



Starting A Business In Maldives - An Introduction

Setting up a business in Maldives is a straightforward process. Procedures are simple and efficient, based on a transparent system that seeks to facilitate formation of new enterprises.

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 TWO options

OPTION 1

Registering a joint venture investments whose ownership of **51% or more is held by a Maldivian or wholly owned Maldivian entities incorporated in the Maldives.**

OPTION 2

Registering investments whose ownership of **51% or whole held by foreigners or entities incorporated outside of the Maldives.**

A decision on all foreign investment proposals received by Invest Maldives, 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 Invest Maldives, 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

COST OF DOING BUSINESS

The following fees are to be paid to the Registrar of Companies at the time of incorporation of a Company in the Maldives.

1. Annual fee USD 156 (approx)
2. Stamp fee USD 39 (approx)
3. Company registration fee; depends on the authorized registration fee capital of the Company (Minimum authorized capital of USD 156 [approx.] is required by Law)
4. All foreign investments incur an administrative fee of USD 2,000.

Cost of re-registering a Company in the Maldives - Re-registering a Company resident overseas in the Maldives is free.

ROYALTIES ON FOREIGN INVESTMENTS

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

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

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.

POSITIVE LIST

List of investments 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, videography and post cards
24. Block ice making
25. Speciality Restaurants
26. Professional business valuation services
27. Flying School
28. IT System integration and implementation services

Note : Approvals for investments on the "positive list" are subject to relevant regulatory approvals, where applicable.

INCENTIVES TO FOREIGN INVESTORS

- 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 website

ANNEX

1. 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.
2. 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.
3. Photocopy of passport of each of the shareholders of the proposed investing company.
4. Bank Reference or a Reference letter from a reputable bank for each of the shareholders of the proposed investing company.
5. 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.
6. 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:
 - 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;
 - Localization plan detailing proposed training for local labour and a replacement schedule for foreign labour.
7. Draft of the Articles of Association and the Memorandum of Association of the entity proposing to undertake the investment.
8. Letter of Authority or Power of Attorney for Contact Person (if applicable).
9. A copy of the signed Joint Venture agreement between the JV partners proposing investing in the Maldives.