

MALDIVES TOURISM ACT (Law No. 2/99)

- | | |
|--|--|
| Introduction and Title | 1. (a) This Act provides for the determination of zones and islands for the development of tourism in the Maldives: the leasing of islands for development as tourist resorts, the leasing of land for development as tourist hotels and tourist guesthouses, the leasing of places for development as marinas, the management of all such facilities; and the operation of tourist vessels, diving centers and travel agencies, and the regulation of persons providing such services.

(b) This Act shall be cited as the “Maldives Tourism Act” |
| Leasing of land for development as tourist resorts and tourist hotels, leasing of places for development as marinas and management of such establishments. | 2. The leasing of islands and land for development as tourist resorts and tourist hotels, the leasing of places for development as marinas, the management of tourist resorts, tourist hotels, establishments such as tourist guest houses and marinas; and the operation of tourist vessels, shall all be in accordance with this Act and regulations made under it. |
| Provision of diving and travel agency services | 3. The management of diving centers and travel agencies and the provision of their services in the Maldives shall be in accordance with regulations made under this Act. |
| Determination of tourism zones, islands for development as tourist resorts and places for development as marinas | 4. Zones for the development of tourism in the Maldives, islands for development as tourist resorts and places for development as marinas shall be determined by the President. |

ON TOURIST RESORTS

- Leasing of islands and land for development as tourist resorts.
5. Islands and land for development as tourist resorts shall be leased to the party that submits the best-qualified bid in respect of such islands or land in accordance with pre-established procedures in a public tender held by the Ministry of Tourism. Islands or land in which the Government makes an investment wholly or in joint venture shall be exempted from the procedure provided herein.
- Entering into and the contents of lease agreements.
6. A tourist resort on an island or land leased under this Act shall be developed under a (*lease*) agreement to be entered into between the Government and the lessee of such island or land. This (*lease*) agreement shall contain the following:-
- (a) (the name of) the island or land being leased;
 - (b) the period of the lease;
 - (c) where a specific time period is granted for construction (of the tourist resort) during the term of the lease, such period and commencement date of the operation of the (tourist) resort;
 - (d) circumstances warranting premature termination of the agreement and the procedures to be followed upon such circumstances arising;
 - (e) the amount of the lease rent, method of its assessment and the manner of its payment;
 - (f) the procedures to be followed in the event of a sublease of the (tourist) resort or the transfer of management of the resort to a third party; and
 - (g) the procedures to be followed in the event of a breach of the agreement by the lessee.
- Return of (*tourist*) resort to the government upon expiration or annulment of the (*lease*) agreement
7. (a) An island or land for development as a tourist resort shall be leased subject to the condition that such island or land shall, upon expiration of the period specified in the lease agreement or upon premature annulment of the agreement, be returned to the Government in the same condition as it existed when the resort was under operation, in order for the Government to act in accordance with subsection (b) of this section.

- (b) Upon expiration of the lease period of an island or land for development as a tourist resort or upon annulment of the agreement prior to the expiration of its terms other than either at the request of the lessee or on breach of the agreement by the lessee, and upon return of the island or land to the Government, the monetary value of the buildings and items on the island or land, after an assessment has been made in accordance with principles determined by the Auditor General of the Maldives and after deducting an amount for depreciation until the date of return of the island or land to the Government, shall be paid by the Government to the former lessee within two years from the date of the return of that island or land.
- (c) Where an island or land returned to the Government in the circumstances specified in subsection (b) of this section either upon expiration of the lease period or upon annulment of the (lease) agreement prior to the expiration of its term, is leased under section 11 of this Act to the former lessee of the island or land, the monetary value in respect of the buildings and items on the island or land as provided in subsection (b) of this section shall not be payable to that lessee.

Lease period

- 8. Save for islands and land leased for development as tourist resorts as provided in section 9 of this Act, islands or land for development as tourist resorts shall be leased for a maximum period of 25 years from the date of possession of the island or land is granted to the lessee.

Circumstances where lease is granted for a period exceeding 25 years

- 9. (a) Where the initial investment made for the development of a tourist resort on an island or land exceeds US\$ 10 million, the Government may in its discretion grant a lease of the island or land for a maximum period of 35 years after due consideration is made of the size of the investment and the standard of the proposed resort.
- (b) Where the lessee of an island or land for development of a tourist resort is a public company that meets all of the conditions specified below, such island or land may be leased for a period of 50 years.
 - (i) the (public) company is registered in the Maldives;
 - (ii) the development and operation of tourist resorts is included as an object in the memorandum of association of the (public) company;

- (iii) the (public) company's shareholders are all Maldivian citizens and at least 50% of the company's shares are sold to the public;
- (iv) no more than 1% of the publicly-held shares are held by a single shareholder except where the shareholder is an investment company, in which case no more than 5% of the publicly-held shares should be held by that investment company; and the shares were sold to the public in a manner feasible for members of the public to purchase them and the shares were not sold to a determinate group of persons.

- Extension of (*lease*) periods
10. (a) Upon the coming into force of this Act, an additional 4 years shall be granted to the lease period of an island or land leased for development as a tourist resort prior to the coming into force of this Act.
- (b) An additional 25 years shall be granted to the lease period of an island or land leased for development as a tourist resort upon application for such extension provided that the lessee has registered as a public company, has sold at least 50% of its shares to the public and satisfies the conditions specified in subsection 9(b) of this Act, and provided further that the application for the extension of the lease period was made within 4 years from the date of the coming into force of this Act or within 4 years from the date of possession of the island or land was granted in the case of a lessee to whom an island or land was leased after the coming into force of this Act.
- (c) If a lessee of an island or land leased for development as a tourist resort has registered as a public company, has sold at least 50% of its shares to the public and has made an application for an extension of the lease period in respect of such island or land, then, provided such company satisfies the conditions set forth in subsection 9(b) of this Act, an additional 20 years shall be granted to the lease period of such island or land where the application was made after a lapse of 4 years from the commencement of the lease period but before the expiration of half of the term of the lease period, and if the application is made at any time after the expiration of half of the term of the lease period, then an additional period equivalent to the term of the lease period shall be granted to the lease period.

- Procedure upon expiration or annulment of lease
11. (a) Upon expiration of the term of the lease agreement of an island or land leased for development as a tourist resort or upon expiration of the period extended under section 10 of this Act or where the lessee is divested or possession of the island or land due to annulment of the agreement prior to the expiration of the lease period, then a fresh lease in respect of such island or land may be made in accordance with the manner provided in section 5 of this Act and for a period specified in this Act.
- (b) Parties wishing to lease an island or land placed in public tender to be leased afresh in accordance with subsection (a) of this section shall when submitting their bid undertake that in the event the lease is granted to such party, they will pay to the Government the monetary value of the buildings and items on the island as assessed in accordance with the principles determined by the Auditor General of the Maldives after an amount has been deducted for depreciation, within 1 year from the date of possession of the island or land is granted to such party; provided, however, that where the former lessee of such an island or land submits a bid to lease the island or land afresh, such a lessee shall not be required to undertake to pay the monetary value of the (*buildings and*) items on the island.
- Assigning lessee's rights to third parties
12. An investment made on an island or land leased by the Government for development as a tourist resort may be sold or the leasehold rights accruing to a lessee under an agreement made between the Government and the lessee may be sold or transferred or the shares of a lessee o an island or land that is a company may be transferred upon obtaining written approval from the Ministry of Tourism and in accordance with any conditions stipulated by that Ministry. The transfer of shares of public companies is excluded from this provision.
- Conversion of a public company to a private company while having a lease of an island
13. Where the lessee is a public company that has the lease of an island or land for a period of 50 years under section 9(b) of this Act or for a period extended under section 10, and either converts to a private company or fails to satisfy any of the conditions specified in section 9(b) of this Act, then the period of extension of the lease granted to such company by reason of being a public company shall be deducted.

- Divesting possession for the defense of the Maldives 14. (a) Where an island or land leased under this Act for development as a tourist resort is required for defence of the Maldives, possession of such island or land may be divested from the lessee without any prior notice being given to that effect. Save as provided herein, the possession of an island or land may be divested from the lessee prior to the expiration of the lease only in accordance with the provisions of the [lease] agreement of such island or land.
- (b) Where possession of an island or land leased for development as a tourist resort is divested pursuant to subsection (a) of this section on the grounds of it being required for defence of the Maldives, equitable compensation shall be paid in respect of the investment made on such island or land.
- Felling of coconut palms and trees, dredging of lagoon and carrying out such activities. 15. (a) Felling of coconut palms and trees on an island or land leased for development as a tourist resort, dredging of the lagoon of such an island, reclamation of land, or any other activity determined by the Ministry of Tourism as may be likely to cause a permanent change to the [natural] environment of such places, may only be carried out after obtaining written permission from that Ministry and in accordance with relevant regulations made by it.
- (b) Any application pursuant to subsection (a) of this section for permission of the Ministry of Tourism to carry out dredging of the lagoon of an island or reclamation of land or any other activity that may cause a permanent change to the [natural] environment of such a place shall contain the following.
- i. evidence that the proposed change is fundamental for the provision of services from such a place; and
 - ii. an environmental impact assessment report submitted to and approved by the Ministry of Home Affairs, Housing and Environment.
- License to operate tourist resort. 16. (a) Every resort developed on an island or land leased in accordance with section 5 of this Act shall be operated after registering the same at the Ministry of Tourism and after obtaining a license issued by the Ministry of Tourism to operate a tourist resort.

- (b) A license to operate a tourist resort shall be issued in respect of establishments that satisfy the following conditions:-
- i. the construction [of the tourist resort] is completed in accordance with guidelines determined by the Ministry of Tourism; and
 - ii. the services determined by the Ministry of Tourism to be necessary at such establishments are made available at the tourist resort.

ON TOURIST HOTELS AND TOURIST GUESTHOUSES

- | | |
|---|--|
| Registration and obtaining license for operation | 17. Neither a tourist hotel nor a tourist guesthouse shall be operated in the Maldives except after registering the same at the Ministry of Tourism and after obtaining a license issued by the Ministry to operate such establishments. |
| Establishment to which licenses shall be issued | 18. A license to operate a tourist hotel or a tourist guesthouse shall be issued to those establishments that satisfy the following conditions:- <ol style="list-style-type: none">i. the building and facilities are in accordance with guidelines made by the Ministry of Tourism;ii. the services determined by the Ministry of Tourism to be necessary at such establishment are made available at the tourist hotel or tourist guesthouse.iii. the registration fee prescribed in section 21 of this Act is paid; andiv. the establishment is situated on an island determined pursuant to section 4 of this Act for the development of tourism. |
| Leasing of land for development as tourist hotels and tourist guesthouses | 19. Where the Government leases any land for development as a tourist hotel or a tourist guesthouse, such a lease shall be made in accordance with the provisions of this Act relating to the leasing of islands or land for development as tourist resorts. Furthermore, the provisions of this Act relating to tourist resorts shall also apply <i>[equally]</i> in respect of tourist hotels and tourist guesthouses. |

Tourist hotels and tourist guesthouses where tourists can be accommodated 20. No tourist shall be provided accommodation for payment in any establishment other than a tourist hotel or tourist guesthouse registered and licensed under this Act or a tourist resort or tourist vessel licensed under this Act.

Registration fee 21. Every tourist hotel or tourist guesthouse shall be registered upon payment of a registration fee of MRf 10,000 in the case of a tourist hotel and MRf 5,000 in the case of a tourist guesthouse.

ON TOURIST VESSELS

Obtaining license to operate tourist vessels 22. No tourist vessel shall be operated in the Maldives except after obtaining a license from the Ministry of Tourism to operate such a vessel.

Vessels to which license shall be issued 23. A license for the operation of a tourist vessel shall be issued to vessels that satisfy the following conditions:-
(a) the vessel and its facilities comply with guidelines determined by the Ministry of Tourism
(b) the services determined by the Ministry of Tourism to be necessary on such vessel are made available on the vessel; and
(c) the vessel is duly registered at the Ministry of Transport and Civil Aviation.

Operation of foreign tourist vessels in the Maldives 24. (a) No foreign-registered tourist vessel arriving in the Maldives shall travel or anchor within any of the territorial waters of the Maldives except after obtaining permission from the relevant Government authorities and from the Ministry of Tourism in accordance with its determined regulations.
(b) The permission referred to in sub-section (a) of this section for traveling and anchoring in the Maldives shall be issued by the Ministry of Tourism upon payment of a fee of MRf 5,000. The [foreign-registered tourist] vessel's local agent in the Maldives shall be liable for the payment of this fee.

ON MARINAS

- Places for development and operation of marinas
25. Marinas shall be developed and operated in the Maldives at such places leased pursuant to section 26 of this Act.
- Leasing of places for development as marinas
26. Places for development as marinas shall be leased in accordance with the provisions of this Act relating to the leasing of islands and land for development as tourist resorts. Furthermore, the provisions of this Act relating to tourist resorts shall also apply *[equally]* in respect of marinas.
- Development and operation of marinas
27. Marinas shall be developed and operated after obtaining a license issued by the Ministry of Tourism to operate such places and in compliance with guidelines determined by that Ministry in relation to the development and operation of marinas.
- Conditions for issuing the license
28. The license referred to in section 27 of this Act for the operation of marinas shall be issued in respect of marinas that satisfy the following conditions:-
- (a) [the marina] is built in compliance with the guidelines determined by the Ministry of Tourism and is in possession of the required permission from the relevant Government authorities; and
 - (b) the services determined by the Ministry of Tourism to be necessary at such place are made available from the marina.

ON DIVING CENTRES

- Registration and obtaining license for operation
29. No diving center providing services to tourists shall be operated in the Maldives except after registering the same at the Ministry of Tourism and after obtaining a license [to do so] issued by that Ministry.
- Parties to which license shall be issued
30. The license referred to in section 29 of this Act for the operation of a diving center shall be issued to parties that satisfy the following conditions:-

- (a) where the party is a company or other business organization, the operation of diving centers is included as an object in the memorandum of association of that company or business organization;
- (b) where the party is a foreign company or business organization, it is registered at the Ministry of Trade and industries as a company or business organization carrying on business in the Maldives;
- (c) the [physical] presence of a diving center operated in accordance with the guidelines provided in the regulations made under this Act, and the services determined by the Ministry of Tourism to be necessary at such center are made available at the diving center; and
- (d) the registration fee prescribed in section 31 of this Act is paid.

Registration fee 31. A diving center referred to in section 29 of this Act shall be registered upon payment of a registration fee of MRf 5,000.

ON TRAVEL AGENTS

Registration of travel agents and obtaining license 32. No person shall provide travel agency services in the Maldives except after obtaining a license *[to do so]* issued by the Ministry of Tourism.

Parties to which license shall be issued 33. A license to provide travel agency services shall be issued to parties that satisfy the following conditions:-

- (a) where the party is a company or other business organization, the provision of travel agency services is included as an object in the memorandum of association of that company or business organization;
- (b) where the party is a foreign company or business organization, it is registered at the Ministry of Trade and Industries as a company or business organization carrying on business in the Maldives; and
- (c) the [physical] presence of an office operated in compliance with guidelines provided in regulations made under this Act, and the services determined by the Ministry of Tourism to be necessary at such office are made available from the travel agency.

- Acting as tour guides
34. (a) No person shall act as a tour guide in the Maldives except after obtaining permission from the Ministry of Tourism in accordance with regulations made by that Ministry.
- (b) Every person acting as a tour guide shall, whilst acting in the course of business as a tour guide, attach to his attire in a manner identifiable to others the permission issued to him.

TAX

- Tax
35. (a) The sum of US\$ 8, or its equivalent in a foreign currency acceptable to the Maldives Monetary Authority, shall be collected as tax payable to the Government of the Maldives from each tourist per day of stay at a tourist resort, tourist hotel, tourist guesthouse or tourist vessel. The management of the establishment where the tourist was provided accommodation shall be liable for collection of that tax from tourists and payment of the due amount to the Government. The amount of tax due in respect of the preceding month shall be paid before the 15th day of the current month.
- (b) The tax referred to in subsection (a) of this section shall be collected for each day of stay in the Maldives from every tourist that is on board every tourist vessel which has been granted permission under section 24 of this Act, except for those vessels referred to in subsection (c) of this section. The tax shall be paid to the Government prior to the departure of the tourist vessel from the Maldives. The liability as regards payment of the tax shall be borne by the tourist vessel's local agent.
- (c) Any foreign-registered tourist vessel arriving in the Maldives and staying within its territorial waters for a period not exceeding 24 hours shall not be required to pay the tax referred to in subsection (a) and (b) of this section.
- Provision of information relating to tourists
36. Information regarding tourists that were resident in the tourist resort, tourist hotel, tourist guesthouse or tourist vessel during the preceding month shall be submitted to the Department of Inland Revenue before the 8th day of the current month. Such information shall be submitted in accordance with regulations made by that Department and in a format as may be determined by it.

- Imposition of fine and revocation of licenses on failure to pay tax
37. (a) Where the management of a tourist resort, tourist hotel or tourist guesthouse or the operator of a tourist vessel is in violation of this Act as regards payment of tax due, a fine of MRf 1,000 per bed registered at such establishment or vessel at the time of such violation shall be paid to the Department of Inland Revenue in addition to the payment of overdue tax.
- (b) The tax referred to in section 35 of this Act and the fines referred to in subsection (a) of this section shall be paid by the end of the current month. In the event of default in payment during that period, the license issued to operate such an establishment shall be revoked.
- (c) Where a license is revoked under sub-section (b) of this section, it shall be re-issued upon settlement of the defaulted payment of tax and fine.
- Guests exempted from collection of tourism tax
38. Guests of the Government that are accorded special immunities and privileges shall be exempted from the collected of tax specified in this Act.

MISCELLANEOUS MATTERS

- Foreigners engaging in any tourism related activity
39. No foreign party shall engage in any tourism related activity referred to in this Act in the Maldives except after entering into the agreement specified in Act No. 25/79 (Maldives Foreign Investments Act) and after registering the investment at the Ministry of Tourism in accordance with the provisions of that Act.
- Exemption of import duty on construction materials
40. The President shall have the discretion to determine the principles for exemption of import duties on materials imported for the construction of tourist resorts or tourist hotels situated on land leased for the development of such under this Act, the construction of marinas or for the purposes of the upgradation of such establishments, and to exempt such duty in accordance with those principles.
- Provision of information to Ministry of Tourism.
41. All parties engaged in tourism related activities shall, in accordance with regulations stipulated by the Ministry of Tourism, provide it with information required to prepare the tourism statistics of the Maldives.

- Duration and renewal of licenses. 42. Licenses for the operation of tourist resorts, tourist hotels, tourist guesthouses, marinas, tourist vessels, diving centers and travel agencies shall be issued under this Act for a period of 5 years. All other licenses shall be issued for the period stated in regulations made by the Ministry of Tourism. Licenses shall be renewed upon expiration of the period for which they have been issued.
- Display of Licenses 43. All licenses issued under this Act shall, unless otherwise provided in this Act, be displayed in a prominent manner in the establishment to which the license was issued.
- Determination of standard of services 44. The Ministry of Tourism shall have the discretion to classify tourist resorts, tourist hotels, tourist guesthouses and tourist vessels into various classes and to determine the services and standards of those services to be provided by such establishments based upon their classifications.
- Right to monitor standard of services 45. The Ministry of Tourism shall have the discretion to monitor tourist resorts, tourist hotels, tourist guesthouses, tourist vessels, marinas, diving centers and travel agencies and to ensure that the services provided by such establishments are in accordance with guidelines determined by the Ministry of Tourism, the provisions of this Act and any regulations made under it.
- Imposition of fine and suspension of license on failure to meet standards. 46. Where the standard of service provided by a tourist resort, tourist hotel, tourist guesthouse, tourist vessel, marina, diving center or travel agency falls below the guidelines determined by the Ministry of Tourism, then the Ministry may in its discretion impose upon such establishment a fine not exceeding MRf 1,000,000 and, taking into account the extent of the default, suspend the license issued to the establishment until the default is rectified.
- Penalty 47. Except where it is otherwise stated in any other provision of this Act, a party in default of a provision of this Act shall be fined by an amount not exceeding MRf 100,000.

- Registration and obtaining licenses by establishments not registered or licensed prior to the coming into force of this act
48. Those establishments specified in this Act as being required to be registered or licensed but which are not either registered or licensed prior to the coming into force of this Act, shall be registered or licensed within 1 year of the date of the coming into force of this Act.
- Formulation of regulations.
49. Any regulations that are required to be made under this Act, unless specified otherwise, shall be made and enforced by a party determined by the President for such purpose.
- Definitions
50. In this Act, unless the context otherwise requires:-
- (a) “tourist resort” means an island or a designated area of an island that has been developed to accommodate tourists and to provide board and lodging facilities for them;
 - (b) “tourist hotel” means an establishment, other than a tourist resort or tourist guesthouse, that has been developed to provide board and lodging or [only] lodging for tourists for a payment decided at a certain rate per day of stay;
 - (c) “tourist guesthouse” means an establishment, other than a tourist resort or a tourist hotel, that has been developed, in compliance with standards determined by the Ministry of Tourism, to provide board and lodging or [only] lodging for tourists for a payment decided at a certain rate per day of stay;
 - (d) “tourist vessel” means a seagoing vessel that has been developed, in compliance with standards determined by the Ministry of Tourism, to provide board and lodging for tourists for a payment decided at a certain rate per day of stay on board such vessel;
 - (e) “marina” means harbors developed for anchoring yachts and such vessels and to provide various services to those vessels;
 - (f) “diving centers” means diving schools, diving bases and all other parties that provide diving services for tourists;
 - (g) “travel agency service” means services provided by travel agents, tour operators and other parties engaged in

arranging travel on a commercial basis for persons travelling to or from the Republic of Maldives and excludes those organizing Hajj and Umra [pilgrimages] for Maldivian citizens;

- (h) “investment company” means bank, insurance companies and such financial companies and institutions formed to manage and invest funds of various persons; and
- (i) “tourist” means every person that enters the Maldives who is not a Maldivian citizen and is not possession of a “resident permit”. A ‘resident permit” is a permit issued pursuant to regulations of the relevant authorities permitting an individual to be resident in the Maldives whilst not being a tourist.

Laws repealed

51. Upon the coming into force of this Act, Act No. 15/79 (Law on Tourism in the Maldives) and Act No. 3/94 (Law on Leasing of Uninhabited Islands for the Development of Tourist Resorts) shall be repealed.