

Foreign Investment Guidelines (Maldives)

Foreign Investment Guidelines - A

Natural resources and technical know-how in the Maldives are extremely limited. Therefore, in order to improve the economic and social infrastructure of the country, foreign collaboration is needed to utilize the local labour and the available resources along with potential foreign resources to transform the economic strength through capital investment and utilization of technology, expanded knowledge and efficiency, and improved organizational and managerial ability.

Investors are invited to utilize the prevailing opportunities by exploring the possibility of initiating mutually beneficial investment projects.

However, the security of the investment, exemption or relief of taxes and other facilities are provided and guaranteed to the investors as stipulated in the government Act relating to “Foreign Investment in the Maldives.”

Preference will be given to investment projects which satisfy the following:

1. If the investment project requires local employees and labour to be trained with the aim of employing them at technical, skilled and management levels.
2. If the proposed investment utilizes local materials which are either available naturally or which could be produced locally.
3. If the products of the proposed investment are locally marketable at competitive prices and result in the reduction of imports of such commodities.
4. If the investment makes provision to add on to the economic and social infrastructure of the country.
5. If the proposed is one that cannot be started by local investors because of:
 - 1 - the size of the investment required and/or
 - 2 - lack of technical expertise
6. If the industry is to be located in the outer atolls rather than in the vicinity of Male’.

Please note that the above mentioned terms are not very rigidly structured and your proposal will be duly considered.

Foreign Investment Guidelines - B

Project approval

- a. The Ministry of Trade and Industries will appraise the technical and financial aspects of the projects in consultation with other concerned Departments and Ministries of the Government. The decision of the Government as to the application will be made and passed on to the applicant as soon as possible. The length of time required to reach a decision in respect of a licence application depends largely on the completeness and adequacy of the supporting data.
- b. Investors are required to assess local conditions relating to the investment and submit to this Ministry a comprehensive feasibility report, draft copy of the Memorandum and Articles of Association together with a recognized bank reference and the completed form issued to the investor by this Ministry.
- c. When an investment proposal is submitted to this Ministry for consideration, the proposed capital of the said investment should be clearly stated in a convertible currency acceptable to this Ministry.
- d. If the Government's decision is favourable to the project, a licence is issued in the name of the applicant which remains valid so long as the project is implemented within a period of six months, (or within some other period of time, specifically stated in the licence, as special circumstances may warrant).
- e. Under certain circumstances, so that a prospective investor may be assured of a licence after he/she has incurred the expenses of making feasibility and technical studies needed to obtain a licence, the Government will issue a Letter of Intent.
- f. Besides the information called for by the application, the applicant should include in a covering letter, any other information relevant to the proposed venture such as the terms and conditions of foreign participation (if any), or a draft agreement between a foreign investor/s and Maldivian share participant/s.
- g. The holder of an industrial licence is required to register his/her company within 7 days of issuance of the licence, with the Ministry of Trade and Industries, Male'.
- h. The investor/s approved for a certain project is/are required to maintain 10 percent of the approved capital with the local bank agreeable to the Ministry of Trade and Industries, prior to the commencement of his/her/their investment project.
- i. Prior to the commencement of the approved investment project in the Maldives, investor(s) is/are required to sign an agreement with the Ministry of Trade and Industries.

- j. Of the assets (cash and/or materials), at least 75% must be of foreign origin i.e. must be imported.

Book-keeping and returns

1. By or on behalf of the management of the investment corporations, companies and foundations carrying on business in the Maldives for profit, must keep the books in a way to clearly reflect the expenditures and revenues.
2. The book-keeping referred to should be maintained in terms of Maldivian Rufiyaa, United States Dollars or in any foreign currency acceptable the Ministry of Trade and Industries. It must contain a continuous record of cash on hand as well as regularly kept and up to date statement of debtors and creditors. At the end of every financial year or, failing this, of every calendar year, the books should be closed by drawing up the relative balance sheets and profit and loss statements.
3. The books and the supporting documents must not be destroyed without prior permission of the Ministry.
4. The books and the supporting documents should be kept in Dhivehi or English Language.
5. If so required, the management of the investment is obliged, for auditing purpose, to show the book-keeping and supporting documents to the authorised officials of the Ministry of Trade and Industries.
6. He who wilfully submits or presents for inspection a false or falsified statement(s) document(s), as if it were genuine and unfalsified, to the authorised officials of the Ministry of Trade and Industries, will be dealt with and referred to the Maldivian Court of Law.

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