

Maldives

Law on Foreign Investments (1979)

Unofficial translation

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The year indicated in brackets after the title of the law refers to the year of publication in the Official Gazette or, when this is not available, the year of adoption of the law.

Law on Foreign Investments

Law No. 25/79

Section 1

- a) A foreign government or a foreign national or a body incorporated outside the Republic of Maldives may invest in the Republic of Maldives, in accordance with the terms of this Law. The Government of the Republic of Maldives or any part representing the Government, or Maldivian nationals or a body incorporated in the Republic of Maldives may collaborate in such investments.
- b) A Foreign Investment may be made in the Republic of Maldives in accordance with section 3 hereof, in the Ministry of Tourism if the investment is in tourism, and in the Ministry of Trade and Industries in all other investments after signing an agreement and having the investment duly registered in the Ministry of Trade and Industries.

Section 2

The nature and the areas of any Foreign Investment that could so be made in the Republic of Maldives shall be decided by the Ministry of Tourism should the investment be tourism related and by the Ministry of Trade and Industries in all other investments. The said investments shall have a capital acceptable to the Government of the Republic of Maldives.

Section 3

All foreign nationals investing in tourism shall sign an agreement with the Ministry of Tourism. Similarly those investing in all other sectors shall sign an agreement with the Ministry of Trade and Industries. This agreement in respect of the investment shall set out the terms and conditions and the manner of implementation of the investment scheme and programme.

Section 4

Of those foreign parties referred to in section 1. A) of this law, only a bank or a Government recognised by the Government of the Republic of Maldives, or a person or body whose financial status is either guaranteed by a bank or such institution or is acceptable to the Government of the Republic of Maldives, may investment in the Republic of Maldives.

Section 5

An investment made in the Republic of Maldives will be permitted to carry on operations and activities for the full term of the agreement if there is compliance with the Law on Foreign Investments in the Republic of Maldives. And such investments will be duly facilitated by the Government of the Republic of Maldives.

Section 6

The Government of the Republic of Maldives may, without giving any notice or after giving such notice that it deems necessary, suspend an investment before the expiry of the period under the agreement, either where the Foreign Investor indulges in an activity detrimental to the security of the country of where such temporary closure is necessary in the opinion of the Government of the Republic of Maldives in the interests of national security.

Any temporary closure referred to herein would not lead to the Government of the Republic of Maldives or any party representing the Government, or Maldivian nationals incurring any liabilities therefore or thereby nor would it relieve the Foreign Investor of his obligations under an agreement other than the agreement referred to in Section 3 of this Law, subsisting at the closure referred to in this Section.

Section 7

If, after due investigations, it cannot be concluded within sixty days of the temporary closure of an investment referred to in Section 6 of this Law, that the Foreign Investor had, in fact, indulged in activity detrimental to the security of the Republic of Maldives or even contemplated such an act, then the Government of the Republic of Maldives will give fair compensation to the Foreign Investor and allow the Foreign Investor to resume the investment.

Section 8

If a Foreign Investor fails to comply with the Laws of the Republic of Maldives and if there be failure to

comply with the same even after a notice by the Government of the Republic of Maldives to so comply, the Government may closure the investment and terminate the agreement relating to such investment.

Section 9

Capital belonging to an investment that is closed under Section 6 and 8 of this law would be permitted to be taken out of the country in a manner to be agreed on by the parties.

Section 10

If the investment operations in the Republic of Maldives be such that local raw materials could be used, such items shall be obtained and in the process. Provided however, where suitable materials for the processes are not obtainable in sufficient quantities locally, they may be obtained from outside the Republic of Maldives.

Section 11

Maldivian nationals shall be employed in investments in the Republic of Maldives except in those cases where employment of non-nationals becomes necessary.

Section 12

If the items produced by the investment is a requirement of the Maldivian people, a percentage of the production shall, if necessary, be required to be marketed in the Republic of Maldives in a manner to be agreed to by both parties.

Section 13

The profits of the investment in the Republic of Maldives may be remitted out of the country under the terms of the agreement entered into under Section 3 of this Law.

Section 14

The Government of the Republic of Maldives may waive duty and tax investments carried out in the country for a period, the Government, at its discretion specifies. The tax referred to in Law No. 15/79 (Law on Tourism in the Maldives) does not come under the provision of this Law.

Section 15

In the event of disagreement on any matter in regard to the investment made under this Law and on failure to reach an agreement by discussion between the two parties concerned, the matter in dispute shall be dealt with in accordance with the agreement.

Section 16

As from the date of operation, this Law will apply to all Foreign Investments to be made in the Republic of Maldives and also to those already established in the country.

Section 17

In this Law:

- a. "Foreign Investment" means the goods, money and services brought into the Republic of Maldives by Foreign Governments, bodies or Nationals as are referred to in Section 1 and 4 hereof, to undertake an economic activity in the Republic of Maldives, exclusive of those imported by them under Law No. 4/79 relating to Business undertakings of Foreign Nationals in the Republic of Maldives
- b. "Capital" means money and property
- c. "Foreign Investor" includes the shareholders, directors, managers and all the employees of the investment.
- d. "Investment in Tourism" means the construction or the management of a Tourist Resort or a Guest House as referred to in the Note to Law No. 15/79.
- e. The singular as used herein shall include the plural and vice versa.