

GLOBAL HIRING GUIDE

Maldives





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Table of Contents

01 Basic Country Facts

02 Statutory Labor Requirements

- Probation Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Paternity Leave
- Sick Leave
- Work Hours
- Overtime
- Notice Period
- 13th Month

03 Income Tax

04 Social Security

05 Deductible Expenses

- Personal Deductions

06 Immigration

07 Value Added Tax (VAT)

08 Withholding Tax

09 Termination

10 Statutory Benefits

01

BASIC COUNTRY FACTS

— **Full Name**
Republic Of Maldives

— **Capital**
Malé

— **Main Languages**
Dhivehi
Malé

— **Population**
521,457

— **Monetary Unit**
Maldivian Rufiyaa

— **Internet Domain**
.mv

— **International Dialing Code**
+960

— **Currency**
Maldivian rufiyaa



02

STATUTORY LABOR REQUIREMENTS

Probation Period

- The maximum duration of probation period is three (3) months.

Annual Leave

- After working for one year for your company, employees should get 30 days of paid annual leave

Public Holidays

1. New Year's Day
2. First day of Ramadan
3. Labor Day
4. Eid al-Fitr
5. Independence Day (of Maldives)
6. Hajj
7. Eid al-Adha
8. Islamic New Year
9. Qaumeedhuvas
10. Prophet's Birthday
11. Victory Day
12. Republic Day (in Maldives)
13. The Day Maldives Embraced Islam

Maternity Leave

- Female employees are entitled to 6 months of paid maternity leave.

Paternity Leave

- Male employees are entitled to 1 month of paid paternity leave.

Sick Leave

- The employer is required to grant thirty days of paid sick leave to the employee during every year of employment.

Work Hours

- The standard work week in Maldives is 48 hours per week or eight hours a day, Sundays to Thursdays.

Overtime

- An employee working overtime shall be paid 1 ¼ times his hourly working wage as over time, and if working overtime on a Friday or a public holiday shall be paid 1 ½ times his hourly working wage as over time.

Notice Period

- Employment agreements of indefinite term shall only be terminated after giving the minimum notice specified below:
 - two weeks' notice for any person in employment for more than six months but less than one year;
 - one month's notice for any person in employment for more than one year but less than five years;
 - two months' notice for any person in employment for more than five years.

13th Month

- 13th month pay is not mandatory



03

INCOME TAX

- A tax resident in Maldives is subject to income tax on worldwide income.
- A non-resident and a temporary resident is taxable in respect of income that is derived from Maldives.
- An individual (resident, non-resident, and temporary resident shall be taxed on one's taxable income at the following rates:

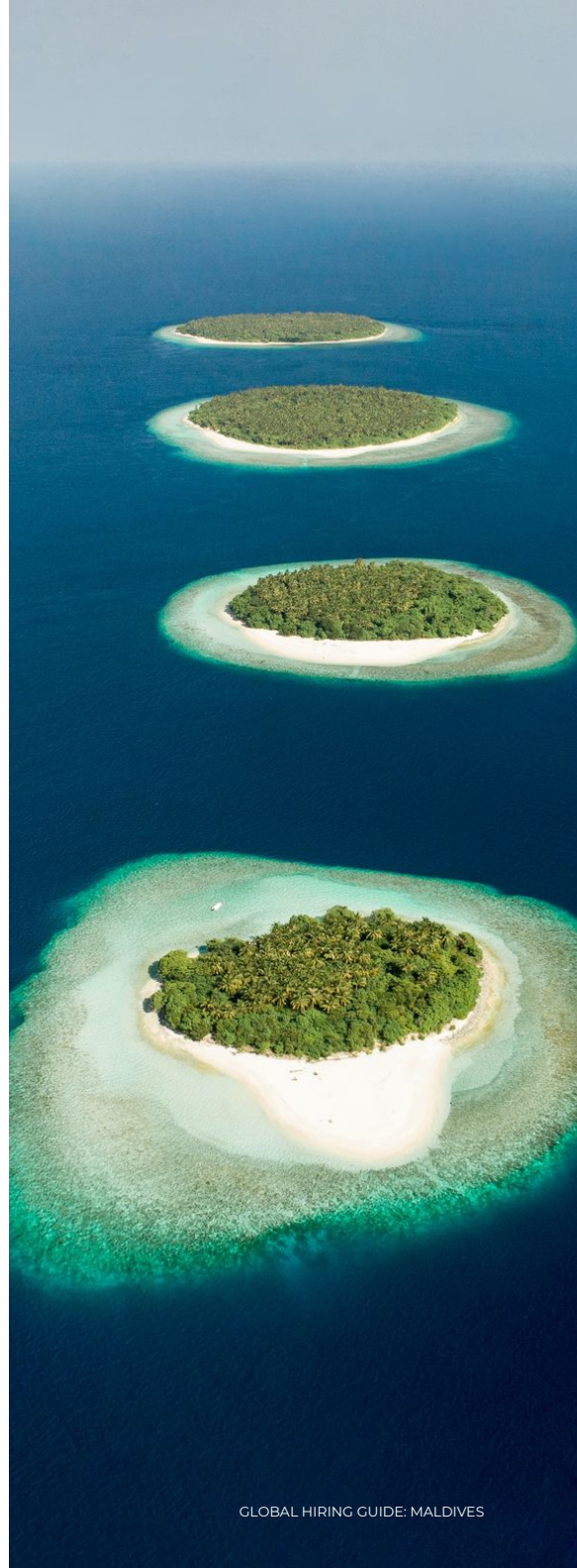
TAX BRACKET (TAXABLE INCOME PER TAX YEAR) (MVR)	TAX RATE (%)
Not Exceeding 720,000	0
More Than 720,000 But Not Exceeding 1,200,000	5.5
More Than 1,200,000 But Not Exceeding 1,800,000	8
More Than 1,800,000 But Not Exceeding 2,400,000	12
More Than 2,400,000	15

04

SOCIAL SECURITY

- In accordance with Section 12 of the Pension Act, it is obligatory upon the employer and the employees who have not attained the age of pension to participate in the Retirement Pension Scheme of the Maldives.
- The employment contract shall provide for deduction of pension contribution by the employees.
- The participation in the Retirement Pension Scheme by a Maldivian employee employed in the Maldives is mandatory irrespective of his/her participation in other pension scheme in or outside Maldives.
- However, participation by a foreign employee is, at present, voluntary.
- Every person who is considered a participant of the Retirement Pension Scheme of the Maldives shall pay a minimum of 7% of the employee's pensionable wage, and the employer shall also pay a minimum of 7% of the pensionable wage to the scheme.

CONTRIBUTION	EMPLOYER	EMPLOYEE
Pension Scheme	7%	7%



05

DEDUCTIBLE EXPENSES

Personal Deductions

- The following expenses are allowed from the personal income of an individual:
 - Payment of zaka al-mal by a person to the relevant government institution.
 - Payment made by a person to the Maldives Retirement Pension Scheme established under the Maldives Pension Act.

Charitable Contributions

- Donations made by a taxpayer to a State institution or a charitable organization approved by the Commissioner General of Taxation are deductible.
- The maximum amount that may be deducted shall be 5% of the taxable income derived before the deduction of donation.

Life Insurance Premiums

- A premium payable to an issuer under a life insurance policy is not eligible for deduction unless the premium is payable:
 - by a person who is carrying on a business under a key person insurance policy
 - that covers the life of a key employee in that business, and

- the proceeds of such a policy are payable to the person who carries on the business and constitute part or the whole of the total income of that person.

Mortgage Interest Expenses

- Interest paid on a loan obtained from any person, except a bank or a non-banking financial institution approved by the Commissioner General, by an individual for the purpose of deriving the person's total income shall be deductible, up to a maximum amount of 6% per annum, in the computation of that person's taxable income.

DEDUCTIBLE EXPENSES

Personal Deductions

	<ul style="list-style-type: none">• The following expenses are allowed from the personal income of an individual:<ul style="list-style-type: none">→ Payment of zakat al-mal by a person to the relevant government institution,→ Payment made by a person to the Maldives Retirement Pension Scheme established under the Maldives Pension Act
Charitable Contributions	<ul style="list-style-type: none">• Donations made by a taxpayer to a State institution or a charitable organization approved by the Commissioner General of Taxation are deductible.• The maximum amount that may be deducted shall be 5% of the taxable income derived before the deduction of donation.
Life Insurance Premiums	<ul style="list-style-type: none">• A premium payable to an issuer under a life insurance policy is not eligible for deduction unless the premium is payable:<ul style="list-style-type: none">→ by a person who is carrying on a business→ under a key person insurance policy that covers the life of a key employee in that business, and→ the proceeds of such policy are payable to the person who carries on the business and constitute part or the whole of the total income of that person.
Mortgage Interest Expenses	<ul style="list-style-type: none">• Interest paid on a loan obtained from any person, except a bank or a non-banking financial institution approved by the Commissioner General, by an individual for the purpose of deriving the person's total income shall be deductible, up to a maximum amount of 6% per annum, in the computation of that person's taxable income.

06

IMMIGRATION

Immigration

- Visitors of all nationalities are eligible for a free, 30-day tourist visa in the Maldives.
- There's a possibility to extend the visa by 60 days as long as your employee is in a suitable financial situation to remain the full 90 days.
- Although a tourist visa allows foreigners to enter the country, it does not permit work.
- Foreigners going to the Maldives for employment are required to obtain a work permit from the employer.
- Work permits are issued by Maldives Immigration, which requires that employers deposit a sum of money as a work permit deposit for each employee.
- A monthly visa fee of MVR250 applies for foreign workers.
- Business visas also can be obtained from a Maldivian sponsor for a maximum of 90 days.



TYPE OF VISA	DOCUMENTATION	VALIDITY	ELIGIBILITY
Tourist Visa	<ul style="list-style-type: none"> • Valid passport • Passport size photographs • Completed application form • Return ticket 	90 days	Foreigners seeking to visit Maldives for tourism purposes must obtain a tourist visa
Business Visa	<ul style="list-style-type: none"> • Valid passport • Passport size photographs • Completed application form • Return ticket • Invitation letter 	90 days	Foreigners seeking to visit Maldives for business purposes must obtain a business visa
Work Permit	<ul style="list-style-type: none"> • Passport of the employee • Copy of the Employment Approval • Passport size photo • Medical health screening report of the employee issued from a Hospital/Clinic authorized by the relevant government authority • Work Visa submission receipt (IM29) • A machine readable (MRZ) Passport Bio-data page copy of the applicant • Completed Disembarkation/Embarkation Card approved by Maldives Immigration • Yellow Fever Vaccination Certificate, if applicable 	1 year	Foreigners seeking employment in Maldives must obtain a work permit

07

VALUE ADD TAX

Value Added Tax

- The supply of goods and services in Maldives is subject to a tax (GST) at the rate of 6% on the value of goods and services.
- The supply of tourism goods and services is subject to 12% tax on the value of goods and services.

VAT	
Higher Rate	12%
Standard Rate	6%

08

WITHHOLDING TAX

Withholding Tax

- In accordance with Section 55(a) of the Income Tax Act, the following payments made by a person carrying on business in Maldives to a non-resident are subject to WHT:
 - Rent in relation to immovable property situated in Maldives.
 - Royalties.
 - Interests (except interest payable to a bank or financial institutions approved by the MIRA).
 - Dividends.
 - Fees for technical services.
 - Commissions paid in respect of services performed in Maldives.
 - Payments in respect of performance by public entertainers in Maldives.
 - Payments made for carrying out research and development in Maldives.
 - Payments made to a non-resident contractor.
 - Insurance premiums.
 - Reinsurance premiums.

TYPE OF INCOME RECEIVED BY THE NON-RESIDENT	WHT RATE (%)
Income specified in Section 55(a) of the Income Tax Act	10
Reinsurance premium	3

09

TERMINATION

- Employment agreements of indefinite term shall only be terminated after giving the minimum notice specified below:
 - two weeks' notice for any person in employment for more than six months but less than one year;
 - one month's notice for any person in employment for more than one year but less than five years;
 - two months' notice for any person in employment for more than five years.
- Employment can be terminated without notice provided that the employee's wages and other benefits for the required notice period (from the date of commencement of the notice period to the date of termination of the notice period) has been paid in lieu of notice.

10

STATUTORY BENEFITS

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, paternity leave, overtime pay, notice period, and severance pay
- Statutory benefits also include social security benefits

STATUTORY BENEFITS

- Probationary Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Paternity Leave
- Sick Leave
- Overtime Pay
- Notice Period
- Severance Pay
- Social Security Benefits





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