



**Brussels, 23 November 2021
(OR. en)**

14284/21

FISC 208

OUTCOME OF PROCEEDINGS

From:	General Secretariat of the Council
To:	Code of Conduct Group (Business Taxation)
Subject:	Maldives' Foreign source income exemption (MV002) - Final description and assessment

ROLLBACK REVIEW PROCESS

On 5 December 2019, Maldives received a letter from the Chair of the Code of Conduct Group (COCG) conveying the message that the Group had identified a foreign-source income exemption (FSIE) regime in Maldives and inviting the authorities to cooperate with the Commission Services to discuss the features of the regime. The decision of the COCG had considered the legislation in force at that time, i.e. in December 2019.

In particular, Maldives' Business Profits Tax Act (BTPA), as in force at that time, implied a significantly lower effective level of taxation than the levels generally applicable in Maldives. Since it covered only profits generated abroad, Maldives was considered to apply a FSIE regime.

On 17 December 2019, Maldives introduced new legislation, the Income Tax Act (ITA) with effect from 1 January 2020, repealing the BTPA. No specific exemptions for foreign-source income seem to arise from the ITA in Maldives. The FSIE regime can be therefore considered as abolished.

Conclusion

Following the 2020 repeal of the Business Profits Tax Act, the Code of Conduct Group approved the rollback of Maldives' FSIE regime. This conclusion was endorsed by the Council in October 2021.
