



First Amendment to the Special Economic Zones Act 18/2025

The first Amendment to the Special Economic Zone Act (SEZ Act) (Law no: 18/2025) came into effect on 10th November 2025.

The Amendment introduces a new Chapter to the SEZ Act, recognizing the “Sustainable Township” Zone as an investment category. The amendment to the Special Economic Zones Act (Law no: 24/2014) focuses on:

- Redefining Special Economic Zones
- Eligibility Requirements for Sustainable Township
- Inclusion of Property Transfer Tax
- Introduction of Sustainable Townships
- Terminology Standardization

Special Economic Zones (SEZs) Redefined

The Amendment sets out clear and detailed eligibility requirements for Sustainable Townships. Key requirements for Sustainable Township include:

Minimum investment of USD 500 million covering the following components:

- Integrated tourism components including luxury tourism services and residential real estate developments
- Establishment of world-class education or healthcare facilities
- Self-sufficient infrastructure for energy and waste management, powered by minimum of 60% renewable energy.
- Facilities for sustainable food production to reduce imported food to Maldives, and;
- Supporting infrastructure and essential amenities for residents, including housing, education, healthcare, and recreational services

Incentives applicable for Sustainable Townships:

Property Transfer Tax:

Introduced a new taxation framework for long term lease of strata titled villas or rooms, and on sale of related rights. Property transfer tax for Sustainable Townships is applicable as follows:

- First transaction: 1%
- Second transaction: 2%
- Third transaction: 3%

Income Tax:

Businesses within Sustainable Townships benefit from limited-duration income tax reductions as follows:

- First 10 years: 5%
- Second 10 years: 10%
- Standard rates after the initial 20 years

Capital Gains Tax: Exempted

Import Duty: Exempted on capital goods imported for the development of Sustainable Townships

Sustainable Townships also receive an exemption from Section 73(b) of the Act, providing additional regulatory flexibility to establish tourism or hospitality related investments under the framework.

11 December 2025