



PRESUMPTIVE TAX GUIDE

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1. Introduction

This publication is a basic guide on Presumptive Tax and its main purpose is to explain in general terms its principal features. The guide is broken down in three parts. Part one helps you understand how Presumptive Tax works so that you can better understand your filing obligations. Part two provides step by step instructions on how to complete the Presumptive Tax Return whilst Part three provides step by step instructions on how to complete the Business Activity Statement which is attached to the Presumptive Tax Return.

Although this publication is intended to be comprehensive, no person, entity or corporation should act or rely upon any matter or information as contained or implied within this publication without first obtaining advice from an appropriately qualified professional person or firms of advisors, and ensuring that such advice specifically relates to their particular circumstances. It should not be regarded as offering advice or a complete explanation of the tax and other matters referred to and is subject to changes in the law and other applicable rules.

PART ONE

2. The Presumptive Tax Explained

2.1 What is Presumptive Tax?

Presumptive tax is a simplified tax regime aimed at reducing the compliance burden for small businesses. It was introduced in January 2013 under the Tenth Schedule of the Business Tax Act, 2009 as amended. It applies to small businesses with an annual turnover below SR 1 million. This includes sole traders, partnerships and companies but excludes those that have voluntarily registered for Value Added Tax (VAT) and have an annual turnover of less than SR1 million. Whilst the presumptive tax removes all obligations relating to the normal business tax and VAT

on those small businesses, the employers' obligations under the Income and Non-Monetary Benefits Tax, 2010 still remain.

2.2 How does the Presumptive Tax system work?

The presumptive tax is applied on the annual business turnover. Annual business turnover means the total income earned by a business on a yearly basis from its operations, whether from the sales of goods or the rendering of services. Turnover is also commonly known as gross income or total income received.

The presumptive tax rate is a flat rate of 1.5% and it is based on the business annual turnover of the current year (i.e. the year in which the revenue is earned).

The actual payment of the presumptive tax however is payable by 31st March in the following year in which the revenue was generated.

Example

In 2013 a business makes an annual turnover of SR 550 000.

- The presumptive tax payable is SR 8, 250 ($550\,000 \times 1.5\% = 8,250$).
- The payment of the SR8, 250 is due in 2014 by 31st March.

2.3 What are the small business obligations under the Presumptive Tax regime?

Small businesses using the presumptive tax regime are required to:

1. Lodge a simplified one-page return (Refer to Annex 1) to SRC on or before 31st March of each year. The first presumptive tax return must be lodged by 31 March 2014.
2. Make one payment of the tax due on or before 31st March of each year. The first payment should be made by 31 March 2014.

3. Report their income and expenses on a cash basis.
4. Keep their records of income and expenditure for a minimum of 7 years.


PART 2

3 Completing the Presumptive Tax Return

The Presumptive Tax Return is broken down in four sections (A – Business Information, B – Tax Computation, C – Declaration, D – Information).

Throughout this document examples with fictitious names have been provided in red for illustration purposes to help you better understand how to complete the Presumptive Tax Return and Business Activity Statement (BAS).

Before you move to the first section (A) you need to indicate the year to which the return relates in the space provided on the top part of the form as illustrated below.

	SEYCHELLES REVENUE COMMISSION TAX DIVISION PRESUMPTIVE TAX RETURN YEAR: E.g. 2013 To be completed by businesses with a turnover below SR 1million
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3.1 Section A: Business Information

This section relates to your business information and contact details. This section is important so that SRC can keep its record about you up to date. It is a requirement under the law that businesses inform SRC of any changes in their business information and contact details. By having your correct details SRC will be in a better position to keep you informed about your tax matters and any changes in laws, policies and procedures which might impact you as a taxpayer.

A Business Information	
If the business has been in operation for less than 12 months, please indicate the commencement date and end date to which the annual turnover applies.	From: 01.01.2013
	To: 31.12.2013
<input type="checkbox"/> Company <input checked="" type="checkbox"/> Sole trader <input type="checkbox"/> Partnership <input type="checkbox"/> Trust	
TAXPAYER IDENTIFICATION NUMBER (TIN)	202154235
NAME OF TAXPAYER / BUSINESS	M & M Boutique
FULL NAME OF PUBLIC OFFICER / SENIOR PARTNER	Mary Smith
NATIONAL IDENTIFICATION NUMBER	975 - 1215 - 1 - 0 - 58
Postal Address for service of notices (Use Block Letters) <input type="checkbox"/> (Please tick if address has changed)	M& M BOUTIQUE, BEAU VALLON, MAHE, SEYCHELLES
Business Telephone Number:	4247568
E-Mail Address:	m.m.boutique@yahoo.com
Full Details of Nature of Business:	Retailer

1. In the Boxes provided write down the commencement date and the end-date of the taxable period to which the annual turnover applies. If your business has been operational for less than 12 months the start date will be the date your business registered for the presumptive tax or the date the business started operating under the presumptive tax regime. The end date is the last day of operation in a year and is usually the 31st December.
2. Put a Tick (✓) or Cross (×) in the corresponding box which describes your business type to indicate whether it is a Company, Sole trader, Partnership or Trust. E.g. if your business is registered as a sole trader tick the box corresponding to sole trader.
3. **Tax Identification Number (TIN)** - Write down the 9-digit figure which was issued to your business when it first registered with SRC in the space provided.
4. **Name of the taxpayer / Senior Partner** - Write down the name of the owner of the business if the businesses is registered as a sole trader or the name of the partnership if the business is registered as a partnership or the name of the business if the business is registered as a company in the space provided.

5. **Full name of public officer /Senior Partner** - If applicable, write down the full name of the Public Officer or Senior Partner in the space provided.
6. **National Identity Number** - Write down the NIN of the owner of the business if the business is a sole trader or the NIN of the senior partner if the business is a partnership or the NIN of the Public Officer if the business is a company in the space provided.
7. **Postal Address for service of notices** - Write down the postal address of the business in capital/block letters in the space provided. If the business postal address has changed please put a Tick (✓) in the small box under postal address.
8. **Business Telephone Number** - Write down the business mobile or land line phone number in the space provided.
9. **E-mail Address** - Write down the business e-mail address if available in the space provided. Please ensure that the address is clearly and correctly written.
10. **Full details of Nature of Business** - Provide a description of the nature of the business in the space provided. This is the type of business that they are doing for e.g. Carpenter, Retailer, Pickup hirer.

3.2 Section B: Tax Computation

In this section you need to declare your business turnover for the year and the amount that needs to be paid to SRC. It is important that the amount declared is in Seychelles Rupees. If your business transaction was in another currency you need to convert it to Seychelles Rupees.

B Tax Computation			
<i>Please refer to Section D overleaf for guidance about filling up this section.</i>			
1	Annual Turnover	1	550,000.00 SR
	Tax rate (1.5% of the Annual Turnover)		1.5%
2	Tax Payable:	2	8,250.00 SR
3	Less: Presumptive Tax Installment Paid	3	1,000.00 SR
4	Tax Payable/Refundable:	4	7,250.00 SR

Box 1: Annual turnover

Box 2: Tax Due

Box 3: Any previous installments made. E.g. SR 1,000.00

Box 4: Tax due less previous installments made.
E.g. SR 8,250.00 – SR 1,000.00 = SR 7,250.00

- Annual Turnover** - Enter the business annual turnover in Box 1. This is the gross revenue or gross sales of a business for the year in question.
- Tax Payable** - Enter the tax payable (the tax due) for the taxable year in Box 2. The tax due is 1.5% of the annual business turnover. To calculate the tax due multiply the annual turnover by 0.015. E.g. If your business' annual business turnover is SR 550,000.00, the tax due will be SR 8,250.00 ($550,000.00 \times 1.5\%$).
- Less: Presumptive Tax Installment Paid** - Enter the amount of money your business had already paid as installments of tax (if any) in box 3.
- Tax payable/Refundable** - Enter the total tax payable or amount to be refunded in Box 4. To calculate the new tax payable deduct the tax payable amount as stated in Box 3 from the tax payable amount as stated in Box 2.
E.g. 1 - If your business had already paid an installment of SR 1,000.00 during the year 2013, subtract that amount from the tax payable (SR 8,250.00 from the example above) so the tax payable will be 7,250.00 ($8,250 - 1,000.00$).

E.g. 2 - If your business had already paid an installment of SR 10,000.00 during the year 2013, subtract that amount from the tax payable (8, 250 - 10,000.00 = 1,750). In this case there is a tax refund due to you.


5. In the table for **Total Assets and Total Liabilities at the end of the Year** List the dates any assets were acquired during the year. An asset is something valuable that your business owns, benefits from, or has use of, in generating income.

Total Assets and Total Liabilities at the end of the Year		
Date of Acquisition	Nature of Asset/Liability	Amount (SR)
Assets		
20.07.2013	Motor Vehicle	215,000.00
14.09.2013	Equipment	66,000.00
Liabilities		
25.06.2013	Loan	300,000.00
10.11.2013	Accounts Payable	48,000.00


- List the type of asset acquired e.g. a piece of equipment used in your business.
- List the value of each asset acquired.
- List the dates any liabilities were incurred during the year. Liabilities are your business' legal debts or obligations that arise during the course of business operations e.g. a loan taken for your business.
- List the type of each liability incurred.

3.3 Section C: Declaration

This section is broken down into two parts (**Declaration of Public Officer/Authorized Person and Tax Agents' Certificate of Declaration**). This is where the person signing declares that all information provided in the return is true and correct and is in accordance with the law. SRC will not accept any return that is not dated and signed.

C	Declaration
DECLARATION OF PUBLIC OFFICER/AUTHORISED PERSON	
<p>I, Mary Smith, the person making this return, declare that the particulars shown herein are true and correct in every particular, and disclose without reservation or exception a full and complete statement of the total annual turnover derived from all sources in Seychelles by the business during the year of income. I am aware of the penalties that I may incur in the event that I am selected for a random audit and it is found that I have made a misleading declaration to Seychelles Revenue Commission.</p>	
<p>Dated this 28TH day of FEBRUARY 2014</p>	
<p>SIGNATURE OF PUBLIC OFFICER/AUTHORISED PERSON </p>	
<p>FULL NAME: Mrs. Mary Smith</p>	

In the first part (**Declaration of Public Officer/Authorized Person**) the public officer /authorized person must write down the date and sign the return to declare that all information provided on the form is true and accurate. The Officer or Person must also write down his/her full name in the space provided.

TAX AGENTS' CERTIFICATE OF DECLARATION	
<p>To be completed by any person who charges directly, or indirectly, any fee for preparing or assisting to prepare this return. I JOE BLOGG, having charged the business a fee for preparing or assisting in the preparation of this return, hereby certify that this return has been prepared in accordance with the information supplied by the Business, including books, accounts, records and other relevant documentation and that to the best of my knowledge, the return correctly reflect the data and transactions to which they relate.</p>	
<p>Agent's Signature: </p>	<p>Agent's Full Name: JOE BLOGG</p>
<p>Date: 01.03.2014</p>	<p>Agent's registered number: 12345</p>

The second part (**Tax Agents' Certificate of Declaration**) must be signed and dated by the business tax agent (the one who charges directly or indirectly, any fee for preparing or assisting



to prepare this return). He/she must also provide his/her full name and the registered number of the tax agent. This document is to declare that all information provided on the form is accurate and in accordance with the information provided by the business.

PART 3

4. Completing the Business Activity Statement (BAS)

At the bottom of the Presumptive tax return there is a cut off slip (the Business Activity Statement (BAS)). The BAS should be used to make payment to SRC. The BAS should be submitted together with the payment.

Enter any fines / penalties incurred (e.g. SR 725)

 Seychelles Revenue Commission Business Activity Statement		Client Trading Name: <input style="width: 150px;" type="text" value="M & M Boutique"/>	
Year: <input style="width: 80px;" type="text" value="2013"/>		TIN: <input style="width: 100px;" type="text" value="202154235"/>	
PRESUMPTIVE TAX			
Tax Payable	SR	Penalty and Others	SR
<input style="width: 100%; border: 1px solid black;" type="text" value="7,250.00"/>		<input style="width: 100%; border: 1px solid black;" type="text" value="725"/>	
Total Presumptive Tax to Remit:		<input style="width: 100%; border: 1px solid black;" type="text" value="7,975"/>	
Declaration: I declare that the information on this form is true and correct, and that I am authorised to make this declaration.			
Name: Mrs. Mary Smith		Signature: 	Date: 31.03.2014

Transfer amount from
Presumptive Tax Returns form

Calculate the total Presumptive
Tax to remit (e.g. SR 7,250 + SR
725 = SR 7975)

After completing the presumptive Tax Return, you need to complete the Business Activity Statement (BAS) attached to the bottom of the return as follows:

1. **Client Trading Name** - Write down the business trading name in the space provided.
2. **Year** - Enter the year to which the BAS relates to in the space provided.
3. **TIN** - Write down the business Tax Identification Number (TIN) in the space provided.

4. **Tax Payable** - Enter the tax payable amount in the space provided. This should be the same amount stated in Box 4 on the Presumptive Tax Return. Note that if you have a negative amount for 'penalty and others' of the Presumptive Tax Return you need to enter 0 or NIL in the space provided for tax payable on the BAS.
5. **Penalty and Others** - Enter the amount of penalties or fines incurred if any (E.g. for late lodgment or late payment) in the space provided.

According to the Revenue Administration Act 2009, Section 42 (1) (a), a small taxpayer who files his / her return late is liable to pay a penalty of SR500 plus SR50 for each week or part of a week that the return is not furnished.

e.g. if the taxpayer is late by 10 days the late payment penalty = $SR500 + SR100 = SR600$

In addition, according to the Revenue Administration Act 2009, Section 44 (2), a taxpayer who fails to pay revenue by the due date or, if the Revenue Commissioner has extended the due date under section 22, the extended due date, is liable for an amount of additional tax equal to 10% of the amount of unpaid revenue.

For example, if a taxpayer pay the SR 7,250 due late, the person will be liable to pay an additional 10%. ($SR\ 7,250 \times 10\% = SR725$)

The taxpayer's total tax due will therefore be $SR\ 7,250 + SR\ 600 + SR\ 725 = SR\ 8575$.

6. **Total Presumptive Tax to Remit** - Enter the total to be paid in the space provided. To calculate the Total Presumptive Tax to Remit, add the penalty and other amounts if any to the tax payable amount. This amount will be the same as the amount stated for Tax payable if the amount for penalty and others is 0.

For example, if the tax payable equals to SR 7,250, and the taxpayer did not incur any penalties, the Total Presumptive Tax to remit will remain as SR 7,250.

7. **Declaration** – The BAS needs to be dated and signed to declare that all information provided on the form is true and accurate in the spaces provided. The person signing must also write down his/her name in the space provided.



SEYCHELLES REVENUE COMMISSION

**P.O BOX 50,
2ND FLOOR, ORION MALL
VICTORIA**

Email: commissioner@src.gov.sc

Fax: +248 225565

Tel: + 248 293737

Website: www.src.gov.sc