ECTAA
THE EUROPEAN TRAVEL AGENTS' AND TOUR OPERATORS' ASSOCIATIONS

Ref: Tourism/Maldives GST 2026/Letter to the Maldives Representation

H.E. Ms Uza Fathimath Dhiyana
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By email: brussels.info@foreign.gov.mv

Brussels, 2 September 2026

Your Excellency,

Subject: Concerns regarding the planned GST obligations for foreign tour operators and travel agents

On behalf of ECTAA, the European Travel Agents' and Tour Operators' Associations, I would like to express our serious concerns regarding the forthcoming extension of Maldivian Goods and Services Tax (GST) obligations to foreign tour operators, travel agents and booking platforms, including businesses with no establishment in the Maldives.

We understand that the new obligations are intended to apply from **1 October 2026**. While ECTAA fully acknowledges the sovereign right of the Maldives to determine its tax policy, **the extremely short implementation period raises significant economic, administrative and legal concerns for European travel businesses.**

Economic impact and insufficient lead time

Tour operators work with long commercial lead times. Prices and allotments with suppliers are often negotiated up to a year in advance, after which packages are priced, marketed and sold to consumers. Many Maldives packages for the forthcoming winter season have therefore already been sold at fixed prices, while brochures and other marketing material have already been produced.

European tour operators are subject to stringent consumer protection rules under the EU Package Travel Directive. Once a package contract has been concluded, prices can only be increased in narrowly defined circumstances. While certain increases in taxes or fees on individual travel services may be passed on, this does not generally extend to a new tax imposed on the organiser's own package travel supply. Consequently, **tour operators may have to absorb the new GST on packages already sold, directly reducing their margin.**

Operators may also need to amend or replace brochures and other material containing prices calculated before the new tax was introduced.

Foreign tour operators and travel agents are important partners for the Maldivian tourism industry. They invest in promoting the Maldives in source markets, provide visibility to Maldivian resorts and other tourism businesses, develop packages adapted to different customer segments and maintain long-standing commercial relationships with local suppliers. Their contribution to destination marketing should therefore be taken into account when introducing measures that directly affect the economics of distributing Maldives tourism products.

For these reasons, **tax changes of this nature require substantial advance notice**. Tour operators need sufficient time to take new taxes into account when negotiating contracts and calculating prices for the following season. Introducing such a significant obligation only weeks before its application does not reflect the commercial planning cycle of the travel industry.

Disproportionate administrative burden

The new regime also appears to require foreign travel companies to register and account for GST in the Maldives irrespective of the scale of their activity.

This could impose disproportionate costs on smaller operators that sell only a limited number of Maldives packages. Registration, margin calculations, reporting and cross-border tax payments create an administrative burden that may make the destination commercially unattractive for some businesses.

Some operators could consequently reduce or discontinue their Maldives programmes in favour of destinations with less burdensome compliance requirements. We therefore encourage the introduction of a **meaningful registration threshold and/or simplified regime for smaller foreign businesses**.

Comparable destination-based GST regimes recognise the need for proportionality. New Zealand, for example, generally requires non-resident suppliers to register only where relevant supplies exceed NZD 60,000 over a 12-month period, expressly recognising that a threshold reduces disproportionate compliance and administrative costs for smaller foreign businesses.

Lack of legal certainty

There is also insufficient practical guidance less than one month before implementation.

In particular, it remains unclear how the taxable margin should be calculated in complex distribution chains. European operators may purchase accommodation directly from a Maldivian hotel or acquire complete land arrangements through Maldivian travel agencies or DMCs, which may themselves purchase services from several suppliers. Clear rules are needed on how the taxable margin should be determined in such situations.

Foreign operators also **urgently need information on how to register, file returns and make payments**, as well as the **treatment of cancellations, refunds and corrections**.

Request for postponement

In view of these concerns, ECTAA respectfully urges the Maldivian authorities to **postpone the application of the new GST obligations** and engage with the international travel industry before implementation.

A postponement would allow sufficient time to clarify the practical rules and enable tour operators to incorporate the new tax into future supplier negotiations, package prices and brochures rather than imposing an unforeseen cost on packages already sold.

We would therefore encourage the Maldivian authorities to:

- postpone implementation and provide sufficient commercial lead time;
- consult foreign travel businesses and their representative associations;
- clarify the calculation of margins in multi-layer distribution chains;
- establish simple registration, reporting and payment procedures for non-resident businesses;
- introduce a meaningful registration threshold or simplified regime for smaller businesses; and
- provide transitional arrangements for packages already contracted or sold.

ECTAA and its members remain committed to promoting the Maldives as an attractive destination for European travellers. We believe that adequate preparation and consultation would allow the Maldives to achieve its tax-policy objectives without unnecessarily disrupting existing bookings or weakening the destination’s competitiveness in European source markets.

Yours sincerely,

Eric Drésin
Secretary General