



Seychelles increases pension rate contribution and implements new Tax Acts and reporting requirements

Increase in Pension Rate Contribution

Effective 1 January 2014, the pension rate contribution which is applicable to all Seychelles citizens has been increased to 2% from 1.5%.

It is the duty of the employer to withhold 2% of the gross wages of the employee and make an employer contribution of 2%. The employer is obligated to remit this amount (4% of the gross wages) to the Seychelles Pension Fund no later than the 21st day of the following month.

Implementation of New Acts

Corporate Social Responsibility Act, 2013

The Corporate Social Responsibility Act has been enacted by the Seychelles Revenue Commission (SRC).

The rate of the Corporate Social Responsibility Tax payable by a business with an annual turnover of SCR 1 million (approximately US\$83,500) and over shall be:

- ▶ 0.25% on the monthly turnover of the current year of payment; and
- ▶ 0.25% will offset against any donations made, sponsorships or projects paid for the business during the current year of payment and approved by the Corporate Social Responsibility Committee; or
- ▶ 0.5% on the monthly turnover of the current year payable to the SRC.

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Tourism Marketing Tax Act, 2013

The Tourism Marketing Tax Act has been enacted by the SRC.

The rate of Tourism Marketing Tax payable by tourism operators listed under the Eight schedule of the Business Tax Act, banks, insurers and telecommunication service providers with a turnover of SCR 1 million, or over is 0.5% on the monthly turnover.

Reporting Obligations

The Corporate Social Responsibility tax and Tourism Marketing Tax is due to the SRC by the 21st day of the following month.

Reporting requirements

New business tax return form

Following S.I 83 of the Business Tax Act, a new business tax return form has been introduced by the SRC. The new business tax return requires disclosures and breakdown of the balance and the segregation of expenses as per the return.

It is also important to note that the following corporate income tax rates will be effective for businesses with a year end of 31 December 2013:

- ▶ Corporations and trustees are subject to a business tax rate of 25% on the first SCR 1 million of taxable income and 30% on the remainder.
- ▶ In the case of telecommunications service providers, banks, insurance companies, alcohol and tobacco manufacturers, the business tax rate is 25% on the first SCR 1 million of taxable income and 33% on the remainder.

Presumptive tax form

Following S.I 83 of the Business Tax Act, the presumptive tax return has been introduced by the SRC.

The presumptive tax is applicable for small businesses with a turnover of less than SCR 1 million.

The presumptive tax payable is 1.5% on the annual turnover and the presumptive tax return must be filed within three months of calendar year end.

Amendment to compulsory VAT registration threshold

Following S.I 4 of 2014 of the Value Added Tax Act, the threshold for compulsory registration for VAT has been lowered to SCR 3 million (approximately US\$250,000) effective 1 January 2014.

An entity compulsorily registered for VAT, shall charge VAT of 15% (or zero-rated) on its taxable supplies and claim input VAT credit on its purchases and expenses.

As a VAT registered business, the entity shall submit monthly VAT returns by the 21st day of the following month to the SRC.

It is to note that the Value Added Tax Act became effective as of 1 January 2013, with the Compulsory VAT Threshold of SCR 5 million (approximately US\$417,000).

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