SHC LAW & TAX

Tax Update

8th Amendment to Goods and Services Tax Act (10/2011)

Key Highlights

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INTRODUCTION

The president has ratified the 8th Amendment to the Goods and Services Tax Act (Law No. 10/2011) on 31 August 2026.

The amendment introduces significant changes to the GST framework, with the main objective of commencing the implementation of destination principle in the Maldives. In simple terms, the destination principle seeks to impose GST on goods and services in the jurisdiction where the final consumption takes place.

The key consequence of the amendment is that the supply of inbound tourism products, as well as related agency and booking services, by offshore booking platforms, foreign tour operators, and overseas travel agencies without a physical presence in the Maldives will be subject to 17% Maldives TGST effective from 1st October 2026.

The amendment also strengthens the GST regime through a range of structural amendments and technical refinements to the existing provisions of the Act.

INBOUND TOURISM PRODUCTS

Inbound tourism products are defined to include accommodation, food, transportation and other tourist activities in the Maldives.

Under the new provisions, the supply of an inbound tourism product, as well as related agency and booking services, will be treated as a supply of services made in the Maldives. This brings qualifying supplies by offshore booking platforms, foreign tour operators and overseas travel agents within the Maldives GST framework. Such supplies will be treated as tourism supplies and subject to TGST at 17%. The new treatment will apply to relevant supplies made from 1 October 2026.

How will GST be calculated?

A specific margin-based mechanism has been introduced for inbound tourism products. No input tax deduction will be permitted.

GST on Margin = (Consideration received for the tourism product – Amount paid to a registered person in connection with the product) × 17%

Registration of Inbound tourism products suppliers

Suppliers of inbound tourism products and related agency and booking services must apply for registration within 30 days of the effective date of the amendment if they are already carrying out taxable activities, or within 30 days of commencing taxable activities if they commence after the amendment takes effect.

Under the amendment, MIRA is authorized to obtain information on such suppliers from other registered third parties for the purpose of enforcing the registration requirement.

REVISED DEFINTION OF GOODS AND SERVICES

The amendment revises the definition of “goods” under the GST Act, with “goods” now defined as **tangible** movable and immovable goods, subject to two specified exclusions: (i) money; and (ii) goods transmitted through a wire, cable, radio, optical system, electromagnetic system, or another technical system of a similar kind.

The previous definition covers both **tangibl**e and **intangible** goods with the exclusion of (i) money and (ii) a right or interest under a law or contract. The latter exclusion has effectively been removed under the amended definition.

The amendment defines “services” as anything that does not constitute “goods” except for money. As a result, supply of intangible goods may now be characterized as supply of services for GST purposes.

With the removal of specific exclusion of a right or interest under a law or contract from the definition of “goods” and broadening the scope of services, **long-term leases of villas under strata title** is now subject to GST.

REVISED DEFINITION OF TOURISM GOODS AND SERVICES

The amendment changes the basis for determining whether a supply constitutes a tourism good or service. A supply would no longer be required to be one that is ordinarily made to customers of a tourist establishment. This change appears to be intended to address, and effectively reverse the effect of, the Supreme Court's decision in Maldives Bay Private Limited v MIRA Maldives [2023] SC 12.

EXPANSION OF EXEMPT SUPPLIES

State-related projects

The amendment introduced a GST exemption for goods and services supplied to a state office, state-owned companies or companies in which the State holds shares. The exemption applies where the supply is made under a project undertaken pursuant to a loan or grant agreement with a foreign government, foreign financial institution or international organization, and the relevant agreement specifically provides that the goods or services supplied in connection with the project are to be exempt from GST.

Waste management services

The amendment also exempts supplies made by waste management service providers holding the relevant operating license.

OTHER AMENDMENTS

In addition to the substantive changes outlined above, the amendment also introduces a number of structural, technical and compliance-related changes under the GST Act. These include changes relating to GST registration and deregistration, record-keeping requirements and other procedural matters. The amendment also moves certain provisions previously contained in the GST Regulations into the Act, including provisions relating to the time of supply and the chartering of tourist vessels.

These changes may affect the way businesses manage their GST obligations and should be considered alongside the substantive amendments.

EFECTIVE DATE

Except for the provisions relating to inbound tourism products, which will apply from 1 October 2026, the amendments will take effect from 31 August 2026.

WHAT SHOULD BUSINESSES CONSIDER?

Businesses that may be affected by the amendments should assess the impact on their GST registration, pricing, contractual arrangements, systems and compliance processes.

This is particularly relevant for **offshore booking platforms, foreign tour operators and overseas travel agents** involved in selling or arranging Maldivian tourism products, as well as **persons entering into long-term strata villa lease arrangements**.

The 1 October 2026 effective date for the inbound tourism provisions also provides a relatively short period for affected businesses to make the necessary operational and contractual changes.

Questions on this Update? Reach out to the authors:

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