

# Client Advisory

19 May 2020

## Income Support Allowance Scheme

### In Brief

This advisory provides an overview of the key parts of the guidance on the Income Support Allowance Scheme, published by the government of the Maldives on 13 May 2020.

### Income Support Allowance for Employees

#### 1. Who can apply?

Any Maldivian employee, employed in the Maldives whose employment has been adversely affected in one of the following ways by reason of COVID-19 can apply:

- (a) dismissed or suspended without pay;
- (b) placed on no-pay leave;
- (c) received a pay cut.

#### 2. Conditions for issuing allowances

Adversely affected employees applying under the scheme must:

- (a) be a Maldivian living in the Maldives;
- (b) be aged between 18 to 65 years;
- (c) have been in employment until 1 March 2020;
- (d) agree to participate and complete the Skills Development Program conducted by the government of Maldives;
- (e) intend to be re-employed and agree to be employed if able to secure employment through the Job Center.

### **3. Monthly allowance amounts to be issued:**

- (a) MVR 5,000 per month to employees that have been dismissed, or suspended without pay, or placed on no-pay leave
- (b) the difference between MVR 5,000 and the reduced pay per month, to employees that have received a pay cut

## **Key Areas of Focus for Self-employed Individuals**

### **4. Who can apply?**

Any self-employed Maldivian in Maldives whose work has been adversely affected in one of the following ways by reason of COVID-19 can apply:

- (a) made no income from self-employment since 1 March 2020;
- (b) has suffered loss in income from self-employment since 1 March 2020.

### **5. Conditions for issuing allowances**

Adversely affected self-employed individuals applying under the scheme must:

- (a) be a Maldivian living in Maldives;
- (b) be aged between 18 to 65 years;
- (c) be self-employed for a minimum of six months until 1 March 2020;
- (d) not be in employment.

### **6. Monthly allowance amounts to be issued:**

- (a) MVR 5,000 for individuals who made no income from self-employment since 1 March 2020;
- (b) the difference between the loss suffered and MVR 5,000 for individuals who suffered a loss in income from self-employment since 1 March 2020.

## **Provisions Generally Applicable to Both Employees and Self-employed Individuals**

### **7. How to apply?**

Applications for the Scheme can be submitted through the Job Center or by submitting the application form via email.

### **8. Individuals that cannot apply**

- (a) Employees that get reinstated in employment
- (b) Any applicant, be it an adversely affected employee or self-employed individual, that is earning more than MVR 5,000 per month from other sources of income.

### **9. Duration of the Scheme**

The scheme is planned to run for three months starting from April 2020 and ending in June 2020.

### **10. Change of circumstances:**

Should the circumstance of an individual change during the duration of the Scheme, it is the responsibility of the individuals to inform the Ministry of Economic Development via the Job Center.

### **11. Enforcement actions against individuals giving falsified information to the Ministry:**

- (a) Invalidate their application;
- (b) Where income support allowance has already been paid, require the individual to pay back the amounts issued to them no less than within 1 month, and stop issuing any such individual any further amounts as allowance;
- (c) Send to the Attorney General's Office to file a civil suit against such individuals should they refuse to pay back the amounts issued to them;
- (d) Send to the Maldives Police Service to start a criminal investigation where the Ministry decides to claim under Section 520 and/or 521 of the Penal Code.

## 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

If you have any questions or need our assistance, please contact your principal advisor or any one of the following members of our team.



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