

Special Economic Zones Act¹

Act Number: 24/2014

(A Translation)

Part 1

Introduction

1. Introduction and Citation

- (a) This Act provides for the designation creation and management of certain free zones in the Maldives by the name of "Special Economic Zones"; Investment in those Zones; Incentives granted to Developers and Investors; and matters related thereto.

- (b) This Act shall be cited as the "Special Economic Zones Act".

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Translator's Note

This is an unofficial and reasonably accurate translation of the Special Economic Zones Act signed into law on 1 September 2014.

Certain minor adjustments have been made to the language of certain provisions of the Act in this translation to suit the English reader. The official text is always the Dhivehi version of the Act as passed by the Maldives Parliament on 27 August 2014 and signed by the President on 1 September 2014. The original Dhivehi text shall prevail over any discrepancies or differences between this translated version and the original text.

While every effort has been made to offer a reasonably accurate translation of the original Dhivehi text of the Act, we take no responsibility for any inaccuracies in this text. If any questions arise on accuracy of information presented in the translated version, please refer to the official Dhivehi version of this Act.

We advise you to consult with relevant officials or authorities of the Maldives Government or seek independent legal advice from competent legal practitioners in the Maldives before acting upon any of the provisions of this translated version.

2. Objects

The Objects of this Act are the following:

- (a) Achieve following targets through special focus on Zones as an integral part of the ongoing work to stimulate economic growth of the Maldives:
 - (i) Facilitate industrial economic social and financial development of the Maldives;
 - (ii) Increase Investment in the Maldives and through those Investments increase foreign currency available in the Maldives;
 - (iii) Enhance transfer of knowledge technology and skill to the Maldives;
 - (iv) Create and expand job opportunities; and
 - (v) Increase and expand production of goods and services.
- (b) Establish rules on creation and development of Zones and Investment in them; protection afforded to Developers and Investors; and Incentives granted to those Developers and Investors;
- (c) Provide for various types of Zones, establish guidelines to grant permission to each kind of Economic Activity carried out in each type of those Zones, and how they will be coordinated and monitored; and
- (d) Create a Board vested with the key responsibility to ensure compliance with provisions of this Act in establishment and management of Zones; bring about measures to enforce compliance; verify and monitor fact and extent of compliance.

3. Dictionary

- (a) A Dictionary of Concepts found in this Act is contained in the second chapter.
- (b) A Dictionary of General Terms defined in this Act is contained in section 82.

4. English terms

English terms or phrases used in this Act are so employed to allow organization of the framework of Zones in the Maldives as closely as possible with internationally recognized benchmarks given the fact that those English terms and phrases have acquired a technical significance in the international context.

5. Interpretation

- (a) Where any word or term used in this Act is defined in the Dictionary of Concepts contained in Chapter 2, such word or term shall have the definition prescribed for that word or term in that Chapter.
- (b) Where any word or term used in this Act is defined in the Dictionary of General Terms contained in section 82, such word or term shall have the definition prescribed for that word or term in that section.
- (c) Where any word or term used in this Act is neither defined in the Dictionary of Concepts found in Chapter 2 nor in the Dictionary of General Terms contained in section 82, but such word or term is defined in the Interpretation Act (Act Number 4/2011) such word or term shall have the definition prescribed for that word or term in that Act.
- (d) Where it becomes necessary to interpret the consequence object purpose or scope of a section of this Act, such interpretation shall be made in accordance with principles enunciated in the Interpretation Act (Act Number

4/2011) and in a manner that upholds the Objects of this Act as provided in section 2.

6. Certain Principles of Interpretation

- (a) Unless it is specified to the contrary in this Act, the following general rules shall be followed in the construction of matters provided in this Act.
 - (i) Where there is a reference to a word in its singular form, the reference may include its plural form and vice versa.
 - (ii) Where there is a reference to a Person or party such reference may include a reference to a Natural or Legal Person.
 - (iii) Where there is a reference to a chapter section subsection or paragraph of a section or schedule, such reference shall be to a chapter section subsection or paragraph of a section of or schedule to this Act.
 - (iv) Where there is a reference to an Act such reference shall include a reference to any amendments made to that Act or rules made under it.
 - (v) Where there is a reference to an agreement such reference shall include a reference to that agreement as executed and any revisions made as provided in it to bring about amendments.
 - (vi) Where a period of time is specified from a certain day on which a notice is given or from the date of occurrence of an act or event, that period of time shall be computed exclusive of that day.
 - (vii) Paragraph (vi) of this subsection notwithstanding, a period of time provided in this Act or notice given under it shall be computed inclusive of public holidays.

- (viii) If an event must occur or if a period of time is to end on a certain date which is not a Government Working Day that date shall be amended to read as the next following Government Working Day.
 - (ix) Mention of a date or day or time refers to the date, day or time at Male' the capital of Maldives.
- (b) Principles provided in subsection (a) shall also apply to the necessary extent in the construction and interpretation of Rules made under this Act.

7. Commencement

- (a) The first two chapters of this Act and the Dictionary of General Terms contained in section 82 shall come into effect at midnight from the date this Act is published in the Government Gazette.
- (b) Provisions of subsection (a) notwithstanding, the remaining provisions of this Act shall come into effect at midnight on a date or series of dates that the President may proclaim at the time of ratification of this Act.
- (c) In spite of provisions contained in subsection (b), no provision or part of a provision of this Act shall be withheld from commencement beyond the date of 31 December 2014. And in spite of provisions contained in subsection (b), all provisions of this Act shall come into full and complete effect on 31 December 2014.

Chapter 2

Concepts

8. Basis of Concepts

Words and Terms provided in section 9 through section 19 of this Act are the key concepts upon which this Act is based. Those concepts are provided to sustain the basis of this Act and facilitate the widest possible attainment of the Objects of this Act. Each section of this Act shall be construed or interpreted in a manner that does not restrict the said concepts.

9. Special Economic Zone

“Special Economic Zone” or “Zone” shall mean a separate geographical area marked by boundaries or identified by latitude and longitude; placed under the single management of an individual Developer who engages in, establishes, or carries out an Economic Activity; entitled to Incentives; and designated as a special customs area set apart from the general Jurisdiction of the Maldives Customs Territory so far as it relates to levy of Export or Import duty; and shall to the necessary extent include each type of Special Economic Zones provided in section 10 through section 17.

10. Industrial Estate

“Industrial Estate” shall mean a Zone under one management that has its Land divided into parcels; and has common infrastructure established to carry out different types of industrial activity or common utilities designed to be shared by all Investors in the Zone.

11. Export Processing Zone

“Export Processing Zone” shall mean a Zone targeted at Export of local goods or goods manufactured using local or imported items; offering special facilities for manufacturing and related activities aimed at Export to foreign markets.

12. Free Trade Zone

“Free Trade Zone” shall mean a fenced-in Zone situated next to an airport or seaport; aimed at Export; offering transshipment, storage, warehousing, repacking, value addition or re-export operations.

13. Enterprise Zone

“Enterprise Zone” shall mean a distressed area designated for economic revitalization; and aimed at promoting specific forms of Investment or production through tax Concessions, financial grants, or other special Incentives to those setting up Businesses in that area.

14. Free Port

“Free Port” shall mean an island or geographical area aimed at tourism, retail trade, on-site residential and related utilities infrastructure and services; and entitled to Incentives.

15. Single Factory Export Processing Zone

“Single Factory Export Processing Zone” shall mean an industry or trade earmarked for development in the Maldives; promotion of such trade or industry through grant of Incentives to those engaged in it; and aimed at Export of their products.

16. Offshore Financial Services

“Offshore Financial Services” shall mean each or all of the financial services stated below; established in a Zone as an Offshore Financial Service provided under an Offshore Financial Services License; not ordinarily provided directly to Residents; and attracts Incentives permitted to be given under this Act:

- (a) Banking Services authorized by the Maldives Monetary Authority;
- (b) Securities Services authorized by the Capital Market Development Authority;
- (c) Insurance Services authorized by the Maldives Monetary Authority;
- (d) Finance Leasing Services authorized by the Maldives Monetary Authority;
- (e) Collective Investment Schemes authorized by the Capital Market Development Authority; and
- (f) Every other financial service authorized either by the Maldives Monetary Authority or Capital Market Development Authority.

17. High Technology Park

“High Technology Park” shall mean a Zone exclusively earmarked for developing or enhancing modern technology and technological innovations; and use of or promotion of such technology in academic work research education or trade towards improving quality and standard of life.

18. Developer

“Developer” shall mean the Person who applies to establish a Zone; Person to whom a Permit is granted; the Person who controls the management of the Zone; the Person who takes primary responsibility for development of Urban Facilities, operation and management of the Zone.

19. Investor

“Investor” shall mean a Person who operates within a Zone under its main management and in accordance with an agreement signed with the Developer; and

establishes carries out and controls an individual enterprise or Investment while utilizing Urban Facilities to conduct its Business or Economic Activity.

Chapter 3

Establishing a Zone

20. Types of Zones

A Zone may be classified into any of the following types in designating or approving one, and irrespective of any such classification, each of them shall be treated as a Special Economic Zone:

- (a) Industrial Estate defined in section 10;
- (b) Export Processing Zone defined in section 11;
- (c) Free Trade Zone defined in section 12;
- (d) Enterprise Zone defined in section 13;
- (e) Free Port defined in section 14;
- (f) Single Factory Export Processing Zone defined in section 15;
- (g) Centre providing Offshore Financial Services defined in section 16; and
- (h) High Technology Park defined in section 17.

21. Number of Zones

The Board shall have the authority to decide on the number of Zones that may be permitted under this Act to be established in the Maldives in each category.

22. Areas of Investment

- (a) Economic Activity to be conducted in a Zone established in the Maldives and the minimum threshold of the total Investment required for that Zone, shall, on the advice of the Board, be decided by the President and promulgated every year through a presidential decree.
- (b) The first decree mentioned in subsection (a) shall be promulgated within 45 days from the date of creation of the Board under this Act.
- (c) Each decision made under subsection (a) shall be reviewed before every February, and promulgated afresh by presidential decree.
- (d) In issuing a Permit, the Economic Activity that could be carried out in a Zone and its minimum Investment threshold shall be decided by the Board in congruence with the decision by the President with reference to subsection (a) and promulgated by him either under subsection (b) or (c).

23. Incentives

- (a) Incentives available to Zones, Developers or Investors under this Act are found in schedule 1 to this Act.
- (b) Where any law subsequent to this Act introduces a new tax or an increase in an existing tax that adversely affects any of the Incentives available under this Act to a Zone, Developer or Investor, the President shall have the power, as may be determined in regulations published by the Board, to sustain the Incentives available to Zones, Developers or Investors as found in the relevant Investment Agreement, through effecting an exemption of the relevant Zone, Developer or Investor from being subjected to payment of that new tax or increase in an existing tax.
- (c) Where a Developer, in discharge of its obligations to develop infrastructure of a Zone, appoints a third party by way of contract to carry out that

obligation for and on behalf of that Developer, and that appointment is made under a written agreement, Incentives available to that Developer under clause (a) and (b) of Schedule 1 may be passed to that third party with the approval of the Board. And, for purposes of providing those Incentives to that third party, the Board may consider that third party to be within the meaning of the relevant Developer.

- (d) Where any of the Incentives mentioned in Schedule 1 is available dependent on a certain act or matter as opposed to them being made available to all alike for being included in a like category, the circumstances in which such Incentives are available and the exact nature of Incentives provided in those circumstances shall be provided in regulations made by the Board.

24. Identifying Zones

Zones being special customs areas designated under this Act and set apart from the general Jurisdiction of the Maldives Customs Territory, and being entitled to exemptions from the applicability of certain laws, the geographical boundary of each Zone shall be identifiable by latitude and longitude.

25. Features of a Zone

A Zone shall have the following features or facilities:

- (a) Its boundaries are fenced-in or identifiable;
- (b) It has a completed feasibility study;
- (c) It has a completed engineering study;
- (d) It has a completed environment impact assessment;

- (e) It is earmarked in the national development plan or government policy to stimulate production, Economic Activity and growth in that region and its surrounding areas;
- (f) It has necessary space or the potential to create such space to establish Urban Facilities aimed at facilitating infrastructure, roads, communications, ports, airports, and trade;
- (g) It has Land or the potential to create such Land to achieve or expand development;
- (h) It has the opportunity or the potential to engage skilled, trained, semi-skilled or unskilled labor;
- (i) It is in a location that is well-suited to bring benefits to surrounding region; or one that shall help in consolidation of population and development; and
- (j) It can be secured with ease or has fenced-in boundaries.

26. Developer's Responsibility

- (a) Every Developer shall establish and manage a Zone Administration Office in respect of its Zone. The Developer shall be responsible for the Zone, its Investors and functions of the Zone Administration Office.
- (b) The Developer shall establish basic Urban Facilities required to carry out the Economic Activity permitted to be carried out in that Zone, and make those facilities easily available for use by Investors in that Zone on a commercial basis.
- (c) It shall be the Developer's responsibility to establish water electricity sewage waste disposal facilities while ensuring they are carried out in an environment friendly manner.

- (d) It shall be the Developer's responsibility to establish facilities necessary to provide customs services in the zone.

27. Qualifications of Developer

A Developer shall have the following qualifications or competence:

- (a) Financial competence to develop the Zone; or ability to acquire necessary funds;
- (b) Ability to establish adequate Urban Facilities to operate the Zone;
- (c) Ability to own Land in a Zone or legal competence to acquire Land on lease; and
- (d) Ability to maintain security of the Zone in accordance with guidelines provided by Maldives security establishments and without infringing upon functions of those establishments.

28. Zone Superintendent

- (a) Each Zone shall have a Zone Superintendent appointed by the Board.
- (b) The Zone Superintendent shall not be a member of the Board, but a member of the staff of the Ministry.
- (c) The functions of the Zone Superintendent are as follows:
 - (i) Facilitating work of the Developer in establishing the Zone or Investor in establishing the Investment;
 - (ii) Facilitating and coordinating work between Developer and the Board, and Developer and local councils;

- (iii) Facilitating and coordinating work between Investor and the Board, and Investor and local councils;
- (iv) Monitoring progress of the Developer and Investors in the Zone and reporting back to the Board;
- (v) Implementing directives of the Board relating to work of the Developer or Investor;
- (vi) Mediation and resolution of disputes between Developer and Investor;
- (vii) Advising the Board of the manner and degree of use of Incentives by Developer and Investors and submitting relevant reports; and
- (viii) Carrying out other functions as may be directed by the Board in respect of matters related to the Developer or Investors.

29. Stages in Zone Development

The key stages and main timelines involved in the establishment of a Zone are as follows:

- (a) Application for Permit by a Developer desirous of establishing a Zone;
- (b) Review of that application by the Board;
- (c) Where the Board is in-principle agreeable to the application submitted under subsection (a), grant of an Initial Permit within 28 days from the date of that application; and grant a further period of 180 days from the date of that Initial Permit to the Developer to submit detailed documentation;
- (d) Where the Board finds that it may be agreeable in-principle to an application submitted under subsection (a) if such application were revised in some respects, then, instead of cancelling that application, the Board may

provide additional time to the applicant to revise the application as may be directed by the Board, and when a revised application is submitted, it may review the main application with its revisions, and grant an Initial Permit within 28 days from the date of submission of that revised application;

- (e) On receipt of Initial Permit, the Developer shall submit within 180 days from the date of that Initial Permit, a Zone feasibility study, infrastructure master plan, engineering studies report, an environment impact assessment report, business plan, and other documentation as may be decided by the Board;
- (f) Where the Board on review of documentation mentioned in subsection (e) is agreeable to allow development of the Zone as found in such documentation, the Minister shall, under his hand and on advice of the Board, grant within 90 days from the date of submission of those documentation, a Permit to the Developer;
- (g) Arrange for conclusion of the Investment Agreement between the Board and the Developer within 30 days from the date of the Permit; and
- (h) On the date of signing the Investment Agreement, the President shall, based on a decision of the Board, and on recommendation of the Minister, issue a presidential decree published in the Government Gazette containing details as regards designation of that Zone, its type, Developer, Incentives granted to the Zone, Investments permitted in the Zone, and Incentives available to its Developer and Investors.

30. Conditions of Permit

- (a) A Permit may be issued to a Developer only if the value of the proposed development is either congruent with or in excess of the threshold of the Investment value decided by the President as regards that Zone or Economic

Activity; and on submission of evidence to the Board of financial competence to make such expenditure.

- (b) In arriving at the Investment value mentioned in subsection (a), a guarantee issued in the singular name of the Developer, or in the joint names of Persons partnering with the Developer in the development of the Zone may be submitted to the Board, and the Board may accept such guarantee.
- (c) In the event that the Developer is a Government Company whose sole shareholding is held in the name of the Maldives Government, the guarantee required by virtue of subsection (b) shall be waived.

31. Factors the Board may consider before issuing Permit

The Board shall prior to issuing a Permit verify and take into account the following:

- (a) Potential of the proposed Investment to create employment and develop human resources;
- (b) Potential of the proposed Investment to facilitate Export of Maldives goods and products;
- (c) Assessment of risk that the proposed Investment may have on the environment; and proposed risk mitigation measures;
- (d) Potential of the proposed Investment to facilitate transfer of knowledge or technology to the Maldives; and
- (e) Potential of the proposed Investment to encourage or facilitate policy on consolidation of population and development.

32. Relationship with Councils

- (a) On designation of a Zone by the President, irrespective of the location in which the Zone may be situated in the Maldives, and irrespective also of the fact that it is located within the Jurisdiction of a certain local council, the Zone shall, immediately from the time of its designation, be divested from the Jurisdiction of that local council and its guardianship shall come to vest and reside in the Ministry.
- (b) For purposes of subsection (a), and notwithstanding provisions of any previous legislation, the Zone shall thereafter be subjected to this Act, rules made by relevant agencies of the Government to facilitate administration of this Act, decisions of the Board, conditions of Permit, and terms of the Investment Agreement or Concession Agreement, as the case may be.
- (c) Notwithstanding what is said in subsection (a) or (b), this Act does not prevent appointment or engagement of a local council as an agent of the Board, by contract, to discharge on behalf of the Board, any specific obligation, as may be determined by the Board.
- (d) Where a zone is developed or managed within the territory of a local council, the Government and the Developer shall ensure that fundamental liberties guaranteed to inhabitants residing in that territory are not adversely affected.

33. Zone Administration Office

The Zone Administration Office shall be established by the Developer within 30 days from the date of receipt of the Permit. All matters of the Zone in respect of its Investors, Economic Activity, relationship with local councils, and Zone's relations with the Board and Zone Superintendent shall be carried out by the Zone Administration Office under the supervision of the Developer.

Chapter Four

Developer

34. Submission for Zone Development

- (a) Any Person desirous of developing a Zone shall make a submission to the Board through a Form prescribed under the Rules made under this Act.
- (b) In making the submission under subsection (a), it shall accompany the documentation that is prescribed in the Rules made under this Act, and the applicant shall make payment of the prescribed fee.

35. Who May Apply for Zone Development

An application for Zone development may be submitted by any one of the following Persons:

- (a) Government of the Maldives without partnership with any other entity; a Government Company where all shares are held in the name of the Maldives Government; a Joint venture company created by the Maldives Government in partnership with another Person; or a Consortium of companies created by the Maldives Government in partnership with others;
- (b) A company whose shares are exclusively held by Maldivians;
- (c) A company whose shares are exclusively held by foreign nationals or entities;
- (d) A company whose shares are held by a mix of Maldivian and foreign nationals or entities;

- (e) A joint venture company created between a company whose shares are held either by Maldivian or foreign nationals or entities or a mix of Maldivian and foreign nationals and another company; and
- (f) A Consortium created by a company whose shares are held by Maldivian or foreign nationals or entities or a mix of Maldivians and foreign nationals or entities and other companies.

36. Special Condition in Grant of Incentives

- (a) In determining Incentives granted to a Developer, the Maldives Government may decide to grant additional Incentives to that Developer as consideration for its agreement to undertake for the Maldives Government, development of a physical or urban infrastructure deemed a priority by Maldives Government, in a place determined by the Maldives Government and placed outside of the Zone. The Board may as part of the Incentives granted under this Act decide to grant additional Incentives to that Developer commensurate with and in consideration of the value of that Government undertaking to be carried out by the Developer.
- (b) Where the proposal of a Developer is consistent with and encourages realization of Government policy on consolidation of population and development, the Board may, taking that into account, grant additional or increased Incentives to that Developer as outlined in paragraph (d) of Schedule 1.

37. Acts Permitted to be undertaken by Developer in establishing a Zone

Every Developer may, in compliance with Maldives Law, carry out the following:

- (a) Own or lease Land located within the Zone;

- (b) Grant Concessions or licenses to Investors in respect of the Land leased by the Developer or sublease that Land to them;
- (c) Establish, construct, manage and operate, in accordance with the Permit, necessary infrastructure, buildings, warehouses, factories, and other Urban Facilities and services;
- (d) Engage other parties or enter into agreement with them to provide for water electricity communications sewage and other similar utilities and facilities;
- (e) Operate and manage the Zone in accordance with this Act and in compliance with the terms of the Permit;
- (f) Levy a service charge or charge a fee on Investors in respect of various services or facilities;
- (g) Raise finance, offer mortgage and give guarantees;
- (h) Enter into agreements with other parties in respect of development of the Zone, or construction, operation, repair and maintenance, management, or provision of services; and /or enter into management agreement with others in respect of the Zone;
- (i) Engage a party to manage the Zone on contract basis; and
- (j) Lease, deal in or dispose of facilities and other properties in the Zone.

38. Transfer of Developer's Permit

- (a) A Permit granted to a Developer may only be transferred to a third party with the approval of the Board provided that the transferee also possesses qualifications required to be present in a Developer by virtue of this Act.

- (b) Factors to be considered and guidelines to be followed in transfer of a Permit to a third party shall be provided for in Rules made and published under this Act.

39. Particulars of a Permit

A Permit shall contain the following particulars:

- (a) Name of Developer, business address, and legal status;
- (b) If Developer is a company, its registered office and registration number;
- (c) Summary of proposed infrastructure development and Economic Activity, and an estimate of expenditure involved;
- (d) Activities permitted to be undertaken under the Permit;
- (e) Incentives granted to the Developer and Investors in the Zone;
- (f) Date of issue of Permit, its period, and date of expiry;
- (g) Conditions prescribed by the Board; and
- (h) Other details included by the Board.

40. Suspension of the Permit

- (a) The Board shall have the power to suspend a Permit granted to a Developer if it carries out any of the following:
 - (i) Transfer of Permit to a third party without obtaining written approval of the Board;
 - (ii) Breach of a non-essential term of the Permit or Investment License;
 - (iii) Failure to comply with Maldives Law; or

- (iv) Failure to honor, without cause, a condition of the Permit.
- (b) Where a Permit is suspended, the Board shall give notice of that suspension to the Developer. Such notice shall specify the reason(s) for and period of suspension, time period allowed for correction of default, payment of any fine in respect of such default, and period within which such fine shall be paid.
- (c) Where on expiry of notice of suspension mentioned in subsection (b) the Developer has corrected the default specified in that notice, the Board shall notify the Developer of the revocation of the notice of suspension and valid continuance of the Permit.
- (d) Where the Developer fails, without cause, to correct the default specified in the notice of suspension mentioned in subsection (b) within the period of rectification allowed in that notice, it shall be a basis to revoke the Permit. The procedures applicable to revocation of Permit shall commence from that moment onwards.
- (e) Even though the Developer is prevented from dealing with the Board and making use of Incentives otherwise available to it under this Act during the period of suspension of its Permit, it shall be the responsibility of the Board to devise mechanisms to ensure uninterrupted and continued operation of the Zone, protection of rights of Investors in that Zone, and taking over obligations of the Developer in respect of Investors in that Zone.
- (f) Permit of a Developer shall not be suspended for an act committed by an Investor; and a Permit of a Developer shall be suspended only for a reason specified in subsection (a), and after having exhausted applicable procedures.

41. Revocation of Permit

- (a) The Board shall have the power to revoke a Permit granted to a Developer if it carries out any of the following:
- (i) The Permit was obtained through fraudulent means;
 - (ii) The Permit was obtained on a misrepresentation of fact;
 - (iii) Failure on the part of the Developer to rectify the default specified in the notice of suspension without cause and within the period specified in it for correction of default; or
 - (iv) Breach of an essential term of the Investment License or Investment Agreement.
- (b) The Board shall before revoking a Permit, issue a notice to the Developer to that effect specifying its intention to revoke the Permit and its reason(s) for so doing.
- (c) The notice mentioned in subsection (a), shall give an adequate period to the Developer to show cause in writing as to why its Permit may not be revoked, and the Board shall provide an adequate opportunity to the Developer to make that submission to the Board.
- (d) After having taken into account any response to the show cause notice as provided in subsection (b), where the Board arrives at a decision to revoke the Permit on any of the grounds provided in subsection (a), the Board shall issue written notice to the Developer as regards such revocation.
- (e) The Board shall, in the event of revocation of a Permit, take steps deemed necessary or incidental by the Board including revocation of Incentives granted to that Developer, taking action to ensure uninterrupted and continued operation of the Zone and protection of rights of Investors in that Zone.

- (f) The procedures applicable on revocation of a Permit shall be specified in rules made by the Board under this Act.

42. Review

- (a) Except where an alternative mechanism is provided in the agreement signed with the Board, a party aggrieved by the decision of the Board has the right to file a review petition with the Minister within 30 days from the date of the decision of the Board.
- (b) The Minister shall, within 60 days of such review petition, make any of the following decisions in respect of that petition; and irrespective of the decision made, the Minister shall provide in writing, the basis for and grounds of such decision:
 - (i) Decision of the Board is upheld, revised or vacated; or
 - (ii) Transmission of the decision to the Board for review on account of recommendations or directions from the Minister.
- (c) An Investor in a Zone aggrieved by a decision of the Board shall, to the necessary extent, have the same opportunity available to a Developer of a Zone to file a review petition with the Minister within 30 days from the date of the decision of the Board.

43. Renewal of Permit

- (a) The Permit may be renewed before expiry of its term.
- (b) Application for renewal of Permit shall be filed with the Board, as may be decided by the Board, and within the time period provided in that decision. And the Developer shall make necessary payment, where it is prescribed.

- (c) Where it is agreed by the Board that the Developer has acted in accordance with the Permit, this Act and other relevant laws, the Permit shall be renewed on payment of the prescribed fee.

Chapter Five

Investors in the Zone

44. License for Investors

- (a) An Investor investing in an individual Business in the Zone shall be subject to terms of an agreement to be concluded between the Investor and the Developer.
- (b) It shall be the responsibility of the Developer to submit details of the Investor and its Investment to the Board for registration in accordance with Maldives Law within 45 days from concluding the agreement between the Developer and Investor as mentioned in subsection (a).
- (c) The submission to the Board mentioned in subsection (b) shall accompany a copy of the agreement between the Developer and Investor.
- (d) Where the Investor and its Investment are registered, the Board shall as evidence of that registration, issue an Investment license to that Investor.
- (e) Where an application is made to register an Investor and its Investment, the Board shall arrive at a decision within 30 days from the date of submission of that application.

45. Factors to Consider in Issuing an Investment License

The Board shall verify and take into account the following when an application to register an Investor and its Investment is made under section 44:

- (a) Investment falls within activities permitted to be undertaken in the Zone;
- (b) Relationship of that Investment to the overall development of the Zone; and
- (c) Absence of any legal impediment for that Investor to invest in the Maldives.

46. Particulars of an Investment License

An Investment license shall contain the following particulars:

- (a) Name of Investor, business address, and nationality;
- (b) If Investor is a company, its registered office and registration number;
- (c) Summary of proposed Investment and an estimate of expenditure involved;
- (d) Activities permitted to be undertaken under the license;
- (e) Incentives granted to the Investor;
- (f) Date of issue of license, its period, and date of expiry; and
- (g) Other details included by the Board.

47. Suspension of license

- (a) The Board may either suspend or revoke an Investment license granted to an Investor if it carries out any one of the following:
 - (i) Obtains the license through fraudulent means or a misrepresentation of fact;
 - (ii) Transfer of license to a third party without obtaining written approval of the Board;
 - (iii) Failure to comply with Maldives Law;
 - (iv) Failure to honor without cause a condition of the license; or

- (v) Presence of a legal or judicial impediment for the Investor to invest in the Maldives.
- (b) The provisions relevant to suspension and revocation of a Permit as provided in section 40 and section 41 shall apply to the necessary extent in suspending or revoking an Investment License.

Chapter Six

Investment Agreement

48. Concluding an Agreement

- (a) Where a Permit is issued to a Developer, an Investment Agreement shall be signed between the Board and the Developer.
- (b) The Investment Agreement mentioned in subsection (a) is an agreement that is signed in addition to the grant of the Permit.
- (c) The Board shall not sign the Investment Agreement mentioned in subsection (a) or the Concession Agreement mentioned in section 52 of this Act, except after obtaining written legal opinion from the Attorney General as to the absence of any legally objectionable grounds to sign that agreement.

49. Particulars of an Investment Agreement

An Investment Agreement must contain the following particulars:

- (a) Details of the Zone (defining it with reference to its boundaries);
- (b) Economic Activity permitted to be carried out in the Zone by the Developer;
- (c) Main Urban Facilities to be established constructed or provided by the Developer;

- (d) Estimates of Expenditure involved in developing the Zone;
- (e) General and special conditions applicable to the Developer in respect of the Zone;
- (f) Incentives granted in respect of the Zone (details of general or specific Incentives and other Incentives given dependent on another obligation);
- (g) Legal status of Land in the Zone and existence of opportunity to own Land;
- (h) Feasibility study;
- (i) Engineering study;
- (j) Environment impact assessment report;
- (k) Business plan;
- (l) Dispute resolution mechanisms;
- (m) If an arbitration clause is included, it may give parties the freedom to choose international arbitration rules of their preference, and provide how those rules and Maldives arbitration legal framework shall apply;
- (n) Clause on compliance with Maldives Law, Permit and terms of Investment Agreement; and
- (o) Other terms and conditions applicable to the Developer under this Act.

50. Anti-Corruption Clause

- (a) The Investment Agreement shall, in the language it is concluded, contain a clause that either captures the essential elements of the clause found in schedule 2 or is in all material respects similar to that clause.

- (b) After including the clause mentioned in subsection (a), no provision that has the effect of diluting or preventing the effect of that clause shall be included in the Investment Agreement or any agreement that relates to that Zone.

51. Prevention Against Expropriation

- (a) Neither the State nor any State actor shall, either through enactment of legislation after the date of this Act or through any enforcement action, commit any act to appropriate an Investment made in a Zone either by a Developer or an Investor, for the purposes of expropriation of that Investment by the State or for the State to carry on that Business on its own.
- (b) Notwithstanding the provisions of subsection (a), the entire Investment of a Zone granted to a Developer may for attainment of a clearly defined public interest or preservation of security or territorial integrity of the Maldives, be expropriated after due payment of adequate compensation.
- (c) In an event of expropriation mentioned in subsection (b), adequate compensation payable to a Developer shall equally include compensation due to Investors in that Zone. It shall be the responsibility of the Developer whose Zone is expropriated to apportion and effect distributions of compensation payable to Investors in that Zone.
- (d) Where a specific formula or mechanism to determine amount of adequate compensation payable in respect of a Zone is provided in the Investment Agreement, adequate compensation payable on expropriation shall be computed according to that formula or mechanism provided in the Investment Agreement.
- (e) Except where subsection (d) is applicable, adequate compensation for the purposes of this Act, shall mean the value arrived at on consideration of the market value of the Investment and computation of the cost of physical

property contained in the Investment, value of profits generated from income of that Investment, and loss caused directly due deprivation of that Investment. Further, the object of any such adequate compensation shall be to return the Developer to a status quo where it would have been had it not made that Investment.

- (f) For the purposes of this Act, expropriation of an Investment in a Zone granted to a Developer or an Investment made in that Zone by an Investor shall include the act of appropriating an Investment by a State actor, or inaction by a State actor where it is under an obligation to act in a specific manner, or negation of the opportunity available to that Developer or Investor to enjoy the profits of that Investment due to any action taken by a State actor.
- (g) Notwithstanding subsection (a) or (f), the following acts shall not be considered as events of expropriation of an Investment of a Developer in a Zone or an Investor in that Zone; and it shall suffice if adequate compensation is made payable from the State to the affected Developer or Investor in respect of any loss incurred by any of them in respect of any of the matters provided in clause (i) to (iii) of this subsection; provided however that no compensation shall be payable from the State to the Developer or Investor in respect of any loss either of them may incur in respect of matters provided in clause (iv) below:-
 - (i) Levying of a tax without discriminating any specific Developer or Investor or Investment;
 - (ii) Enactment of any law or rule without targeting any specific Developer or Investor or Investment;

- (iii) Restriction on an Investment caused due to a law or regulation enacted without targeting any specific Developer or Investor or Investment; and
- (iv) Any lawful step taken without targeting any specific Developer or Investor or Investment for purposes of protecting consumers, preventing crime, protecting national economy from harm, and maintaining security and preserving territorial integrity of the Maldives.

52. Making Concession Agreements

Notwithstanding the existence of an Investment Agreement between a Developer and the Board, this Act does not prevent the conclusion of a Concession Agreement between the Board and that Developer to grant or evidence the grant of a specific exception privilege benefit or Concession by the Maldives Government within the perimeters of and with reference to the Investment Agreement.

Chapter Seven

Provision of Financial Services

53. Provision of Offshore Financial Services

All or any of the Financial Services defined as Offshore Financial Services may be provided in a Zone by establishing an Offshore Financial Services Centre or obtaining an Offshore Financial Services license to provide any of those Financial Services.

54. Permission to Provide Offshore Financial Services

- (a) The Developer or Investor desirous of providing an Offshore Financial Service defined in section 16 shall make an application to the Board.
- (b) Where the Board is agreeable to the proposal submitted under subsection (a), and finds that the proposed service may be provided in the relevant Zone or it is an undertaking permitted to be carried out in that Zone, the Board shall forward the proposal to either the Maldives Monetary Authority or Capital Market Development Authority, whichever of the two authorities is the relevant authority charged with responsibility for issuing the necessary license.
- (c) Where a proposal is received by the relevant authority under subsection (b), the process of granting the approval shall be carried out by the relevant authority, in accordance with rules made under section 69, and the relevant authority shall deal directly with the Developer or the Investor who made the application.
- (d) In carrying out its functions under subsection (c), the relevant authority shall, inform the Board of any decision it takes, within 7 days of such decision.

55. Making and Enforcement of Rules

- (a) Rules relevant to licensing of services defined as Offshore Financial Services or any one of those services, guidelines to be followed by applicants, rules to be followed by licensees, guidelines applicable to supervision oversight and monitoring of licensed services, shall be made and enforced through rules made either the Maldives Monetary Authority or Capital Market Development Authority, whichever of the two authorities is the relevant authority charged with responsibility for issuing the necessary license.

- (b) Despite the fact that Offshore Financial Services may not ordinarily be provided directly to Residents, rules guidelines and standards on provision of such services to Residents shall be made and enforced through rules made either the Maldives Monetary Authority or Capital Market Development Authority, whichever of the two authorities is the relevant authority charged with responsibility for issuing the necessary license.

Chapter Eight

Board of Investments

56. Establishing a Board of Investments

- (a) The president shall establish a Board by the name of "Board of Investments" organized under the Minister for purposes of granting approvals to Zones, revoking such approvals, and making decisions which ought to be made in relation to Zones.
- (b) The Board mentioned in subsection (a) shall be established and inaugurated within 60 days of this Act coming into effect.
- (c) The powers of the Board are provided in section 57 of this Act.
- (d) The Board shall function under the Minister and its secretariat shall be established at the Ministry. In the day to day running of the Board, it shall be guided by directions of the Minister, and it shall be accountable to the Minister.

57. Powers of the Board

The Board is vested with the following powers:

- (a) Grant approval on receipt of application to establish a Zone; direct application to be revised, and on submission of revised application grant approval; decline to accept application or grant approval on them and advise applicant as to why the proposal has failed to be accepted or approved;
- (b) Consider review and dispose of applications to develop Zones;
- (c) Determine policies as regards establishment operation and management of Zones;
- (d) Make rules in respect of establishment operation and management of Zones;
- (e) Provide for detailed activities that may be carried out or permitted to be carried out within a given classification of Zones permitted under this Act; and verify if any proposed activity is within activities permitted to be carried out within the classification of Zones; and make relevant rules;
- (f) Grant Investment licenses in respect of individual Investors setting up Business in the Zone;
- (g) Act as the focal point for submission of applications for permits approvals and licenses to be obtained by Developers and Investors from various Government Agencies, and make arrangements to facilitate issuing of those permits approvals and licenses; and issue them;
- (h) Monitor and review progress of Investments made in Zones and submit periodic reports to the Minister;
- (i) Assess risk damage and liability of Zones and decide on kinds of insurable risks and necessary insurance coverage;

- (j) Make rules which ought to be made under this Act, except where the power has been assigned to a different Government Agency;
- (k) Determine rates of fees and charges levied under this Act;
- (l) Sign Investment Agreement and other agreements which ought to be signed between Maldives Government and Developers; and
- (m) Generally, do every other act or deed which is necessary to give effect to the powers of the Board or discharge its functions, and are incidental to or related thereto.

58. Composition of the Board

- (a) The Board shall be composed of 5 members.
- (b) The President shall have the power to appoint members to or dismiss them from the Board and decide on their salaries and emoluments.
- (c) The term of a member appointed to the Board shall be 5 years from the date of appointment. The President shall have the discretion to appoint a member to the Board for a second term unless such member was dismissed under section 61.
- (d) The Board mentioned in subsection (a) shall appoint a technical committee be organized under it to provide technical expertise to the Board. The seventeen member committee shall comprise of representation of following sectors in the amount prescribed below;
 - (i) One representative from Ministry of Fisheries and Agriculture.
 - (ii) One representative from Ministry of Tourism.
 - (iii) One representative from Ministry of Economic Development.
 - (iv) One representative from Ministry Housing and Infrastructure.

- (v) One representative from Ministry of Finance and Treasury.
 - (vi) One representative from Attorney General's Office.
 - (vii) One representative from Maldives Inland Revenue Authority;
 - (viii) One representative from Maldives Customs Service.
 - (ix) One representative from Maldives Monetary Authority.
 - (x) One representative from Capital Market Development Authority.
 - (xi) One representative from the Maldives National Defense Force.
 - (xii) One representative from Maldives Police Service.
 - (xiii) One representative from Department of Immigration and Emigration;
 - (xiv) One representative from Private Sector.
 - (xv) One representative from the Maldives Association of Tourism Industry.
 - (xvi) One representative from the Maldives Association of Construction Industry.
 - (xvii) One representative from the Maldives National Chamber of Commerce and Industry.
- (e) Remuneration and emoluments of members of the committee mentioned in subsection (d), and rules of procedure governing the functioning of that committee shall be decided by the Board.

59. Chair and Vice Chair

- (a) Chair and Vice Chair of the Board shall be appointed by the President from amongst members appointed to the Board.
- (b) Where the Chair or the Vice Chair intends to resign, the resignation shall be submitted to the President.

- (c) Where the Chair or the Vice Chair resigns, or is terminated under subsection (d), the President shall appoint a new Chair or Vice Chair as the case may be within 30 days of that seat falling vacant.
- (d) The Chair or the Vice Chair may be removed if they are not seen to be discharging their functions with diligence.

60. Qualifications of Board Members

The following qualifications are required to be present in members appointed to the Board:

- (a) Possess adequate knowledge and experience, talent and skill in area of representation, and shall have at least 7 years of standing in that area;
- (b) There is no personal interest or an interest of a spouse, child or dependent in any Investment carried out in a Zone;
- (c) If declared bankrupt, has discharged the debt or is released from the obligation;
- (d) Not convicted of any offense within the last 5 years immediately preceding appointment; and
- (e) Not convicted of an offense of bribery, corruption, theft or criminal breach of trust.

61. Vacation of Seat

If a member finds himself/herself in any of the following circumstances his/her seat on the Board shall be deemed vacated and his /her membership terminated:

- (a) He/she hands in to the President his resignation signed under his/her own hand; or

- (b) The President removes him/her based on any of the following circumstances:
 - (i) Falls short of qualifications required to be present;
 - (ii) Engages in conduct unbecoming of a member;
 - (iii) Fails to comply with rules prescribed for members under this Act;
 - (iv) Suffers a physical or psychological inability to adequately discharge functions of office;
 - (v) Absents himself/herself to three consecutive sittings of the Board without Board approval; or
 - (vi) Warrants dismissal so that integrity of the Board or credibility of its dealings may be upheld.

62. Meetings of the Board

- (a) In the discharge of its functions, meetings of the Board may be held at a place and time decided by the Chair.
- (b) The Chair shall preside over meetings of the Board. And in the absence of the Chair, the Vice Chair shall preside over the meetings of the Board. And where both the Chair and the Vice Chair are absent, the meeting of the Board shall be presided over by a member of the Board as may be decided by it.
- (c) Quorum of the Board shall be the majority of members of the Board. No meeting of the Board shall commence Business except when a quorum is present, and where during a meeting, the quorum is lost, the meeting shall be adjourned.

- (d) Decisions of the Board shall be made by a majority of those present and voting. Where there is an equality of votes for and against a proposal, the Person presiding the meeting shall have a casting vote.
- (e) Vacancy of a member, an irregularity in the appointment of a member, or absence of a required qualification of a member, shall not affect validity of a decision of the Board.
- (f) Except in respect of matters provided in this section, proceedings of the Board may be held as may be decided by the Board.
- (g) Minutes of the meetings of the Board shall be kept and signed by members.

63. Non-Members may attend Meetings

- (a) In respect of matters requiring a decision of the Board, a Person of specific talent expertise or skill may be invited to take part in a meeting of the Board.
- (b) A Person invited to take part in a meeting of the Board under subsection (a) is not a member of the Board. And he/she shall not be included in deciding the quorum or taking a vote.

Chapter Nine

Other Agencies

64. Customs Control

- (a) Minimum guidelines required to be established in the Zone for purposes of customs control and enforcement of laws ordinarily enforced by Maldives Customs Service shall be determined by Maldives Customs Service in rules published by them.

- (b) Facilities required to be established in every Zone for purposes of providing customs services by the Maldives Customs Service shall be provided to the Maldives Customs Service by the relevant Zone Administration Office.

65. Presence of Government Agencies

Zone Administration Office of each Zone shall establish adequate facilities for relevant Government Agencies to station themselves inside the Zone to provide their services, enforce the law, collect data, or carry out functions of security establishments.

66. Release to Domestic Market

- (a) The Maldives Customs Service shall make and publish rules to be followed in case of goods released to domestic market when such goods are prevented from Export for any reason.
- (b) Goods Exported from or imported into the Zone shall be subject to customs control.

67. Sale to Domestic Market

- (a) In circumstances where goods produced in a Zone are permitted to be sold to the domestic market, sale and Import of such goods into the domestic market shall be subject to payment of relevant duty or tax levied under relevant laws.
- (b) Where goods are sold to the domestic market for not being compliant with Export standards, they shall meet standards prescribed by relevant Maldives Law to be sold to the domestic market.

68. Negative List

- (a) The President may, on advice of the Minister, decide on a Negative List in order to protect industries operating in the domestic market.
- (b) No goods or services produced by a Business listed on the Negative List shall be sold to the domestic market.
- (c) The Minister shall take responsibility to review and publish the revised list every 2 years.

69. Making of New Rules

All rules required to be made by individual Government Agencies to enforce provisions of this Act, or facilitate realization of Incentives provided in this Act for Developers and Investors, shall be made and published within 6 months from the date this Act comes into effect. None of those rules shall contradict with the Objects of this Act, or prevent deny or restrict Incentives granted under this Act.

70. Power to Obtain Information

- (a) No provision of this Act prevents any Government Agency from collecting information or maintaining data in respect of a Zone, Developer or Investor under Maldives Law or treaties to which Maldives is a party, and share such data or information as required under Maldives Law, or treaties to which Maldives is a party, with other agencies, countries, and international agencies.
- (b) In order to assess the size of Economic Activity carried out in Zones and tax expenditure involved in Incentives provided under this Act, Developers and Investors shall be required submit certain information as may be stated by Maldives Inland Revenue Authority in rules enforced by that authority.

Chapter Ten
General Provisions

71. Confirming Compliance with Law

- (a) The primary responsibility to ensure that Maldives Law is followed within the Zone is vested with the Developer; and ensuring that the Investors investing in the Zone also adhere to Maldives Law shall remain a responsibility of the Developer.
- (b) Where any contravention of Maldives Law occurs within the Zone, the Developer shall, within the guidelines created by the Board, be subject to payment of a fine as penalty; and an adequate period shall be given to the Developer to correct the default.
- (c) The Board shall create and publish guidelines to be followed in prescribing a penalty on the Developer in case of contravention or failure to follow the Maldives Law.
- (d) The penalty prescribed by the Board under subsection (b) shall be a penalty imposed in addition to any penalty that the relevant law may prescribe for the Person guilty of that contravention or failure.

72. Accountability to Parliament

The Minister and Chair of the Board shall, as regards decisions of the Board and operation of Zones, be accountable to the parliamentary committee as may be prescribed by Rules of Procedure of Parliament.

73. Existing Resorts

- (a) Neither a resort that is currently in operation nor its surrounding geographical area shall, irrespective of the value of the Investment, be converted into a Zone simply for the reason that its value of Investment may meet the minimum Investment value threshold designated for a Zone.
- (b) Notwithstanding the provisions of subsection (a), this Act does not prevent tourism or hospitality related Investments to be established up to a maximum of 40% of the entire Investment of a Zone.
- (c) Notwithstanding the provisions of subsection (a) and (b), the Board may allow conversion of an island granted for tourism development into a Zone within the ambit of subsection (b), if such island has not commenced its operation or completed its construction at the time of this Act.

74. Rider over the Land Act

- (a) Where a geographical area designated as a Zone contains Land of varying classifications of industrial commercial residential or agricultural use, the President may reclassify all such Land into one classification; and grant such reclassified Land to the Zone.
- (b) Tax payable in converting state-owned Land into privately-owned Land shall not be levied in respect of Land situated within a Zone.

75. Ownership of Land

- (a) Irrespective of a contrary provision in a prior law, Land allocated to a Zone and defined as such in the Permit or Investment Agreement, may be owned by a locally registered company that is not a Foreign Company.
- (b) Adhering to the principle enunciated in subsection (a) is not in contravention of Article 251 (a) of the Maldives Constitution.

76. Employment Matters

- (a) No Person shall be employed within the Zone in conditions lower than that which is prescribed in the Employment Act.
- (b) Number of expatriate staff in advisory technical or supervisory positions in an individual Investment carried out in a Zone either by its Developer or an Investor shall not exceed 10% of the total staff employed in that undertaking.
- (c) Specific approval from the Board must be obtained to employ expatriate staff in advisory technical or supervisory positions in excess of the threshold mentioned in subsection (b).
- (d) Where approval is sought by a Developer or Investor to recruit expatriate staff in excess of the threshold prescribed in subsection (b), that approval shall only be granted by the Board in the following circumstances:
 - (i) The applicant Developer or Investor has agreed to train Maldivian nationals to fill supervisory technical and advisory positions;
 - (ii) The applicant Developer or Investor has submitted a training plan and timetable to the Board evidencing how and when Maldivian nationals will be trained for those positions; and
 - (iii) The approval to recruit expatriates in excess of the threshold prescribed in subsection (b) cannot exceed a period of 5 years.
- (e) Expatriate staff employed in any positions of employment within a Zone shall not work or be employed outside of the Zone.

- (f) Where an expatriate staff employed in a Zone remits his/her salary or part of it overseas through a financial institution in the Maldives, the State shall levy a remittance tax of three percent on that remittance.

77. Entitlement to specified Incentives

- (a) A Zone is entitled only to such Incentives as may be provided in this Act or granted through processes provided in this Act.
- (b) Maldives Constitution and Maldives Law shall fully apply to every other matter outside the Incentives granted to a Zone.
- (c) Notwithstanding the grant of Incentives to a Zone or applicability of Maldives Constitution and Maldives Law in respect matters outside those Incentives, nothing in this Act shall prevent a matter related to the Zone to be restricted or discontinued through legislation made for any of the following purposes:
 - (i) Preserving sovereignty of the Maldives;
 - (ii) Maintaining defense security and territorial integrity of the Maldives;
 - (iii) Enforcing Maldives Law; or
 - (iv) Protecting the religion of Islam and cultural values that Maldives shall uphold as a nation.

78. Schedules

The two schedules to this Act are an integral part of this Act, as if they are reproduced in this provision, and this Act shall not be complete without those two Schedules.

79. Reconciling conflict in favor of this Act

- (a) Despite the fact that a matter provided in this Act may be differently provided in an Act mentioned in subsection (b), this Act shall override that Act in respect matters relevant to Zones; and prevalence must be given to follow the provisions of this Act in matters relating to a Zone.

- (b) In case of any conflict or discrepancy between any provision of this Act and that of any of the Acts mentioned below, such conflict or discrepancy shall be resolved by reading it in favor of this Act:
 - (i) Act Number 25/79 (Maldives Foreign Investment Act);
 - (ii) Act Number 31/79 (Maldives Export Import Act);
 - (iii) Act Number 5/80 (State Right to Grant Exemption in respect of Certain Duties and Taxes Act);
 - (iv) Act Number 6/81 (Maldives Monetary Authority Act);
 - (v) Act Number 9/81 (Maldives Duty Free Zones Act);
 - (vi) Act Number 20/98 (Maldives Uninhabited Islands Act);
 - (vii) Act Number 2/99 (Maldives Tourism Act);
 - (viii) Act Number 1/2002 (Maldives Land Act);
 - (ix) Act Number 3/2006 (Public Finance Act);
 - (x) Act Number 3/2010 (Tax Administration Act);
 - (xi) Act Number 24/2010 (Maldives Banking Act);
 - (xii) Act Number 5/2011 (Business Profit Tax Act);
 - (xiii) Act Number 8/2011 (Maldives Customs Act);
 - (xiv) Act Number 10/2011 (Goods and Services Tax Act); and
 - (xv) Act Number 18/2014 (Business Registration Act).

80. SEZ Residency

- (a) Maldives Government shall take necessary steps under relevant laws to grant SEZ Residency for the duration of the Investment made by Developers and Investors.
- (b) Maldives Government shall take necessary steps under relevant laws to grant SEZ Residency for foreign nationals or companies who enter into contracts to purchase or lease a right to use luxury villas bungalows condominiums and other residential properties inside Zones and such residency shall be granted for the duration of the subsistence of that right.

81. Making and Enforcement of Rules

- (a) Rules required to be made by the Board in enforcement of this Act shall be made and enforced by the Board.
- (b) Rules required to be made by other individual Government Agencies in enforcement of this Act shall be made and enforced by each of those Government Agencies.
- (c) Rules not mentioned in subsection (a) or (b) of this Act shall be made and enforced by the Minister.
- (d) All Rules required to be made under this Act shall be made and published in the Government Gazette within 6 months from the date of this Act coming into effect.

82. Dictionary of General Terms

Unless otherwise specified in this Act, the following words and terms shall have meanings assigned to them below:

"Negative List" shall mean those goods and services that may not be sold or supplied to the domestic market even after payment of relevant duties.

“Residents” shall mean following Natural or Legal Persons active in the Maldives economy:

- (i) Every Natural Person who is expected to live in the Maldives for at least one year or more; or
- (ii) Every Legal Person who is expected to carry out an Economic Activity in the Maldives for at least one year or more.

“Foreign Company” shall mean a company where majority of shares issued for the time being out of the authorized share capital of the company are held by a foreign national or nationals, foreign entity or entities.

“Land” shall include Land existing within a Zone at the time Permit is granted, and Land that is created by the Developer in the development of the Zone; and shall further include anything that is permanently attached to such Land and movable property that is permanently attached to it as an integral part of such Land.

“Board” shall mean the Board of Investment created under section 56 of this Act.

“Capital Market Development Authority” shall mean the Capital Market Development Authority created under Act Number 6/2006 (Maldives Financial Securities Act).

“Capital Goods” shall mean physical goods items and things brought into the Investment for purposes of producing its goods and services.

“Concession” shall mean a concession consisting of a right or privilege granted by the Maldives Government on some specific terms; under an Investment Agreement or a Concession Agreement to a Developer of a Zone or an Investor in a Zone to carry out a specific Economic Activity or Investment or Business.

"Consortium" shall mean an association created out of the partnership of two or more Legal Persons acting together to engage in an Economic Activity or carry out a Business or Investment with the intention to make a profit out of it.

"Jurisdiction" shall mean the power or authority vested in a body to look into, entertain or decide a given matter, or a representation of that authority or power.

"Incentives" shall include Concessions, privileges, rights, exemptions, and benefits.

"Initial Permit" shall mean the temporary license granted by the Board to a Developer to submit further detailed documentation if the proposal submitted is in-principle acceptable to the Board.

"Investment" shall mean the Economic Activity that is created or controlled or managed by a Developer of a Zone or an Investor in that Zone, whether that Economic Activity or Business is owned by a local or foreign national, local company or a Foreign Company, and shall include the expenditure incurred in respect of that Economic Activity or Business; and shall further include the expenditure incurred by a Developer in the development of the Urban Facilities.

"Investment Agreement" shall mean the agreement signed between Board and the Developer containing details of the Zone that is permitted to be developed, Economic Activity or Investment that is permitted to be carried out in that Zone, expenditure involved in the development of the Zone, terms applicable to the Investment made in that Zone, Incentives, and guarantees provided by the Government in respect of the Investment.

"Import" shall mean bringing of goods and services into the Maldives from abroad and through a Zone either by sea air or land; or receipt of goods or services by one Investor from another Investor in the same Zone.

“Economic Activity” shall include activities programs projects Businesses carried out in a Zone whether economic or financial in nature and other activities carried out with a view to making a profit.

“Urban Facilities” shall mean primary or physical facilities and infrastructure facilities or services and conveniences established in the development of the Zone.

“Export” shall mean taking out of goods and services from the Maldives to overseas through a Zone either by sea air or land; or supply of goods or services from a customs area to a Developer or an Investor, or supply of goods or services by one Investor to the other Investor in the same Zone.

“Business” shall include Land, moveable or other immoveable property attached to Land, rights and obligations created by law, Incentives and privileges granted by law, sale and purchase of goods, work done with a view to making an profit, work carried out or service provided on commercial terms; and shall further include all goods acquired to carry out such work and all rights and obligations in respect of such undertaking.

“Minister” shall mean the minister of the Maldives Government responsible for formulation and implementation of Government policy in respect of Special Economic Zones; and where there is no such Minister, the senior most Government official acting in his or her place and responsible for discharge of that function.

“Ministry” shall mean the Ministry of the Maldives Government responsible for formulation and implementation of Government policy in respect of Special Economic Zones, irrespective of the name by which it is called; and where there is no such ministry, the relevant government agency acting in its place and responsible for discharge of that function.

“Person” shall include Natural Person whether Maldivian or Foreign, Legal Persons whether registered in the Maldives or elsewhere.

“Maldives Monetary Authority” shall mean the Maldives Monetary Authority created under Act Number 6/81 (Maldives Monetary Authority Act).

“Maldives Customs Territory” shall mean the customs territory created under the Maldives Customs Act where customs control and customs procedures are in place and shall include in that reference the entire territory of Maldives except geographical areas delimited as Zones.

“Natural Person” shall when compared to Legal Persons means, a human being whether Maldivian or foreign.

“Legal Person” shall include companies, partnerships, associations, agencies, boards, and councils.

“Government Company” shall mean either of the follow types of companies: a company whose shares or part of it shares is held in the name of the Maldives State or Maldives Government or whose share capital is formed or held in the name of a sovereign guaranteed from the Maldives State or Maldives Government; a company in which there lies a role of the Maldives Government in appointing and dismissing Board of Directors or in making its decisions; any subsidiary company, related company, joint venture company or Consortium created out of such a company; and any other company or Legal Person created under the Maldives Companies Act as a Government Company.

“Zone” shall mean a geographical area delimited as a Special Economic Zone.

“Tax Relief” shall mean the relief or Concession granted to a Developer or Investor in a Zone as regards the total amount of tax otherwise payable by that Person in relation to the Economic Activity.

“Tax Credit” shall mean the opportunity or benefit given to a Developer or an Investor in a Zone to set off against the total amount of tax otherwise payable by that Person in relation to the Economic Activity.

"Permit" shall mean the Permit issued by the Board to the Developer to commence development of a Zone on examination and review of detailed documentation submitted to the Board by a Developer pursuant to an Initial Permit.

SCHEDULE 1

(with reference to clause 23)

Incentives Granted to Zones

(a) Incentives guaranteed to Developer

(These Incentives are applicable for development of the Zone's infrastructure and provision of other basic services in the Zone)

1. Import Duty is exempted for importation of Capital Goods for development management and operation of the Zone;
2. Exemption from Business Profit Tax;
3. Exemption of Goods and Services Tax for first 10 years;
4. Exemption of Business Profit Tax from Shareholder Dividends;
5. Tax Relief available under specific guidelines;
6. Tax Credit available under specific guidelines;
7. Exemption from payment of Withholding Tax for first 10 years period; and
8. Relaxed rules to bring and recruit expats for employment.

(b) Other Incentives Developer could receive by negotiation and on advice of the Board

(These Incentives are applicable for development of the Zone's infrastructure and provision of other basic services in the Zone)

1. Exemption from Goods and Services Tax for a period exceeding first 10 years;
2. Exemption from Withholding Tax for a period exceeding 10 years;
3. Leasing of Land to Foreign Companies for 66 years; and a further lease for 33 years under a supplementary agreement signed along with the first agreement;

4. Ability to own Land by any company that is not a Foreign Company; and
5. Exemption from any tax with regard to purchase or ownership of Land.

(c) Incentives guaranteed to Investors and Investments and Businesses in the Zone

Industry	Incentive
Hotel and Tourism and Commercial Real Estate	<ol style="list-style-type: none"> 1. Exemption from Import duty due in respect of Capital Goods; 2. Exemption from Business Profit Tax for first 2 years; 3. Exemption from Goods and Services Tax for first 2 years; 4. Exemption from Withholding Tax for first 2 years; 5. Exemption from Business Profit Tax on Shareholder Dividends for first 2 years; and 6. Relaxed rules to bring and recruit expats for employment. <p>If Board decides Zone assists in regional development, the President may under advice of Board, grant additional Incentives to hotel and tourism projects within the Zone, in addition to above Incentives and in accordance with paragraph (d) of this Schedule.</p>
Manufacturing, Logistics, Transportation, building Ports and Communication	<ol style="list-style-type: none"> 1. Exemption from Import duty due in respect of Capital Goods Imported for development management and operation of the Zone;

Service	<ol style="list-style-type: none"> 2. Exemption from Business Profit Tax for first 20 years; 3. Exemption from Goods and Services Tax for first 10 years; 4. Exemption from Withholding Tax for first 10 years; 5. Exemption from Business Profit Tax on Shareholder Dividends for first 15 years; and 6. Relaxed rules to bring and recruit expats for employment.
Education, Health, Housing	<ol style="list-style-type: none"> 1. Exemption from Import duty due in respect of Capital Goods Imported for development of the Zone; 2. Exemption from Business Profit Tax for first 10 years; 3. Exemption from Goods and Services Tax for first 10 years; 4. Exemption from Withholding Tax for first 10 years; 5. Exemption from Business Profit Tax on Shareholder Dividends for first 10 years; and 6. Relaxed rules to bring and recruit expats for employment.
Sports	<ol style="list-style-type: none"> 1. Exemption from Import duty due in respect of Capital Goods Imported for development

	<p>of the Zone;</p> <ol style="list-style-type: none"> 2. Exemption from Business Profit Tax for first 5 years; 3. Exemption from Goods and Services Tax for first 5 years; 4. Exemption from Withholding Tax for first 5 years; 5. Exemption from Business Profit Tax on Shareholder Dividends for first 5 years; and 6. Relaxed rules to bring and recruit expats for employment.
Financial Services	<ol style="list-style-type: none"> 1. Exemption from Import duty due in respect of Capital Goods Imported for development of the Zone; 2. Exemption from Bank Profit Tax for first 10 years; 3. Exemption from Business Profit Tax for first 10 years; 4. Exemption from Goods and Services Tax for first 10 years; 5. Exemption from Withholding Tax for first 5 years; 6. Exemption from Business Profit Tax on Shareholder Dividends for first 5 years; and 7. Relaxed rules to bring and recruit expats for

	employment.
Building and Operating Airports	<ol style="list-style-type: none"> 1. Exemption from Import duty for first 5 years due in respect of Capital Goods Imported for development management and operation of the Zone; 2. Exemption from Business Profit Tax for first 10 years; 3. Exemption from Goods and Services Tax for first 10 years; 4. Exemption from Withholding Tax for first 10 years; 5. Exemption from Business Profit Tax on Shareholder Dividends for first 10 years; and 6. Relaxed rules to bring and recruit expats for employment.
Research and Development	<ol style="list-style-type: none"> 1. Exemption from Import duty due in respect of Capital Goods Imported for development of the Zone; 2. Exemption from Business Profit Tax for first 10 years; 3. Exemption from Goods and Services Tax for first 10 years; 4. Exemption from Withholding Tax for first 10 years; 5. Exemption from Business Profit Tax on

	<p>Shareholder Dividends for first 10 years; and</p> <p>6. Relaxed rules to bring and recruit expats for employment.</p>
Other Businesses	<p>1. Exemption from Import duty due in respect of Capital Goods Imported for development of the Zone;</p> <p>2. Exemption from Business Profit Tax for first 5 years;</p> <p>3. Exemption from Goods and Services Tax for first 5 years;</p> <p>4. Exemption from Withholding Tax for first 5 years;</p> <p>5. Exemption from Business Profit Tax on Shareholder Dividends for first 5 years; and</p> <p>6. Relaxed rules to bring and recruit expats for employment.</p>

(d) In addition to Incentives available for Businesses mentioned in paragraph (c) of this Schedule, the President has the discretion to grant any one or more of the following Incentives based on the attractiveness of the Developer's proposal.

1. Exemption from Business Profit Tax for an extended period.
2. Exemption from Goods and Services Tax for an extended period.
3. Exemption from Withholding Tax for an extended period.

4. Leasing of Land to Foreign Companies for 66 years; and a further lease for 33 years under a supplementary agreement signed along with the first agreement.
5. Opportunity to own Land by Maldivians and locally registered companies fifty one percent of whose shareholding is owned by Maldivian Nationals.
6. Exemption from any tax in purchase of Land.
7. Exemption from Goods and Services Tax for an extended period.
8. Tax Credit under specific guidelines.
9. Tax Relief under specific guidelines.
10. Exemption from Land Rent due under Tourism Act.

(e) Other Incentives provided to Developer and all Investors alike

1. Ability to control inward and outward remittance of money without being subjected to any permission from any authority.
2. Single window clearance and grant of Government approvals in respect of permitted undertakings inside a Zone.

SCHEDULE 2

(with reference to clause 50)

Anti-Corruption Clause

- (a) Neither party to this Agreement has committed an offense of corruption or corrupt activity as defined in the International Convention Against Corruption as consideration to sign this Agreement, obtain this Agreement, or as an encouragement to sign this Agreement, or for having signed this Agreement, or for having facilitated this Agreement, or to have caused this Agreement to be signed in this manner.
- (b) Where a competent court finds that either of the party to this Agreement obtained this Agreement, or facilitated this Agreement to be signed, either through, by reason of, or as a result of an offense of corruption or corrupt activity mentioned in clause (a) above, this Agreement can be held by such competent courts to be void from inception and for that reason rescind this Agreement as an unlawful agreement.
- (c) Where this Agreement is terminated in accordance with clause (b), notwithstanding any other provision in this Act to the contrary, no compensation in respect of any loss or damage suffered by either party to this Agreement may be imposed on any Government Agency, Maldives State, or Maldives Government.