According to Maldivian Law No: 4/1975 (Import prohibition Act), importation of pork and its by-products without prior approval is prohibited.

³ <https://www.customs.gov.mv/>

Chemical and Chemical Products

Type	Authorizing body
Chemicals	MNDF
Acid	MNDF
Poisons	MNDF
Toxic substances	MNDF

Pets

Health certificate from an authorized veterinarian, satisfying that the animal is free from infections or contagious diseases is required.

Note: the import of dogs and dangerous animals are strictly prohibited.

Firearms/Explosives/Weapons and Ammunition

Pistols, revolvers, rifles, shotguns, pellet guns, etc.

Replica and imitation firearms, Components of firearms, Harpoon and spear guns, Stun or shock producing devices.

Explosives and explosive devices, Replica or imitation explosive material or devices, Fireworks, flares and other pyrotechnics.

Live Plants and Animals

All plants require a valid phytosanitary / sanitary certificate and must be inspected and approved by the Ministry of Fisheries and Agriculture.

Medicine

A valid medical prescription issued by a registered medical practitioner is required for importation of controlled drugs (for personal use only)

Tobacco and Tobacco Products

All tobacco products must carry a health warning label as prescribed by the Ministry of Health.

Note: All passengers are eligible for import duty allowance upto a limit of 200 Cigarettes, 25 Cigars and 250g of tobacco.

Communication Equipment

Talkie-set, receiver and any other telecommunication equipment with radio frequency transmitting capacity exceeding 100 milliwatts should be inspected and approved by Communication Authority of Maldives.

Items that Need Special Permission

Permits must be obtained from the following local authorities when importing goods mentioned below:

CATEGORY	PERMITTING AUTHORITY
Liquor and Alcoholic Products	Prior permit required from: Ministry of Economic Development
Pork and its by-products	Prior permit required from: Ministry of Economic Development
Chemical and Chemical Products	Prior permit required from: Ministry of Defense and National Security
Pets	Health certificate from an authorized veterinarian
Firearms/Explosives/Weapons and Ammunition	Prior permit required from: Ministry of Defense and National Security
Live Plants and Animals	Valid phytosanitary/sanitary certificate from Ministry of Fisheries and Agriculture
Valid phytosanitary/ sanitary certificate	For Personal use: Valid Prescription For commercial use prior permit required from: Maldives Food and Drug Authority

Tobacco and Tobacco Products	All tobacco products must carry a health warning label as prescribed by the Ministry of Health. Note: All passengers are eligible for import duty allowance upto a limit of 200 Cigarettes, 25 Cigars and 250g of tobacco.
Communication Equipment	Telecommunication equipment with radio frequency transmitting capacity exceeding 100 milliwatts should be inspected and approved by Communication Authority of Maldives.
Hydrochlorofluorocarbon	Ministry of Environment and Energy
Live fish and frozen meat	Port Health
Bird Import License	Ministry of Fisheries and Agriculture
Pesticide and Fertilizers	Ministry of Fisheries and Agriculture and Ministry of Defense and National Security
Vehicles	Ministry of Transport

Useful Contacts

1. Ministry of Economic Development (<https://www.trade.gov.mv/>)

1.1 Invest Maldives	Phone: +960 333 3148 Email : investmaldives@trade.gov.mv
1.2 Foreign Investments Registration Unit	Phone: +960 333 3177 / +960 333 3125 Email: company@trade.gov.mv
1.3 Unsolicited Proposals Policy (USP) Inquiries	Email: proposals@trade.gov.mv
1.4 To find Maldivian Importer regarding specific Product:	Phone: +960 333 3193 Email: company@trade.gov.mv Business Registry: https://business.egov.mv/

2. Maldives Customs Services (<https://www.customs.gov.mv/>)

2.1 Tariff and Statistics section	Phone: +960 333 4130 Email: tariff@customs.gov.mv
2.2 Information Officer	Name: Fathimath Shifaza Mobile: +960 787 5255 Designation: Superintendent Email: info@customs.gov.mv

3. Maldives Immigration (<https://immigration.gov.mv/>)

3.1 Business Visa	Phone: +960 794 0452 Email: bv@immigration.gov.mv
3.2 Work Visa	Phone: +960 333 0406 / +960 919 9153 Email: workvisa@immigration.gov.mv
3.3 Immigration Airport	Phone: +960 955 5222 Email: airport@immigration.gov.mv

4. Maldives Inland Revenue Authority (https://www.mira.gov.mv/Default_Eng.aspx)

4.1 General Information	Hotline: 1415 Email: 1415@mira.gov.mv
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Useful Laws & Regulations Links

1. Trade

<i>Visit Link</i>	https://www.trade.gov.mv/page/laws-and-regulations
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2. Customs

<i>Visit Link</i>	https://www.customs.gov.mv/About/Laws%20and%20Regulations/customs-law-laws
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3. Immigration

<i>Visit Link</i>	https://immigration.gov.mv/act-regulations/
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4. Taxation

<i>Visit Link</i>	https://www.mira.gov.mv/TaxLegislations.aspx
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5. Employment

<i>Visit Link</i>	https://lra.gov.mv/wp-content/uploads/2020/07/Employment-Act-Dhivehi-English.pdf
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