

Seychelles

Business Tax Act, 2009

Chapter 20

Legislation as at 8 November 2017

Note: There are **outstanding amendments** that have not yet been applied:
Statutory Instrument 1 of 2018, Statutory Instrument 28 of 2018, Statutory Instrument 42 of 2018,
Statutory Instrument 63 of 2018, Act 14 of 2018, Statutory Instrument 12 of 2020, Statutory Instrument
27 of 2021, Act 2 of 2021, Statutory Instrument 79 of 2021, Statutory Instrument 108 of 2021, Act 31 of
2022, Statutory Instrument 134 of 2022, Statutory Instrument 17 of 2024, Statutory Instrument 106 of
2024, Act 17 of 2024, Act 102 of 2024, Statutory Instrument 107 of 2024.

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Business Tax Act, 2009 (Chapter 20)
 Contents

Part I – Preliminary provisions 1

 1. Short title 1

 2. Interpretation 1

 3. Associate 5

 4. Fair market value 6

 5. Source of income 6

Part II – Business tax 7

 Division I - Imposition of tax 7

 6. Imposition and liability for business tax 7

 7. Imposition of liability for business tax on international transportation income of a non-resident person
 7

 8. Imposition of business tax on certain payments to non-resident persons 7

 9. General provisions relating to tax imposed under sections 7 and 8 7

 Division II - Taxable income 8

 10. Computation of taxable income 8

 Division III – Assessable income 8

 11. Assessable income 8

 12. Exempt income 8

 13. Limitation income 9

 Division IV – Allowable deductions 9

 14. Allowable deductions 9

 15. Non deductible items 9

 16. Depreciation of depreciable assets 10

 17. Intangibles 11

 18. Preliminary expenditure 12

 19. Interest 12

 20. Bad debts 12

 21. Contribution to the Seychelles pension 13

 22. Payments to employees 13

 23. Gifts 13

 24. Tax-related expenditure 13

 25. Loss carry forward 14

 Division V – Tax accounting 14

 Sub-division 1 – General principles of tax accounting 14

26. Substituted tax year	14
27. Method of tax accounting	14
28. Cash-basis accounting	15
29. Accrual-based accounting	15
30. Long term contracts	15
31. Finance leases	15
Sub-division II – Trading stock	16
32. Trading stock taken in account	16
33. Cost of natural increase	17
34. Disposal of trading stock outside the ordinary course of business	17
Sub-division III – Tax accounting for small businesses	17
35. Simplified tax accounting for small business	17
36. Change in tax accounting method	18
Division VI – Entities	18
37. Entities	18
38. Payments to members or directors	18
39. Partnership	18
40. Trusts	19
Division VII – Special industries	19
41. Business of primary production	19
42. Taxation of certain insurance companies	20
43. Life insurance companies	21
44. Casinos	21
Part III – Common rules for business tax	21
Division I - Income	21
45. Income of joint owners	21
46. Cessation of source of income	21
47. Currency translation	22
Division II - Business assets	22
48. Disposal and acquisition of assets	22
49. Cost	22
50. Determination of cost in special cases	23
51. Consideration received	23
52. Non-arm's length transactions	23
53. Gain or loss not required	24

Division III - Anti-avoidance	24
54. Transfer pricing	24
55. General anti-avoidance rules	25
56. Anti-income splitting	25
Part IV – Tax procedure	25
Division I - Business tax returns, assessments, and payment of business tax	25
57. Business tax returns	25
58. Self-assessment of Business	25
59. Payments of business tax	26
60. Collection of tax from non-resident ship owners or charterers	26
61. Collection of tax from non-resident aircraft owners or charterers	26
Division II - Withholding tax	27
62. Withholding of tax from dividends paid to a resident person	27
63. Withholding of tax from interest paid to a resident person	27
64. Withholding of tax from payments to a specified business	27
65. ***	27
66. Withholding of tax from dividend etc	27
67. No withholding from exempt income	27
68. Time of withholding	28
69. Payment of tax withheld	28
70. Failure to pay withheld tax	28
71. Recovery of unpaid withholding tax	28
72. Tax withholding certificates	28
73. Withholding tax statements	28
74. Priority of tax withheld	29
75. Indemnity	29
76. Credit for tax withheld	29
Division III - Instalments of tax	29
77. Payment of instalments of business tax	29
Part V – Final provisions	30
78. Special provision relating to specified entities	30
79. Taxation agreements with the government of a foreign country	30
80. Regulations	31
81. Amendment of schedules and monetary amounts	31
82. Repeal	31

83. Transitional	31
First Schedule	32
Second Schedule	36
Third Schedule	39
Fourth Schedule	40
Fifth Schedule	40
Sixth Schedule	41
Seventh Schedule	43
Eighth Schedule	45
Ninth Schedule	51
Tenth Schedule	51

Seychelles

Business Tax Act, 2009

Chapter 20

Assented to on 18 December 2009

Commenced on 1 January 2010

[This is the version of this document as it was at 8 November 2017 to 4 January 2018.]

[Amended by [Business Tax \(Amendment of Schedules\) Regulations, 2016 \(Statutory Instrument 44 of 2016\)](#) on 11 July 2016]

[Act 28 of 2009; Act [25 of 2010](#); [SI 6 of 2010](#); [SI 27 of 2010](#); [SI 63 of 2010](#); [SI 92 of 2010](#); [SI 7 of 2011](#); [SI 8 of 2011](#); [SI 20 of 2011](#); [SI 12 of 2012](#); Act [14 of 2012](#); [SI 66 of 2012](#); [SI 16 of 2013](#); Act [16 of 2013](#); [SI 38 of 2013](#); [SI 14 of 2015](#); [SI 44 of 2016](#)]

[Note: The phrase "The Comptroller of Customs" was substituted throughout the Act with the phrase "The Assistant Commissioner of Customs" by section 2(j) of Act [14 of 2012](#) with effect from 31 December 2012.]

Part I – Preliminary provisions

1. Short title

This Act may be cited as the Business Tax Act, 2009.

2. Interpretation

(1) In this Act, unless the context requires otherwise—

"**Associate**" has the meaning as in [section 3](#);

"**Business**" includes a commercial or profit making venture, a profession, trade, vocation, or calling exercised by, or any leasing of property or premises or any venture in the nature of trade carried on by, a person but does not include an occupation as an employee;

"**Business asset**" means—

trading stock or any other asset of a revenue nature used, available for use, or held in carrying on a business;

(a) a depreciable asset; or

(b) an intangible;

"**Business building**" means any building or other structural improvement to land used or held wholly or partly to derive taxable business income, other than residential premises;

"**Business tax**" means tax imposed under Division I of Part II;

"**Commencement date**" means the date that the Act comes into operation as determined under [section 1](#);

"**Consideration received**", in relation to a business asset, has the meaning in [section 51](#);

"**Cost**", in relation to a business asset, has the meaning in [section 49](#);

"Depreciable asset" means—

- (a) any tangible movable property that—
 - (i) is used, available for use, or held wholly or partly to derive taxable business income;
 - (ii) has a useful life exceeding one year;and is likely to lose value as a result of wear and tear, exploitation, or obsolescence;
- (b) a business building; or
- (c) a beast of burden or working beast;

"Disposal", in relation to a business asset, has the meaning in [section 48](#).

"dividend" includes—

- (a) a distribution of profits by an entity to a member of the entity;
- (b) an amount returned by an entity to a member of the entity in respect of a membership interest in the entity on a partial reduction in capital to the extent that the amount returned exceeds the amount by which the nominal value of the membership interest was reduced; or
- (c) any amount distributed by an entity to a member of the entity on redemption or cancellation of a membership interest in the entity (including in liquidation or dissolution of the entity) to the extent the amount distributed exceeds the nominal value of the membership interest;

"domicile" means in relation to an individual a person who is a long term resident of or is a citizen of Seychelles, unless the Revenue Commissioner is satisfied that the person is not domiciled in Seychelles.

"Entity" means—

- (a) a body or association of persons corporate or unincorporate whether incorporated, created, or formed under the law of Seychelles or elsewhere, including a limited partnership and unit trust; or
- (b) a foreign association of persons that the Revenue Commissioner has declared to be an entity for the purposes of this Act,

but does not include an individual, partnership, or trust;

"effective management and control" means in respect of a Company or a Corporate Body carrying on business in Seychelles. That the Company or Corporate Body is managed or controlled by Seychelles residents irrespective of its place of incorporation.

"Exempt income" has the meaning as in [section 12](#).

"Fair market value" has the meaning as in [section 4](#).

"Finance lease" means any lease that is treated under international financial reporting standards as a finance lease and is so accounted for by the lessor in its financial accounts.

"Government body" means—

- (a) the Government of Seychelles, including a department, division, or agency of the Government;
- (b) a local government authority, council, or similar body in Seychelles; or
- (c) a foreign government or political subdivision of a foreign government;

"Intangible" means—

- (a) any patent, invention, design or model, secret formula or process, trademark, copyright, or other like property or right;
- (b) contractual rights with a benefit for a period of more than one year; or

- (c) any expenditure that provides an advantage or benefit for a period of more than one year, other than expenditure incurred to acquire any tangible movable or immovable property;

"Interest" means—

- (a) an amount, described as interest, discount, premium, or otherwise, whether periodical or a lump sum, as consideration for the use of money or being given time to pay;
- (b) An amount that is functionally equivalent to an amount referred to in paragraph (a);
- (c) Any amount treated as interest under [section 31](#); or
- (d) a commitment, guarantee, service, or similar fee payable in respect of a debt or other instrument or agreement giving rise to interest under paragraphs (a), (b), or (c);

"Limited partnership" means a partnership in which the liability of at least one partner is limited;

"Livestock" does not include animals used as beasts of burden or working beasts;

"Member", in relation to an entity, means a shareholder in a company, partner in a limited partnership, unit holder in a unit trust, or any other person with a membership interest in the entity;

"Membership interest", in relation to an entity, means a share in a company, the interest of a partner in a limited partnership, a unit in a unit trust, and any other ownership interest in the entity;

"Natural resource amount" means—

- (a) an amount (including a premium or like amount) as consideration for the right to take minerals or a living or non-living resource from land or sea; or
- (b) an amount calculated in whole or part by reference to the quantity or value of minerals or a living or non-living resource taken from land or sea;

"Net loss" has the meaning in [section 25](#);

"Non-business use", in relation to a depreciable asset or intangible, means a use other than in deriving taxable business income;

"Non-resident person" means a person who is not a resident person;

"Partnership" means two or more persons carrying on business jointly for common profit, but does not include a limited partnership;

"Permanent establishment", in relation to a person, means a fixed place of business through which the business of the person is wholly or partly carried on and, without limiting the generality of the foregoing, includes—

- (a) a place of management, branch, office (other than a liaison officer), factory, warehouse, or workshop of the person;
- (b) a mine, oil or gas well, quarry, or other place of extraction of natural resources of the person;
- (c) a building site, or a construction, assembly or installation project of the person, or supervisory activities conducted by the person in connection with such site or project, but only if the site, project or activities continue for more than ninety days;
- (d) the furnishing of services by the person, including consultancy services, through employees or other personnel engaged by the person for such purpose, but only if activities of that nature continue for the same or a connected project for a period or periods aggregating more than ninety days within any twelve-month period;
- (e) an agent of the person (other than an agent of independent status), if the agent—
 - (i) has and habitually exercises an authority to conclude contracts on behalf of the person; or

- (ii) habitually maintains a stock of goods or other merchandise from which the agent regularly delivers goods or merchandise on behalf of the person; or
- (f) any substantial equipment used by the person, but does not include a place of business maintained by the person solely for the purposes of purchasing goods or merchandise;

"resides" means normally resides in Seychelles or who has resided in Seychelles for at least 183 days in a tax year or is domiciled in Seychelles.

"Person" includes—

- (a) an individual, partnership, entity or trust; or
- (b) Government body;

"Prescribed" means prescribed in regulations;

"Rent" means any consideration for the use or occupation of, or the right to use or occupy any land or building, including any premium, fine, or like amount;

"Resident person" means—

- (a) an individual—
 - (i) who resides in Seychelles;
 - (ii) whose domicile is in Seychelles unless the person has a permanent place of abode outside Seychelles; or
 - (iii) who is present in Seychelles for a period of, or periods amounting in aggregate to, one hundred eighty-three days or more in any twelvemonth period that commences or ends during a tax year;
- (b) an entity—
 - (i) incorporated, formed, organised, or otherwise established in Seychelles; or
 - (ii) managed and controlled in Seychelles;
- (c) a trust—
 - (i) settled or established in Seychelles; or
 - (ii) in respect of which a trustee of the trust is a resident person;
- (d) a body within paragraph (a) or (b) of the definition of Government body; or
- (e) a partnership in which one of the partners is a resident person;

"Revenue law" has the meaning provided under the Revenue Administration Act 2009;

"Royalty" means an amount, however described or computed, whether periodical or a lump sum, as consideration for—

- (a) the use of, or right to use any patent, invention, design or model, secret formula or process, trademark, or other like property or right;
- (b) the use of, or right to use any copyright of a literary, artistic, or scientific work (including films or video tapes for use in connection with television or tapes in connection with radio broadcasting);
- (c) the receipt of, or right to receive, any visual images or sounds, or both, transmitted by satellite, cable, optic fibre, or similar technology in connection with television, radio, or internet broadcasting;
- (d) information concerning industrial, commercial or scientific experience;

[amended by section 2(a)(i) of Act [14 of 2012](#) w.e.f. 31 December 2012]

"**Small business**" derives in meaning from the Revenue Administration Act 2009;

"**Tax year**" means the period of twelve months beginning on the 1st January in any year and ending on the 31st December in that year, and includes a substituted tax year and a transitional tax year as applicable under [section 26](#);

"**Taxable business income**" means amounts included in the assessable income of a business;

"**Technical services fee**" means an amount whether periodical or lump sum as a consideration for—

- (i) rendering any managerial, technical or consultancy services including the services of technical or other personnel;
- (ii) the supply of any technical, industrial, commercial or scientific knowledge, experience or skill;
- (iii) the supply of services which are ancillary and subsidiary for which royalties are received;

[repealed and substituted by section 2(a)(ii) of Act [14 of 2012](#) w.e.f. 31 December 2012]

"**Trading stock**" includes anything produced, manufactured, acquired, or purchased for purposes of manufacture, sale or exchange, and includes any materials or supplies to be consumed in the production or manufacturing process, and livestock;

"**Trust**" means a trust established under the laws of equity and includes a testamentary estate, but does not include a unit trust;

"**Trustee**" includes the executor of a testamentary estate;

"**Unit trust**" means a trust in which all the beneficiaries (referred to as "unit holders") have a fixed entitlement to a share of the income or capital of the trust; and "Valid tax invoice" has the meaning provided under the Revenue Administration Act 2009.

3. Associate

- (1) Subject to subsection [\(2\)](#), two persons are associates if the relationship between them is such that one may reasonably be expected to act in accordance with the intentions of the other, or both persons may reasonably be expected to act in accordance with the intentions of a third person.
- (2) Two persons are not associates solely by reason of the fact that one person is an employee of the other or both persons are employees of a third person.
- (3) Without limiting the generality of subsection [\(1\)](#), the following are treated as associates—
 - (a) an individual and a relative of the individual, except if the Revenue Commissioner is satisfied that neither person may reasonably be expected to act in accordance with the intentions of the other;
 - (b) a partner in a partnership and the partnership, if the partner, either alone or together with an associate or associates under another application of this section, controls fifty per cent or more of the rights to income or capital of the partnership.
 - (c) a trust and a person who benefits or may benefit under the trust whether through the exercise of a power of appointment or otherwise;
 - (d) a member in a entity and the entity, if the member, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons—
 - (i) fifty per cent or more of the voting power in the entity;
 - (ii) fifty per cent or more of the rights to a distribution of profits; or
 - (iii) fifty per cent or more of the rights to a return of capital, or

- (e) two entities, if a person, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons—
 - (i) fifty per cent or more of the voting power in both entities;
 - (ii) fifty per cent or more of the rights to a distribution of profits in both entities; or
 - (iii) fifty per cent or more of the rights to a return of capital in both entities.
- (4) In applying subsection (3)(d) or (e) holdings that are attributable to a person from an associate are not reattributed to another associate.
- (5) In this section, "relative" in relation to an individual, means related by blood, marriage, or adoption;

4. Fair market value

- (1) The fair market value of an asset, property, service, or benefit at a particular time is the ordinary open market value of the asset, property, service, or benefit at that time.
- (2) If it is not possible to determine the fair market value of an asset, property, service, or benefit at a particular time under subsection (1), the fair market value is the consideration a similar asset, property, service, or benefit would ordinarily fetch in the open market at that time, adjusted to take account of the differences between the similar asset, property, service, or benefit and the actual asset, property, service, or benefit.
- (3) If the fair market value of an asset, property, service, or benefit cannot be determined under subsection (1) or (2), the fair market value is the amount determined by the Revenue Commissioner.

5. Source of income

- (1) An amount derived by a resident person in carrying on a business is derived from sources in Seychelles except to the extent that it is attributable to a business carried on through a permanent establishment of the person outside Seychelles.
- (2) An amount derived by a non-resident person in carrying on a business is derived from sources in Seychelles to the extent that it is attributable to a business carried on through a permanent establishment of the person in Seychelles.
- (3) Notwithstanding subsections (1) and (2), the following amounts are derived from sources in Seychelles—
 - (a) a fee for services performed in Seychelles;
 - (b) rent from the lease of real property in Seychelles;
 - (c) a dividend paid by a resident entity;
 - (d) interest, a royalty, or a technical services for—
 - (i) paid by a resident person, other than as an expense of a business carried on through a permanent establishment of the person outside Seychelles; or
 - (ii) paid by a non-resident person as an expense of a business carried on through a permanent establishment of the person in Seychelles;
 - (e) a natural resource amount in respect of a natural resource taken in Seychelles; or
 - (f) an insurance premium in respect of the insurance of a risk in Seychelles.

Part II – Business tax

Division I - Imposition of tax

6. Imposition and liability for business tax

- (1) Subject to this Act, business tax at the rates declared in the First Schedule is levied for each tax year upon the taxable income of a business for the year and is payable by the owner of the business in accordance with this Act.
- (2) For the purposes of this Act, when two or more businesses are solely owned by one person, the businesses are deemed to constitute a single business in the sole ownership of that person.

7. Imposition of liability for business tax on international transportation income of a non-resident person

- (1) Business tax at the rate declared in the First Schedule is levied on the gross amount derived by a non-resident person operating ship or aircraft for the carriage of passengers, livestock, mail, merchandise, or goods embarked in Seychelles and is payable by the non-resident person.
- (2) The tax liability arising under this section is discharged if the tax has been paid in accordance with section [60](#) or [61](#), as the case may be.

8. Imposition of business tax on certain payments to non-resident persons

- (1) Business tax at the rate declared in the First Schedule is levied on the gross amount of a dividend, interest, royalty, natural resource amount, insurance premium; or technical services fee derived by a non-resident person from sources in Seychelles and is payable by the non-resident person.
- (2) Subsection [\(1\)](#) does not apply to—
 - (a) an amount that is exempt income; or
 - (b) an amount that is attributable to a business carried on by the non-resident person through a permanent establishment of the person in Seychelles and, in that case, the amount is taxable under [section 6](#).

[section 8(2)(b) amended by section 2(b) of Act [14 of 2012](#) w.e.f. 31 December 2012]

- (3) The tax payable under subsection [\(1\)](#) is discharged if the tax has been paid in accordance with this Act.

9. General provisions relating to tax imposed under sections 7 and 8

Subject to this Act, the tax imposed under sections [7](#) and [8](#) on a person is a final tax on the income in respect of which it is levied and—

- (a) the income is not included in assessable income in computing the taxable income of the person for any tax year;
- (b) no deduction is allowable under this Act for any loss or outgoing incurred in deriving the income;
- (c) the amount on which tax is levied shall not be reduced by any loss; and
- (d) the tax payable by the person is not reduced by any tax credits allowed under this Act.

Division II - Taxable income

10. Computation of taxable income

The taxable income of a business for a tax year is the amount remaining after deducting from the assessable income of the business for the year all allowable deductions.

Division III – Assessable income

11. Assessable income

- (1) Subject to subsection (2), the assessable income of a business for a tax year is the sum of the following amounts derived by the business during the year from sources in Seychelles—
 - (a) the gross receipts from the carrying on of the business, including the consideration received from the disposal of trading stock; and the gross fees for the provision of services;
 - (b) the gross receipts from the employment of the capital of the business, including dividends, interest, royalties, rent, technical services fee and natural resource amounts;
[section 11(1)(b) amended by section 2(c) of Act 14 of 2012 w.e.f. 31 December 2012]
 - (c) the amount of any bounty or subsidy derived in relation to the carrying on of the business;
 - (d) the amount of an expense, loss, or bad debt previously allowed as a deduction that has been reimbursed or recovered by the business, including by way of insurance, compensation, damages, or an indemnity;
 - (e) an amount derived by way of an indemnity, compensation, or damages for the non-performance of the lessee of an obligation to carry out repairs to property of a business;
 - (f) the net gain on disposal of a business asset referred to in paragraph (a) of the definition of "business asset" (other than trading stock); and
 - (g) an amount included in assessable income under another provision of this Act.
- (2) An amount that is exempt income is not included in assessable income.
- (3) For the purposes of subsection (1)(f), the net gain on disposal of an asset is the consideration received on disposal of the asset less the cost of the asset at the time of disposal.

12. Exempt income

- (1) Exempt income of a business for a tax year shall include—
 - (a) an amount specified in the Second Schedule; and
 - (b) a dividend received by a resident entity that is paid by a resident corporation.
- (2) The Minister may, by order published in the *Gazette*, treat as exempt income—
 - (a) the income derived by a class or category of person; or
 - (b) interest payable under a loan, if the Minister is of the opinion that the business carried on by the class or category of person, or loan funds, has assisted or will assist in the economic development of Seychelles.

13. Limitation income

- (1) If income is exempt income, the exemption is limited to the specified or original business receiving the income and does not extend to a business receiving payment from the specified or original business although the payment may be made wholly or in part out of that income.
- (2) The exemption of any income from tax does not exempt a person from furnishing any return or information that is required by the Revenue Commissioner, or from including in the person's return such information as is prescribed, or as is required by the Revenue Commissioner.
- (3) A provision in another law providing an exemption from tax imposed under this Act does not have legal effect unless also provided for in this Act.

Provided that an exemption from tax provided under any written law in force at the commencement of this Act shall continue to have effect.

Division IV – Allowable deductions

14. Allowable deductions

- (1) Subject to this Act, the total amount of deductions allowed to a business for a tax year is the sum of—
 - (a) losses or outgoings to the extent incurred during the year in deriving taxable business income;
 - (b) the cost of trading stock acquired during the year for the purposes of deriving taxable business income;
 - (c) the net loss on disposal of a business asset referred to in paragraph (a) of the definition of "business asset" (other than trading stock) during the year; and
 - (d) an amount allowed as a deduction under another provision of this Act.
- (2) For the purposes of subsection (1)(c), the net loss on disposal of an asset is the cost of the asset at the time of disposal less the consideration received on disposal of the asset.
- (3) The total amount of deductions allowed for expenses incurred by—
 - (a) a resident person for royalties and technical services fee paid to a non resident person shall be as prescribed under the Ninth Schedule;
 - (b) an employer for the non monetary benefits to an employee shall be the taxable value pursuant to the Fourth Schedule of the Income and Non-Monetary Benefit Tax Act, 2010.

[section 14(3) inserted by section 2(d) of Act 14 of 2012 w.e.f. 31 December 2012]

15. Non deductible items

- (1) An amount is not allowed as a deduction if the amount is—
 - (a) a loss or outgoing of a capital nature, other than as allowed under this Act;
 - (b) a loss or outgoing of a private or domestic nature;
 - (c) dividends paid by an entity or capital withdrawn from a business;
 - (d) subject to this Act, an amount carried to a reserve fund, a provision for expected expenses or losses, or an amount capitalised in any way;
 - (e) a loss or outgoing to the extent recoverable under a policy of insurance or contract of indemnity;

- (f) interest payable to an associate other than if the interest is included in the assessable income of a business carried on by the associate or is taxable under a withholding provision under this Act;
 - (g) business tax, including any additional tax or interest payable in respect of business tax payable;
 - (h) fine or penalty imposed for violation of any law, rule, or regulation;
 - (i) a bribe or similar amount; or
 - (j) expenditure incurred relating to deriving exempt income.
- (2) If—
- (a) a person is required to withhold tax under this Act or any other revenue law, from an amount payable by the person; and
 - (b) the amount from which tax is required to be withheld would, apart from this subsection, be allowed as a deduction in the computation of the taxable income of a business of the person,
- the deduction is not allowed until the person has withheld and paid the tax to the Revenue Commissioner.

16. Depreciation of depreciable assets

- (1) A business is allowed a deduction (referred to as a "depreciation deduction") for the amount by which the value of the depreciable assets of the business declined during a tax year through use in deriving taxable business income.
- (2) The depreciation deduction allowed to a business for a tax year in respect of a depreciable asset is computed by applying the rate specified in the Third Schedule against the cost of the asset.
- (3) The total deductions allowed, or that would be allowed but for subsection (4), to a business under this section in respect of a depreciable asset for the current tax year and all previous tax years shall not exceed the cost of the asset.
- (4) If, in a tax year, a depreciable asset is used partly to derive taxable business income and partly for another purpose, the amount of depreciation allowed as a deduction for the year is reduced by the proportion of the non-business use.
- (5) If a depreciable asset is not used, available for use, or held for the whole of the tax year in deriving taxable business income, the depreciation deduction for the year is computed according to the following formula—

$A \times B$

C

where—

A = is the depreciation deduction computed under subsection (2), after taking account of subsection (4);

B = is the number of days in the tax year the asset is used, available for use, or held in deriving taxable business income; and

C = is the total number of days in the tax year—

- (a) subject to subsection (7), if a business disposes of a depreciable asset in a tax year, there is no depreciation deduction allowed for that year; and

- (b) if the consideration received on disposal exceeds the written down value of the asset at the time of disposal, the excess is included in the assessable income of the business for that year; or
- (c) if the consideration received on disposal is less than the written down value of the asset at the time of disposal, the difference is allowed as a deduction for that year;
- (d) if a depreciable asset has been used partly to derive taxable business income and partly for another purpose, the amount included in assessable income under subsection (6)(a) is allowed as a deduction under subsection (6)(b) is reduced by the proportion of the non-business use;
- (e) the written down value of an asset at the time of disposal of the asset is the cost of the asset reduced by the total depreciation deductions allowed under this section or that would have been allowed but for subsection (4).

17. Intangibles

- (1) A business is allowed a deduction (referred to as an "amortisation deduction") for the decline in value of an intangible of the business wholly or partly used in a tax year in deriving taxable business income.
- (2) Subject to this section, the amortisation deduction of a business for a tax year is computed according to the following formula—
 - A
 - B
 where—
 - A = is the cost of the intangible; and
 - B = is the useful life of the intangible in whole years.
- (3) An intangible is treated as having a useful life of ten years if—
 - (a) its actual useful life is more than ten years; or
 - (b) it does not have an ascertainable useful life.
- (4) The total amortisation deductions allowed, or that would be allowed but for subsection (5), to a business under this section in respect of an intangible for the current tax year and all previous tax years shall not exceed the cost of the intangible.
- (5) If, in a tax year, an intangible is used partly to derive taxable business income and partly for another purpose, the amount of amortisation allowed as a deduction for the year is reduced by the proportion of the non-business use.
- (6) If an intangible is not used, available for use, or held for the whole of the tax year in deriving taxable business income, the amortisation deduction for the year is computed according to the following formula—
 - B
 - A x
 - C
 where—
 - A = is the amortisation deduction computed under subsection (2) after taking into account subsection (5);

B = is the number of days in the tax year the asset is used or available for use in deriving taxable business income; and

C = is the total number of days in the tax year.

- (7) If a business disposes of an intangible in a tax year, there is no amortisation deduction allowed for that year and—
- (a) if the consideration received on disposal exceeds the written down value of the intangible at the time of disposal, the excess is included in the assessable income of the business for that year; or
 - (b) if the consideration received on disposal is less than the written down value of the intangible at the time of disposal, the difference is allowed as a deduction for that year.
- (8) If an intangible has been used partly to derive taxable business income and partly for another purpose, the amount included in assessable income under subsection (7)(a) or allowed as a deduction under subsection (7)(b) is reduced by the proportion of the non-business use.
- (9) The written down value of an intangible at the time of disposal of the intangible is the cost of the intangible reduced by the total amortisation deductions allowed under this section or that would have been allowed but for subsection (5).
- (10) In this section, cost means—
- (a) in relation to an intangible referred to in paragraph (a) or (b) of the definition of "intangible" in [section 2](#), the total expenditure incurred in acquiring, creating, improving, or renewing the intangible; or
 - (b) in relation to an intangible referred to in paragraph (c) of the definition of "intangible" in [section 2](#), the amount of the expenditure.

18. Preliminary expenditure

- (1) A business is allowed a deduction for preliminary expenditure incurred in relation to the establishment of the business.
- (2) The deduction under subsection (1) is allowed in the tax year in which the business commenced.
- (3) In this section "preliminary expenditure" means any expenditure incurred before the commencement of a business if the income to be derived by the business will be wholly and exclusively taxable business income, including the cost of feasibility studies, construction of prototypes, and trial production activities, but not including expenditure incurred in acquiring land, a depreciable asset to which [section 16](#) applies, or an intangible to which [section 17](#) applies

19. Interest

A business is allowed a deduction for any interest expense incurred by the business in a tax year to the extent to which the business has used the funds or benefit of the debt or other instrument or agreement giving rise to the interest to derive taxable business income.

[section 19 repealed and substituted by section 2(a) of Act 25 of 2010 w.e.f. 27 September 2010]

20. Bad debts

- (1) A business is allowed a deduction for a bad debt written off in a tax year if the following conditions are satisfied—
- (a) the amount of the debt—
 - (i) was previously included in the assessable income of the business; or

- (ii) is money lent by the business in the normal course of business for the purposes of deriving taxable business income;
 - (b) the debt or part of the debt is written off in the accounts of the business in the tax year; and
 - (c) there are reasonable grounds for believing that the debt is irrecoverable.
- (2) The amount of the deduction allowed under this section for a tax year shall not exceed the amount of the debt written off in the accounts of the business for that year.

21. Contribution to the Seychelles pension

- (1) A contribution paid by an employer in a tax year to the Seychelles Pension Fund in respect of a worker employed in the employer's business, other than by way of deduction from wages is, to the extent prescribed as per the Seychelles Pension Fund Act, 2005, an allowable deduction to the business.
- (2) A contribution paid by a self-employed person in a tax year as a member of the Seychelles Pension Fund to the Fund for their benefit is, to the extent prescribed as per the Seychelles Pension Fund Act, 2005, an allowable deduction of the person's business.
- (3) In this section—
 - (a) the terms "contribution", "employer", "self-employed person" and "worker" have the same meaning as under the Seychelles Pension Fund Act, 2005;
 - (b) "Seychelles Pension Fund" means the Seychelles Pension Fund established by section 3 of the Seychelles Pension Fund Act, 2005; and
 - (c) "Prescribed" in this section means the amount of mandatory deduction prescribed under the Seychelles Pension Fund Act, 2005.

22. Payments to employees

An amount that is not otherwise deductible under this Act that is paid by a business in a tax year as a pension, gratuity, or retiring allowance to a person who is or has been an employee, or a dependant of an employee of the business is an allowable deduction to the extent that, in the opinion of the Revenue Commissioner, the amount is paid in good faith in consideration of the past services of the employee in the operations carried on by the business for the purpose of deriving taxable business income.

23. Gifts

- (1) A business is allowed a deduction for a gift (not being a testamentary gift) of the value of twenty rupees or more of money or property made by a business in the tax year to a public fund, body, or institution as listed in the Fifth Schedule.
- (2) Subject to subsection (3), the amount that a business is allowed as a deduction for a tax year under subsection (1) for a gift to a public fund, body, or institution shall not exceed the maximum amount for the year for that public fund, body or institution as specified in the Fifth Schedule.
- (3) The Minister may, by order in the *Gazette*, allow an amount in excess of the amount or value of the gift as may be specified in the order as an allowable deduction under this section.

24. Tax-related expenditure

A business is allowed a deduction for an amount incurred in the year for the purpose of managing its business tax affairs.

25. Loss carry forward

- (1) If the total amount of deductions allowed to a business for a tax year exceeds the total assessable income of the business for the year, the amount of the excess is the net loss of the business for the year.
- (2) If a business has a net loss for a tax year, the amount of the loss is carried forward to the following tax year and allowed as a deduction in computing the taxable income of the business for that following year.
- (3) If a net loss is not wholly deducted under subsection (2), the amount not deducted is carried forward to the next following tax year and applied as specified in subsection (2) in that year, and so on until the loss is fully deducted, but no loss can be carried forward for more than five tax years after the year in which the loss was incurred.
- (4) If a business has a net loss carried forward under this section for more than one tax year, the loss of the earliest year is deducted first.
- (5) If a person carried on more than one business, this section applies separately to each business.

Division V – Tax accounting

Sub-division 1 – General principles of tax accounting

26. Substituted tax year

- (1) A business may, with the approval of the Revenue Commissioner, adopt a period of twelve months ending on a date other than 31st December as the tax year of the business (referred to as the "substituted tax year") and that period will be the tax year for the business for each succeeding year, unless with the approval of the Revenue Commissioner, another period of twelve months is adopted as the tax year of the business.
- (2) If the tax year of a business changes as a result of subsection (1), the period between the last full tax year prior to the change and the date on which the changed tax year commences is treated as a separate tax year referred to as the "transitional tax year".
- (3) The law under this Act applicable to a substituted tax year or a transitional tax year is the law applicable for the tax year in which the substituted tax year or transitional tax year commenced.

27. Method of tax accounting

- (1) Subject to this Act, the taxable income of a business is computed in accordance with generally accepted accounting principles as modified by this Act.
- (2) Subject to this Act, a business conducted—
 - (a) by a person other than an entity, can account for business tax on a cash or accrual basis; or
 - (b) by an entity, shall account for business tax on an accrual basis.
- (3) The Revenue Commissioner may specify that any class of business shall account for business tax on a cash or accrual basis.
- (4) A business using the cash or accrual method of accounting for a tax year shall continue to use the same method for each succeeding tax year unless the business has been granted permission to use a different method in accordance with subsection (5).

- (5) A business may apply, in writing, for a change in the method of accounting of the business and the Revenue Commissioner may, by notice in writing, approve the application but only if satisfied that the change is necessary to properly compute the taxable income of the business.
- (6) If the method of accounting of a business changes in accordance with subsection (5), the business shall make adjustments in the tax year of change to items of income, deduction, or credit, or to any other items affected by the change so that no item is omitted and no item is taken into account more than once.

28. Cash-basis accounting

A business accounting for business tax on a cash basis derives an amount when it is received and incurs expenditure when it is paid.

29. Accrual-based accounting

- (1) A business accounting for business tax purposes on an accrual basis derives an amount when it is due and incurs expenditure when it is payable.
- (2) For the purposes of subsection (1)—
 - (a) an amount is due when the business is entitled to receive it even if the time for discharge of the entitlement is postponed or the amount is payable by instalments; and
 - (b) an amount is payable when all the events that determine liability have occurred and the amount of the liability can be determined with reasonable accuracy, but not before economic performance occurs.
- (3) For the purposes of subsection (2), economic performance occurs—
 - (a) in the case of the acquisition of services or assets, at the time the services are provided or assets delivered;
 - (b) in the case of the use of assets, at the time the assets are used; and
 - (c) in any other case, at the time payment is made in full satisfaction of the liability.

30. Long term contracts

- (1) A business accounting for taxable income on an accrual basis shall compute the assessable income and allowable deductions arising under a long-term contract during a tax year under the percentage of completion method.

- (2) In this section—

"long-term contract" means a contract for manufacture, installation, or construction, or, in relation to each, the performance of related services, that is not completed within the tax year in which work under the contract commenced, other than a contract estimated to be completed within six months of the date on which work under the contract commenced; and

"percentage of completion method" means the generally accepted accounting principle under which revenues and expenditures arising under a long-term contract are recognised by reference to the stage of completion of the contract.

31. Finance leases

- (1) If a business has entered into a finance lease, the assessable income and allowable deductions of the business are computed on the basis that—
 - (a) the lessee is the owner of the leased asset;

- (b) the lessee acquired the asset at the commencement of the lease, except in cases when the lessee already was the owner of the asset; and
 - (c) the lessor has made a blended loan to the lessee at the commencement of the lease and each lease payment is in part repayment of principal and in part payment of interest under that loan.
- (2) The cost of an asset treated as owned by the lessee under subsection (1)(a) is—
- (a) if the lessor and lessee are not associates and an amount is stated as the cost or value of the asset in the lease agreement, that amount; or
 - (b) in any other case, the fair market value of the asset at the commencement of the lease.
- (3) The amount of the loan referred to in subsection (1)(c) is the amount determined under subsection (2) as the cost of the asset.
- (4) The interest part of each payment made under the loan is computed by reference to the interest rate implicit in the lease agreement
- (5) In this section, "blended loan" means a loan under which payments by the borrower represent in part a payment of interest and in part a repayment of principal when the interest part is calculated on the principal outstanding at the time of each payment.

Sub-division II – Trading stock

32. Trading stock taken in account

- (1) If the closing value of trading stock for a tax year of a business exceeds the opening value of trading stock for that year, the assessable income of the business for the year includes the amount of the excess.
- (2) If the opening value of trading stock for a tax year of a business exceeds the closing value of trading stock for that year, the business is allowed a deduction for the year for an amount equal to the excess.
- (3) The opening value of trading stock of a business for a tax year is—
 - (a) the closing value of the trading stock for the previous tax year; or
 - (b) if the business was commenced during the year, the cost of trading stock (if any) acquired by the owner of the business prior to the commencement of the business.
- (4) The closing value of trading stock for a tax year is the lower of cost or fair market value of the trading stock on hand at the end of the year.
- (5) A business accounting for business tax on a cash basis may compute the cost of trading stock of the business under the prime-cost method or absorption-cost method, and a business accounting for business tax on an accrual basis shall compute the cost of trading stock of the business under the absorption-cost method.
- (6) If particular items of trading stock are not readily identifiable, a business may account for that trading stock under the first-in-first-out method or the average-cost method but, once chosen, a stock valuation method may be changed only with the written permission of the Revenue Commissioner and in accordance with any conditions that the Revenue Commissioner may impose.
- (7) In this section—

"absorption-cost method" means the generally accepted accounting principle under which the cost of an item of trading stock is the sum of direct material costs, direct labour costs, and factory overhead costs;

"average-cost method" means the generally accepted accounting principle under which the valuation of trading stock is based on a weighted average cost of items of trading stock on hand;

"direct labour costs" means labour costs directly related to the manufacture or production of trading stock;

"direct material costs" means the cost of materials that become an integral part of the trading stock manufactured or produced, or which are consumed in the manufacturing or production process;

"factory overhead costs" means the total costs of manufacturing or producing trading stock, other than direct labour and direct material costs;

"first-in-first-out method" means the generally accepted accounting principle under which the valuation of trading stock is based on the assumption that trading stock is sold in the order of its acquisition;

"prime-cost method" means the generally accepted accounting principle under which the cost of trading stock is the sum of direct material costs, direct labour costs, and variable factory overhead costs; and

"variable factory overhead costs" means those factory overhead costs that vary directly with changes in the volume of trading stock manufactured or produced.

33. Cost of natural increase

The cost of an animal held by a business as livestock that was acquired by natural increase is the actual cost of the animal unless the business elects for the cost to be the cost for that class of animal.

34. Disposal of trading stock outside the ordinary course of business

If—

- (a) a business disposes of trading stock by sale, gift, or otherwise;
- (b) the trading stock constitutes or constituted the whole or part of the assets of the business; and
- (c) the disposal was not in the ordinary course of carrying on the business,

the fair market value of that trading stock is included in the assessable income of the business and the person acquiring that property is deemed to have purchased it at a cost equal to that value.

Sub-division III – Tax accounting for small businesses

35. Simplified tax accounting for small business

The taxable income of a small business for a tax year is computed in accordance with this Act and subject to the following modifications—

- (a) the assessable income and allowable deductions of the business for the year are accounted for on a cash basis in accordance with [section 28](#);
- (b) the depreciation rate for computers, data handling equipment, and software is computed according to the rate specified in respect of this paragraph in the Third Schedule if the cost of acquisition does not exceed the prescribed amount in the Third Schedule;
- (c) a deduction is allowed for the cost of trading stock acquired during the year and [section 32](#) does not apply; and
- (d) an intangible that is a prepayment is deductible in the tax year in which it is paid.

36. Change in tax accounting method

- (1) If a business that is a small business ceases to be a small business or a business that is not a small business becomes a small business, the business shall apply, in writing, to the Revenue Commissioner for a change in the method of accounting used by the business in computing the taxable income of the business and the Revenue Commissioner may, by notice in writing, approve the application.
- (2) If the method of accounting used by a business in computing the taxable income of a business changes, adjustments shall be made in the tax year of change to items of assessable income, deduction, or credit, or to any other item affected by the change so that no item is omitted and no item is taken into account more than once.

Division VI – Entities

37. Entities

- (1) An entity is liable for tax separately from its members.
- (2) A member of an entity is liable to tax on a dividend received from the entity in accordance with this Act.
- (3) If there is a change of fifty per cent or more in the underlying ownership of an entity, any net loss incurred for a tax year in relation to the business carried on by the entity before the change is not allowed as a deduction in a tax year after the change, unless the entity in that tax year—
 - (a) carries on the same business after the change as it carried on before the change; and
 - (b) does not engage in any new business or investment after the change if the principal purpose of the entity or the owners of the entity is to utilize the loss so as to reduce the business tax payable on the income arising from the new business or investment.
- (4) In this section, "underlying ownership" in relation to an entity, means a membership interest in the entity held, directly or indirectly through an interposed entity or entities, by an individual or by a person not ultimately owned by individuals.

38. Payments to members or directors

No deduction is allowed for so much of a sum paid or credited by an entity to a member or director of the entity, or to an associate of a member or director, as—

- (a) remuneration for services rendered by that person; or
- (b) an allowance, gratuity, or compensation in consequence of the retirement of that person from an office or employment held by the person in that entity, or upon the termination of any such office or employment,

as exceeds an amount that, in the opinion of the Revenue Commissioner, is reasonable.

39. Partnership

- (1) A partnership shall be taxed on the income of the partnership at the rate declared in item (1)(b) in the First Schedule.
- (2) The partners in a partnership shall be jointly and severally liable to pay the tax in respect of the taxable income of the partnership.

- (3) Any returns, statements, notices or other documents required to be signed by a partnership shall be signed by a partner in the partnership.

[section 39 repealed and substituted by section 2(e) of Act 14 of 2012 w.e.f. 31 December 2012]

40. Trusts

- (1) Income derived by the trustee of a trust during a tax year in carrying on a business is taxed, in that year, either to the trustee or the beneficiary of the trust in accordance with this section.
- (2) An amount derived by a trustee of a trust in carrying on a business is treated as derived by a beneficiary of the trust if the beneficiary has a vested right to the amount.
- (3) A beneficiary is allowed a deduction in accordance with this Act for any expenditure incurred by the trustee in deriving an amount referred to in subsection (2) that is included in the assessable income of the beneficiary.
- (4) Income to which subsection (2) applies—
- (a) retains its character and geographic source in the hands of the beneficiary; and
 - (b) is treated as derived by the beneficiary at the time the amount was derived by the trustee.
- (5) The trustee of a trust is liable for tax for a tax year on the accumulated taxable income of the trust for the year taxable at the rate specified in the First Schedule.
- (6) In this section, "accumulated taxable income", in relation to a trust, means the assessable income of the trust for the year computed as if it were an entity liable for tax under this Act reduced by the sum of the following amounts—
- (a) any part of that amount to which subsection (2) applies for the year; and
 - (b) the total deductions allowed to the trust for the year under this Act, other than in relation to expenditure to which subsection (3) applies.
- (7) For the avoidance of doubt it is stated that a trustee is not entitled to a tax threshold.

Division VII – Special industries

41. Business of primary production

- (1) A business engaged in primary production in Seychelles is allowed a deduction for expenditure incurred in a tax year for—
- (a) the eradication and extermination of animal or vegetable pests from the land;
 - (b) the destruction and removal of timber, scrub, or undergrowth indigenous to the land;
 - (c) the destruction of weed or plant growth detrimental to the land;
 - (d) the preparation of the land for agriculture;
 - (e) ploughing and grassing the land for grazing purposes;
 - (f) the draining of swamps or low-lying lands where that operation improved the agriculture or grazing value of the land;
 - (g) preventing or combating soil erosion on the land, otherwise than by the erection of fences;
 - (h) the erection of fences on the land to exclude livestock from areas affected by soil erosion, where the purpose of excluding the livestock is to prevent or limit any extension or aggravation of soil erosion in those areas and to assist in the reclamation of those areas;

- (i) the erection of fences on the land to subdivide the land for the purposes of carrying on primary production on the land, other than boundary fences, fences enclosing yards, or fences along public roads, public stock routes or the public right of way;
 - (j) the construction of—
 - (i) structural improvements for the purposes of conserving water for use in carrying on primary production on the land (including dams, earth tanks, enclosing yards or fences along public roads, tanks); or
 - (ii) irrigation channels or similar improvements for the purpose of conveying water for such use,
 - including the sinking of bores or wells for water for such use;
 - (k) the construction on the land of levee banks or semi-improvements having like uses;
 - (l) the purchase of pipes for the purpose of conveying water for use in carrying on primary production on the land;
 - (m) the placing of pipes underground for the purpose referred to in paragraph (1); or
 - (n) the construction on the land of buildings or other structural improvements for the purpose of the storage of animal feed in the course of carrying on primary production on the land.
- (2) In this section—
- "primary production" means—
- (a) the cultivation of land; or
 - (b) the maintenance of animals for the purpose of selling them or their bodily produce, including natural increase, and includes the manufacture of dairy produce by a business that has also produced the raw material used in that manufacture.

42. Taxation of certain insurance companies

- (1) The assessable income of an entity carrying on a short-term insurance business in a tax year includes the following amounts—
 - (a) the total amount of premiums derived by the entity for the year for the insurance of any risk in Seychelles in carrying on such business, including premiums on reinsurance but excluding premiums returned to the insured;
 - (b) the total amount of any income derived in the year by the entity from sources in Seychelles in carrying on such business, including commission or expense allowance derived from the reinsurance of any risk in Seychelles and any income derived from investments; and
 - (c) the amount of the company's reserve for unexpired risks deducted in the previous tax year under paragraph (c) of subsection (2).
- (2) The deductions allowed to an entity carrying on a short-term insurance in Seychelles includes the following amounts—
 - (a) the amount of the claims admitted by the entity in the year in respect of insured risks in Seychelles less any amount recovered or recoverable under any contract of re-insurance, guarantee, security, or indemnity;
 - (b) the amount of Agency expenses incurred by the entity in Seychelles in the year;
 - (c) the balance of the entity's reserve for unexpired risks in Seychelles at the percentage adopted by the company as at the end of the year; and

- (d) the total amount of any other expenditure incurred by the entity in the year in carrying on the business and allowable as a deduction in accordance with this Act.
- (3) In this section, "short-term insurance" means any insurance other than life insurance.

43. Life insurance companies

- (1) Subject to subsection (2), in the case of an entity carrying on a life insurance business either exclusively or in addition to a short-term insurance business, the gains or profits from the life insurance business are the investment income less the management expenses including commission.
- (2) If an entity received premiums outside Seychelles, the gains or profits are the same proportion of the total investment income of the company as the premiums received in Seychelles bore to the total premiums, or the income of the entity from investments in Seychelles, whichever is the greater, after deducting from the amount so arrived at the agency expenses in Seychelles and a fair proportion of the expenses of the head office of the company if it is situated outside Seychelles.

44. Casinos

- (1) For the purposes of this section, the gross gaming revenue of the business of a casino is deemed to be the taxable income derived by the business in Seychelles.
- (2) Notwithstanding that the gross gaming revenue of the business of a casino is assessable income in terms of any other provisions of this Act, business tax at the rates specified in the First Schedule is in addition levied on the gross gaming revenue of the business of a casino under this section.
- (3) In this section, "gross gaming revenue", in relation to the business of a casino, means all losing stakes and commission from gaming in the casino less—
 - (a) payments from the bank or gaming machines to winning players; and
 - (b) credit allowed to players, which has not been collected, whether in Seychelles or elsewhere.

Part III – Common rules for business tax

Division I - Income

45. Income of joint owners

- (1) For the purposes of this Act, if a business is jointly owned by two or more persons, any income, or losses or outgoings relating to the business are apportioned among the owners according to their respective interests in the property of the business.
- (2) If the interests of the owners of a jointly owned business cannot be ascertained, the owners of the business are treated as having an equal interest in the business.

46. Cessation of source of income

If—

- (a) any amount is derived by a person in a tax year from any business that had ceased before the amount was derived; and
- (b) had the amount been derived before the business ceased it would have been included in the assessable income of the business,

this Act applies to the amount on the basis that the business had not ceased at the time the amount was derived.

47. Currency translation

- (1) An amount taken into account under this Act shall be expressed in Seychelles rupees.
- (2) Subject to subsection (3), if an amount is in a currency other than Seychelles rupees, the amount shall be translated to Seychelles rupees at the Central Bank of Seychelles published mid-exchange rate applying between the foreign currency and Seychelles rupees on the date the amount is taken into account for the purposes of this Act.
- (3) With the prior written permission of the Revenue Commissioner, amounts taken into account in computing the taxable income of a business for a tax year may be translated to Seychelles rupees at the average Central Bank of Seychelles published mid-exchange rate for the tax year between the foreign currency and rupees.

Division II - Business assets

48. Disposal and acquisition of assets

- (1) Except as otherwise provided in this Act, this section establishes when a business asset is disposed of or acquired for the purposes of this Act.
- (2) A business is treated as having made a disposal of an asset at the time the business parts with the ownership of the asset, including when the asset is—
 - (a) sold, exchanged, transferred, distributed, scrapped, or given away; or
 - (b) cancelled, redeemed, relinquished, destroyed, lost, expired, or surrendered.
- (3) A disposal includes the disposal of a part of an asset.
- (4) The transmission of an asset by succession or under a will is treated as a disposal of the asset by the deceased at the time the asset is transmitted.
- (5) The application of a business asset to personal or domestic use is treated as a disposal of the asset by the owner at the time the asset is so applied.
- (6) A business acquires an asset at the time the person begins to own the asset, including, in the case of an asset that is a right, the time the person is granted any right.
- (7) The application of a personal asset to business use is treated as an acquisition of the asset by the owner at the time the asset is so used.
- (8) In this section, "personal asset" means an asset held wholly for personal or domestic use.

49. Cost

- (1) Except as otherwise provided in this Act, this section establishes the cost of a business asset for the purposes of this Act.
- (2) Subject to this section, the cost of an asset is the sum of the following amounts—
 - (a) the total consideration given for the asset, including the fair market value of any consideration in kind determined at the time the asset is acquired, and, if the asset is constructed or developed, the cost of construction or development;
 - (b) any incidental expenditure incurred in acquiring disposing of the asset; and
 - (c) any expenditure incurred to install, alter, renew, reconstruct, or improve the asset.

- (3) If a person disposes of a part of an asset, the cost of the asset is apportioned between the part of the asset retained and the part disposed of in accordance with their respective fair market values determined at the time the person acquired the asset.
- (4) The cost of an asset does not include the amount of any grant, subsidy, rebate, commission, or other assistance received or receivable by a person in respect of the acquisition of the asset, except to the extent to which the amount is included in the assessable income of a person.
- (5) The reference to "other assistance" in subsection (4) does not include a loan repayable with or without interest.

[section 49(5) amended by section 2(f) of Act 14 of 2012 w.e.f. 31 December 2012]

50. Determination of cost in special cases

- (1) The cost of an asset treated as acquired under [section 48\(7\)](#) is the fair market value of the asset determined at the date it is applied to business use.
- (2) If the acquisition of an asset by a person is the derivation of an amount included in assessable income, the cost of the asset is the amount included plus any amount paid by the person for the asset.
- (3) If the acquisition of an asset by a person is the derivation of exempt income, the cost of the asset is the exempt amount plus any amount paid by the person for the asset.

51. Consideration received

- (1) Except as otherwise provided in this Act, this section establishes the amount of consideration received on disposal of a business asset for the purposes of this Act.
- (2) The consideration received by a person on disposal of an asset is the total amount received by the person for the asset, including the fair market value of any consideration received in kind determined at the time of disposal.
- (3) If an asset has been lost or destroyed by a person, the consideration received for the asset includes any compensation, indemnity, or damages received by the person as a result of the loss or destruction, including amounts received as a consequence of—
 - (a) an insurance policy, indemnity, or other agreement;
 - (b) a settlement; or
 - (c) a judicial decision.
- (4) The consideration received for an asset treated as disposed of under [section 48\(3\)](#) is the fair market value of the asset determined at the time it is applied to personal or domestic use.
- (5) If two or more assets are disposed of by a person in a single transaction and the consideration received for each asset is not specified, the total consideration received by the person is apportioned among the assets disposed of in proportion to their respective fair market values determined at the time of the transaction.

52. Non-arm's length transactions

For the purposes of this Act, if a business asset is disposed of in a non-arm's length transaction—

- (a) the person disposing of the asset is treated as having received consideration equal to the fair market value of the asset determined at the time the asset is disposed of, and
- (b) the person acquiring the asset is treated as having a cost equal to the amount determined under paragraph (a).

53. Gain or loss not required

- (1) For the purposes of this Act and subject to subsection (2), no gain or loss is taken to arise on the disposal of a business asset—
 - (a) between spouses as part of a divorce settlement or under an agreement to live apart;
 - (b) by reason of the transmission of the asset on the death of a person to an executor or beneficiary; or
 - (c) by reason of the compulsory acquisition of the asset under any law if the consideration received for the disposal is reinvested by the recipient in an asset of a like kind (referred to as a "replacement asset") within one year of the disposal.
- (2) Subsection (1) does not apply if the person acquiring the asset (including a replacement asset) is a non-resident person at the time of the acquisition.
- (3) If subsection (1)(a) or (b) applies, the person acquiring the asset is treated as acquiring an asset of the same character as the person disposing of the asset and—
 - (a) in the case of a depreciable asset or intangible, acquiring the asset or intangible for a cost equal to the written down value of the asset at the time of the disposal as determined under section 16 and 17; or
 - (b) in any other case, acquiring the asset for a cost equal to the cost of the asset for the person disposing of the asset at the time of the disposal.
- (4) A person's cost of a replacement asset or intangible referred to in subsection (1)(c) is—
 - (a) if the asset compulsorily acquired is a depreciable asset or intangible, the written down value of the asset or intangible at the time it is compulsorily acquired as determined under section 16 and 17; or
 - (b) in any other case, the cost of the asset or intangible at the time it is compulsorily acquired, plus the amount by which any consideration given by the person for the replacement asset exceeds the consideration received by the person for the asset or intangible compulsorily acquired.

Division III - Anti-avoidance

54. Transfer pricing

- (1) The Revenue Commissioner may, in respect of—
 - (a) a transaction between businesses carried on by persons who are associates; or
 - (b) a transaction between businesses carried on by the same person,distribute, apportion, or allocate income or gain and expenses between the businesses as is necessary to reflect the outcome that would have arisen in a transaction between independent persons dealing with each other at arm's length.
- (2) In applying subsection (1), the Revenue Commissioner may be guided by international standards, case law, and guidelines on transfer pricing issued by international organisation concerned with taxation.

55. General anti-avoidance rules

- (1) For the purposes of determining the business tax, liability of a business under this Act, the Revenue Commissioner may—
 - (a) determine the character of a transaction or an element of a transaction that was entered into as part of a tax avoidance scheme;
 - (b) disregard a transaction that does not have substantial economic effect;
 - (c) determine the character of a transaction if the form of the transaction does not reflect the substance; or
 - (d) treat separate businesses carried on by the same person as a single business if business activity has been fragmented under a tax avoidance scheme.
- (2) In this section, "tax avoidance scheme" means any transaction or arrangement if one of the main purposes of a person in entering into the transaction or arrangement is the avoidance or reduction of the tax liability of a business under this Act.

56. Anti-income splitting

- (1) If a taxpayer attempts to split income with an associate, whether—
 - (a) by assignment of property subject to a condition;
 - (b) by assignment of the right to receive income;
 - (c) by the use of a partnership or trust; or
 - (d) by any other means,the Revenue Commissioner may adjust the taxable income of the taxpayer and the other party to prevent the income splitting.
- (2) In determining whether the taxpayer is seeking to split income through a partnership or trust, the Revenue Commissioner shall consider the value given by the other party to the partnership or trust.

Part IV – Tax procedure

Division I - Business tax returns, assessments, and payment of business tax

57. Business tax returns

- (1) A business liable for business tax under [section 6](#) shall furnish a business tax return for each tax year within three months after the end of the tax year.
- (2) A tax return shall be in the prescribed form and furnished in the prescribed manner.
- (3) For the avoidance of doubt, a business tax return is required irrespective of any tax liability or loss.
- (4) A business shall keep such records as may be prescribed.

58. Self-assessment of Business

A business that files a business tax return for a tax year is treated as having made a self-assessment of—

- (a) if the business has a taxable income for the year, the amount of the taxable income of the business and the business tax payable thereon as specified in the return; or

- (b) if the business has made a net loss for the year, the amount of the net loss of the business as specified in the return.

59. Payments of business tax

The business tax payable by a person for a tax year in respect of a business carried on by the person is payable by the date that the business tax return of the business for the year is due.

60. Collection of tax from non-resident ship owners or charterers

- (1) Subject to subsection (3), before the departure of a ship owned or chartered by a non-resident person from a port in Seychelles—
 - (a) the master of the ship or agent of the non-resident in Seychelles shall file with the Revenue Commissioner a return showing the gross revenue derived from the carriage by the ship of passengers, livestock, mail, merchandise, or goods embarked in Seychelles; and
 - (b) the Revenue Commissioner shall determine the amount of tax due under [section 7](#) in respect of the ship and, as soon as is practicable, notify the master, in writing, of the amount due.
- (2) The return required under subsection (1)(a) shall be in the prescribed form and furnished in the prescribed manner.
- (3) The master of a ship or agent is liable for the tax notified under subsection (1)(b).
- (4) If the Revenue Commissioner is satisfied that the return required under subsection (1)(a) cannot be furnished before the departure of the ship from Seychelles, the Revenue Commissioner may allow the return to be furnished within 30 days after departure of the ship provided the non-resident owner or charterer has made satisfactory arrangements for the payment of the tax due under [section 7](#) in respect of the ship.
- (5) The Assistant Commissioner of Customs shall not grant a port clearance for a ship owned or chartered by a non-resident person until satisfied that any tax due under [section 7](#) in respect of the ship has been paid or that arrangements for its payment have been made to the satisfaction of the Revenue Commissioner.
- (6) This section does not relieve the owner or charterer of the ship from liability to pay any amount due under [section 7](#) that is not paid by the master or agent.

61. Collection of tax from non-resident aircraft owners or charterers

- (1) The owner or charterer of an aircraft liable for tax under [section 7](#) shall furnish a return with the Revenue Commissioner for each quarter within twenty-one days after end of the quarter.
[section 61(1) amended by section 2(b) of Act 25 of 2010 w.e.f. 27 December 2010]
- (2) The return required under subsection (1) shall be in the prescribed form and furnished in the prescribed manner.
- (3) A person that furnishes a return under subsection (1) is treated as having made a self-assessment of the gross revenue derived for the carriage by the aircraft of passengers, livestock, mail, merchandise, or goods embarked in Seychelles during the quarter and the tax payable thereon under [section 7](#) as specified in the return.
- (4) The tax payable by the non-resident person under [section 7](#) is collected quarterly and is due on the due date for filing the return for each quarter.
- (5) If the tax payable for a quarter is not paid within three months of the due date, the Revenue Commissioner may issue to the Seychelles Civil Aviation Authority a certificate specifying the name of the non-resident person and the amount of tax due, and the Civil Aviation Authority shall refuse

clearance from any airport in Seychelles to any aircraft owned or chartered by the person until the tax due has been paid.

Division II - Withholding tax

62. Withholding of tax from dividends paid to a resident person

A resident entity paying a dividend to a resident person, shall withhold tax from the gross amount of the dividend paid at the rate specified in the First Schedule.

63. Withholding of tax from interest paid to a resident person

- (1) A resident entity or permanent establishment in Seychelles of a non-resident entity paying interest to a resident person shall withhold tax from the gross amount of the interest paid at the rate specified in the First Schedule.
- (2) Subsection (1) does not apply to interest paid to a bank, finance company, insurance company, or an entity whose principal business consists of the lending of money.
- (3) An entity shall withhold tax under this section even if the entity does not carry on a business.

64. Withholding of tax from payments to a specified business

- (1) A person making payment to a specified business shall withhold tax from gross payment at the rate specified in the First Schedule.
- (2) For the purpose of this section, specified business means a business listed in the Fourth Schedule.
- (3) A person is not required to withhold tax under subsection (1) where the specified business provides a certificate in accordance with subsection 77(11).

65. ***

[section 65 repealed by section 2(g) of Act 14 of 2012 w.e.f. 31 December 2012]

66. Withholding of tax from dividend etc

- (1) A person paying a dividend, interest, royalty, natural resource amount, insurance premium, or technical services fee subject to tax under [section 8](#) shall withhold tax from the gross amount paid at the rate of tax applicable to the income under [section 8](#).
- (2) A promoter, agent, or similar person—
 - (a) paying remuneration to a non-resident entertainer or sports person in respect of a performance or sporting event in Seychelles; or
 - (b) responsible for collecting the gross receipts from a performance or sporting event in Seychelles by a theatrical, musical, or other group of non-resident entertainers or sports persons;

shall withhold tax from the gross amount of the remuneration or receipts at the rate specified in the First Schedule.

67. No withholding from exempt income

A person shall not withhold tax from an amount that is exempt income of the recipient.

68. Time of withholding

A person required to withhold tax under this Division from an amount paid by the person shall withhold the tax at the earlier of—

- (a) the time the amount is credited to the account of the recipient; or
- (b) the time the amount is actually paid.

69. Payment of tax withheld

Tax required to be withheld by a person under this Division shall be paid to the Revenue Commissioner within 21 days after the end of the month in which the person was required to withhold the tax.

70. Failure to pay withheld tax

- (1) If a person—
 - (a) fails to withhold tax as required under this Division; or
 - (b) having withheld tax fails to pay the tax to the Revenue Commissioner as required under [section 69](#),the person is personally liable to pay the amount of tax to the Revenue Commissioner.
- (2) The amount that a person is personally liable for under subsection (1) is treated a "revenue" for the purposes of Part V of the Revenue Administration Act 2009.
- (3) A person personally liable for an amount of tax under subsection (1) as a result of failing to withhold the tax is entitled to recover the tax from the recipient of the payment.

71. Recovery of unpaid withholding tax

- (1) If a person fails to withhold tax as required under this Division, the Revenue Commissioner may recover the tax from the recipient of the payment provided the total amount recovered does not exceed the tax that should have been withheld.
- (2) Notwithstanding the recovery of any tax under subsection (1), the person who failed to withhold the tax continues to be liable for—
 - (a) any other legal action in relation to the failure;
 - (b) the imposition of interest and penalty for the failure; and
 - (c) the disallowing of a deduction for the expenditure to which the failure relates under [section 15\(2\)](#).

72. Tax withholding certificates

- (1) A person withholding tax under this Division shall give the recipient of the payment a tax withholding certificate as prescribed.
- (2) A person required to lodge a business tax return for a tax year shall attach to the return any tax withholding certificate as prescribed.

73. Withholding tax statements

- (1) A person withholding tax under this Division shall, within two months after the end of the tax year or within such further time as the Revenue Commissioner may allow by notice in writing, lodge with the Revenue Commissioner a withholding tax statement as prescribed.

- (2) In addition to the annual withholding tax statement required to be lodged under subsection (1), a person withholding tax may be required to furnish statements on a monthly, quarterly, or six monthly basis as may be prescribed.
- (3) In this section, "tax year" means the twelve months ending on 31st of December.

74. Priority of tax withheld

- (1) Tax withheld by a person from a payment under this Division—
 - (a) is held by the person in trust for the Government; and
 - (b) is not subject to attachment in respect of any debt or liability of the person.
- (2) In the event of the liquidation or bankruptcy of a person who has withheld tax under this Division, any amount withheld does not form part of the estate of the person in liquidation or bankruptcy and the Revenue Commissioner has first claim for that amount before any distribution of property is made.
- (3) An amount that a person is required to withhold from a payment under this division is—
 - (a) a first charge on the payment; and
 - (b) deducted prior to any other amount that the person may be required to deduct from the payment by virtue of an order of any Court or under any other law.

75. Indemnity

A person who has withheld tax from a payment under this Division and remitted the tax to the Revenue Commissioner is indemnified against any claim by the recipient for payment of the withheld amount.

76. Credit for tax withheld

- (1) For the purposes of this Act, if tax has been withheld under this Division from income derived by a person, the amount of income included in the assessable income of that person is the amount derived before the withholding of the tax.
- (2) Subject to subsections (3) and (4), if tax has been withheld under this Division from income derived by a person, the person is allowed a tax credit for that tax against the tax due by the person on the taxable income of the person for the tax year in which the tax was withheld.
- (3) No tax credit is allowed if the tax withheld is a final tax on the income under [section 9](#);
- (4) If the amount of the credit allowed under subsection (2) for a tax year exceeds the business tax due by a person for the year, the amount of the excess shall be refunded to the person.

Division III - Instalments of tax

77. Payment of instalments of business tax

- (1) A business shall pay instalments of business tax for a tax year on the twenty-first day after the end of each month and furnish a Business Activity Statement prescribed under the Revenue Administration Act 2009.

[section 77(1) amended by section 2(h) of Act 14 of 2012 w.e.f. 31 December 2012]

- (2) The amount of each instalment is one twelfth of the amount of business tax estimated by the Revenue Commissioner to be payable for the tax year.
- (3) Notwithstanding subsection (2), an estimate of business tax payable by the business for a tax year may be furnished to the Revenue Commissioner.

- (4) If accepted by the revenue commissioner, an estimate furnished under subsection (3) remains in force for the remainder of the tax year unless a revised estimate is furnished to the Revenue Commissioner in accordance with subsection (5).
- (5) A revised estimate applies to the calculation of instalments of business tax for a tax year due both before and after the date the revised estimate was furnished and—
 - (a) the amount of any underpayment of instalments made prior to furnishing the revised estimate shall be paid by the business together with the first instalment due after the revised estimate is furnished; or
 - (b) the amount of any overpaid instalments is applied against future business tax instalments due.
- (6) Each instalment of business tax paid during a tax year is allowed as a tax credit against the tax due on the taxable income of the business for the tax year.
- (7) If the amount of the credit under subsection (6) for a tax year exceeds the business tax due for the year, the amount of the excess shall be refunded.
- (8) If the estimate made under subsections (3) or (5) of business tax payable by a business for a tax year is less than ninety percent (90%) of the actual business tax liability of the business for the year (the difference is referred to as the "instalment shortfall"), the business is liable for a penalty equal to ten percent of the instalment shortfall.
- (9) No penalty is imposed under subsection (8) if the Revenue Commissioner is satisfied that the reason for the instalment shortfall was due to valid circumstances beyond the control of the business.
- (10) Any person paying instalments under subsection (1) but is also liable to withholding under [section 64](#), may apply to the Revenue Commissioner requesting that withholding under [section 64](#) not apply.
- (11) If approval is granted under subsection (10), the Revenue Commissioner will issue a certificate detailing that the business is not liable to withholding under [section 64](#) for an approved period.
- (12) Tax required to be withheld by a person under this Division shall be paid to the Revenue Commissioner within 21 days after the end of the month in which the person was required to withhold the tax.

Part V – Final provisions

78. Special provision relating to specified entities

- (1) Notwithstanding any other provisions of this Act, businesses listed in the Seventh, Eighth and Tenth Schedules are liable to Business Tax in accordance with the rates specified in those Schedules.

[section 78(1) repealed and substituted by section 2(i) of Act 14 of 2012 w.e.f. 31 December 2012]
- (2) For the avoidance of doubts, if a category of business specified in the Seventh Schedule is liable to tax on the basis of its assessable income, such category of business is not entitled to claim deductions provided by [section 14](#) or any other provision of this Act.
- (3) Specified categories of business other than those subject to tax pursuant to the terms of subsection (2) are liable to tax in accordance with the methodology and rates specified in the Seventh Schedule.

79. Taxation agreements with the government of a foreign country

- (1) The Minister may, for and on behalf of Seychelles, enter into an agreement with the Government of a foreign country in relation to taxation matters imposed by the laws of that country and for tax

compliance purposes of the agreement shall have effect, subject to subsection (4), in relation to tax imposed under this Act.

- (2) The Minister may delegate the functions conferred under subsection (1) to any Government official.
- (3) For the avoidance of doubts it is stated that the terms of any taxation agreement entered into pursuant to subsection (1), take precedence over the provisions of this Act.
- (4) Where a taxation agreement has been entered into under subsection (1) the Minister shall, by regulation, declare that the agreement specified in the regulation has been entered into and the agreement shall have effect in relation to the tax imposed under this Act.
- (5) Taxation agreements are listed in the Sixth Schedule to this Act.

80. Regulations

- (1) The Minister may make regulations—
 - (a) prescribing matters as required under this Act, or
 - (b) for the proper and efficient administration of this Act.
- (2) Without limiting the general effect of subsection (1), regulations made under that subsection may—
 - (a) contain provisions of a saving or transitional nature consequent on the making of this Act, or
 - (b) prescribe penalties for the contravention of the regulations.
- (3) If regulations made under this section are of a transitional nature and are made within six months after the commencement of this Act, the regulations may provide that they take effect from the date on which the Act comes into force.

81. Amendment of schedules and monetary amounts

The Minister may make Regulations—

- (a) prescribing all matters which by this Act required to be prescribed, or which are necessary or convenient to be prescribed for giving effect to this Act; and
- (b) amending the Schedules.

82. Repeal

The Business Tax Act 1987 and subsidiary legislation made thereunder are hereby repealed.

83. Transitional

- (1) The repealed legislation continues to apply to tax years prior to the tax year in which this Act comes into operation.
- (2) A reference in this Act to a previous tax year includes, when the context requires, a reference to a tax year under the repealed legislation.
- (3) Sections 16, 17, and 18 do not apply to an asset acquired or expenditure incurred before the commencement date.
- (4) Sections 45-52 of the Business Tax Act 1987 continue to apply to property acquired before the commencement date.

First Schedule

Rates of tax

[First Schedule repealed and substituted by regulation 2 of SI 27 of 2010 w.e.f. 1 January 2010]

1. The rates of business tax payable by the owner of a business in respect of the taxable income of a business under section 6 are—

- (a) in the case of an entity, government body, or a trustee under section 40(5)—

- (i) 25% on the first 1,000,000 of taxable income, and
(ii) 30% on the remainder.

[First Schedule item 1(a)(ii) amended by regulation 2(a) of SI 66 of 2012 w.e.f. 31 December 2012]

- (b) in the case of any other person other than an entity or government body—

- (i) 0% on the first R 150,000 of taxable income, and
(ii) 15% between R150,000 and R1,000,000 of taxable income, and

[First Schedule item 1(b)(ii) amended by regulation 2(a) of SI 92 of 2010 w.e.f. 1 January 2011]

- (iii) 30% on the remainder.

[First Schedule item 1(b)(iii) amended by regulation 2(b) of SI 66 of 2012 w.e.f. 31 December 2012]

- (c) in the case of telecommunications service providers, banks, insurance companies, alcohol and tobacco manufacturers—

- (i) 25% on the first SCR1,000,000 of taxable income; and
(ii) 33% on the remainder;

[First Schedule item 1(c) inserted by regulation 2(c) of SI 66 of 2012 w.e.f. 31 December 2012]

- (d) in case of company listed in the Seychelles Securities exchange 25% of the taxable income on the shares issued.

[First Schedule item 1(d) inserted by regulation 2(c) of SI 66 of 2012 w.e.f. 31 December 2012]

2. The rate of business tax payable by a non-resident person under section 7 is 3%.

3. The rate of business tax payable by a non-resident person under section 8—

- (a) in the case of a dividend, royalty, natural resource amount or technical service fee is—

- (i) 15% or
(ii) The rate applicable under a taxation agreement entered between the Government of Seychelles and a Government of a foreign country.

[First Schedule item (3)(a) amended by regulation 2(e) of SI 66 of 2012 w.e.f. 31 December 2012]

- (b) in the case of an insurance premium is 5%;

[First Schedule item (3)(b) amended by regulation 2(b)(i) of SI 92 of 2010 w.e.f. 1 January 2011]

- (c) in case of technical fees other than managerial fees payable to a nonresident by a financial Institution operating in Seychelles is 15%; or

[First Schedule item (3)(c) inserted by regulation 2(b)(ii) of SI 92 of 2010 w.e.f. 1 January 2011]

- (d) in the case of managerial fees payable to a non-resident by a financial Institution operating in Seychelles is 33%;

[First Schedule item (3)(d) inserted by regulation 2(b)(ii) of [SI 92 of 2010](#) w.e.f. 1 January 2011]

- (e) in the case of interest, the rates shall be as follows—

	Non-resident	
	Rates to be applied as of 1st January to 31st March 2010	Rates to be applied as of 1st April 2010 onwards
Current account	10%	5%
Fixed Deposit (In Seychelles Rupees or any other foreign currency)	10%	5%
Savings Account	10%	0%
All deposit	10%	5%
Bearer Bonds	33%	33%
Bank to Bank	0%	0%
Non Resident Bank Interest	0%	0%
2006 Government Bonds	0%	0%
2007 Government Bonds	0%	0%
8% Seychelles stock	0%	0%
CBS bonds series FXM	0%	0%
CBS bonds series FEX	0%	0%
Interest payment by a person being a nonfinancial institution to a person not being a financial institution	15%	15%

	Non-resident	
Treasury Bills (where the recipient is not a resident or non-resident financial institution as defined in the Financial Institutions Act, 2004 or carrying on the business as an insurer as regulated under the Insurances Act, 2008)	10%	5%
Treasury Bills (where the recipient is a resident or non-resident financial institution as defined in the Financial Institutions Act, 2004 or carrying on the business as an insurer as regulated under the Insurances Act, 2008)	0%	0%

[First Schedule item 3(c) renumbered as item 3(e) by regulation 2(b)(iii) by SI 92 of 2010 w.e.f. 1 April 2010]

4. The rate of tax payable by the owner of a business of a casino under section 44 is 0%.

5. —

(1) The rate of withholding tax on dividends under section 62 when paid to a resident person is 0%.

[First Schedule item 5(1) repealed and substituted by regulation 2 of SI 7 of 2011 w.e.f. 1 January 2010]

(2) The rate of withholding tax on interest under section 63 is as follows—

	Resident		
		Rates to be applied as of 1st January to 31st March 2010	Rates to be applied as of 1st April 2010 onwards
Current Account	10%		5%
Fixed Deposit (In Seychelles Rupees or any other foreign currency)	10%		5%
Savings Account	10%		0%
Call deposit	10%		5%

	Resident		
Bearer Bonds	33%		33%
Bank to Bank	0%		0%
Non Resident Bank Interest	0%		0%
2006 Government Bonds	0%		0%
2007 Government Bonds	0%		0%
8% Seychelles stock	0%		0%
CBS bonds series FXM	0%		0%
CBS bonds series FEX	0%		0%
Interest payment by a person being a non financial institution to a person not being a financial institution	15%		15%
Treasury Bills (where the recipient is not a resident or non-resident financial institution as defined in the Financial Institutions Act, 2004 or carrying on the business as an insurer as regulated under the Insurances Act, 2008	10%		5%

	Resident		
Treasury Bills (where the recipient is a resident or non-resident financial institution as defined in the Financial Institutions Act, 2004 or carrying on the business as an insurer as regulated under the Insurances Act, 2008	0%		0%

[Note: Item 5(2) came into operation on 1 April 2010 (SI 27 of 2010)]

6. The rate of withholding tax under section 64 made to specified businesses listed in Fourth Schedule is 5%.
7. The rate of tax payable by banks in respect of taxable income generated by and sourced from a non-resident person or an entity incorporated or registered in Seychelles which has personal or economic relations or place of effective management outside Seychelles is 3%.

[First Schedule item 7 inserted by regulation 2 of SI 12 of 2012 w.e.f. 2 April 2012; amended by regulation 2(a) of SI 44 of 2016 w.e.f. 11 July 2016]

Second Schedule

Exemptions

1. The income of a business of a religious, scientific, charitable or public educational institution.
2. The income of a business of a society or club which is not carried on for the purposes of profit or gain to its individual members and is #
 - (a) A friendly society;
 - (b) A society, association or club established for musical purposes or for the encouragement of music, art, science or literature; or
 - (c) A society, association or club for the encouragement or promotion of games or sports,
3. The income of a trade union registered under the Industrial Relations Act, 1993.
4. Interest exempt under section 12(2)(b).
5. The income of the Social Security Fund.
6. *[Second Schedule item 6 repealed by regulation 3(a) of SI 27 of 2010 w.e.f. 1 January 2010]*
7. *[Second Schedule item 7 repealed by regulation 3(a) of SI 27 of 2010 w.e.f. 1 January 2010]*
8. The income of the Central Bank of Seychelles established under the Central Bank of Seychelles Act, 1982.
9. The income of the Seychelles Pension Fund established under the Seychelles Pension Act, 2005.
10. The income of the Seychelles Fishing Authority established under the Seychelles Fishing Authority (Establishment) Act, 1984.
11. The income of the National Sports Council established under the National Sports Council Act, 1982.

12. The income derived by the owner of a taxi who holds a licence under the Licences Act, 1986 from the operation of the taxi.
13. *The income of the reinsurance business of a registered insurer solely carrying on reinsurance business under the Insurance Act 2008.
[Second Schedule item 14 repealed and substituted by regulation 3(b) of SI 27 of 2010 w.e.f. 1 January 2010, then repealed by regulation 3(a) and item 15 renumbered as item 13 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
14. The income of the insurance business of a registered insurer solely carrying on insurance business relating to offshore policies under the Insurance Act 2008.
[Second Schedule item 16 renumbered as item 14 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
15. The income of an international trust declared and registered under the International Trusts Act, 1994.
[Second Schedule item 17 renumbered as item 15 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
16. The income payable by Policy owners Protection Fund in terms of the Insurance Act 2008 on the investment made by the Fund.
[Second Schedule item 18 renumbered as item 16 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
17. The income of the Development Bank of Seychelles established under the Development Bank of Seychelles Decree.
[Second Schedule item 19 renumbered as item 17 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
18. The income of Seychelles National Oil Company on or after 1.1.94.
[Second Schedule item 20 renumbered as item 18 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
19. The income of the Department of Legal Affairs from the provision of legal services to public bodies under Section 13(1) of the Legal Practitioner's Act.
[Second Schedule item 21 renumbered as item 19 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
20. The income, on or after 1st January 1995, of the Public Utilities Corporation established under the Public Utilities Corporation Act.
[Second Schedule item 22 renumbered as item 20 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
21. The income of the Praslin Development Fund established by the Praslin Development Fund Order 1997.
[Second Schedule item 23 renumbered as item 21 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
22. The income of the La Digue Development Fund established by the La Digue Development Fund Order 1997.
[Second Schedule item 24 renumbered as item 22 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
23. The income of the Plaine Saint Andre Eco-museum Trust Fund established.
[Second Schedule item 25 renumbered as item 23 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
24. The income of Air Seychelles Limited, a company incorporated under the Companies Act 1972.
[Second Schedule item 26 renumbered as item 24 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]
25. The income of Centre Mont Royal established under the Misuse of Drugs (Centre Mont Royal) Regulations 2001.
[Second Schedule item 27 renumbered as item 25 by regulation 3(b) of SI 66 of 2012 w.e.f. 31 December 2012]

[There was no item 13 in the Act as originally gazetted.]

26. The income of Seychelles Tourism Board established under the Seychelles Tourism Board Act, 2005.
[Second Schedule item 28 renumbered as item 26 by regulation 3(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]
27. The income of Seychelles Institute of Management established under the Seychelles Institute Management Act, 2006.
[Second Schedule item 29 renumbered as item 27 by regulation 3(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]
28. The income of National Human Resources Development Council established under the National Human Resources Development Council Act, 2006.
[Second Schedule item 30 renumbered as item 28 by regulation 3(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]
29. The income of Seychelles Centre for Marine Research and the conservation of energy for own consumption;
[Second Schedule item 31 renumbered as item 29 by regulation 3(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]
30. *[Second Schedule item 32 repealed by regulation 3(c) of [SI 27 of 2010](#) w.e.f. 1 January 2010 and then renumbered (after repeal) as item 30 by regulation 3(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012.]*
[Note: Following the renumbering imposed by [SI 66 of 2012](#) there is now no item 31 or 32.]
33. The interest income earned by subscribers to the Esmeralda Treasury Bonds issued in 2005.
[Second Schedule item 33 inserted by regulation 3 of [SI 6 of 2010](#) w.e.f. 1 January 2010]
33. The income of a category of persons being persons, delivering Scheduled public bus services and which is subject to control of fares by the Government.
[Second Schedule item 33 inserted by regulation 3(d) of [SI 27 of 2010](#) w.e.f. 1 January 2010]
[Note: Item 33 was inserted twice with effect from the same date (1 January 2010), first by [SI 6 of 2010](#) and then by [SI 27 of 2010](#).]
34. The income of the Seychelles International Business Authority as established under the Seychelles International Business Authority Act, 1994.
[Second Schedule item 34 inserted by regulation 3(d) of [SI 27 of 2010](#) w.e.f. 1 January 2010]
35. The income of the Seychelles Licensing Authority as established under the Seychelles Licensing Authority Act, 1987.
[Second Schedule item 35 inserted by regulation 3(d) of [SI 27 of 2010](#) w.e.f. 1 January 2010]
36. The income of the Seychelles Credit Union as established under the Seychelles Credit Union Act, 2009.
[Second Schedule item 36 inserted by regulation 3(d) of [SI 27 of 2010](#) w.e.f. 1 January 2010]
37. The income of any co-operatives established under the Co-Operatives Act, 1988.
[Second Schedule item 37 inserted by regulation 3(d) of [SI 27 of 2010](#) w.e.f. 1 January 2010]
38. The income of Seychelles Broadcasting Corporation established under the Seychelles Broadcasting Corporation Act, 1992.
[Second Schedule item 38 inserted by regulation 3(d) of [SI 27 of 2010](#) w.e.f. 1 January 2010]
39. The income of the National Art Council established under the National Art Council Act, 1982.
[Second Schedule item 39 inserted by regulation 3(d) of [SI 27 of 2010](#) w.e.f. 1 January 2010]

40. The income derived by a company from a specific project financed by a grant or donation where the terms and conditions are set out in an agreement between the Government of Seychelles and any other Government of international organisation.

[Second Schedule item 40 inserted by regulation 3(d) of [SI 27 of 2010](#) w.e.f. 1 January 2010]

[Note: This Schedule should be read with caution as a number of the Acts referred to are no longer in force. The Acts which repealed and replaced them did not consequentially amend this schedule to provide updated cross-references.]

Third Schedule

Depreciation

1. For the purpose of this schedule—

"approved environmental machinery" includes the capital expenditure incurred by a business on;

- (a) The conservation of energy for own consumption;
- (b) waste recycling activities;
- (c) the use of renewable energy resources; and
- (d) machinery listed in the table 1 below.

Table 1 – Depreciation allowances

	Machinery	Minimum standards
1	Solar photovoltaic modules	IEC* 61215
2	Wind turbine generators	IEC* 61400
3	Wave energy plant	IEC* Standards
*International Electrotechnical Commission		

"hotel" means an establishment licensed as a hotel, guesthouse, or self-catering establishment under the Licence Act, 1986.

"research and development expenditure" means capital expenditure incurred by way of a systematic or intensive study carried out in the field of science or technology with the object of using the results of the study for the production or improvement of material, devices, products, produce or processes but does not include—

- (a) Quality control of products or routine testing of materials, devices, products or produce;
- (b) Research in the social sciences or humanities.
- (c) Routine data collection;
- (d) Efficiency surveys or management studies;
- (e) Market research or sales promotions.

2. The depreciation rates specified for section 16 are as follows–
 - (a) depreciable assets costing SR100,000 or less – 100%
[Third Schedule item 2(a) amended by regulation 4(a) of [SI 27 of 2010](#) w.e.f. 1 January 2010]
 - (b) computers, research and development expenditure, data handling equipment, and approved environmental machinery – 40%
 - (c) hotels – 20% in the first tax year and 10% in each subsequent tax year
 - (d) business buildings, ships, aircraft and submarine cable systems – 4%
[Third Schedule item 2(d) amended by regulation 2(b) of [SI 44 of 2016](#) w.e.f. 11 July 2016]
 - (e) other – 20%.
3. The rate of depreciation specified for paragraph 35(b) is 100% for acquisitions up to the value of SR100,000.
[Third Schedule item 3 repealed and substituted by regulation 4(b) of [SI 27 of 2010](#) w.e.f. 1 January 2010]

Fourth Schedule

Paying withholding for specified businesses

[Fourth Schedule repealed and substituted by regulation 4 of [SI 66 of 2012](#) w.e.f. 31 December 2012]

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 for towing;
- (5) Hirer of Public omnibus.

Fifth Schedule

Approved gifts

[Fifth Schedule repealed and substituted by regulation 5 of [SI 27 of 2010](#) w.e.f. 1 January 2010]

1. Gifts (other than the gifts referred to in paragraph 1A) made to public fund, body, institutions, Charities or Non-Governmental Organisations shall be 100% deductible from their assessable income.
[Fifth Schedule paragraph 1 amended by regulation 2(a) of [SI 14 of 2015](#) w.e.f. 31 March 2015]
- 1A. Gifts made to public fund, body, institutions, Charities, or Non-Governmental Organisation towards the hosting of international sporting events in Seychelles approved by the Minister, shall be 150% deductible from their assessable income.
[Fifth Schedule paragraph 1A inserted by regulation 2(b) of [SI 14 of 2015](#) w.e.f. 31 March 2015]
2. For the purpose of this Schedule–
 - (a) Gifts shall also include donations.

- (b) Charities and Non-Governmental Organisations for the purpose of this Act shall be registered with the Ministry of Finance as a Charity or a Non-Governmental Organisation and issued with a certificate confirming its status.

Sixth Schedule

Ratified International Taxation Agreements

The following International Taxation Agreements are ratified:

Table I – International Taxation Agreements

	Country	Signed on	Gazette reference	Date of entry into force	1st taxable year of effect	Non-revocation period
1	China	26 August 1999	Gazetted on 04/10/99 (SI 50 of 99)	17 Jan 2000	1 January 2001	5 years
2	South Africa	26 August 1998	Gazetted on 30/11/98 (SI 73 of 98)	3 July 2002	1 January 2003	5 years
3	Indonesia	27 September 1999	Gazetted on 10/04/00 (SI 17 of 00)	16 May 2000	1 January 2001	10 years
4	Oman	13 September 2003	Gazetted on 19/01/04 (SI 1 of 04)	20 January 2004	1 January 2005	5 years
5	Botswana	26 August 2004	Gazetted on 06/12/04 (SI 37 of 04)	22 June 2005	1 Jan 06 (Sey) - 1 July 06	5 years
6	Mauritius	11 March 2005	Gazetted on 30/05/05 (SI 25 of 05)	22 June 2005	1 Jan 06 (Sey) - 1 July 06	5 years
7	Thailand	26 April 2001	Gazetted on 06/12/04 (SI 36 of 04)	14 April 2006	1 January 2007	10 years

	Country	Signed on	Gazette reference	Date of entry into force	1st taxable year of effect	Non-revocation period
8	Malaysia	3 December 2005	Gazetted on 29/11/04 (SI 34 of 04)	10 July 2006	1 January 2007	5 years
9	Vietnam	4 October 2005	Gazetted on 12/12/05 (SI 54 of 05)	7 July 2006	1 January 2007	5 years
10	Cyprus	28 June 2006	Gazetted on 14//08//06 (SI 32 of 06)	2 November 2006	1 January 2007	5 years
11	UAE	18 September 2006	Gazetted on 11/12/06 (SI 46 of 06)	23 April 2007	1 January 2008	10 years
12	Barbados	19 October 2007	Gazetted on 24/12/07 (SI 40 of 07)	28 February 2008	January 2009	5 years
13	Qatar	1st July 2006	Gazetted on 21/08/06 (SI 34 of 2006)	10th April 2007	1st January 2008	5 years
<i>[Sixth Schedule item 13 inserted by regulation 5 of SI 66 of 2012 w.e.f. 31 December 2012]</i>						
14	Bahrain	24th April 2010	Gazetted on 27/12/11 (SI 97 of 2011)	3rd February 2012	1st January 2013	5 years
<i>[Sixth Schedule item 14 inserted by regulation 5 of SI 66 of 2012 w.e.f. 31 December 2012]</i>						

	Country	Signed on	Gazette reference	Date of entry into force	1st taxable year of effect	Non-revocation period
15	Zambia	7th December 2011	Gazetted on 27/12/11 (SI 97 of 2011)	4th June 2012	1st January 2013	5 years
<i>[Sixth Schedule item 16 inserted by regulation 5 of SI 66 of 2012 w.e.f. 31 December 2012]</i>						
16	Monaco	4th December 2011	Gazetted on 29/08/11 (SI 57 of 2011)	1st January 2013	1st January 2014	5 years
<i>[Sixth Schedule item 16 inserted by regulation 5 of SI 66 of 2012 w.e.f. 31 December 2012]</i>						

[Note: This table no longer reflects the current position.]

Seventh Schedule

Special provisions relating to specified entities

1. Business subject to special treatment

The following businesses are subject to tax at the rate specified in this Schedule and in accordance with the methodology specified in this Schedule.

2. International Corporate Service Providers

The rate payable by an International Corporate Service Provider registered under the International Corporate Service Providers Act 2003 in respect of its income shall be the aggregate of the following amounts paid by a licensee in respect of specified entities—

- (a) 15% of fees in respect of incorporation or registration;
- (b) 7.5% of fees in respect of annual renewal of license; and
- (c) 5% of all other fees.

[Seventh Schedule item 4 amended by regulation 2 of [SI 63 of 2010](#) w.e.f. 1 January 2010; item 2 repealed by regulation 6(a)(a) and item 4 renumbered as item 2 by regulation 6(a)(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]

3. Companies (Special Licenses)

- (1) The rate payable by Companies (Special Licenses) registered under the Companies (Special Licenses) Act 2003 in respect of its global taxable income is 1.5%.
- (2) The rates of withholding tax under this Act on payments made by a company referred to in subparagraph (1) are as follows—
 - (a) In respect of dividend paid to a resident – 0%

- (b) In respect of dividend paid to a non-resident – 0%
- (c) In respect of interest paid to a resident – 0%
- (d) In respect of interest paid to a non-resident – 0%
- (e) In respect of royalty paid to a non resident for the use of, or the right to use, any copyright, patent, design or model or plan or trademark – 0%
- (f) In respect of royalty paid to a non-resident for the use of, or the right to use, any secret formula, process or know-how whether the know how is technical, managerial or otherwise and any other intellectual property or right – 0%
- (g) In respect of royalty paid to a non-resident for the use of, or the right to use, any industrial, commercial or scientific equipment – 0%

[Seventh Schedule item 3 repealed by regulation 6(a)(a) and item 5 renumbered as item 3 by regulation 6(a)(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]

4. Residential dwelling–

- (i) the rate payable by a person deriving income from the rental or leasing of a building or part of a building used exclusively for residential purposes is 15% of the gross rental income;
- (ii) the tax shall be payable on or before the 21st day of the month following the month in which the liability falls due.
- (iii) The tax payable in respect of the rental income is exempt from any provisions of this Act.

[Seventh Schedule item 6 repealed and item 4 inserted by regulation 6(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]

5. Licensees under the Mutual Fund and Hedge Fund Act, 2008

The rate payable by a licensee registered under the Mutual Fund and Hedge Fund Act, 2008 in respect of income shall be the aggregate of the following–

- (a) 10% of fees in respect of new mutual fund licences;
- (b) 5% of fees in respect of Annual renewal of mutual fund licences and all other fees under that Act.

[Seventh Schedule item 7 repealed and item 5 inserted by regulation 6(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]

6. Licensees under the Securities Act 2007–

- (a) The rate payable by a licensee under the Securities Act in respect assessable income is 1.5%;
- (b) The rate of withholding tax made by a licensee referred to in subsection (a) is 0%.

[Seventh Schedule item 6 inserted by regulation 6(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]

7. Corporate Social Responsibility Tax

- (1) (i) The rate of Corporate Social Responsibility Tax payable by a business with an annual turnover of SCR1,000,000 over shall be–
 - (a) 0.25% on the monthly turnover of the current year of payment; and
 - (b) 0.25% offset against any donations made, sponsorships or projects paid for by the business during the current year of payment and approved by a Corporate Social Responsibility Tax Committee; or

- (c) 0.50% on the monthly turnover of the current year of payment;

[Seventh Schedule item 7(1)(i) repealed and substituted by regulation 2(a) of [SI 38 of 2013](#) w.e.f. 30 April 2013]

- (ii) the rate of tax referred to in sub-item (i) shall be based on the annual turnover of the business for the previous tax year;
- (iii) the tax shall be payable on or before the 21st day on the month following the month in which the liability falls due;

[Seventh Schedule item 7(1) repealed and substituted by regulation 2(a) of [SI 16 of 2013](#) w.e.f. 27 February 2013]

- (2) The Corporate Social Responsibility Tax shall be exempt from payment for businesses and entities set out in the Second Schedule, International Corporate Service Providers, Companies (Special Licences), residential dwellings, licences under the Mutual Fund and Hedge Fund Act, 2008 and licences under Securities Act, 2007.

[Seventh Schedule item 7(2) repealed and substituted by regulation 2(a) of [SI 16 of 2013](#) w.e.f. 27 February 2013]

- (3) (i) The Minister shall appoint a Corporate Social Responsibility Tax Committee consisting of 5 persons;
- (ii) The committee shall regulate its own proceedings;

[Seventh Schedule item 7(3) inserted by regulation 2(a) of [SI 38 of 2013](#) w.e.f. 30 April 2013]

8. **Company listed under Seychelles Securities Exchange**

The rate payable by a company listed under the Seychelles Securities Exchange is 25% on their taxable income;

[Seventh Schedule item 8 inserted by regulation 6(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]

9. **Private educational institution**

The rate payable by a private educational institution is 15% on its taxable income;

[Seventh Schedule item 9 inserted by regulation 6(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]

10. ***

[Seventh Schedule item 10 repealed by section 9(1) of Act [16 of 2013](#) w.e.f. 1 January 2014]

11. **Private medical service provider**

The rate payable by a private medical service provider is 15% on the taxable income.

[Seventh Schedule item 11 inserted by regulation 6(b) of [SI 66 of 2012](#) w.e.f. 31 December 2012]

Eighth Schedule

Special rate of tax, special deduction and accelerated depreciation

[Eighth Schedule inserted by regulation 7 of [SI 66 of 2012](#) w.e.f. 31 December 2012]

"Agricultural processor" means a person licensed and registered with the relevant authority for the transformation of Agricultural products by a process of value added for the local market.

"Farming entity" means a person other than an individual engaged in the production of livestock, vegetables, flowers or other crops, (floriculture and horticultural crop);

"Fisheries Processor" means a person licensed and registered with the relevant authority for the transformation of fish and marine products by a process of value added for the local market.

"licensed accommodation" means a café, hotel, restaurant and self-catering establishment licensed under the Licences (Accommodation, Catering and Entertainment Establishments) Regulations, 2011.

1. Special rate of tax

The business set out below are subject to special rate of tax as specified—

Relevant person/businesses	Rate
Farming entities Agricultural processors Agricultural exporters Boat owners Fisheries processors Fisheries exporters A person issued with a license as an importer/retailer operating as an Exclusive Shop authorised by the Government A person issued with a license as an importer/retailer operating as a Duty Free Shop authorised by the Government A person carrying on the business of— hotel, guest house or self-catering establishment cafe or restaurant fixed or rotary wing passenger air transport services in respect of all domestic flights domestic ferry services for the transport of freight or passengers boat or yacht charter (including liveaboard) car hirer operator underwater diver operator or dive centre water sports operator Travel Agent Tour Operator Tour and or Tourist Guide equestrian operator	0% of the first R250,000 of taxable income; and at 15% on the remainder

2. Special deduction on taxable income

Part I

There shall be allowed in respect of the following business a special deduction, in addition to any other allowable deduction, of the expenditure incurred for marketing and promotion to the extent of 5% of the Taxable Business Income or the actual expenditure whichever is lower—

[Eighth Schedule item 2 Part I opening paragraph repealed and substituted by [SI 44 of 2016](#) w.e.f. 11 July 2016]

Relevant persons/businesses
Farming entities
Agricultural processors
Agricultural exporters
Boat owners
Fisheries processors
A person carrying on the business of—
hotel, guest house or self-catering establishment
cafe or restaurant
fixed or rotary wing passenger air transport services in respect of all domestic flights
domestic ferry services for the transport of freight or passenger
boat or yacht charter (including liveaboard)
car hirer operator
underwater dive operator of dive centre
water sports operator
Travel Agent
Tour and or Tourist Guide
equestrian operator
gambling/casino operator

Part II

The total amount of deductions allowable for a business for training certified by the Seychelles Tourism Board shall be 150% of the actual expenditure incurred.

[Eighth Schedule item 2 Part II amended by [SI 44 of 2016](#) w.e.f. 11 July 2016]

Part III

Subject to the Income Tax being paid, the total amount of deductions allowed from taxable income of businesses set out below shall be 200% of emoluments paid by an employer to a qualified graduate of Seychelles Institute of

Technology, Farmers Training Centers, Maritime Training Centre, Seychelles Tourism Academy in respect of 12 months full time employment.

[Eighth Schedule item 2 Part III opening paragraph amended by [SI 44 of 2016](#) w.e.f. 11 July 2016]

Relevant person/businesses
<p>A person carrying on the business of—</p> <ul style="list-style-type: none"> hotel, guest house or self-catering establishment cafe or restaurant fixed or rotary wing passenger air transport services in respect of all domestic flights domestic ferry services for the transport of freight or passenger boat or yacht charter (including liveaboard) car hirer operator underwater dive operator of dive centre water sports operator Travel Agent Tour Operator Tour and/or Tourist Guide equestrian operator gambling/casino operator

Part IV

Subject to the Income Tax being paid, the total amount of deductions allowed from taxable income of businesses set out below shall be 150% on emoluments paid by an employer to qualifying part time students of Seychelles Institute of Technology, Farmers Training Centers, Maritime Training Centre, Seychelles Tourism Academy in respect of 12 months full time employment.

[Eighth Schedule item 2 Part IV opening paragraph amended by [SI 44 of 2016](#) w.e.f. 11 July 2016]

Relevant person/businesses
<p>A person carrying on the business of—</p> <p>hotel, guest house or self-catering establishment</p> <p>cafe or restaurant</p> <p>fixed or rotary wing passenger air transport services in respect of all domestic flights</p> <p>domestic ferry services for the transport of freight or passenger</p> <p>boat or yacht charter (including liveaboard)</p> <p>car hirer operator</p> <p>underwater dive operator of dive centre</p> <p>water sports operator</p> <p>Travel Agent</p> <p>Tour Operator</p> <p>Tour and or Tourist Guide</p> <p>equestrian operator</p> <p>gambling/casino operator</p>

Part V

The total amount of deductions allowed from the taxable income of a licensed accommodation in respect of a musician under a contract of service shall be 125% of the actual amount paid to the musician.

Part VI

A person carrying on the business of laying international submarine cable systems who has a net loss in a tax year may carry forward the portion of the loss attributable to the depreciation deduction on cabling (submarine, including optic cabling) as allowed under section 16 of the Act for subsequent tax years until it is fully deducted.

[Eighth Schedule item 2 Part VI inserted by [SI 44 of 2016](#) w.e.f. 11 July 2016]

3. Accelerated depreciation

[Eighth Schedule item 3 heading amended by [SI 44 of 2016](#) w.e.f. 11 July 2016]

Part I

The rate of depreciation allowable on capital investments for farming and fisheries other than buildings, as specified below—

Relevant Persons/Businesses	Year	Rate -%
Farming entities	1	45

Relevant Persons/Businesses	Year	Rate -%
Agricultural processors	2	40
Agricultural exporters	3	30
Boat owners	4	40
Fisheries processors	5	10
Fisheries exporters		

Part II

The rate of depreciation allowable on capital investment for tourism operators other than buildings, as specified below—

[Eighth Schedule item 3 Part II opening paragraph amended by [SI 44 of 2016](#) w.e.f. 11 July 2016]

Relevant Persons/Businesses	Year	Rate -%
A person carrying on the business of—		
hotel, guest house or self-catering establishment	1	45
cafe or restaurant	2	40
fixed or rotary wing passenger air transport services in respect of all domestic flights	3	30
domestic ferry services for the transport of freight or passenger	4	20
boat or yacht charter (including live aboard)	5	10
car hirer operator		
underwater dive operator of dive centre		

Relevant Persons/Businesses	Year	Rate -%
water sports operator		
Travel Agent		
Tour Operator		
Tour and or Tourist Guide		
equestrian operator		
gambling/casino operator		

Ninth Schedule

[Ninth Schedule inserted by regulation 7 of [SI 66 of 2012](#) w.e.f. 31 December 2012]

1. The allowable deduction to a Business for a tax year under section [14\(3\)\(a\)](#) is 3% of the annual turnover of the Business or the actual expenditure incurred whichever is lower.

Tenth Schedule

Presumptive tax

[Tenth Schedule inserted by regulation 7 of [SI 66 of 2012](#) w.e.f. 31 December 2012]

1. A small business with the turnover of less than SCR1,000,000 shall be subject to presumptive tax unless otherwise authorised by the Revenue Commissioner.
2. The presumptive tax payable by a small business is 1.5% on the annual turnover.
3. A small business shall lodge the annual return in the specified form together with the payment within 3 months at the end of the calendar year.
4. A small business liable for presumptive tax shall be subject to cash basis accounting.
5. For the purpose of this Schedule "small business" means a business which is not registered under the VAT Act 2010.