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Foreign Direct Investment Policy

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Ministry of Economic Development
Male',
Republic of Maldives

Foreign Direct Investment Policy

1 Summary

This is the approval guidelines for requests for Foreign Direct Investments (FDI) in the Maldives.

2 Authority

This policy is issued and implemented by the Ministry of Economic Development under the powers vested in it by Act No: 25/79 [Maldives Foreign Investment Act].

3 Key words

FDI, Approval, MED, Foreign Investment, Foreign Investor, Foreign Portfolio Investor.

4 Policy History

This is a new policy that consolidates existing practices in part and introduces new policy changes in other part.

5 Application

This policy applies to all applications and requests for foreign investment approvals. Both existing companies with foreign shareholding and new applicants are required to apply for a foreign investment approval prior to engaging in any new business activity apart from the activities stated in the existing Foreign Investment Agreements.

6 Background

Ministry of Economic Development is the key Government agency responsible for attracting FDI in the Maldives. It is our aim to create an enabling environment for FDIs to supplement capital formation, technology and employment.

7 Document Control

This document is created, amended and controlled by the Ministry of Economic Development.

8 Endorsement Date

- 8.1. Endorsed on 6th February 2020.
- 8.2. See Section 20. below for Effective Date.

9 Next Review Date

31 December 2020 to reflect prevailing economic conditions.

10 Policy Objectives

- 10.1. Increase greater transparency, predictability, certainty and consistency in the foreign investment approval process.
- 10.2. Provide for increased efficiencies in the approval process.
- 10.3. Determine areas closed for FDIs; requiring joint venture partnership with Maldivians for FDI Approvals; and areas open for 100% FDIs.

11 Scope

This Policy applies to all inbound requests and applications for FDI approval made by any person who is defined as a foreign investor.

12 Who is a Foreign Investor?

- 12.1. For the purpose of this policy, the following shall be deemed a foreign investor:
 - (a) A foreign national; or
 - (b) Foreign Companies & Partnerships:
 - (i) owned 100 percent by foreigners
 - (ii) Joint ventures having a stake by both Maldivians and Foreigners; or

- (c) Following types of businesses registered in the Maldives:
 - (i) Partnerships registered by foreign nationals or entities
 - (ii) Companies with foreign shareholdings
 - (iii) Companies re-registered under Section 94 of Maldives Companies Act; or
- (d) Any Maldivian or Foreigner that submits a Foreign Investment Proposal.

- 12.2. Any foreign individual or a legal entity with foreign shareholding who aims to invest in securities including shares, government bonds, corporate bonds, convertible securities, investments fund etc. are considered as Foreign Portfolio Investors (FPI). A Foreign Portfolio Investor investing in any entity through an electronic or physical platform, regulated by the Capital Market Development Authority or the Maldives Monetary Authority is considered as a Foreign Investor. For the purpose of this clause, any person eligible to open an Inward Investment Account (IIA) in a bank licensed by the Maldives Monetary Authority is also defined as a Foreign Portfolio Investor.
- 12.3. All Foreign Portfolio Investors are required to seek a FPI registration with the Ministry of Economic Development.

13 Available Routes

- 13.1. **“Automatic”** Route refers to the guaranteed approval process for applications that meet following qualifications:
- (a) the application reflects a commitment to meet the investment requirement or investment threshold stated in Annex 1, during the first 5 (five) years; and
 - (b) the applicant meets the shareholding percentage stated in Annex 1.
- 13.2. **“Government”** Route refers to the approval process for applications in respect of which due to certain sensitivities involved in the sector, industry or proposed investment, an automatic approval may not be guaranteed, and approval of stakeholder agencies of the Maldives Government may be obtained to grant FDI approval.

14 Service Benchmarks

Standard service benchmark for applications submitted under the two routes are as follows:

- (a) Automatic Route: 2 (two) working days
- (b) Government Route: 5 (five) to 14 (fourteen) working days

15 Requirement for Approval

- 15.1. A Foreign Investor interested in investing in the Maldives has to obtain Foreign Direct Investment approval, either through the 'Automatic' or 'Government' route before engaging in any business activity establishing a 'lasting interest'.
- 15.2. Any 'body corporate (registered in the Maldives in which a foreign individual or an entity holds shares and is interested in carrying out a new business activity apart from and in addition to what has been approved by the Government), is required to obtain Foreign Direct Investment approval for the new business activity(s) either through the 'Automatic' or 'Government' route.
- 15.3. A body corporate interested in raising finance from the public shall ensure that any offer for sale or offer for subscription, is restricted to the shareholding percentage permitted under the FDI policy.

16 Who can invest in Maldives?

A Foreign Investor whose application satisfies the approval requirements found in this Policy can invest in the Maldives.

17 FDI entry requirements

- 17.1. A Foreign Investor interested to invest in any business activity for which approval is given through the Automatic Route should meet the requirements stated in Annex I. Investments can be made by the Foreign Investors in the body corporate registered in the Maldives only to the extent of the percentage of the total authorized capital as specified in this FDI policy.
- 17.2. A Foreign Investor interested in any business activity for which approval is given through the Government Route should meet the terms and conditions stipulated by the Government from time to time. Investments can be made by Foreigner Investors in the capital of a body corporate registered in the Maldives only to the extent of the percentage of the total authorized capital as approved by the Government from time to time.
- 17.3. Any Foreign Investor interested in any business activity that is not stated in the classification is required to seek Government approval.
- 17.4. Any Foreign Investor proposing to conduct multiple business activities are required to maintain the lowest foreign shareholding percentage amongst the class details approved and shall ensure that the lump sum initial investment requirement is met within the first 5 (five) years.

18 Mandatory Business Registration

- 18.1. All Foreign Investors are required to register their business in the Maldives.
- 18.2. As per the law no. 18/2014 (Business Registration Act), Foreign Investors may register their business either as a Company or a Partnership. Applicants choosing to re-register their company under the Law no. 10/96 (Maldives Companies Act), shall ensure that the approved class details from the Annex 1 permits 100% shareholding by foreigners.

19 One stop service

As the key agency responsible for providing a one stop service to all Foreign Investors, the Ministry of Economic Development will seek relevant approvals from line Ministries and other agencies. These approvals exclude permits and licenses issued by line Ministries and other regulatory agencies after Company / Partnership registration.

20 Effective Date

All New Applications

- 20.1. From 11th February 2020, all applications for foreign investments shall be subject to this FDI Policy.

All Existing Agreements

- 20.2. All existing foreign investments registered under the Foreign Investment Act shall be required to comply with the terms and conditions of this FDI Policy, either:
- (i) upon expiration of the current term of foreign investment license/approval as specified in the Foreign Investment Agreement; or
 - (ii) upon the expiration of an extension granted by the Ministry, where such extension shall not extend beyond 31st December 2025;
 - (iii) in case where a term is not specified in the foreign investment license/approval, on the expiry of 5 (five) years from the date of this FDI Policy.

21 FDI Application Process

- 21.1 All foreign investors are required to submit an application form to seek an approval from the Ministry.
- 21.2 Application form and supporting documents are prescribed on the Ministry's business portal www.business.egov.mv

22 Administrative Fee

An administrative Fee of USD 5,000 (United States Dollars Five Thousand) shall be paid to Maldives Inland Revenue Authority (MIRA) by all approved applicants prior to signing the Foreign Investment Agreement.

23 Contact Address

- 23.1. All queries relating to Foreign Investments shall be directed to Foreign Investment Registration Unit. Walk-in meetings are available from 8:00AM to 2:00PM at Foreign Investment Registration Unit located at 4th Floor Velanage Building.
- 23.2. All Foreign Investment applications shall be emailed or delivered to the Foreign Investment Registration Unit of the Ministry of Economic Development.
- 23.3. All queries relating to this policy should be directed to following address or email:

Address: Foreign Investment Registration Unit
4th floor, Velanage Building
Ameer Ahmed Magu
Male', Republic of Maldives

Phone: +960 333 3142

Email: fiu@trade.gov.mv

Website: www.business.egov.mv

Annex I: FDI Entry Requirements
Sector specific conditions

ISIC Section ¹	Section Details	Class Code	Class Details	Maximum percentage of Foreign Shareholding	Minimum initial investment requirement for 5 years in US\$ ²	Maximum duration of the Foreign Investment Agreement	Entry Route
A	Agriculture, Forestry and Fishing	A1	Crop cultivation and related service activities	100%	250,000	Upto 50 years	Automatic Approval
		A2	Forestry	Closed	N/A	N/A	N/A
		A3	Poultry / Animal production and related service activities	100%	1,000,000	Upto 50 years	Automatic Approval
		A4	Aquaculture / Mari Culture	100%	1,000,000	Upto 50 years	Government Approval
B	Mining and quarrying	B1	Mining of sand	Closed	N/A	N/A	N/A
		B2	Extraction of crude petroleum and natural gas	Negotiable	Negotiable	Negotiable	Government Approval
		B3	Mining of metal ores	Negotiable	Negotiable	Negotiable	Government Approval
		B4	Other mining and quarrying	Closed	N/A	N/A	N/A
		B5	Mining support service activities	Negotiable	Negotiable	Negotiable	Government Approval
		B6	Bunkering Services	Negotiable	Negotiable	Negotiable	Government Approval
C	Manufacturing	C1	Manufacture of fish products	75%	1,000,000	Upto 50 years	Government Approval
		C2	Manufacture of agricultural products	75%	1,000,000	Upto 50 years	Government Approval
		C3	Manufacture of other food products	100%	1,000,000	Upto 50 years	Government Approval
		C4	Manufacture of beverages	100%	1,000,000	Upto 50 years	Government Approval
		C5	Manufacture of textiles	100%	1,000,000	Upto 50 years	Automatic

¹ ISIC refers to International Standard Industrial Classification that has been customized for the purpose of this policy.

² Foreign Investors are required to verify the amount of inward FDI (approved minimum initial investment) from their Audited Financial Statements annually in a prescribed format. Initial Investment value specified in this column means the minimum amount that should be invested by the foreign investor(s) within the first 5 (five) years or within an agreed period.

						Approval
C6	Manufacture of tobacco products	Closed	N/A	N/A	N/A	N/A
C7	Manufacture of wearing apparels	100%	5,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C8	Manufacture of leather and related products	100%	1,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C9	Manufacture of wood and of products of wood and cork except furniture	Closed	N/A	N/A	N/A	N/A
C10	Manufacture of paper and paper products	100%	250,000	Upto 50 years	Automatic Approval	Automatic Approval
C11	Manufacture of coke (fuel) and refined petroleum products	Negotiable	Negotiable	Negotiable	Negotiable	Government Approval
C12	Manufacture of chemicals and chemical products	Negotiable	Negotiable	Negotiable	Negotiable	Government Approval
C13	Printing and reproduction of recorded media	49%	250,000	Upto 50 years	Automatic Approval	Automatic Approval
C14	Manufacture of basic pharmaceutical products and pharmaceutical preparations	100%	5,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C15	Manufacture of rubber and plastics products	Closed	N/A	N/A	N/A	N/A
C16	Manufacture of other non-metallic mineral products	100%	1,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C17	Manufacture of basic metals	100%	1,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C18	Manufacture of fabricated metal products, except machinery and equipment	100%	1,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C19	Manufacture of computer, electronic and optical products	100%	1,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C20	Manufacture of electrical equipment	100%	1,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C21	Manufacture of machinery and equipment n.e.c.	100%	1,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C22	Manufacture of motor vehicles, trailers and semi-trailers	100%	1,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C23	Manufacture of other transport equipment	100%	1,000,000	Upto 50 years	Automatic Approval	Automatic Approval
C24	Manufacture of furniture	75%	1,000,000	Upto 50 years	Automatic Approval	Automatic Approval

		C25	Manufacture of handicrafts and souvenirs	Closed	N/A	N/A	N/A
		C26	Repair and installation of machinery and equipment	75%	1,000,000	Upto 50 years	Automatic Approval
		C27	Aviation Maintenance, Repair and Overhaul (MRO) Facility	100%	1,000,000	Upto 50 years	Automatic Approval
		C28	Installation of equipment that forms an integral part of buildings or similar structures, such as installation of escalators and elevators	40%	1,000,000	Upto 50 years	Automatic Approval
		C29	Other manufacturing (including boatbuilding etc.)	100%	1,000,000	Upto 50 years	Government Approval
D	Electricity, gas, steam and air conditioning supply ³	D1	Electricity, gas, steam and air conditioning supply	Negotiable	Negotiable	Negotiable	Government Approval
		D2	Renewable Energy projects approved by the Government	Negotiable	Negotiable	Negotiable	Government Approval
E	Water supply: sewerage, waste management and remediation activities (these refers to services only)	E1	Water collection, desalination, treatment and supply	Negotiable	Negotiable	Negotiable	Government Approval
		E2	Sewerage	Negotiable	Negotiable	Negotiable	Government Approval
		E3	Waste collection, treatment and disposal activities; materials recovery	Negotiable	Negotiable	Negotiable	Government Approval
		E4	Remediation activities and other waste management services	Negotiable	Negotiable	Negotiable	Government Approval
F	Construction ⁴	F1(a)	Construction of buildings	65%	5,000,000 (Single Contract Value inclusive of taxes)	Contract Period	Government Approval
		F1(b)	Construction of buildings (Government approved projects)	Negotiable	Negotiable	Contract Period	Government Approval

³ This section includes the activity of providing electric power, natural gas, steam, hot water and the like through a permanent infrastructure (network) of lines, mains and pipes

⁴ Construction means the performance of building, altering, addition to, subtracting from, improving, reconstruction, moving, excavating, reclaiming, wrecking or demolishing of any building, roads, bridges or other structure, project, development or improvement to real property or to do any part of thereof, including the erection of scaffolding or other structures. This section covers contractors, ie. Any person who in any capacity undertakes, offers to undertake, purports to have the capacity to undertake or submit a bid to or does himself or through others, perform construction and/or a construction manager who performs construction management services. This section also covers projects approved by the Government.

		F2	Civil engineering	65%	Negotiable (Contract value required)	Contract Period	Government Approval
		F3	Specialized construction activities (includes construction of roads, bridges, networks and other infrastructure including projects approved by the Government)	Negotiable	Negotiable	Contract Period	Government Approval
G	Wholesale and retail trade	G1	Retail trade	Closed	N/A	N/A	N/A
		G2	Wholesale trade of construction materials	75%	1,000,000	Upto 50 years	Government Approval
		G3	Franchising ⁵ in international Airports and approved locations (including products & services)	75%	1,000,000	Upto 50 years	Government Approval
		G4	Wholesale trade in other sectors except G2	Closed	N/A	N/A	N/A
H	Transportation and Storage	H1	Land transport services and transport via pipelines	Closed	N/A	N/A	N/A
		H2	Sea transport services (including ownership of vessels)	49%	1,000,000	Upto 50 years	Government Approval
		H3	Air transport services (including freight services)	75%	5,000,000	Upto 50 years	Government Approval
		H4	Warehousing and support activities for transportation	75%	5,000,000	Upto 50 years	Automatic Approval
		H5	Postal and courier activities	Closed	N/A	N/A	N/A
		H6	Logistics activities	Closed	N/A	N/A	N/A
I	Accommodation and Food Service activities	I1	Tourist resort (inclusive of all services such as hotel management, operating guest shop, spa, dive center, watersports, transfer service etc.)	100%	Negotiable	Lease period	Automatic Approval
		I2	Tourist hotel (inclusive of all services such as hotel management, operating guest shop, spa, dive center, watersports, transfer service etc.)	100%	1,000,000	Negotiable	Automatic Approval
		I3	Tourist vessel (40 beds and above)	100%	1,000,000	Negotiable	Automatic Approval
		I4	Yacht marina (development, operation & management)	100%	Negotiable	Upto 50 years	Government Approval
		I5	Picnic island	Closed	N/A	N/A	N/A

⁵ Applicants are required to submit a duly executed letter from the franchisor providing details of the proposed Master Franchise Agreement or Regional Franchise Agreement or any other form of Franchise Agreement. Applications are accepted under this class detail if the proposed franchisor has multiple outlets in more than 1 (one) country.

		I6	Guest houses in approved locations (inclusive of all services)	49%	250,000	Negotiable	Government Approval
		I7	Integrated Tourism (development, operation & management)	100%	1,000,000	Upto 50 years	Automatic Approval
		I8	Food and beverage service activities ⁶ (including Café, restaurants, bakeries and other eateries)	Closed	N/A	N/A	N/A
		I9	Other accommodation	Closed	N/A	N/A	N/A
J	Information and Communication	J1	Publishing activities	100%	250,000	Upto 50 years	Government Approval
		J2(a)	Motion picture, sound recording and music publishing activities	100%	1,000,000	Upto 50 years	Automatic Approval
		J2(b)	Video and television programme production	100%	1,000,000	Upto 50 years	Automatic Approval
		J3	Programming and broadcasting activities	Closed	N/A	N/A	N/A
		J4	Telecommunications	100%	5,000,000	Negotiable	Government Approval
		J5	Computer programming, consultancy and related activities	100%	1,000,000	Upto 50 years	Government Approval
		J6	Information service activities	75%	1,000,000	Upto 50 years	Automatic Approval
K	Financial and Insurance activities	K1	Banking and financial service activities, except insurance and pension funding	100%	5,000,000	Upto 50 years	Automatic Approval
		K2	Insurance, reinsurance and pension funding, except compulsory social security	100%	5,000,000	Upto 50 years	Automatic Approval
		K3	Activities auxiliary to financial service and insurance activities	100%	1,000,000	Upto 50 years	Government Approval
L	Real estate activities	L1	Real estate activities	65%	5,000,000	Upto 50 years	Government Approval
M	Professional, scientific and technical activities	M1(a)	Legal activities	Closed	N/A	N/A	N/A
		M1(b)	Accounting activities	75%	250,000	Upto 50 years	Government Approval

		M2	Activities of head offices; management consultancy activities	Negotiable	Negotiable	Negotiable	Government approval
		M3	Architecture and engineering activities; technical testing and analysis	75%	250,000	Upto 50 years	Automatic Approval
		M4	Scientific research and development	100%	1,000,000	Upto 50 years	Automatic Approval
		M5 (a)	Advertising	60%	250,000	Upto 50 years	Government Approval
		M5 (b)	Market Research	100%	250,000	Upto 50 years	Automatic Approval
		M6	Other professional, scientific and technical activities	75%	250,000	Upto 50 years	Automatic Approval
		M7	Veterinary services	75%	1,000,000	Upto 50 years	Automatic Approval
		M8	Photography & Videography	Closed	N/A	N/A	N/A
N	Administrative and support service activities	N1	Rental and leasing activities (including lease of heavy duty machineries etc.)	Closed	N/A	N/A	N/A
		N2	Employment activities; Employment agencies, recruitment services	Closed	N/A	N/A	N/A
		N3	Travel agency, tour operator, reservation service and related activities	Closed	N/A	N/A	N/A
		N4	Security and investigation activities	75%	250,000	Upto 50 years	Government Approval
		N5	Services to building and landscape activities	Closed	N/A	N/A	N/A
		N6	Office administrative, office support and other business support activities	75%	1,000,000	Upto 50 years	Automatic Approval
O	Public Administration and defence; compulsory social security	O1	Public Administration and defence; compulsory social security	Closed	N/A	N/A	N/A
P	Education	P1	University, Colleges	75%	5,000,000	Upto 50 years	Government Approval
		P2	Private schools	75%	1,000,000	Upto 50 years	Government Approval
		P3	Computer training institutions	75%	1,000,000	Upto 50 years	Government Approval
		P4	General tuition classes	Closed	N/A	N/A	N/A

		P5	Tuition services	Closed	N/A	N/A	N/A
		P6	Quran classes	Closed	N/A	N/A	N/A
		P7	Vocational and Technical Educational Institutes	75%	1,000,000	Upto 50 years	Government Approval
		P8	Sports and recreation education	75%	1,000,000	Upto 50 years	Government Approval
		P9	Engineering Schools (training and conduction of courses related to aircraft engineering)	75%	1,000,000	Upto 50 years	Government Approval
		P10	Other education	75%	1,000,000	Upto 50 years	Government Approval
		P11	Educational support activities	75%	1,000,000	Upto 50 years	Government Approval
Q	Human health and social work activities	Q1	Hospitals	100%	1,000,000	Upto 50 years	Government Approval
		Q2	Residential care services	75%	1,000,000	Upto 50 years	Government Approval
		Q3	Social work activities without accommodation	75%	1,000,000	Upto 50 years	Government Approval
		Q4	Laboratory & Diagnostic services	Negotiable	Negotiable	Negotiable	Government Approval
		Q5	Physiotherapy clinics	75%	Negotiable	Upto 50 years	Government Approval
		Q6	Clinics except physiotherapy clinics	Closed	N/A	N/A	N/A
		Q7	Other health activities (including specialized facilities)	Negotiable	Negotiable	Negotiable	Government Approval
R	Arts, entertainment and recreation	R1	Creative, arts and entertainment activities (excluding live music bands and DJs) ⁷	75%	250,000	Upto 50 years	Automatic Approval
		R2	Libraries, archives, museums and other cultural activities	75%	1,000,000	Upto 50 years	Government Approval
		R3	Sports activities and amusement and recreation activities	75%	1,000,000	Upto 50 years	Government Approval
		R4	Water sports activities	49%	250,000	Upto 50 years	Government Approval
		R5	Dive Centers and Dive Schools	75%	250,000	Upto 50 years	Government Approval

⁷ This does not prohibit foreign music bands, performers and DJ's to perform during festive seasons and various functions organized in Maldives.

S	Other service activities	S1	Activities of membership organizations	Closed	N/A	N/A	N/A
		S2	Repair of computers and personal and household goods	Closed	N/A	N/A	N/A
		S3	Other personal service activities or any other business activity not stated in this list	Negotiable	To be determined	To be determined	Government Approval