

UNOFFICIAL WORKING TRANSLATION

Law No. 20/2010

Act on the Second Amendment to the Maldives Tourism Act (Law No. 2/99)

Incorporate the following amendments to the Maldives Tourism Act (Law No. 2/99):

1. Change all references in the aforesaid Act to the Ministry of Tourism to references to "Tourism Ministry".
2. Amend Section 6(e) of the aforesaid Act as follows:

(e) the amount of lease rent and the manner of its payment.

3. Add a Section after Section 6 of the aforesaid Act as follows and to renumber the subsequent Sections in order.

Rent 7. (a) Lease rent for lands or islands leased to develop tourist resorts, tourist hotels and tourist guesthouses under this Act, shall be paid in accordance with this Section.

1. Where the land area is less than 200,000 square metres and the rent payable exceeds 1,000,000/- (United States Dollars One Million), the rent payable annually from such land shall be fixed at 1,000,000/- (United States Dollars One Million). Where the rent payable from the land is less than 1,000,000/- (One Million United States Dollars), the rent payable annually from such land shall be the amount arrived at after having calculating the rent at the rate of 8 (Eight) United States Dollars per square metres of land.
2. Where the land area is between 200,001 (Two Thousand and One) square meters and 400,000 (Four Thousand) square meters, the rent payable annually from such land shall be 1,500,000/- (United States Dollars One Million Five Hundred Thousand).
3. Where the rent payable from a land larger than 400,001 (four thousand and one) square metres exceeds 2,000,000/- (United States Dollars Two Million), the rent payable annually from such land shall be 2,000,000/- (United States Dollars Two Million).

(b) From the date this Act comes into force, rent for lands or islands leased for the development of tourist resorts, tourist hotels and tourist guesthouses prior to coming into force of this Second Amendment to the Maldives Tourism Act (Law No. 2/99), shall also be paid as stated in subsections (1), (2) and (3) of this Section.

(c) This Section of this Act shall come into force upon the law on levying taxes from goods sold and services provided from tourist establishments being passed by the People's Majlis, published in the Government Gazette and upon commencement of taxation pursuant to the law.

4. Amend Section 8 of the aforesaid law as follows:

(a) Under this Act, lands and islands to develop tourist resorts may be leased for a maximum period of 50 years, starting from the date possession of the island is granted to the lessee.

(b) Where the lessee of an island or land leased to develop a tourist resort before the second amendment to Law No. 2/99 (Maldives Tourism Act) comes into force has requested for the extension of the period of the lease, the period for which such land or island is leased to such party may be extended in accordance with sub-section (c) of this Section, in a manner that the period of lease to such party does not exceed 50(fifty) calendar years from the date of such lease.

(c) Where a lessee of an island or land leased prior to this Act being passed and published in the government gazette, requests the Tourism Ministry for the extension of the lease period of such a lease, lease period of such land or island shall be extended after payment of a fee of 100,000/- (United States Dollars One Million) for every extended year.

(d) The fee payable pursuant to subsection(c) of this Section shall be paid after the total fee payable is divided within the period of extension.

(e) Where the lessee of islands and lands in operation at the time of the ratification of this Act and its publication in the government gazette, wants to extend the lease period of such land or island, extension shall be completed within 18 months.

(f) Where the lessee of islands and lands the operation of which has not commenced at the time of the ratification of this Act and its publication in the government gazette, wants to extend the lease period of such land or island, extension shall be completed within 36 months.

(g) Where requests to the Tourism Ministry are made by parties in the manner specified in sub-section (d) and (e) of this Section, they shall be processed and completed within 4 months by the Tourism Ministry.

5. Amend Section 9 of the aforesaid law as follows:

Where the lessee of an island or land for the development of a tourist resort or a party requesting to develop a tourist resort in an island or land fulfills the following conditions and is a public company, the land or island shall be leased for a period of 99 (ninety nine) years.

- (1) The (public) company is registered in the Maldives.
- (2) The development and operation of tourist resorts is included as an object in the memorandum of association of the (public) company.
- (3) That a minimum of 55% of the shares of the (public) company are sold to the public.

6. Repeal Section 10 of the aforesaid Act and renumber the subsequent sections.

7. Amend Section 13 of the aforesaid Act as follows:

Where the lessee is a public company that has the lease of an island or land for a period of 99 years under section 9 of this Act, and where the company converts to a private company or a condition stated in Section 9 of this law is no longer fulfilled by the company, then the period of extension of the lease granted to such company by reason of being a public company shall be deducted.

8. Add the following sub-section to Section 35 of the aforesaid law:

(d) Upon completion of 3 (three) years from the date of imposition of the tax on goods sold and services provided at tourist establishments, the tax referred to in sub-section (a) of this Section shall no longer apply.

9. Renumber the Sections of the aforesaid Act after incorporating the insertions and deletions referred to in this Act.

10. Amend references to specific sections or part of a section in the aforesaid Act to reflect the amendments brought by this Act.

11. This law shall come into force upon it being passed, ratified and published in the Gazette of the Government of Maldives.
