بسم الله الرحمن الرحيم

Unofficial translation of the

SECOND AMENDMENT TO THE INCOME TAX ACT 11/2026

In accordance with Article 92 of the Constitution, the "Bill on the second amendment to the Income Tax Act (Law Number 25/2019)" passed in the 27th sitting of the 20th Parliament held on Sunday the 23rd of August 2026, has become law and has been published in the Government Gazette upon its ratification by the President on Monday the 31st of August 2026 (18 Rabeeul Awwal 1448).

SECOND AMENDMENT TO THE INCOME TAX ACT

The Income Tax Act (Law Number 25/2019) shall be amended as follows:

1. Insert two subsections after Section 27(b) of the aforementioned Act as follows:

27. (c) Notwithstanding subsections (a) and (b), the amount deducted under Section 55(b) of this Act from income derived by a non-resident through a permanent establishment in the Maldives shall be treated as the final tax payable by such person in respect of such income. To that effect, such income shall be excluded from the computation of the permanent establishment's taxable income, and neither such income nor any amount attributable to such income shall be deductible in computing the permanent establishment's taxable income.

(d) Section 43 and Section 44 of this Act shall be subject to subsection (c).

2. Amend Section 55(b) of the aforementioned Act as follows:

55. (b) Where a person conducting business in the Maldives makes a payment to a contractor that is not a resident of the Maldives, a total of 10% (ten percent) of the gross amount of the payment shall be deducted as non-resident withholding tax.

3. Insert a subection after Section 55(b) of the aforementioned Act as follows:

55. (b-1) Where a payment specified in subsection (b) also falls within subsection (a), the payment shall be deemed to be a payment specified in subsection (b).

4. Amend Section 55(c)(3) of the aforementioned Act as follows:

> **55.** (c) (3) "Non-resident contractor" refers to a person not resident in the Maldives who undertakes, under a contract, agreement, or arrangement (other than as an employee):
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> i. to provide goods or services of any kind in the Maldives; or
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> ii. to supply the use of, or right to use, in the Maldives any goods or services of another person.

5. This Act shall commence from the date of its publication in the Government Gazette following its passing and ratification.