



SRC Newsletter

SEYCHELLES REVENUE COMMISSION

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LATEST NEWS & UPDATES

SRC website revamped

The SRC website, first launched in 2009, has got a new face, bringing the latest tax and customs related information at your fingertips. The revamped website was officially launched during the SRC open day in November last year.

The website, which we aim to be our main source of information outlet, is now more user-friendly and includes our latest tax and customs news updates and publications, including the newly-approved Value Added Tax (VAT) Act 2010. The website also includes a segment on career opportunities at SRC.

The website is kept up to date to ensure that the correct information is made available to all at all times. All tax legislations and Statutory Instruments (SI's) are uploaded on the site as and when approved. Taxpayers and other stakeholders are being encouraged to visit and make full use of the website.

SRC welcomes your comments and suggestions, on how we can improve the website but most important on how to bring our services closer to you. This can be done via our Feedback form. Please visit our website on www.src.gov.sc.

SRC a member of ATAF and CATA

As of this year, SRC has become a new member of the African Tax Administration Forum (ATAF) and the Commonwealth Association of Tax Administration (CATA).

ATAF is a group of 34 African Tax Administration Authorities which have united to boost economic development and good governance in Africa. Its mission is to mobilize domestic resources more effectively and increase the accountability of states to its citizens. ATAF plans to develop a joint database of African Tax systems and carry out capacity development events on international and domestic policy and administration issues through a new body known as the African Tax Centre. ATAF is expected to help tax collectors become more efficient and boost revenues internally thus reducing the need for African member countries to seek foreign aid.

CATA is the Commonwealth Organisation for Tax Administrators which helps member countries through training programmes, technical conferences and knowledge sharing in order to develop effective tax administrations that promote sustainable development and good governance. CATA has a membership of 48 countries and is currently the largest tax administrators' organisation in the world.

SRC, and thus Seychelles, is expected to benefit from being a member of both organisations in terms of development, training and good governance.

For more information on those two organisations, please visit their websites at (www.ataftax.net) and (www.catatax.org).

New Tax & Customs Agent Board

The Tax and Customs Agent Board (TACAB) was set up on March 1 2010. Mr Marc Benstrong was elected chairman of TACAB.

The Board is responsible for the registration and regulation of Tax and Customs agent.

TACAB is calling on existing Tax and Customs agents to come register with the Board. As for new applications, forms can be collected at the TACAB office at:

Kingsgate House, Room 18, First Floor, For more information, please call the TACAB office on Tel: 325300. Now open Monday to Friday from 8a.m to 4p.m.

SRC extends its facilities on Praslin and La Digue

In its aim of bringing its services closer to its clients, SRC has now facilitated the transaction for taxpayers on Praslin and La Digue. Services on Praslin have been extended to Grand Anse at the Pension Fund Office at Pension Fund Complex. Note that SRC already has an office at Baie Ste Anne, Horizon Complex. Taxpayers from La Digue who previously had to travel to Praslin on a monthly basis may now use the facilities being offered at the Seychelles Pension Fund office on La Digue. On the 21st day of every month, SRC officers from Mahe goes to Praslin and La Digue to assist taxpayers with any additional queries.

For enquiries contact: Grand Anse Praslin: +248 237080, Baie Ste Anne Praslin: +248 232041, La Digue: +248 235100

Foreword

On May 15, 2011, it will be a year since my appointment in the post of Revenue Commissioner. In retrospect, I must admit that when the position was offered to me, I regarded the responsibilities of the post as rather daunting. However, once settled in the job, I learnt that SRC had much to offer, especially in terms of the on going tax reforms and modernization of Customs.

The months that lie ahead will be no less challenging than the past ones as the SRC team pursues the reform program with unabated momentum. With the cooperation of all staff and other stakeholders, our efforts can only bring success.

The SRC newsletter is being introduced with the aim of educating tax payers and members of the public in general on the various tax laws and regulations. It will also include SRC success stories and events... And if it's a quiet month, it will simply carry articles that might be of help to interested persons.

To end, I would like to take this opportunity to profoundly thank all the staff of SRC and other stakeholders for their cooperation and support and I look forward to an enhanced working relationship between us.

Jennifer Morel
REVENUE COMMISSIONER

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Changes in Tax Rates effective Jan 1, 2011:

GST on importation of all goods, except those exempted, is 15%; on tourism services - 12%; on all other services - 15%; on importation of newspapers, periodicals and journals 0%

Sole Traders are liable to 0% business tax on the first SR150,000; 15% on SR 150,001 to SR1,000,000; and 33% on the remainder

Both Seychellois and non-Seychellois employees are liable to a uniform rate of 15% personal income tax

Moratorium

All past Business Tax Returns prior to 2010 should be lodged by July 31, 2011.

With regards to 2010 self-assessment Business Tax Return, lodgment has been extended to October 31, 2011.

DTA Updates

Seychelles has recently signed new Double Taxation Agreements (DTA) with Zambia, Monaco, and Bahrain.

Negotiations are underway with Swaziland, Tanzania and Tunisia.

Just to note that Seychelles has already signed DTAs with China, South Africa, Indonesia, Oman, Botswana, Mauritius, Thailand, Malaysia, Vietnam, Cyprus, U.A.E and Barbados.

DTAs to be concluded with Egypt, Lesotho, Namibia, Portugal, Pakistan, Luxembourg, Malawi and Sri Lanka.

For more information about the Seychelles DTAs with other countries, please visit our website (www.src.gov.sc).

Tax Reform Update

In an effort to modernize the tax administration, SRC has embarked on a taxation reform program since November 2008 to broaden the tax base and make the system fairer and more transparent.

Tax reforms undergone so far includes the introduction of income and non-monetary benefits tax thus the elimination of social security contributions; the elimination of the business tax threshold for companies; the introduction of self-assessment; the introduction of a new excise regime; the introduction of a Client Management System (CMS), a database system which keeps track of taxpayers information; the introduction of a Tax Identification Number (TIN) and; the Business Activity Statement (BAS) form, all in 2010.

The reform is still ongoing with the much anticipated VAT to be implemented in July 2012.

Self Assessment

2010 marks the first year of the self assessment system in Seychelles. Self-Assessment is the manner in which the taxpayer must show all assessable income and deductions he/she is entitled to on the annual Business Tax Return. The introduction of the self assessment system implies that the onus of tax determination lies on the taxpayer.

Since it is the taxpayer that needs to determine the liable tax due to the Seychelles Revenue Commission, no Notice of Assessment will be served to the taxpayer. The self-assessed return will be treated as the Notice of Assessment. The tax payable is therefore due on the date that the self-assessed business tax return is due.

The taxpayer can still request for an amendment of the self-assessed return within 4 years of the lodgment of the self-assessed Business Tax Return and will be informed by the Revenue Commissioner of the decision taken.

For more information on self-assessment and the guide on how to complete the return please visit Océangate House, Room 2 or call us on 293741.

Value Added Tax (VAT)

Value Added Tax (VAT) is a consumption tax levied on the sales of goods and services provided. VAT is levied at the point of entry and charged at the point of sale, except on goods and services exempted in the Value Added Tax Act, 2010.

VAT will be introduced in July 2012 and will replace the Goods and Services Tax (GST) which has been in existence since 2001. The VAT Act was passed in the National Assembly in December 2010.

We are strongly encouraging taxpayers with any queries on the VAT Act to send their queries in writing to the Revenue Commissioner and Public Rulings will be published thereafter for clarification.

Electronic BAS Form

The BAS form has been improved allowing for automatic calculation of the total tax liability that should be remitted to SRC. The electronic BAS form now automatically calculates the liable tax due against claimed payment where there is a single tax rate. Where a tax has multiple rates the taxpayer will need to manually input the liable tax.

The electronic BAS form simplifies tax calculation and ensures that the tax calculated is accurate and is in accordance with specified rates. For example, GST which is calculated using a special formula will be automatically calculated and therefore the risk of making errors will be greatly reduced. However, excise tax which has multiple rates requiring for manual calculation.

Please visit our website (www.src.gov.sc) for a copy of the BAS and the guide on how to complete it. You can also call us on Tel: 293737 for a copy to be sent by email.

Businesses encouraged to use Taxation E-Service

Taxation e-service is an online application that facilitates taxpayers' compliance with regards to the monthly contribution of their payroll to Seychelles Revenue Commission (SRC) by allowing them to submit it online. Employers have to register with SRC so they that can be provided with an e-ID, a password and an access code.

Getting starting with Taxation e-service has many benefits for the organisation, including:

- 24 hours a day, 7 days a week availability via the internet and therefore enabling the submission of the payroll to be much faster and on time.
- being a secure gateway where only the authorized personnel of the organisation and the authorized personnel of SRC have access to. No unauthorized persons can access your employee information.

For more information, please visit our website (www.src.gov.sc) or contact us on 293741.

CUSTOMS CORNER

Customs Reform

SRC has begun a modernization initiative since 2009 and the main aim is to make Customs operation fairer and more transparent and more in line with best practices.

Every area of Customs, from People to Policy, Technology and Process will be impacted over the coming years as it is transformed into a modern Customs administration in line with international standards set by World Customs Organization (WCO).

The major modernization of Customs will have severe impact with the new customs law coming soon. The Customs Management Act will replace the old Trade Tax Regulations 1997. The Act will ensure the progression of Customs for the coming years in terms of improving internal efficiencies through international standards.

The new law will facilitate Customs to align its operations to international standards and benchmarks, and to provide stakeholders with improved services.

Extension of Data Capture Service

In line with SRC Modernization the function of Data Capture service, which is currently being offered by Customs, will be extended to the Post Office Authority to take effect this year. This transition hopes to provide importers with a range of services more convenient to their needs thus improve customers' satisfaction.

Seychelles Revenue Commission, Customs Division is currently providing all assistance to the Post Office to ensure that the transition goes smoothly. At the present time, Customs will not discontinue providing data capture services. The service will be maintained for one-off importers and non-commercial imports. There will be a transitional period before this service is discontinued completely by Customs.

Migration to HS 2007

The harmonized system (HS) is an international standardizing system for classifying trade product. Customs is currently using HS 2002 to classify trade products and there is a plan to migrate to HS 2007 later this year. As such, Customs welcomed the expertise of two COMESA experts to assist in the preparation for the migration to HS 2007 in March 2011.

The purpose of their visit was to conduct a week's training on the principles of classification using WCO Harmonised System, and also to teach Customs officers on tariff transposition, including topic of conversation of specific tax to ad valorem.

The training has helped to enhance capacity building of Customs officers, and bring Customs Division closer in its effort to be updated with international standard.

Know more about: Revised ARUSHA Declaration

World Customs Organization (WCO) has produced a number of helpful tools to assist Customs Authorities to instill a high degree of integrity at all levels within their administrations. One of these tools is known as the Revised Arusha Declaration. The Revised Arusha Declaration was formally known as Arusha Declaration, adopted July 1993 and revised to the named Revised Arusha Declaration, in June 2003.

The revised declaration commits Customs administrations to maintain a high standard of integrity throughout their management and operation of Customs by introducing integrity strategy within their national customs administration.

The Revised Arusha Declaration declares that an effective Customs integrity program must address these concepts:

- Leadership and Commitment
- Regulatory Framework
- Transparency
- Automation
- Reform and Modernization
- Audit and Investigation
- Code of Conduct
- Human Resource Management
- Morale and Organization Culture
- Relationship with the private sector

Traveler's Tips:

1. The Red and Green channel system is operated at the entry checkpoint at the Airport to expedite clearance of arriving travelers. Proceed to Red channel if you carry:
 - Dutiable or taxable goods exceeding your duty free allowance
 - Controlled or restricted goods
 - Prohibited goods
2. Under the law, you are required to open and unpack your baggage for examination and to repack it thereafter.
3. Do not carry goods for others, under the law, you will be held liable if the goods are or contain restricted, prohibited or taxable goods.

Revised Trades Tax Rate, effective Jan 1, 2011

- Hybrid motor vehicles 25%
- Dog's & Cat's food 25%

Duty Free Allowance for passengers over 18

- 200ml perfume/eau de toilette
- 2l alcohol (<16%)
- 2l alcohol (>16%)
- 250g tobacco products or 200 cigarettes
- SR5000 worth of other goods

Duty Free Allowance for passengers under 18

- 200ml perfume/eau de toilette
- SR3500 worth of other goods

TRAINING AND DEVELOPMENT

Local Training

- **November 2010:** A group of Customs officers received a one-week Customs procedures training facilitated by a Mauritius Revenue Authority (MRA) senior officer.
- **November 2010:** A group of Domestic Tax officers received a two-week lecture on VAT facilitated by an MRA senior officer.
- **December 2010:** 30 Customs and Domestic Tax staffs completed a 3-day Train-the-Trainers full time course.
- **March 2011:** 8 new Customs recruits have just completed in-house training program.
- **April 2011:** 5 Customs officers are currently attending SIM Supervisory Skills class; 8 Customs and Domestic Tax officers will attend the same course in June 2011.

International Missions

- ▶ **January 2011:** Director of Airport Operation attended a SADC workgroup meeting on Customs Advisory Workgroup for Regional Capacity Building (CAWG CB, Botswana).
- ▶ **February 2011:** Director of Audit attended an ATAF workshop on Tax Administration of Large Business Taxpayers, Kenya.
- ▶ **March 2011:** Manager of Large Taxpayer Unit B (Audit) attended an ATI workshop on Business Taxation, South Africa
- ▶ **March 2011:** Deputy Commissioner attended the Negotiations of DTA, Malawi.
- ▶ **March 2011:** Revenue Commissioner attended a conference on revenue mobilization in sub-Saharan Africa
- ▶ **March 2011:** Manager of Entry Processing attended a SADC workshop on Harmonisation of International Merchandise Trade Statistics, Botswana.
- ▶ **April 2011:** Assistant Commissioner for Domestic Tax attended a joint ATAF/Korea-Domestic Resource Mobilisation conference on challenges to African Tax Policy & Administration, South Africa.

Upcoming

- **9 May:** Taxpayers Education and Service Delivery unit to visit South African Revenue Service.

SRC Profile

Seychelles Revenue Commission is an Authority established through the Seychelles Revenue Commission Act 2009. Tax and Customs had previously been operating as divisions under the umbrella of the Ministry of Finance for over 50 years.

SRC is responsible for administering revenue laws in existence in Seychelles. Its mission is to be an effective and efficient revenue administration which actively promotes self compliance by utilizing technology, innovation, collaboration and professionalism. Its vision is to set the benchmark in revenue administration by being transparent, fair and accountable. SRC's functions are to:

- Assess, collect and account for all government revenue authorized under all the Seychelles revenue laws
- Administer efficiently and effectively all revenue laws
- Improve the standard and quality of services provided to taxpayers
- Counteract revenue evasions
- Provide the correct environment to boost staff satisfaction and personal development
- Monitor and control cost of revenue

SRC is divided into three main divisions: Domestic Tax, Customs and Support Services. Each division is headed by an Assistant Commissioner (AC). Last year the post for Deputy Commissioner (DC) was created to head the Reform Project Team, a section created to administer and oversee the reform program.

The ACs and DC report to the Revenue Commissioner.

A Career with SRC

SRC is a dynamic organisation which offers a promising career for professionals, graduates and secondary school leavers. As an employer SRC promotes equal opportunity that is based on merit.

Working at SRC is a challenging opportunity that will provide you experience in accounting, auditing, customs, legal and administrative fields. The knowledge acquired at SRC will equip you with the necessary expertise to further your career and personal development.

The organisation continually invests in the training and development of its staff. The remuneration package at SRC is sound and attractive and based on role and responsibility.

We are currently recruiting VAT and Customs officers. For more information call 293783.

Support Services

Administrative Reform

Under the new reform, Support Services was introduced as an additional division under the administration of the Assistant Commissioner Mrs. Vynah Renaud.

Support Services assist the administrative needs of SRC and is divided into 3 different units: Accounts; Administration and Human Resource, and; Training and Development.

Support Services plays a vital role in SRC. They ensure that the daily functions of SRC operate smoothly and effectively in order for SRC to attain its mission.

GPRS

SRC is in the process of implementing computerized system to improve service delivery to both staff and the public so that SRC operates effectively, efficiently and economically.

The GPRS system is an internet real-time based vehicle system that gives feedback on all activities that a vehicle is doing, from fuel level and consumption to each journey done throughout the day on a 24/7 hour basis.

The reports generated by this system will eventually help in re-assessing how deployment of vehicles for either dispatch, transportation of staff or purchasing of material can be done in order to reduce cost and monitor activities of drivers to encourage responsibility and discourage abuse of vehicles when assigned.

HRIS

The Human Resource Information System (HRIS) is targeted to become fully operational by mid-year 2011. This system relates to the Human Resource section which basically stores all information regarding all employees of SRC.

The aim of implementing this system is to do away with storage of loads of manual files which takes up a lot of storage space. This can be very costly as files, papers for files etc... have to be purchased.

The system will eventually be able to store large amount of employee data which will be available at the click of a button. It will also facilitate input of data, updating of data, retrieval of data and production of report.

SRC Newsletter is published by

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