



# Foreign investments in the Maldives



Foreign Investment Services Bureau

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# Foreign investment in the MALDIVES



*“According to World Bank's 2006 Investment Climate Assessment, Maldives ranked highest in the region in terms of World Banks' ease of doing business index”*

Foreign Direct Investments (FDI) has always played a crucial role in the economic development of the Maldives. The Government acknowledges the importance of foreign investment and recognizes its contribution to economic development and employment creation.

The Law on Foreign Investments in the Republic of Maldives (Law 25/79) governs foreign investments in the country. Foreign investments in the tourism sector are registered with the Ministry of Tourism while all non-tourism foreign investments are registered with the Ministry of Economic Development and Trade.

The success of foreign investments in the Maldives can be attributed to its open and liberal economic environment, relative political stability and the consistent growth of the economy, which has achieved an average annual growth rate of 7.5 percent over the last 15 years. Foreign investors are offered a simple and transparent policy environment and continuous efforts are being made to make the investing environment more predictable and transparent.

Capitalizing on the numerous benefits of investing in the Maldives, many reputed international brand names have established their investments in the country. Amongst them are world class resort investments by international hotel chains such as Hilton, Four Seasons, One & Only, Club Med and numerous other regional brands. Other foreign investments in the Maldives are concentrated in the transport and telecoms sectors, water production and distribution, and in the financial sector. Many global brand names, such as Hong Kong Shanghai Banking Corporation (HSBC), Ernst and Young (E&Y), Price Waterhouse Coopers (PWC), KPMG and many reputed insurance providers have strongly established themselves in the Maldives.

Foreign investments, irrespective of their size, are encouraged to enter and operate in the Maldives.





## Foreign Investment Services Bureau (FISB)

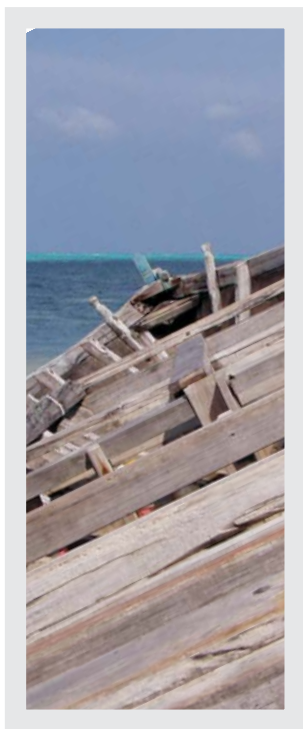


FISB, the government agency entrusted with promoting, regulating and licensing foreign investments in the country, is the first port of call for all foreigners keen to invest in the Maldives. The process of registering a foreign investment, as required by Law, is simple and straightforward. FISB also plays an active role in supporting investors in their establishment and operations.

In short, FISB provides assistance at every stage of the investment process and will pave the way for speedy commercial operations. The following are the main functions and services that are provided by FISB:

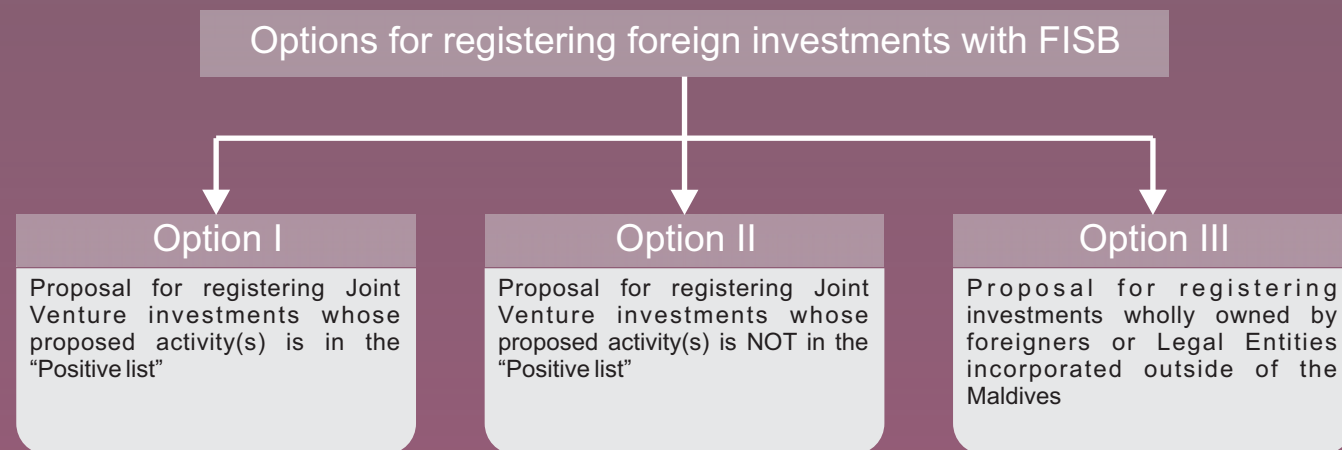
- Marketing and promotion of the Maldives as an investment destination.
- Providing information on the Maldives and potential areas of investment to prospective investors.
- Providing information and guidance on the application process to foreign investors.
- Issuing licenses for foreign investors to conduct Business operations in the Maldives.





# Possible options for establishing foreign investments in the Maldives

Foreign investors may choose, either to set up an investment wholly owned by foreigners or form joint ventures with Maldivian Nationals or companies registered in the Maldives. As such foreign investments may enter the Maldives under the following THREE options



A decision on all foreign investment proposals received by FISB, which meet the conditions, stated in Option I will be made and communicated to the investor within 10 working days, upon submission of all the relevant documentation listed in *Annex 1*

A decision on all foreign investment proposals received by FISB, which meet the conditions stated either in Option II or Option III will be made and communicated to the investor within 30 working days, upon submission of all the relevant documentation listed in *Annex 1*

<sup>1</sup> To qualify as wholly owned foreign investment the value of the initial investment must be in excess of USD 5 million.

# Royalty on Foreign Investments<sup>\*</sup>

Foreign investments registered with the FISB are required to pay an annual royalty to the government, as per the following schedule:

1. Foreign investment entities whose ownership is at least 51 percent held by Maldivians or wholly owned Maldivian entities incorporated in the Maldives, are required to pay an annual royalty equivalent to 1.5 percent of Gross Turnover or 7.5 percent of Net Profit, whichever is greater.

OR

2. Foreign investment entities, in which, less than 51 percent of the ownership is held by Maldivians or wholly owned Maldivian entities incorporated in the Maldives, are required to pay an annual royalty equivalent to 3 percent of Gross Turnover or 15 percent of Net Profit, whichever is greater.





# Incentives for foreign investors \*

Incentives for foreign investors

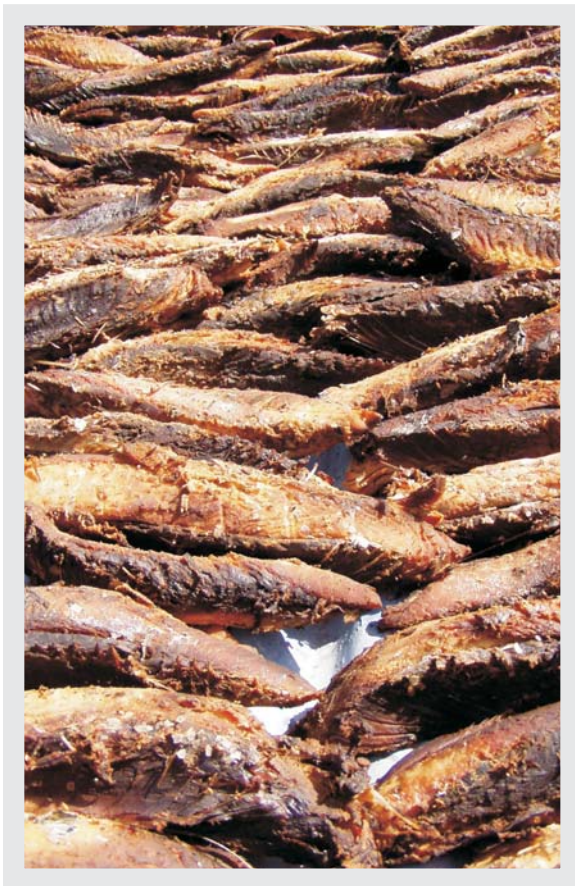
- There is no income tax, corporate tax or property tax in the Maldives.
- Right to 100% foreign ownership
- Legally backed investment guarantee
- Provision for overseas arbitration of disputes
- Long term contractual agreements and long term lease of land
- Freedom to use foreign managerial, technical and unskilled workers.
- No foreign exchange restrictions.
- No restrictions on the repatriations of earnings or profits.

\* The application of some of the above incentives is subject to specific guidelines described elsewhere in this brochure.

# Cost of doing business

1. Cost of incorporating a Company in the Maldives.  
The following fees are to be paid to the Registrar of Companies at the time of incorporation of a Company in the Maldives.
  - a. Annual fee USD 156 (approx)
  - b. Stamp fee USD 39 (approx)
  - c. Company registration fee; depends on the authorized registration fee capital of the company (Minimum authorized capital of USD 156 [approx.] is required by Law)
  
2. Cost of re-registering a Company in the Maldives  
Re-registering a Company resident overseas in the Maldives is free





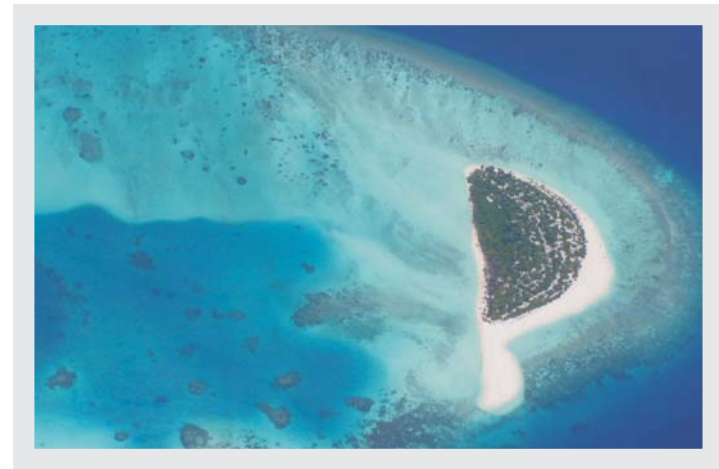
## Annex 1

- A. If any of the shareholders of the investing company is an individual, please submit a photocopy of the passport data page, and the permanent address.
- B. If any of the shareholding of the investing company is a legal entity, other than a public company, please submit the photocopy of the passport data page and the permanent address of each of the share holders of the legal entity.
- C. Photocopy of passport of each of the shareholders of the proposed investing company.
- D. Bank Reference or a Reference letter from a reputable bank for each of the shareholders of the proposed investing company.
- E. If the investing entity is a company, a Resolution of the Board of Directors of the Company, confirming their decision to invest in the proposed project.
- F. Project feasibility report including:
  - Details of the main components/ activities of the proposed project.
  - Projected financial statements including the Balance Sheet, Profit and Loss Account and the Cash Flow Statements for the first 5 years of operations.
  - Feasibility indicators, including NPV, IRR, Payback period.
  - The main assumptions underlying the financial projections, including cost, revenue, market and other non-financial assumptions, if any.
  - Phasing plan for the investment detailing the phasing of the main capital/ infrastructure investments.
  - Financing plan for the investment including details of debt & equity financing
  - HR Plan including:
    - o Labour requirement for commencing operations under the investment with the breakdown of local and foreign labour classified by occupation and the details of wages and benefits accruing to labour;
    - o Localization plan detailing proposed training for local labour and a replacement schedule for foreign labour.
- G. Draft of the Articles of Association and the Memorandum of Association of the entity proposing to undertake the investment.
- H. Letter of Authority or Power of Attorney for Contact Person (if applicable).
- I. A copy of the signed Joint Venture agreement between the JV partners proposing investing in the Maldives.

# Positive List

Positive List - List of investments previously approved by the Government

1. Financial consultancy
  2. Auditing services
  3. Insurance services
  4. Water sports activities
  5. Commercial diving (salvage)
  6. Domestic air transport services
  7. Catering services for airlines
  8. Big Game fishing
  9. Technical support services i.e. photocopies, elevators, ATM machines etc
  10. Manufacturing of garments
  11. Water production, bottling and distribution
  12. Consultancy in public relation, editorial, advertising and translation services
  13. Packing and distribution of cement
  14. General Sales Agency, Passenger Sales Agency and Cargo Sales Agency for airlines and shipping lines
  15. Spa operations and management
  16. Water treatment plant
  17. Boat building
  18. Software development and related support services
  19. Domestic maritime ferry services
  20. Financial leasing services
  21. Fish processing activities
  22. Traditional medical services
  23. Production of underwater photography, videographer and post cards
  24. Block ice making
  25. Specialty Restaurants
- Professional business valuation services



## Important Contacts

For additional information on non - tourism related investments please contact:

Foreign Investment Services Bureau  
Ministry of Economic Development and Trade  
First Floor, Ghaazee Building,  
Malé, Maldives.  
Phone: (960) 3328754, Fax: (960) 3323756  
Website: [www.investmaldives.org](http://www.investmaldives.org).  
E-mail: [info@investmaldives.org](mailto:info@investmaldives.org).

For additional information Company registration and other trade related matters please contact:

Ministry of Economic Development and Trade  
First Floor, Ghaazee Building,  
Malé, Maldives.  
Phone: (960) 3323668 Fax: (960) 3323840  
Website: [www.trademin.gov.mv](http://www.trademin.gov.mv).  
E-mail: [contact@trademin.gov.mv](mailto:contact@trademin.gov.mv)

For additional information on tourism related investments please contact:

Ministry of Tourism and Civil Aviation,  
First Floor, Ghaazee Building,  
Malé, Maldives.  
Phone: (960) 3323224 Fax: (960) 3322512  
Website: [www.maldivestourism.gov.mv](http://www.maldivestourism.gov.mv).  
E-mail: [info@maldivestourism.gov.mv](mailto:info@maldivestourism.gov.mv).

## Maldivian Missions overseas

Permanent Mission to UN, New York  
800, Second Avenue, Suite 400-E,  
New York, N.Y. 10017  
United States of America  
Telephone : 1-212-599-6195, 5996194  
Telefax : 1-212-661-6405  
E-mail : [maldives@un.int](mailto:maldives@un.int)  
Website : [www.un.int/Maldives](http://www.un.int/Maldives)

United Kingdom  
High Commission of Maldives  
22, Nottingham Place,  
London W1U 5NJ, United Kingdom  
Telephones: 44-207-224-2135 (Two lines)  
Telefax: 44-207-224-2157  
E-mail: [maldives.high.commission@virgin.net](mailto:maldives.high.commission@virgin.net)  
Website: [www.maldiveshighcommission.org](http://www.maldiveshighcommission.org)

Republic of India  
High Commission of Maldives  
B-2, Anand Niketan, New Delhi - 110021, India  
Office Hours :  
Monday - Friday 0900 - 1600 hrs  
Telephone : 91-11-41435701  
Telefax : 91-11-41435709  
E-mail : [admin@maldiveshighcom.co.in](mailto:admin@maldiveshighcom.co.in)  
Website : [www.maldiveshighcom.co.in](http://www.maldiveshighcom.co.in)

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Fax : +41 (0) 22 732 63 39  
E-mail : [info@maldivesmission.ch](mailto:info@maldivesmission.ch)  
Website : [www.maldivesmission.ch](http://www.maldivesmission.ch)

Malaysia  
High Commission of Maldives  
07-01, Menara See Hoy Chan,  
374 Jalan Tun Razak, 50400 Kuala Lumpur  
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Telefax : +603-2164-7244  
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Website : [www.maldives.org.my](http://www.maldives.org.my)

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Website : [www.maldiveshighcom.lk](http://www.maldiveshighcom.lk)



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