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**BASIC TAX INFORMATION FOR REGISTERED BUSINESSES**

As part of our strategy to educate taxpayers about the Revenue Laws, we would like to pass on some basic information about the applicability of each of the different taxes currently in force at the Seychelles Revenue Commission.

**BUSINESS TAX REGISTRATION**

* You are now registered for Business Tax purposes;
* Your unique Taxpayer Identification Number must be used in all business taxation dealings with this office;
* If you are a sole trader or partnership business, an your taxable income is above SR150,000, you are liable to monthly Pay As You Go Installments;
* If your business is an entity, and your forecasted revenue for the first year of business indicate a taxable income, you are liable to monthly Pay As You Go installments;
* An application for variation of the Pay As You Go installments can be made;
* A revised cash flow forecast must be attached with the covering letter of explanation to state why you wish to apply for a variation;
* If the actual revenue earned at the end of the year is more than 90% of the revised taxable income, a penalty of 10% of the amount unpaid will be applied;
* If your business falls in the category of Specified Business, you will be required to use a Deduction at Source certificate book to have the tax deducted at source;
* Please keep SRC informed of changes to your business, such as business closure, change in contact details, business location, business name, Shareholders, Directors, Public Officer, etc.; and
* It is also crucial that you provide us with your e-mail address for ease of communication.

**BUSINESS TAX RATES**

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| **TAX TYPE** | **RATE OF TAX** |
| **Business Tax** | **FIRST SCHEDULE** |
| 1. Individual and Partnership | 0% of the first taxable income;  15% between R150,001 and 1,000,000 of taxable income; and  30% on the remainder |
| 1. Company, government body or a trustee | 25% on the first 1,000,000 of taxable income; and  30% on the remainder |
| 1. Telecommunications service providers, banks, insurance companies, alcohol and tobacco manufacturers | 25% on the first 1,000,000 of taxable income; and  33% on the remainder |
| 1. Non-resident Person operating a ship or aircraft for the carriage of passenger, mail, merchandise, etc., or goods embarked in Seychelles | 3% on the gross amount received |
| 1. Non-resident Person income received from sources in Seychelles | (i)15% on the gross amount of dividend, interest, royalty, natural resource amount or technical services fee;  (ii)The rate applicable under a taxation agreement entered between the Government of Seychelles and a Government of a foreign country  (iii) 5% on insurance premium  (iv) 15% in case of technical fees other than managerial fees payable to a non-resident by a financial institution operating in Seychelles  (v) 33% in case of managerial fees payable to a non-resident by a financial institution operating in Seychelles |
| 1. Offshore Banking | 3% of the taxable business income generated by and sources from a non-resident person or an entity incorporated or registered in Seychelles which has personal and economic relations or place of effective management outside Seychelles up to 31st December 2018. |
| 1. Non-resident Entertainer or Sports Person | 5% on the gross remuneration paid in respect of a performance in Seychelles of a non-resident entertainer or sports person |
| **Presumptive Tax** | **TENTH SCHEDULE** |
| A small business with the turnover of less than SCR1,000,000 and not registered for VAT | 1.5% on the annual turnover |
| **Business Tax** | **EIGHT SCHEDULE** |
| Tourism Sector and Agriculture & Fisheries Sector including Duty Free Shop & Exclusive Shop Operator | 0% of the first R250,000 of taxable income; and  15% on the remainder |
| **Business Tax** | **SEVENTH SCHEDULE** |
| 1. International Corporate Service Providers[CSP] | (i)15% of fees in respect of incorporation or registration;  (ii)7.5% of fees in respect of annual renewal of license; and  (iii)5% of all other fees |
| 1. Companies Special License[CSL] | 1.5% on global taxable income. The taxation regime continues to be in force till June 30, 2021 for companies incorporated before October 16, 2017. |
| 1. Offshore Dredging, Reclamation and Related Marine Work | 3% on total turnover |
| 1. Residential Dwelling | 15% of the gross rental income |
| 1. Licensees under the Mutual Fund and Hedge Fund Act, 2008 | (i) 10% of fees in respect of new mutual fund licenses; and  (ii)5% of fees in respect of annual renewal of mutual fund licenses and all other fees under that Act |
| 1. Licensees under the Securities Act 2007 | 1.5 % in respect of the assessable income |
| 1. Company listed under the Seychelles Securities Exchange | 25% on the taxable income |
| 1. Private Educational Institution | 15% on the taxable income |
| 1. Private Medical Service Provider | 15% on the taxable income |
| **Business Tax** | **FOURTH SCHEDULE – PAYG – SPECIFIED BUSINESS** |
| 1. Building contractor 2. Maintenance contractor 3. Mechanic (motor vehicle, marine or refrigeration) 4. Hirer or operator of plant, equipment including sea vessels, motor vehicle used for the transportation of goods and towing 5. Hirer of Public omnibus | Person making payment to a specified business shall withhold 5% tax from the gross payment |

**ANNUAL SUBMISSION OF BUSINESS TAX AND/OR PRESUMPTIVE TAX RETURNS:**

* A Business Tax Year is a period of 12 months beginning 1st January and ending on 31st December each year;
* By 31st of March each year, you will be required to file your annual tax return; and
* There are two types of returns to choose from: A Presumptive Tax Return or Business Tax Return.

**PRESUMPTIVE TAX RETURN**

* A one-page Presumptive Tax return if the income earned is less than SR1m or even if your business has been in operation for less than a year.

**BUSINESS TAX RETURN**

* A five-page Business Tax return which is required to be completed by all business’ with income received in excess of SR1m;
* Set of Accounts are not required to be submitted with the Tax return;
* They must however be submitted on request;
* Lodge a nil return if the business is dormant/not operational;
* Lodge a Business Tax Return even when your business has been in operation for less than a year; and
* SRC has a Help Desk Officer to assist those taxpayers requiring advice when completing the yearly return.

**BUSINESS TAX PAYMENTS**

* The return must be accompanied with payment of the self-assessed tax liability;
* A Business Activity Statement (BAS) is a summary of the different taxes that are being paid and the grand total of all these payments;
* All monthly payments are required to be accompanied with a BAS form;
* Where a paperclip is displayed, it means there must be an attachment;
* BAS must be lodged on or before the 21st day of the month after your tax liability is due (e.g. BAS for the month of January should be submitted on or before the 21st February);
* All cash/cheques payments are to be made at the 3rd Floor, Maison Collet, Victoria, SRC sub offices at Seychelles Pension Fund Complex on Praslin and DA’s Office, La Digue and also at SLA (Green House) Providence;
* Payment can be made by Electronic Point of Sale [EPOS]; and
* Payment can also be made through bank transfer.

**AVAILABLE SRC E-SERVICES**

* Payment can be made via the SRC e-payment platform if you hold an account with Barclays Bank;
* Payment can be made via the Seychelles Electronic Fund Transfer [SEFT] through your commercial bank;
* Filing of Business Activity Statement, Business Tax Return, Presumptive Tax Return, VAT return and monthly payroll; and
* All that is required is a registration with SRC to obtain an e-ID, and password.

**PENALTIES=**

* There is 10% flat penalty for late payment of taxes after the due date of 21st day of the month;
* Interest is applied for late payment of taxes based on Central Bank of Seychelles quarterly lending rate plus 3%; and
* Late lodgment penalty applies for late filing of returns i.e., Business Activity Statement [BAS], VAT return, Business Tax Return and Presumptive Tax Return as follows:

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|  | **Annual Turnover** | **Flat Rate** | **Weekly rate** |
| Small Business | Less than SR1,000,000 | SR500 + | SR50 for each week or part of a week that the return is not furnished |
| Medium Business | In Between SR1,000,000 and R50,000,000 | SR1,000 + | SR100 for each week or part of a week that the return is not furnished |
| Large Business | More than SR50,000,000 | SR5,000 + | SR500 for each week or part of a week that the return is not furnished |
| Any other case |  | SR500 + | SR50 for each week or part of a week that the return is not furnished |

**OTHER INFORMATION**

**VALUE ADDED TAX (VAT) Registration**

* *Compulsory or Mandatory Registration* = All businesses where taxable supplies is in excess of the VAT registration threshold of SR2m;
* *VAT* Returns are submitted on a **monthly** basis, on or before the 21st day of the month after the tax liability is due; and
* *Voluntary Registration* = All businesses where taxable supplies is lower than the VAT registration threshold of SR2m.

**CRITERIA REQUIRED TO BE MET FOR VAT VOLUNTARILY REGISTRATION**

* The person must be making taxable supplies;
* The person must demonstrate that he has a fix place from which business is conducted;
* If business has already commenced, the person must demonstrate that he has been keeping proper records;
* If business has already commenced, the person must demonstrate that he has been compliant with all tax obligations under all revenue laws;
* There must be reasonable grounds to believe that the person will keep proper records and furnish regular and reliable returns; and
* *Voluntary Registration:* Returns are required to be submitted on a **quarterly** basis, on or before the 21st day of the following months after the tax liability is due.

**RECORD KEEPING**

* **All** businesses must retain records for 7 years. The following are examples of the types of records that have to be kept:
  + - Stock purchased (Valid Tax Invoices);
    - Expenses paid (Valid Tax Invoices);
    - Sales or Revenue earned;
    - Assets acquired (Valid Tax Invoices); and
    - Any money being paid out of the business for private use.

**OTHER TAXES**

**CORPORATE SOCIAL RESPONSIBILITY TAX (CSRT)**

* A CSRT tax is imposed on a person whose annual turnover is equal to or exceeds the CSRT liability threshold of SR1m;
* CSRT liability threshold is based on the annual turnover of a person for the tax year prior to the tax year in which the person is liable to pay CSRT;
* The applicable rate of tax is 0.5 per cent of the monthly gross turnover;
* Of the .50%, a person may pay .25% of the CSRT amount to the SRC, and the other .25% by way of donations, sponsorship or projects funding to non-governmental organizations, associations or entities as approved by the Minister for Finance, Trade & Economic Planning;
* CSRT is payable on the Business Activity Statement every month and the date of payment is on or before the 21st day of the month following the month in which the liability falls due; and
* The form ‘List of Donations for Corporate Social Responsibility Tax’ should be completed and must be attached with the BAS form at the time of payment of the CSRT.

**TOURISM MARKETING TAX (TMT)**

* TMT is payable by tourism operators listed under the Eighth Schedule-Business Tax Act 2009, that is all banks, insurer companies (excluding brokers), telecommunication service providers, building contractors – Class 1 and casino operators with an annual turnover of SR1 Million or more;
* TMT liability threshold is based on the annual turnover of a person for the tax year prior to the tax year in which the person is liable to pay TMT;
* The rate of TMT is 0.5 per cent per month on the monthly turnover of a person during the current year of payment; and
* Payment must be remitted to SRC on or before the 21st day of the month following the month in which the liability falls due.

**INCOME TAX**

* All persons in employment are liable for income tax, unless the monthly salary including taxable allowances is less than SR8555.50 for Citizen of Seychelles in line with the Progressive Income Tax Rates as of 1/6/18;
* ***Non-Citizen of Seychelles is eligible to pay the Progressive Income Tax Rates for a Citizen of Seychelles where the Government of Seychelles has a Double Taxation Avoidance Agreement [DTAA] in force and provided that the person is physically present in Seychelles for a period of or amounting to aggregate period of 183 days or more in a twelve months [12] period that commences or ends during a tax year;***
* ***Based on the above, a Non-Citizen of Seychelles is eligible to pay the Progressive Income Tax Rates of a Citizen of Seychelles after the person has become a resident of Seychelles for tax purposes, physically present for a period of 183 days;***
* There are 4 Progressive Income Tax rate brackets for Citizen of Seychelles;
* There are 3 Progressive Income Tax rate brackets for Non-Citizen of Seychelles;
* Income Tax is a tax deducted from the income of each employee on a monthly basis;
* The employer is liable to deduct this tax and remit to SRC;
* Income tax is due on the emolument of the employee when the salary is paid;
* The due date for payment is 21st of each month;
* All income tax deduction must be recorded on a Payroll and attached to a Business Activity Statement every month. Employer still required to submit a payroll even though there is no income tax liability due to the free threshold of SCR8, 555.50;
* The payroll must contain the details of each employee, the taxable and non-taxable salary and allowances and the tax applicable;
* Employees are encouraged to verify whether their employer is remitting the tax deducted from their salary every month;
* Late payment of income tax is liable to a penalty of 10% per annum;
* The new income tax calculator is provided on the SRC Website to determine the income tax payable under the Progressive Income Tax Rate for Citizen of Seychelles and Non-Citizen of Seychelles; and
* There are special rates of tax for certain category of businesses. Please consult the Income & Non-Monetary Benefits Tax Act and the SRC website at [www.src.gov.sc](http://www.src.gov.sc).

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