

Law No. 18/2014

UNOFFICIAL ENGLISH TRANSLATION OF THE

Business Registration Act

The *Business Registration Bill* passed by the Parliament in the 8th sitting of its first term on 27 April 2014 is hereby assented into law by the President and published in the Government Gazette on this 13th day of May 2014.

Business Registration Act

Chapter 1 Preliminary

- Introduction and Name* 1. (a) This is an Act to provide for the registration of persons carrying on business in the Maldives, and to specify the form and manner of registrations of business and for matters incidental thereto.
- (b) This Act shall be cited as the “Business Registration Act”.
- Application of Law* 2. Except for the businesses exempted by this Act, this Act shall be applicable to any person carrying on business in the Maldives.
- Registrar of Businesses* 3. (a) In this Act, the “Registrar of Businesses” shall mean the Registrar of Companies appointed under the *Companies Act* (Law No. 10/96).
- (b) In addition to the functions of the Registrar of Companies under any other Act, the Registrar of Companies shall exercise all functions of the Registrar of Businesses specified in this Act.
- (c) The Registrar of Companies shall exercise all functions under this Act, in the name and capacity of the Registrar of Businesses.
- (d) The Registrar of Businesses shall be vested with the powers necessary for the exercise of functions specified in this Act.
- (e) The Registrar shall make available the business registration services stipulated in this Act, in inhabited islands other than Male’, in accordance with procedures formulated by the Registrar.

Chapter 2 Registration of Businesses

Requirement to register businesses

4. Every person shall, before carrying on business in the Maldives, register the business entity in one of the prescribed forms for registration specified hereunder:
- (a) a company registered under the *Companies Act* (Law No. 10/96); or
 - (b) a partnership registered under the *Partnerships Act* (Law No. 13/2011); or
 - (c) a cooperative society registered under the *Cooperative Societies Act* (Law No. 3/2007); or
 - (d) a sole proprietorship registered under a statute governing sole proprietorships.

Foreign persons conducting business

5. Every foreign person shall, before carrying on business in the Maldives, register the business entity either as a company registered under the *Companies Act* (Law No. 10/96), or a partnership registered under the *Partnerships Act* (Law No. 13/2011).

Business forms permitted for foreign persons, and policy

6. (a) A foreign person may only carry on business in the Maldives, in addition to registration of the business entity in a form specified in section 5, if the company, partnership or company branch so registered fulfils the following criteria:
- (1) the business is in the legal sector, health sector, accounting sector, taxation sector, financial services sector or similar profession; or
 - (2) if the business is not within any of the areas specified in paragraph (1) of this subsection, the capital of the business is greater than USD 1,000,000 (United States Dollars One Million) and pays to a body designated by the Government, a security deposit of USD 100,000 (United States Dollars One Hundred Thousand); or
 - (3) the business is in wholesale trade; or
 - (4) provides a declaration from a bank acceptable to the Government, stating that the persons conducting the business are trustworthy; or
 - (5) the business is not engaged in any retail trade or any type of small business conducted by Maldivians in any part of the Maldives.

- (b) The Government may, with an order of a Court of Law, cease any business carried on by foreign persons if in the opinion of the Government, the business of such persons is prejudicial to business interests or public order of the Maldives. The persons carrying on the business shall be permitted to repatriate the business assets in such circumstances.
- (c) The Government may, with an order of a Court of Law, expatriate the business assets and security deposit made under paragraph (2) of subsection (a), of any business carried on by any foreign persons or by foreign persons in venture with any Maldivians, if the persons in carrying out the business repeatedly contravenes the laws and regulations of the Maldives.

Types of businesses required to be registered

7. For the purposes of this Act, “business” shall mean to include, with the exception of the activities specified in section 9, the following types of activities:

- (a) every form of trade or commerce carried on for the purposes of gain;
- (b) any craftsmanship carried on for the purposes of profit;
- (c) any calling or profession carried on for the purposes of profit;
- (d) provision of any services carried on for the purposes of profit;
- (e) transfer of ownership rights pertaining to immovable property, carried on for the purposes of financial gain;
- (f) any other activity carried on for the purposes of financial gain.

Certain activities deemed a business

8. Any activity specified in section 7, even if carried on without registration in the manner specified in section 4, then such activity shall be deemed a business requiring registration if it is carried on in either of the manners specified in this section:

- (a) employs one or more persons for the purposes of carrying on the activity;
- (b) maintains an office, shop or other place for provision of service or for display or sale of products, for the purposes of carrying on the activity.

Exempted businesses

9. (a) The following activities conducted by individuals shall not be deemed a business as specified in section 7 of this Act. The provisions of this Act shall not be applicable to such businesses.
- (1) any office, employment or occupation;
 - (2) activities carried on for personal livelihood, as listed below:
 - (aa) trade in goods on his own domestic premises or delivered from one location to another;
 - (bb) exercise of a profession or professional service on his own domestic premises or delivered from one place to another;
 - (cc) poultry;
 - (dd) fishing;
 - (ee) agriculture.
 - (b) The activities specified in subsection (a), paragraph (2) of this section shall be deemed to be carried on for personal livelihood if the activity is carried on in person and without the employment of any other persons.
 - (c) Notwithstanding subsection (a), paragraph (2), point (ee), if any activity of agriculture is carried out on a parcel of land exceeding 1,000 square feet, then such activity shall not be deemed to be carried on for personal livelihood.

Chapter 3
Registry of Businesses

Registration and registry of business activities

10. In addition to the requirement to register the business entity in accordance with section 4 of this Act, if the business activity requires a permit or license from a Governmental agency, such business activity shall be commenced only after obtaining the requisite permits or licenses. The following particulars relating to such business permits and licenses shall be furnished to the Registrar by the relevant Governmental agency, within 7 (seven) days of issuing of the permits or licenses to businesses.
- (a) name and the registered address of the business entity;

- (b) name of the business activity;
- (c) registered address of the business activity;
- (d) name, address and the ID Card Number of the owner of the business activity;
- (e) type and sector of the business activity;
- (f) address of the principal place of business activity; and
- (g) any other particulars as the Registrar may determine under a Regulation enacted hereunder.

Registry of business activities

11. The Registrar shall maintain a registry of all business activities specified in section 10 of this Act, in accordance with the provisions of a Regulation enacted hereunder.

Chapter 4 Business Name

Registration of business name

12. No person may conduct a business activity prior to registration of a name of the business.

Application for registration of business name

13. (a) Any application to the Ministry for the registration of a business activity under section 10, by any business entity specified in section 4 of this Act, shall be accompanied by an application to the Registrar for registration of the business name.
- (b) Any application for registration of a business name under subsection (a) of this section, shall be lodged to the Registrar with all particulars of the business activity listed in section 10 of this Act.
- (c) Notwithstanding subsections (a) and (b) of this section, if any business permit or license is issued by a Governmental agency other than the Ministry, the application for the registration of business name with the Registrar shall be accompanied with a letter declaring its no objection to the registration of such names, issued by the relevant Governmental agency.

Names not permitted for registration

14. (a) The Registrar shall have the discretion not to register any business name submitted for registration under section 13 of this Act, if:

- (1) the name is the same as, or identical to, another registered business name;
- (2) the name is a trademark registered by a different person;
- (3) the name is a renowned business name overseas, and the name being used in the Maldives is for business that could mislead the public as to be associated with, or the same business as the business conducted overseas with that name;
- (4) the name is prejudicial to socially acceptable conduct;
- (5) the name, without the use of additional words or phrases, denotes just an act or place or thing, and the ownership of such a name should not be vested with any specific person;
- (6) the use of the name has been restrained by an injunction of a Court of Law;
- (7) the name is reserved under a Regulation enacted hereunder.

- (b) For the purposes of paragraph (1) of subsection (a) above, a name shall be deemed identical to another registered business name if the name so nearly resembles the name of the other business name as to be likely to be mistaken for it.

Registrar's direction to change name

15. (a) The Registrar may direct the owner of a business to change its business name if any business name registered under this Act, or any business name applied for registration, falls within the types of names prescribed in paragraphs (1) to (6) of subsection (a), section 14 of this Act.
- (b) Any person who is directed to change a business name by the Registrar under subsection (a), shall comply with such direction of the Registrar and change its business name within 1 (one) month of the date of such direction.
- (c) The Registrar may cancel the registration of any business in receipt of a direction to change its name under subsection (a), and fails to comply with such direction within the period specified in subsection (b) of this section.

- Request for a direction to change a name* 16. (a) Any person may, in accordance with the provisions of a Regulation enacted hereunder, apply with the Registrar for a direction to change a business name, on the grounds of any business name to be a type of name prescribed in paragraphs (1) to (6) of subsection (a), section 14 of this Act.
- (b) Notwithstanding subsection (a) of this section, a person may only make an application for a direction to change another person's business name if the second person's business name has been registered for a period not exceeding 12 (twelve) months.
- Registry of business names* 17. The Registrar shall maintain a registry of business names registered under this Act, in accordance with a Regulation enacted hereunder.
- Regulation on business names* 18. The Registrar shall specify the names restricted from use in a business, circumstances that shall warrant a directive to change a business name, and procedures for reservation of business names, in the Regulation enacted hereunder.

Chapter 5 Monitoring and Inspection

- Inspection of unregistered businesses* 19. (a) If in the opinion of the Registrar based on reasonable case, a business is being carried out without registration as required under this Act, the Registrar shall possess the powers to inspect the place of business and to collect information on the persons conducting such business.
- (b) The Registrar shall conduct the inspection of such places of business under this section by Ministry's inspectors.
- (c) Upon inspection of a place of business under subsection (a) of this section, if, in the opinion of the Registrar, the business is found to be carried out in contravention of the provisions of this Act, the Registrar shall possess the powers to cease such business activities, and to impose such fines prescribed under section 24 on the persons who carried on the business.
- (d) The Registrar shall possess the powers to inspect any place of business to check for compliance with the provisions of this Act, in addition to the circumstances specified in subsection (a) of this section.

- (e) In the conduct of inspection under subsection (d) of this section, the Inspectors conducting the inspection shall be vested with powers to collect information on items in the premises, all paperwork, and other sources on information on the business activity being carried out.
- (f) The Registrar shall be vested with powers to conduct inspections of places of business without prior notice.
- (g) Any person carrying out any business being subject to any inspection under this section shall afford cooperation to the inspectors. The persons carrying out any business shall provide access to any documents or particulars of the business required to be displayed by any Act or Regulation, to the inspectors, and shall provide copies of any documents upon request by the inspectors.
- (h) No person may obstruct the work of any inspector carrying out the functions prescribed in this section.
- (i) Inspectors carrying out their functions in good faith shall be immune from prosecution or civil suit for acts or omissions done in the exercise of function in accordance with the provisions of law.

Chapter 6 General

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| <i>Conduct of business without registration</i> | 20. | It shall be an offence for a person to carry on business without registration of the business entity in accordance with section 4 of this Act. |
| <i>Non-registration of businesses and non-submission of particulars</i> | 21. | <ul style="list-style-type: none"> (a) It shall be an offence for a person to carry on business, having registered as a business entity under section 4, without registration of the business activity as specified in section 10 of this Act. (b) A failure to submit to the Registrar, the particulars of a business activity as required under section 10, shall be an offence under this Act. |
| <i>Non-registration of business name</i> | 22. | It shall be an offence for a person to carry on business in a name without registration of such business name in accordance with chapter 4 of this Act. |

- Obstruction of inspection and monitoring* 23. It shall be an offence for a person to obstruct the work of an Inspector undertaking the functions stipulated in section 19 of this Act.
- Discretion to fine* 24. A person guilty of an offence under this Act shall be liable for a fine of not smaller than MVR 1,000 (one thousand) and not exceeding MVR 10,000 (ten thousand), as prescribed by the Registrar in consideration of the extent of such breach.
- Businesses at commencement of Act* 25. Businesses carried on as at the commencement of this Act, shall submit for registration in accordance with the provisions of this Act, not later than 9 (nine) months from the commencement of this Act.
- Display of registration certificate* 26. Any business registered under this Act shall publicly display the certificate of registration or license or permit, at the place of business.
- Fees* 27. If a fee is to be prescribed for any of the registration services under this Act, such fee amounts shall be prescribed in a Regulation enacted hereunder.
- Commencement of the Act* 28. This Act shall commence upon Presidential assent and publication in the Government Gazette.
- Regulations* 29. (a) Regulations under this Act shall be enacted and administered by the Ministry
- (b) The Ministry shall publish, within 3 (three) month of commencement of this Act, all regulations to be enacted hereunder.
- Repealed Acts* 30. Upon commencement of this Act, the *Act of Foreigners Conducting Business in the Maldives* (Law No. 4/79) shall be repealed.
- Definitions* 31. In this Act, unless the contrary intention appears, the following words or phrases shall be defined as follows:
- (a) “Person” includes a corporation, firm, society and individual.
- (b) “Individual” shall mean to refer to natural persons.
- (c) “business entity” shall mean to refer to a company, partnership, cooperative society or a sole proprietorship registered in accordance with section 4 of this Act.

- (d) “Company” shall mean to refer to any company registered under the *Companies Act* (Law No. 10/96).
- (e) “Partnership” shall mean to refer to any partnership registered under the *Partnerships Act* (Law No. 13/2011).
- (f) “Cooperative Society” shall mean to refer to any cooperative society registered under the *Cooperative Societies Act* (Law No. 3/2007).
- (g) “Sole proprietorship” shall mean to refer to any sole proprietorship registered under a statute governing sole proprietorships.
- (h) “Foreign person” shall mean to refer to any individual who is not a Maldivian citizen as defined under article 9 of the *Constitution*, and any company, partnership, club or society, or corporate body registered in a country other than the Maldives.
- (i) “Business name” shall mean to refer to any name registered under chapter 4 of this Act for use in business by a business entity specified in section 4 of this Act.
- (j) “Personal livelihood” shall mean to refer to an income generating activity, other than any profit generating business activity, carried on for the purposes of securing the basic necessities.
- (k) “Ministry” shall mean to refer to the Ministry charged with the mandate of implementing economic policies.
- (l) “Registrar” shall mean to refer to the Registrar of Businesses as stated in section 3 of this Act.
- (m) “Inspector” shall mean to refer to a person appointed by the Registrar from amongst the staff of the Ministry charged with the mandate of implementing economic policies, to undertake the functions of inspecting places of business under this Act.