

Client Advisory

16 November 2021

Establishment of a Minimum Wage

In Brief

This Advisory summarises the imperative aspects of the Minimum Wage Order gazetted by the Ministry of Economic Development on 8 November 2021. The Order establishes the first ever minimum wage in Maldives and provides rules on the calculation of hourly and monthly remuneration payable as minimum wage, based on type of business.

Establishment of a minimum wage

The Ministry of Economic Development has established the minimum wage under the Minimum Wage Order (the “Order”) published in the Government Gazette on 8 November 2021.

This Order introduces significant changes that may have an impact on you as an employer/employee. This includes the following:

- Calculation of hourly remuneration



- Monthly remuneration payable as minimum wage
- Calculation of remuneration based on type of business

Summary of the minimum wages set out in the order

Category of Employer	Hourly Calculation of Minimum Wage	Approximate Monthly Minimum Wage for 48 hrs of work per week ¹
1 Micro <ul style="list-style-type: none">▪ Number of Employees: up to 5▪ Gross Revenue: up to MVR 500,000▪ Net Profit: up to MVR 75,000	-	-
2 Small <ul style="list-style-type: none">▪ Number of Employees: 6 - 30▪ Gross Revenue: exceeding MVR 500,000 but not exceeding MVR 5 million▪ Net Profit: exceeding MVR 75,000 but not exceeding MVR 750,000	MVR 21.63	MVR 4,498.69
3 Medium <ul style="list-style-type: none">▪ Number of Employees: 31 - 100▪ Gross Revenue: exceeding MVR 5 million but not exceeding MVR 20 million	MVR 33.65	MVR 6,998.66

¹ The approximate monthly minimum wage (48 hrs per week) was calculated using the following formula provided by the Minimum Wage Advisory Board in their opinion: Hourly minimum wage x 48 hrs x 4.333 weeks.



Category of Employer	Hourly Calculation of Minimum Wage	Approximate Monthly Minimum Wage for 48 hrs of work per week ¹
▪ Net Profit: exceeding MVR 750,000 but not exceeding MVR 3 million		
4 Large (businesses not falling within the category of micro, small and medium enterprises)	MVR 38.46	MVR 7,999.06
5 Civil/Public Sector	MVR 33.65	MVR 7,018.43
6 Civil/Public Sector (permanent employees working a minimum of 30 hrs per week)	-	MVR 7,000
7 Other Employers (businesses not falling within the above categories)	MVR 21.63	MVR 4,498.69

In instances where the number of employees, gross revenue and net profit of an employer does not fall within one category, the relevant category of that employer is to be determined using the formula provided in the First Amendment to the Small and Medium Enterprises Act².

² Law Number 17/2021



Composition of minimum wage

The minimum wage amounts specified above will be factored into fixed allowances in addition to basic pay. Benefits in kind, service charge, Ramadan allowance, and seasonal benefits/bonuses will not be factored into minimum wage.

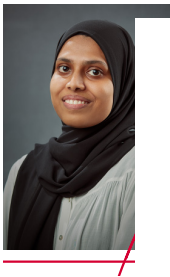
Effective date

Pursuant to the Order, all businesses are required to pay minimum wage starting from 1st January 2022. However, the above minimum wages are not applicable with regards to expatriates employed in the Maldives.



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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Rafa leads our litigation and arbitration practice. She has a particular interest in employment law matters. Over her years of practice, she has written on and resolved several contentious issues surrounding employment in the Maldives, including matters related to service charge and occupational safety and health.

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Fathuhulla is the head of our litigation and dispute resolution practice. He has extensive experience in representing local and international clients as the lead counsel in commercial litigation and complex civil matters at all forums of the legal system in the Maldives including the topmost appellate courts. Fathuhulla is also experienced in advising on international arbitration and administrative law matters.

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About us

CTL Strategies is a multi-disciplinary law firm registered in the Maldives, specialised in tax advisory services. We advise international hotel chains, multinational companies, some of the big four audit firms, and a number of the world's largest companies as well as high net-worth individuals on commercial transactions, tax compliance, planning and tax disputes.

We are ranked in the 2021 edition of Chambers and Partners, and as a Highly Recommended Tax Disputes Firm by Asia Law Profiles.

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