

Seychelles

ey.com/GlobalTaxGuides
ey.com/TaxGuidesApp

For information regarding Seychelles, please contact Ryaad Owodally (office telephone: +230 403-4777, Ext. 4717; mobile telephone: +230 727-0285; fax: +230 403-4700; email: ryaad.owodally@mu.ey.com) of the Cybercity, Mauritius office.

A. At a glance

Corporate Income Tax Rate (%)	33 (a)
Capital Gains Tax Rate (%)	0
Branch Tax Rate (%)	33 (a)
Withholding Tax (%)	
Dividends	15 (b)
Interest	0 to 33 (c)
Royalties from Patents, Know-how, etc.	15
Management Fees	15 (d)
Branch Remittance Tax	0
Net Operating Losses (Years)	
Carryback	0
Carryforward	5

- (a) This is the maximum rate. For details regarding the rates, see Section B.
- (b) This withholding tax applies to dividends paid to nonresidents. The withholding tax is considered to be a final tax. See Section B.
- (c) A 15% rate applies to interest paid by non-financial institutions to residents and nonresidents other than banks, finance companies or other enterprises that are principally engaged in the business of lending money. The withholding tax is considered to be a final tax for nonresidents. The tax rate of 33% applies only to interest paid on bearer bonds.
- (d) Management and technical fees payable to nonresidents are taxable at a rate of 15%. Management fees paid by financial institutions to nonresidents are subject to withholding tax at a rate of 33%. The withholding tax is considered to be a final tax.

B. Taxes on corporate income and gains

Corporate income tax. Under the Business Tax Act, resident and nonresident corporate and non-corporate businesses are subject to business tax on their income derived from the Seychelles.

A company is a resident of the Seychelles if it is incorporated there. In addition, a company not incorporated in the Seychelles that carries on business in the Seychelles is a resident if its central management and control are located in the Seychelles or if its voting power is controlled by shareholders who are residents of the Seychelles.

Rates of corporate income tax. Corporations and trustees are subject to business tax at a rate of 25% on the first SCR1 million of taxable income and at a rate of 30% on the balance.

For telecommunications service providers, banks, insurance companies, and alcohol and tobacco manufacturers, the rate of business tax is 25% on the first SCR1 million of taxable income and 33% on the remainder.

Companies listed in the Seychelles securities exchange are subject to business tax at a rate of 25%.

The Tourism Investment Act 2003 has been repealed. The Eighth Schedule to the Business Tax Act offers various tax incentives to certain businesses to encourage investment in the Seychelles. These incentives include reduced rates of business tax, tax credits, special deductions and accelerated depreciation. The businesses listed in the schedule include, but are not limited to, farming entities, agricultural processors, fisheries processors, boat owners and persons carrying on the businesses of hotels, guest houses or self-catering.

Capital gains. Capital gains are not taxable in the Seychelles.

Administration. The tax year is the calendar year.

Annual tax returns are due on 31 March.

The tax shown on the annual tax return is payable on submission of the return.

Companies must make monthly provisional tax payments during the tax year, based on the income for the preceding year. The payments are due by the 21st day of the month following the month for which a payment is due. At the beginning of each tax year, the Revenue Commissioner issues a provisional tax assessment, which sets out the required provisional payments.

Dividends. Withholding tax is not imposed on dividends paid to resident persons. Dividends paid to nonresidents are subject to withholding tax at a rate of 15%. Dividends received from non-resident companies are not taxable.

Foreign tax relief. Seychelles does not grant relief for foreign taxes paid.

C. Determination of trading income

General. Taxable income is the income reported in companies' financial statements, subject to adjustments required by the tax law.

Expenses incurred to earn taxable income are deductible, unless they do not pertain to the business of the taxpayer.

Inventories. For tax purposes, inventory may be valued at the lower of cost or market value, or at replacement cost.

Provisions. Provisions are not deductible for tax purposes.

Tax depreciation. Under the Business Tax Act, hotels are depreciated at a rate of 20% for the first year and 10% for the following eight years. Other buildings, ships and aircraft are depreciated at a straight-line rate of 4%. Computers, research and development expenditure, data handling equipment and approved environmental machinery is depreciated at a rate of 40%. For other assets, normal depreciation is calculated using the following straight-line rates.

Asset	Rate
Plant and machinery	20%
Office equipment	20%
Vehicles	20%

Capital expenditure of up to SCR100,000 on the assets described above is fully deductible in the year of expenditure.

Relief for losses. Business tax losses may be carried forward for five years for relief against future income of the same trade. Tax losses may not be carried back.

Groups of companies. Consolidated returns are not allowed. Each company must submit its own tax return.

D. Other significant taxes

The following table summarizes other significant taxes.

Nature of tax	Rate (%)
Value-added tax (effective from 1 January 2013); Standard rate	15
Rate for items listed in the First Schedule of the Value-Added Tax Act	0
Contributions to Seychelles Pension Fund, on monthly salaries and allowances paid to employees; paid by	
Employer	2
Employee	2
Trades Tax (customs duty), on imported goods	Various
Tourism Marketing Tax; payable on annual turnover by tourism operators listed in the Eighth Schedule of the Business Tax Act, banks, insurers and telecommunication service providers, if they have annual turnover of SCR1 million or more	0.5
Corporate social responsibility tax; payable by businesses with annual turnover of SCR1 million or more; tax payable at rate of 0.50% of monthly turnover, but businesses may elect to pay 0.25% of monthly turnover and claim a 0.25% offset for donations, sponsorships or projects paid for by the business during the current year of payment and approved by the Corporate Social Responsibility Committee; alternatively, the business may remit the entire 0.50% of monthly turnover to the Seychelles Revenue Commission	0.5

E. Miscellaneous matters

Foreign-exchange controls. The Seychelles currency is the Seychelles rupee (SCR).

Seychelles does not impose exchange controls. However, under the Foreign Exchange Act, a person, other than an authorized dealer, may not as a business buy foreign currency from or sell foreign currency to any person other than an authorized dealer.

Payments to, receipts from and transfers to and from a person outside Seychelles with respect to international transactions must be made through authorized dealers.

Debt-to-equity rules. Seychelles does not impose any thin-capitalization rules.

Transfer pricing. Seychelles does not have transfer-pricing regulations. However, the Business Tax Act requires transactions between related parties to be conducted using internationally approved transfer-pricing guidelines.

F. Treaty withholding tax rates

	Dividends %	Interest %	Royalties %
Bahrain	5	5	5
Barbados	5	5	5
Botswana	5/10 (a)	7.5	10
China	5	10	10
Cyprus	0	0	5
Indonesia	10	10	10
Malaysia	10	10	10
Mauritius	0	0	0
Monaco	7.5	5	10
Oman	5	5	10
Qatar	0	0	5
South Africa	5/10	7.5	10
Thailand	10	10/15 (b)	15
United Arab Emirates	0	0	5
Vietnam	10	10	10
Zambia	5/10 (a)	5	10
Non-treaty countries	15	0 to 33	15

- (a) The 5% rate applies if the beneficial owner of the dividends is a company that holds at least 25% of the capital of the payer of the dividends. The 10% rate applies to other dividends.
- (b) The 10% rate applies to interest paid to financial institutions, including insurance companies. The 15% rate applies to other interest payments.

Tax treaties with Belgium, Bermuda, Ethiopia, Kuwait, Lesotho, Luxembourg, Malawi, Sri Lanka and Zimbabwe have not yet been ratified.