

Client Advisory

12 April 2020

COVID-19 Economic Relief Package

In Brief

This Advisory summarises the important aspects of the [press release](#) by the Ministry of Finance, dated 7 April 2020, on the details of the COVID-19 Economic Relief Package offered by the Government.

Details of the Economic Relief Package

1. Loans for the purpose of Working capital and to self-employed.
 - (a) These loans are to be issued by Bank of Maldives (BML) and SME Development Finance Corporation.
 - (b) Loans bear an interest rate of 6% and a grace period of 6 months. During the grace period no repayment either towards the Principal or Interest is required to be made.
 - (c) The loan is to be repaid in 3 years.
2. Working Capital loans to the Tourist Resorts.
 - (a) Working Capital Loans for the tourist resorts will be issued through BML.
 - (b) The maximum amount to be granted per resort is USD 500,000 (MVR 7.71 million).
 - (c) Preference to be given to resorts with higher percentage of Maldivian ownership interest and to the resorts where 45% or more of the workforce consists of Maldivian nationals.



- (d) Additionally, preference to be given if the resort or business does not hold any active non-performing assets, made profit in the year 2019 and if the cash flow forecast is positive for the upcoming 3 years.
 - (e) Resorts, where Maldivian employees have been dismissed or have been compelled to opt for the no pay leave will be barred from obtaining this loan.
3. Working Capital loans to businesses other than tourist resorts. that have an income of more than MVR 10 million in the year 2019.
- (a) Working Capital Loans for the businesses with an income more than MVR 10 million during the year 2019, will be issued by the BML.
 - (b) The maximum amount to be granted per business is MVR 1 million.
 - (c) Preference to be given to businesses with higher percentage of Maldivian ownership interest.
 - (d) Additionally, preference to be given if the business does not hold any active non-performing assets and made profit in the year 2019.
 - (e) Businesses, where Maldivian employees have been dismissed or have been compelled to opt for the no pay leave by the Resorts, will be barred from obtaining this loan.
4. Working Capital loans to businesses that had an income less than MVR 10 million in the year 2019, will be issued by S.M.E Development Finance Corporation.
5. Working Capital loans to the self-employed and sole proprietors.
- (a) Working Capital Loans for the self-employed and sole proprietors, will be issued by the S.M.E Development Finance Corporation.
 - (b) BML and S.M.E Development Finance Corporation will be publishing other details regarding these loans.
 - (c) The loans will be granted on the condition that not terminating Maldivian Employees (except where the employee breaches the Employment contract or acts in contravention to the Employment Act).
6. Government to subsidize 40% of the electricity bill of April and May 2020.



7. Government to subsidize 40% of the water bill of April and May 2020.
8. BML and HDFC to grant deferment of loan repayments (principal and interest) by 6 months to its customers.
 - (a) Credit Cards and Overdraft facilities exempted from the moratorium.
 - (b) compound interest will not be charged during the 6-months period.
 - (c) The Ministry further highlighted that regulatory changes to facilitate this 6-month moratorium by all the financial institutions has been made by the ministry and the MMA. However, the decision on such moratoriums should be made by the financial institutions individually.
9. S.M.E Development Finance Corporation to grant a moratorium up to 6 months from March 2020 and to reduce the interest rates of the existing loans up to 4%. No payments are required during this 6-month period.
10. Moratorium to be granted on all student loans under the National Student Loan Scheme starting from March 2020.
11. Unemployment allowance up to 3 months for all employees who have lost their jobs due to COVID19.
 - (a) The government will provide an allowance for the employees who have lost their jobs due to COVID-19.
 - (b) Allowance will be provided from April 2020 for 3 months. Applicants for the allowance should register via the Job Centre portal.
 - (c) Government to release further information regarding the allowance.

About us

CTL Strategies LLP is a multi-disciplinary law firm that provides comprehensive legal and tax solutions to both local businesses operating globally and foreign businesses with interests in the Maldives.

The firm's expertise covers all aspects of commercial law; tourism, foreign investment, employment, finance and taxation. As the only law firm in the Maldives that combines expertise of lawyers, tax advisors and chartered accountants, our clients benefit from the fully integrated legal advice we are able to offer pertaining to their commercial transactions.

Contact us

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