



Economic Prosperity – Social Harmony

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



MINISTRY OF TOURISM
REPUBLIC OF MALDIVES

Reference Number: (PR) 88-B/88/2018/6

30th January 2018

PRESS RELEASE

On the Issue of Villa Group's Illegal Avoidance of Outstanding Taxes and Other Related Payments

Villa Shipping and Trading, including other companies related to the Villa Group, has several outstanding tax payments overdue to the state. These outstanding payments include Taxes, and additional dues related to the lease of islands and lagoons.

However even with repeated reminders by regulators and enforcement authorities, both within public record and direct communications to Villa, the company continues to avoid payment and operate in bad faith. Maldives Inland Revenue Authority (MIRA) has lodged cases against Villa Group of Companies against defaulting payments – the supporting press releases and statements are attached within for your convenience.

It is a priority of this Administration to maintain the good reputation of the Maldives as a premier tourism destination. As such, even with repeated infractions on record and after consultations with the Maldives Association of Tourism Industry (MATI) and relevant stakeholders, the Administration has temporarily reinstated the liquor licenses of the group's resorts for a period of 14 days. This period is currently in effect and the resorts have been given every opportunity to continue serving guests without further service disruptions. Such an allowance was made with the view to protect the reputation of the industry as a whole and with the expectation that Villa would cooperate with the relevant agencies to expedite payment towards all defaults in legally due taxes and related payments.

However, we note with disappointment that the company continues to conduct themselves in bad faith. The company continues to, without due standing, challenge the laws, regulations and regulatory authorities. They have misrepresented facts, going so far as to

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willfully inciting employees towards disrupting the calm of visitors and guests with illegal riots and protests. We take harsh notice of the fact that the company has gone well beyond the realm of decent, professional, conduct by distributing pictures and videos, and willfully encouraging added exposure, of enforcement officials legally tasked with documenting its dues, within the media and social media.

All the while the company continues to withhold taxes, which have already been collected from guests from the state, evading their legal responsibility to the state, its laws and its people.

The Administrations wishes, in good faith, to direct our Tour Operators and entities doing business with the group to take note of the company's actions and to entertain the strong possibility that the temporary reinstatement period may not be extended should the company continue to act in such bad faith and as such services may be disrupted. Please take note that such action comes after several public, on the record, notices having been served to the company by regulators and enforcement agencies alike over a significant period of time – press releases and statements are attached within for your convenience.

It should be noted that in addition to the loss of tax revenue to the state, the company, in withholding taxes, is engaging in unfair and illegal business practices while at the same time sullyng the reputation of the industry as a whole. The company is further denying the state, and the public, their legal due not just in terms of immediate lost revenue but also future, medium and long term, prospects and opportunities.

With all fairness, and in the interest of the overall tourism industry, as well as the rest of the law abiding community, we remind lease holders and operators of resorts to respect the lease holding agreements.

The Ministry of Tourism would like to assure our partners, as well as the public, of our continued cooperation and assistance towards the smooth operation of all properties; giving the highest consideration to the wellbeing, safety and security of all guests.

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Attachments (10) :

- 1- Ministry of Tourism, Communique - 29th November 2017
- 2- Maldives Customs Service Press Release No: 2018/01 - 18th January 2018 - (*Unofficial Translation of the Dhivehi Press Release issued by Maldives Customs Service No: 2018/01*)
- 3- Maldives Customs Service, Press Release No: 2018/2 – 20th January 2018 - (*Unofficial Translation of the Dhivehi Press Release issued by Maldives Customs Service No: 2018/2*)
- 4- Maldives Customs, Service Press Release No: 2018/3 – 21st January 2018 - (*Unofficial Translation of the Dhivehi Press Release issued by Maldives Customs Service No: 2018/3*)
- 5- Ministry of Tourism, Press Release No: (PR)88-B/2018/3 – 21st January 2018
- 6- Maldives Inland Revenue Authority, Press Release No: (PR)220-MTRS/PRIV/2018/1 – 21st January 2018 - (*Unofficial Translation of the Dhivehi Press Release issued by Maldives Inland Revenue Authority No: (PR)220-MTRS/PRIV/2018/1*)
- 7- Ministry of Tourism, Press Release No: (PR)88-B/88/2018/5 – 22nd January 2018
- 8- Maldives Customs Service, Press Release No: 2018/4 – 23rd January 2018 - (*Unofficial Translation of the Dhivehi Press Release issued by Maldives Customs Service No: 2018/4*)
- 9- Maldives Police Service, Press Release No: PMC/2018/01 – 23rd January 2018 - (*Unofficial Translation of the Dhivehi Press Release issued by Maldives Police Service Press Release No: PMC/2018/01*)
- 10- Ministry of Finance and Treasury, Press Release No: (PR)13-E1/13/2018/1 – 23rd January 2018 – (*Unofficial Translation of the Dhivehi Press Release issued by Ministry of Finance and Treasury of the Maldives (PR)13-E1/13/2018/1*)





Economic Prosperity - Social Harmony



MINISTRY OF TOURISM
REPUBLIC OF MALDIVES

COMMUNIQUE

1. The Maldives Inland Revenue Authority (MIRA) is taking action against those tourist facilities and tourism related businesses operating under Law N0 2/99 (Maldives Tourism Act), which have defaulted on rent, taxes and fines due under both tax laws and respective agreements with the Government of Maldives. MIRA is now taking enforcement measures against those parties to recover the unpaid monies owed to the Government.
2. In this regard, in accordance with the relevant tax laws, MIRA has now frozen bank accounts of those parties. As some parties had subsequently failed to pay, pursuant to the tax laws, MIRA has now filed civil suits for debt recovery against them at the Civil Court.
3. The biggest amount owed by a single entity is directly or indirectly related to Mr. Qasim Ibrahim.
4. Amongst those include Villa Shipping and Trading Company Pvt Ltd, Gazeera Pvt Ltd, Maanenfushi Pvt Ltd, Villa Hotels and Resorts Pvt Ltd and Villa Holidays Pvt Ltd.
5. Properties which conduct tourism related activity under the said five companies that owe rent, taxes and fines to the Government are Paradise Island Resort, Sun Island Resort, Fun Island Resort, Holiday Island Resort, Gaafu Dhaalu Atoll Gazeera Island, Raa Atoll Maanenfushi Island and a land in Laamu Atoll Kahdhoo.
6. With respect to aforementioned properties, the said five companies owe to the Government an approximate USD 200 million as rent under Lease Agreements, Fines, Goods and Services Tax, Green Tax and Withholding Tax.
7. Whilst the bank accounts of the said 5 companies remain frozen by the way of enforcement measure taken by MIRA, these companies are engaging in tax evasion activities and conducting their businesses in a manner to facilitate tax fraud. Reportedly, these businesses are also conducted abroad, including Germany.

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8. Reportedly, in an effort to avoid paying the aforementioned dues owed to the Government, Mr. Qasim Ibrahim attempted to overthrow the lawfully elected government by bribing members of the Maldivian Parliament earlier this year. In this regard, Mr. Qasim Ibrahim was charged and subsequently convicted guilty by the Criminal Court and sentenced for 3 years of imprisonment.
9. Post sentencing, when Mr. Qasim Ibrahim applied for leave to seek medical treatment abroad which is not domestically available, the relevant State Institution had granted him the leave to travel to Singapore for a specified duration under a special travel document. Despite leaving to Singapore in September 2017 and receiving medical treatment, he has not returned back to the country to serve his sentence. Reportedly, Mr. Qasim Ibrahim has fled and is currently in Germany.
10. It is important that all businesses that conduct business activities with the aforementioned properties and the said 5 companies, which are directly or indirectly related to Mr. Qasim Ibrahim, take note of the aforementioned factual events.
11. The MIRA has taken the cases to the Maldivian Courts.

29th November 2017





Maldives Customs Service
Republic Maldives



All Media

Press Release

Number: 01/2018

Re: Inspection of resorts believed to have received unauthorized transfer of liquor products released from bonded warehouse

Maldives Customs Service (MCS) had conducted a special operation under the Search Warrant, on an Intelligence report claiming unauthorized distribution of alcohol products to four resorts which were originally consigned and released to the Royal Island Resort from the Bonded Warehouse. The search operation was conducted on 17th and 18th January 2018.

All services from Customs to the below mentioned four resorts have been discontinued since 22nd March 2017, as per the Enforcement Policy of the Maldives Inland Revenue Authority (MIRA) due to pending tax returns by the Company that operates the resorts.

1. Sun Island Resort
2. Paradise Island Resort
3. Fun Island Resort
4. Holiday Island Resort

Alcohol products are released upon declaration by the consignee to transport only to designated place(s), diverting to places other than authorized place is an offense under law. Alcohol products are categorized as controlled and restricted.

Transportation of alcohol products to places other than the authorized party could lead way for easy accessibility of such products at public places. Additionally, diversion of such would prevent

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payment of applicable taxes to the Government, MCS will take necessary steps to prevent such unlawful acts.

MCS is a law enforcement agency entrusted to ascertain import and export procedures are fully enforced. Hence, MCS will take all necessary actions to ensure law is duly adhered.

MCS strongly condemns the falsifying claims aimed at discrediting the organization, and would like to iterate that such acts will be subjected for necessary legal actions.

18 January 2018

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Maldives Customs Service

Republic Maldives



All Media

Press Release

Number: 02/2018

Re: The ongoing operation to seize goods from Fun Island Resort that is believed to be linked to the unauthorized transfer there.

The ongoing operation by the Maldives Customs Service is to seize liquor products from Fun Island Resort linked to the unauthorized transfer, which were originally released from the Bonded Warehouse under the consignee of Royal Island Resort. This operation is conducted under the legal powers vested under the Customs Act. The role of Maldives Police Service in this operation is to provide assistance when and where required by Customs.

Customs General Regulation prohibits the transfer of liquor products released from Bonded Warehouse to parties other than the party consigned. Customs has the power to investigate such activities under the Act. Furthermore, according to the Customs Act, Customs may seek assistance from the Maldives Police Service (MPS) and The Maldives National Defense Force (MNDF) if required in discharging duties and responsibilities.

Hence we urge public to refrain from spreading falsifying reports among the people.

20 January 2018



Maldives Customs Service

Republic Maldives



All Media

Press Release

Number: 03/2018

Re: The ongoing operation to seize goods from Fun Island Resort that is believed to be linked to the unauthorized transfer there.

The alcohol which was unlawfully transported to the resorts are being brought to Customs control as per the Search Warrant and the Maldives Penal Code (12/2016). The role of Maldives Police Service in this operation is to assist Customs whenever required.

The Import Prohibition Act (4/1975) states that the importation and usage of liquor and pork should be carried out as per regulations of the Ministry of Economic Development and any act contrary to this shall be an offense. The regulations on liquor and pork products enacted under the Import Prohibition Act states that alcohol shall be released for foreigners registered or visited to a particular resort. As per the said regulations, it is prohibited to move items away or give or sell to a person other than permitted.

As alcohol and pork products are restricted by law and handled under strict procedures, it is prohibited to sell or distribute liquor and pork unlike general consumer goods.

The said operation is being conducted in such a way that it would not adversely affect tourism industry nor would give a negative impression to tourists.

The Maldives Customs Service ensures that the operation is being conducted without any violence and in coordination with the client. In this regard, all information including Customs legal responsibilities, places for required to be inspected, reasons for inspection have been briefed to the client's representatives.

The search is being carried out only on the alcohol storages and none of the rooms or tourist areas are inspected during the operation. Furthermore, rather than seizing the entire stock of liquor in the resorts, those unlawfully transported are being confiscated.

We strongly condemn the falsifying allegations by some individuals for political benefits, to defame this organization by giving misleading interpretations to the public.

Maldives Customs Service assures that all required measures will be taken to ensure safety and security of the people by enforcing all concerned laws and regulations. Furthermore, Maldives Customs Service is committed to create more facilitated trading environment and to protect legitimate trade in the country.

21 January 2018



Economic Prosperity - Social Harmony

Reference Number: (PR) 88-B/88/2018/3

21 January 2018

PRESS RELEASE/STATEMENT

We bring to your notice about a news that has been circulating in the media with regard to unlawful persecution by the government to a particular group of resorts.

The Ministry of Tourism has been informed by the Ministry of Economic Development, that the Ministry has revoked the Liquor License of the following resorts:

- Royal Island Resort and Spa (Baa Atoll Horubadhu)
- Paradise Island Resort and Spa (Male' Atoll, Lankan Finolhu)
- Sun Island Resort (Ari Atoll, Nalaguraidhu)
- Fun Island Resort (Male' Atoll, Bodu Finolhu)
- Holiday Island Resort (Ari Atoll, Dhiffushi)

As per the Liquor and Pork regulation (no: R-49 /2011) of the Maldives, a license is required to sell liquor or pork. The licensed properties were monitored by the Maldives Customs Service and we have been informed that the above resorts have violated the regulation.

We also note that the Maldives Inland Authority (MIRA) has filed a legal suite to the courts that involves the company of Villa Shipping and Trading and other companies related to this group. The cases are related to non-payments with regard to leases of islands and lagoons and also for non-payment of Tax returns such as the Green Tax and Tourism Goods and Services Tax.

Operating resorts without paying the relevant dues and taxes are a violation of the lease agreements, laws and regulations. Majority revenue of the Maldives economy is directly from the tourism industry through taxes, rents and other payments by the industry. The government depends on this revenue for the budget and most development projects. Non payments and evasion of taxes has a negative impact on our economy.

In this context we note the importance of the Government's responsibility to enforce the agreements in equal fairness especially on cases with regard to non-payments of taxes and lease rents. It is also



important that taxes and rents payments are filed as due as per agreements and regulations to maintain fairness amongst all properties. We have been repeatedly receiving complaints from the regular tax payers in this industry on those parties who violates tax regulation.

The Ministry of Tourism shall give support to all government authorities in upholding laws and regulations through cooperation and respecting their investigations and findings.

We also assure to the industry that we will continue to extend our utmost cooperation and assistance in the smooth operation of all properties giving high consideration to tourists who are occupying the resorts. The wellbeing, safety and security of the tourists are our priority

We believe in minimal intervention and encourage all properties to respect and abide regulations minimizing challenges that could arise at all times. We are also in dialogue with the Maldives Association of Tourism Industry (MATI) and other relevant stakeholders. We hope to find an amicable solution soon.





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Press Release

Ref: (PR)220-MTRS/PRIV/2018/01

This press release is to address false reports by some media outlets alleging that MIRA has been participating in an operation being conducted by the Maldives Customs Service from 17 January 2018 in 4 resorts operated by Villa Shipping and Trading Company, and that MIRA is attempting to cause harm to the business activities of the company.

Enforcement action had been taken against Villa Shipping and Trading Company in March of 2017 for defaulting on payments amounting to MVR 18.9 Million owed to the State as Tourism Land Rent. It is also to be noted that despite the fact that GST and Green Tax were paid to the resorts by the tourists arriving in Maldives, since March 2017 till today, none of the collected GST or Green Tax has been paid by these resorts to MIRA. As such, for failure to pay USD 5.1 Million owed to the state as TGST and Green Tax, enforcement action has been taken against the 4 resorts operated by Villa Shipping and Trading Company. These actions were taken in accordance with the Enforcement Policy of MIRA, and Villa Shipping and Trading Company has been subject the same actions that is being taken against any other company in the same situation – without bias or inequity.

Issuance of import licenses and implementation of regulations regarding the usage of imported items is not covered by MIRA's mandate. As such, any operation carried out by Maldives Customs Services in the 4 resorts operated by Villa Shipping and Trading Company is not being carried out under a law or regulation of MIRA.

Any enforcement actions taken against taxpayers by MIRA will be in accordance with the 'Enforcement Policy of MIRA', and will follow the procedures and steps set therein. In addition, the policy is applied equally and fairly to all taxpayers without discrimination. MIRA gives full assurance that no action will be taken against any business outside the legal authority assigned to MIRA, nor will there be any attempt to harm any business of a taxpayer. Hence, we urge all parties involved to refrain from spreading false reports and rumors intended to damage MIRA's work or its reputation.

21 January 2018

*Disclaimer: This is the unofficial translation of the original Press Release in Dhivehi.



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Economic Prosperity – Social Harmony



MINISTRY OF TOURISM
REPUBLIC OF MALDIVES

Reference Number: (PR) 88-B/88/2018/5

22 January 2018

PRESS RELEASE

With reference to Ministry's Press Release No: (PR)88-B/2018/3 (21st January 2018) concerning resorts of Villa Shipping and Trading and companies related to the group with regard to the liquor license and non-payment of leases and taxes,

The Ministry of Tourism has had discussions with the Maldives Association of Tourism Industry (MATI) and other stakeholders to find an amicable solution to the concerns referred in the above statement. The first priority of the government is to maintain the satisfaction of the guests in these properties. Therefore the Ministry has requested to reinstate the liquor license for a period of 14 days from today. This period is for the resorts to continue giving services to the guests and to find a solution to the issues.

The Ministry of Tourism assures our support to all government authorities in upholding laws and regulations through cooperation and negotiation at all times. We will continue to extend our utmost cooperation and assistance in the smooth operation of all properties giving high consideration to tourists who are occupying the resorts. The wellbeing, safety and security of the tourists are our priority.

However, we note our concerns of non-payment of dues with regard to taxes (green tax and tourism goods and services tax) and dues related to lease of islands and lagoons. The Maldives Inland Authority (MIRA) has filed a legal suite to the courts that involve the company of Villa Shipping and Trading and other companies related to this group.

It is the role of the Government to enforce the lease agreements. With regard to due payments, the government protocol is to check the MIRA records and halt all services if there are defaults in payments. Therefore, with all fairness and in the interest of the overall tourism industry, all operators and lease holders of resorts should respect lease holding agreements. Default in payments also leads to the risk of disruption of services which has a negative impact on the tourist and the overall tourism industry.

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Since Maldives Inland Revenue Authority (MIRA) has filed a legal suite to the courts against Villa Shipping and Trading and other companies related to this group, the Ministry believes that a permanent solution for this issue would be to clear all the dues with regard to taxes and other payments. This would also be important to maintain fairness among all stakeholders and those companies who abide the laws and regulations.

The Ministry thanks and appreciates the support of MATI and the industry private sector and all stakeholders for the advice and support given at all times and assures the industry to work together at all times to make Maldives the best tourist destination.



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Maldives Customs Service

Republic Maldives



All Media

Press Release

Number: 04/2018

Reference is made to the special operation conducted by Maldives Customs Service (MCS) under the Search Warrant, on an Intelligence report claiming unauthorized distribution of alcohol products to four resorts which were originally consigned and released to the Royal Island Resort from Bonded Warehouse.

We strongly condemn the acts of Villa Shipping and Trading Company Private Limited for attempting to mislead the public by falsely accusing MCS of obtaining the search warrant through fabricated information; and for publishing the names of individual customs officers.

Since this is an attempt to discredit MCS and to influence, threat and to obstruct Customs officers from exercising their duties, the case has been duly referred to the Maldives Police Service for further investigation.

23 January 2018

Maldives Police Service

Ref No: PMC/2018/01

The Maldives Police Service condemns the mention of personal information of our officers, in a press statement issued on 23 January 2018 by the legal team representing Villa Shipping and Trading Company Pvt Ltd, stating that the Maldives Police Service took part in the violation and illegal confiscation of the property and assets belonging to Villa Shipping and Trading Company Pvt Ltd, and appealing to the National Integrity Commission to investigate the matter.

The Maldives Police Service believes that this act is a direct obstruction of, imposing influence over, and threatening of the employees of a law enforcement body performing their legal duty.

The Maldives Police Service is currently investigating the matter as a high priority case.

23 January 2018

Press Statement issued by Ministry of Finance and Treasury

This statement is issued with regard to the concerns being raised by the parties involved in the case of the Villa Group companies' failure to pay taxes and other fees to the State.

In a press statement issued on 21 January 2018, Maldives Inland Revenue Authority (MIRA) has stated that Villa Shipping and Trading Company Pvt Ltd has failed to pay USD 5.1 million (MVR 78.6 million) as GST and green tax, USD 18.9 million (MVR 291.4 million) as resort lease payment, since March 2017 till 21 January 2018. The Villa Shipping and Trading Company Pvt Ltd has a total of MVR 369.5 million to be paid to the state. This adds up to about 20% of the average monthly revenue of the state. The state institutions note that there is a total amount of USD 188 million (MVR 2.9 billion) to be paid to the state by Villa group. MVR 2.9 billion is 13.3% of the estimated state revenue for this year. The Ministry is concerned that such huge figures remain unsettled for long periods.

The tax revenue is crucial for the continuous expenditure on development and providing public services. The state spends MVR 700 million on average, for the monthly salary of employees on the state's payroll. About MVR 1 billion is spent on a monthly basis as operational cost of the state, including the salary amount.

The ministry urges all relevant authorities to settle the matter at the earliest. The ministry also urges all tax payers to regularly pay the taxes and other fees.

23 January 2018