a practical guide to

GST on Inbound Tourism Products

for foreign tour operators, online travel agencies and booking platforms selling Maldives tourism products.

CTL STRATEGIES

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Introduction

The Eighth Amendment to the Goods and Services Tax Act ("Amendment") introduces a significant change to the way Maldivian tourism products sold by businesses offshore may be taxed.

Prior to the Amendment, a foreign tour operator, online travel agency or booking platform may purchase accommodation or other tourism products from a Maldivian supplier and resell them to travellers without having a GST presence in the Maldives. The new rules seek to bring the value added by such offshore businesses within the Maldivian GST system.

Accordingly, the new regime is aimed at persons without a permanent place of business in the Maldives that supply Maldives "inbound tourism products". These products include accommodation, food, transportation and other tourism-related activities operated in the Maldives.

This represents an important shift towards destination-based taxation – the tourism product is consumed in the Maldives, and the new rules seek to tax the value added through its offshore sale.

Importantly, the new rules do not tax the foreign supplier on the entire resale value in the same way as an ordinary supply. Instead, a special margin-based valuation mechanism is introduced for qualifying inbound tourism products.

At a Glance

Who is affected?	Foreign tour operators, offshore travel agencies, online travel agencies, booking platforms and other offshore businesses selling or arranging Maldives tourism products
Is a physical office in the Maldives required?	No. The regime specifically targets suppliers without a permanent place of business in the Maldives
What products are covered?	Accommodation, food, transportation and other tourism-related activities operated in the Maldives
Is there a registration threshold?	No turnover threshold applies, as foreign suppliers of tourism products fall within the tourism sector for GST purposes, for which registration is mandatory regardless of income levels
What is the tax base?	The foreign supplier's margin rather than the full amount collected from the traveller
Can input GST be claimed?	No input tax deduction is available for supplies falling within this special regime
What GST rate applies?	The tourism sector GST rate, currently 17%
When do the new rules start?	1 October 2026

1. Who will the new rules apply to?

The new regime is not limited to businesses formally described as "tour operators".

It will apply to any person that:

a. does not have a permanent place of business in the Maldives; and

b. sells or supplies a Maldives inbound tourism product or provides booking or an agency service relating to an inbound tourism product.

This could include an overseas tour operator, online travel agency, travel wholesaler, booking platform or other offshore business that purchases or arranges Maldives tourism products and sells them to travellers.

2. Place of Supply

When is the foreign supplier treated as making a supply in the Maldives?

The new regime works together with revised place of supply rules. For a supplier that does not have a place of business in the Maldives, a service supplied to a person who is not registered for GST in the Maldives will be treated as supplied in the Maldives where, among other circumstances, the service is:

a. an inbound tourism product; or

b. an agency or booking service relating to an inbound tourism product.

This is particularly relevant to foreign businesses selling directly to tourists.

Example – online booking platform

A tourist in Germany books a Maldives resort through an overseas booking platform. The platform has no permanent place of business in the Maldives but arranges the Maldives accommodation and charges the tourist for the booking. The new place of supply rules treat the supply as taking place in the Maldives notwithstanding that the platform, its website and the customer are all physically outside the Maldives.

What about transactions made to a registered party?

The specific place of supply deeming rule described above applies where the recipient is not registered for GST in the Maldives. Accordingly, where an offshore operator supplies a Maldives tourism product to a Maldives GST registered travel agency or other registered business, these rules must not be assumed to automatically apply.

The practical implication is that such B2B supplies will fall outside the offshore supplier regime, but the supply maybe treated as made in the Maldives under another applicable place of supply rule. The GST treatment of such arrangements should therefore be assessed separately based on the nature of the supply and the status of the recipient.

3. Registration

When is a foreign supplier required to register for GST in the Maldives?

One of the most important practical consequences is that a foreign supplier should not assume that it can remain outside the GST system simply because its Maldives sales are relatively small.

Under the Maldives GST Act, persons supplying tourism goods and services falling within section 15 of the GST Act are required to register for GST irrespective of the MVR 1 million general registration threshold.

As the Amendment brings supplies of inbound tourism products by foreign suppliers within the tourism sector, no turnover threshold will apply to such suppliers for GST registration purposes.

Example – small volume of Maldives sales

An overseas tour operator makes only USD 30,000 of qualifying Maldives tourism sales in a year. The tour operator will nonetheless be required to register for GST in the Maldives under the tourism sector.

How will a foreign supplier register?

Under the existing GST framework, GST registration is made through the submission of the MIRA 105 Form. The form is generally submitted through:

- MIRAConnect; or
- email to registration@mira.gov.mv.

However, the Maldives Inland Revenue Authority ("MIRA") is yet to issue the administrative details required for foreign suppliers for registration purposes.

We expect MIRA to introduce a specific or simplified process, as foreign suppliers will have no existing tax registration, no active MIRAConnect account and no physical presence in the Maldives.

The registration procedures and related documentation requirements should become clearer once the implementing regulations or MIRA guidance are issued.

4. Applicable GST rate

Because the Amendment brings inbound tourism products supplied by persons without a permanent place of business in the Maldives within the tourism sector, supplies falling within the new regime attract the tourism sector GST rate, currently 17%. This is the same rate applied to resorts, hotels and other tourist establishments in the Maldives, and it is materially higher than the general sector rate of 8% that applies to most other goods and services.

Two features relevant to foreign supplier

The rate applies to the margin, not the gross amount. GST at 17% is applied to the taxable value determined under the margin mechanism described in section 6, not to the total amount collected from the traveller.

Tax is payable in US dollars. Under section 62(a) of the GST Act, GST on tourism sector supplies is payable in US dollars rather than Maldivian rufiyaa, so foreign suppliers will not need to acquire local currency to settle their GST liability.

5. Principal or Agent?

Before considering how much GST is payable, a supplier of inbound tourism products needs to establish what it is actually supplying. The answer determines the tax base, and the two models produce very different outcomes.

Acting as principal

The business contracts with the traveller in its own name, buys the underlying tourism products from Maldivian suppliers at net rates, sets its own selling price and bears the commercial risk. It is treated as making a supply of the inbound tourism product itself, and the margin mechanism applies: GST is charged on the difference between what the traveller pays and the amount payable to the Maldivian supplier.

Acting as agent

The business arranges a supply between the Maldivian resort or operator and the tourist, disclosing that it does so as agent. The resort supplies the accommodation directly to the tourist and accounts for GST on that supply. The foreign business supplies a booking or agency service and is taxable on its commission or service fee, not on the value of the underlying holiday.

Both models fall within the new rules. The revised place of supply provisions treat an inbound tourism product and an agency or booking service in relation to an inbound tourism product as separate limbs, so acting as agent does not take a foreign business outside the Maldivian GST net – it changes what is taxed.

The distinction turns on substance rather than the label used in the contract. Relevant indicators include:

- whose name appears on the booking confirmation and the invoice issued to the tourist;
- who sets the price charged to the tourist;
- who bears the risk of unsold inventory, cancellation and non-payment;
- whether the business accounts for the transaction gross or on a net commission basis; and
- whether the resort's terms treat the business as buying inventory or as introducing customers.

In practice, businesses contracting with Maldivian resorts on net-rate or allocation terms and marking up the price will usually be acting as principal, while those remunerated by commission on a disclosed basis will usually be acting as agent. Businesses operating both models across different products should expect to apply both treatments.

MIRA's existing guidance on agency arrangements, including Tax Ruling TR-2015/G28 on agency commissions, remains relevant to identifying whether a person acts as agent for GST purposes.

6. Value of Supply

How does the margin-based GST mechanism work?

The margin-based valuation mechanism is relevant where the foreign supplier is acting as principal and is therefore treated as supplying the inbound tourism product itself.

This is one of the most distinctive features of the regime, as the way the taxable value is calculated is different. Ordinarily, GST is charged on the full value of a taxable supply, with GST incurred on expenses potentially claimed as input tax.

However, for qualifying inbound tourism products supplied by a person without a permanent place of business in the Maldives, the Amendment introduces a margin-based mechanism whereby GST is imposed on the value added, or margin earned, by the foreign supplier rather than on the entire amount collected from the traveller.

No input tax deduction

As the value of supply is computed based on the margin earned by the supplier, foreign suppliers falling within the special regime will not be entitled to deduct input tax against the output tax payable on these supplies.

This is important because the Maldives resort or other underlying tourism supplier would have charged GST on its supply. Instead of separately claiming that GST as input tax, the regime effectively recognises the underlying cost through the margin calculation.

Example — sale of a Maldives holiday package

An overseas tour operator sells a Maldives holiday package for USD 2,500. The tour operator incurs the following costs in putting together the package:

Underlying Maldives Product	GST-inclusive Amount	Input Tax (at 17%)
Resort accommodation	USD 1,700	USD 247.01
Airport transfer	USD 250	USD 36.32
Excursion	USD 150	USD 21.79
Total	**USD 2,100**	**USD 305.12**

Although the tour operator has effectively borne USD 305.12 of GST on the underlying tourism products, the special inbound tourism product regime does not permit an input tax deduction for this amount.

Instead, the taxable value is determined under the special margin mechanism:

Consideration received	USD 2,500
Less amount payable for underlying tourism products	(USD 2,100)
Taxable margin	**USD 400**

Accordingly, the tour operator accounts for GST on the USD 400 margin, while the USD 305.12 of GST embedded in the underlying costs is not separately deductible as input tax.

7. Time of Supply

When does GST become payable?

The Amendment does not appear to introduce a separate time of supply rule for foreign suppliers of inbound tourism products.

Under the existing rules, the time of supply is generally the earlier of:

- issuing the tax invoice; or
- receiving full or partial payment.

This is particularly relevant to the travel industry, as payments are often received several months before a tourist travels.

Example – advance booking for a payment

A tourist books a New Year's Eve stay at a Maldivian resort through a foreign tour operator for the period 30 December 2026 to 2 January 2027, and pays in full in October 2026. Under the existing time of supply principles, the receipt of payment triggers the GST point in October rather than when the guest arrives in December.

A practical issue arises where the final amount payable to the resort or other tourism suppliers is not known when the customer makes the advance payment. Further guidance or special rules by regulation are needed for clarity.

Bookings paid before 1 October 2026

The new regime applies from 1 October 2026. Because time of supply is generally triggered by the earlier of the issue of a tax invoice or the receipt of payment, and travel businesses routinely collect payment several months in advance, the commencement date raises a practical question that will affect a large volume of existing bookings.

On the existing time of supply principles, a payment received before 1 October 2026 would trigger the time of supply before the new rules take effect, even where the traveller stays in the Maldives afterwards. A booking paid in full in August 2026 for a January 2027 stay would, on that analysis, fall outside the regime.

The Amendment does not appear to contain an express transitional rule addressing this, and we would expect the point to be dealt with in the implementing regulations or in MIRA guidance. Until it is:

- foreign suppliers should ensure their systems record the date payment is received and the date the tax invoice is issued for each booking, separately from the travel date, as these will determine which regime applies;
- bookings paid in instalments straddling 1 October 2026 will need to be examined individually, as part of the consideration may fall on each side of the commencement date; and
- businesses considering changes to payment terms in the run-up to commencement should take advice before implementing them, as arrangements whose principal purpose is to bring forward a time of supply may attract scrutiny.

8. Compliance & Reporting

The compliance requirements specific to offshore suppliers of inbound tourism products have not yet been published.

Under the existing tourism GST framework.

- GST returns and payments are generally due by the 28th day of the month following the end of a taxable period;
- taxable periods are monthly where average taxable sales are at least MVR 1 million per month, and quarterly where that threshold is not met; and
- tourism GST returns are filed electronically through MIRAConnect.

Whether all of these existing administrative procedures will apply unchanged to foreign suppliers remains to be confirmed.

MIRA's power to obtain information

The Amendment gives MIRA specific powers to obtain information from registered persons regarding offshore suppliers of inbound tourism products.

For example

MIRA may require tourist resorts, vessels or other registered tourism businesses to provide details of foreign tour operators, travel agencies or booking platforms to whom rooms or other tourism products are sold or allocated for onward resale.

This is intended to assist MIRA in identifying offshore suppliers that may have GST registration and compliance obligations in the Maldives. Failure to provide information requested by MIRA can result in enforcement action being taken against the registered person under the GST Act.

Further guidance pending

The Amendment requires consequential revisions to the GST Regulation to be made within 30 days of the effective date of the Amendment.

Key compliance matters that would benefit from further clarification include.

- details of the registration process and access to MIRAConnect;
- the method for calculating and reporting the taxable margin, including where the final supplier cost is not known when an advance payment is received, whether margins must be calculated transaction by transaction or may be aggregated for a taxable period, and the treatment of packages containing both Maldives and overseas components;
- the applicable GST return and the information required in it; and
- the treatment of cancellations, refunds, advance payments and other adjustments under the margin-based regime

9. What should foreign businesses do now?

Businesses selling Maldives tourism products should begin assessing the above rules before the effective date of 1 October 2026.

Foreign tour operators, online travel agencies and booking platforms should review their Maldives business model to determine:

- whether they sell Maldives tourism products as principal or act as an agent;
- whether they have any permanent place of business in the Maldives;
- whether their customers are tourists (non-registered persons) or Maldives GST-registered businesses;
- how much is collected from the customer and how much is payable to the underlying Maldives supplier;
- whether their systems can calculate a margin at transaction level;
- what changes may be required to contracts, pricing, invoicing, accounting and reservation systems.

How we can help

CTL Strategies advises tourism sector businesses on Maldivian tax matters, including tourist resorts, hotels, vessel operators and the offshore counterparties that sell and distribute their products. We bring together corporate lawyers, tax advisors and chartered accountants, giving us a working command of the domestic legal and tax framework across the full range of commercial arrangements our clients undertake in the Maldives.

For foreign businesses selling Maldives tourism products, we can assist with:

- a review of your contracts, booking flows and commercial terms to determine whether you act as principal or agent, whether you have a permanent place of business in the Maldives, and which of your revenue streams fall within the new regime;
- modelling the GST cost across your Maldives product range under the margin mechanism, including packages with mixed Maldives and non-Maldives components, and identifying where the cost falls under your existing contractual terms;
- guidance on registration requirements and documentation, and assistance with the registration process once MIRA publishes the procedures applicable to non-resident suppliers;
- identifying the changes required to your reservation, invoicing and accounting systems to calculate and report a taxable margin, and reviewing pricing, cancellation and gross-up provisions in your contracts with Maldivian suppliers; and
- preparation and filing of GST returns, management of correspondence with MIRA, and representation in audits, objections and appeals.

Get in touch

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This guide has been prepared on the basis of the Eighth Amendment to the Goods and Services Tax Act as ratified by the President. The implementing regulations and administrative guidance referred to in this guide have not yet been issued.

This guide reflects our reading of the Amendment and is provided for general information only. It is not legal or tax advice, does not take account of the circumstances of any particular business, and should not be relied upon in making decisions or determining tax positions. Professional advice should be obtained before acting on any matter discussed in this guide. CTL Strategies LLP accepts no liability for any loss arising from reliance placed on this guide.