



LATEST NEWS & UPDATES

VAT Rate and Threshold has been Officially Announced

The VAT rate and threshold has been officially announced as 15% and SCR5 000 000, respectively.

This implies that all businesses with an annual turnover of SCR5 000 000 must register for VAT and charge 15% (VAT) on all their taxable supplies. These are goods and services made and consumed in Seychelles. With the exception of exempted goods and services, (as per the Value Added Tax Act, 2010), all imports will be liable to VAT at 15%.

Businesses that do not fall within this threshold can voluntarily register for VAT. However, registration for voluntary applicants will be limited to businesses that meet certain specific criteria for registration. The criteria applied will soon be made known to interested businesses.

The VAT Act can be downloaded on our website (www.src.gov.sc). For additional information, please contact SRC on 4293737.

Electronic Payroll Submission Now Mandatory

Businesses employing 25 or more employees are obliged, as of July 1, 2011, to submit their monthly payrolls in an electronic format. This implies that businesses falling within this threshold will no longer be able to submit a hard copy of their payroll to SRC, but will submit their payroll electronically, in the specific format that SRC has made available on the SRC website at (www.src.gov.sc). The electronic submission of payroll facilitates the speed in which information is captured in the system.

Businesses that are not in this threshold may submit their payrolls in an electronic format if they choose to do so. Electronic submission can be done via Taxation E-Service or by a USB pen Drive. Businesses

that wish to register for Taxation E-Service can register for an e-ID, password and access code online. Taxation E-Service can be accessed on the governmental portal 'E-Service Gateway' via the SRC website. Registration can also be done on Mahe at the Advisory Centre, Oceangate House; on Baie Ste Anne Praslin at the Horizon Complex; on Grand Anse Praslin at the Pension Fund Office, Pension Fund Complex; and on La Digue at the Seychelles Pension Fund Office. Businesses that wish to submit their payroll via a USB pen drive, should bring their pen drive, containing the electronic payroll to SRC. The information will be copied by an SRC officer and the USB pen-drive returned to the owner immediately. Electronic payroll will no longer be accepted via email.

All payrolls should be submitted within 21 days after the end of each month. For more information on the electronic payroll submission, contact SRC on the following hotline 4293745 or 4294919.

Penalties to be reduced for revenue offences committed

Members of the National Assembly have voted for penalties to be reduced for offences committed by taxpayers.

It was found that certain punitive measures used to deter non-compliance were too excessive when compared to the offences committed.

Preparation is Underway for VAT Implementation

Preparation for the introduction of the Value Added Tax (VAT), a major component of the general tax reforms being implemented, is currently underway. Following the adoption of the revised Business Tax Act in January 2010 and the introduction of the Income and Non-Monetary Benefits Tax Act 2010 (INMBT) in July 2010, the Value Added Tax Act, 2010 was passed in the National Assembly in December of that same year. In order to facilitate its introduction, important steps have been taken, including broadening the Good and Services Tax (GST) base, as VAT will replace the GST, and implementing a new excise tax regime.

Several other initiatives have been undertaken to improve the operations of the SRC, including changes in the SRC organizational structure; the adoption of the Revenue Administration Act, 2009; the creation of a Reform Project Office (RPO); the restructuring of the SRC's Tax Division as an integrated, function-based organization; the development of compliance programs based on segmentation and risk management to support the move toward self-assessment; and preparation of a customs reform program will be essential to facilitate the implementation of VAT which will take place in July 2012.

Concurrently, Mr. Stephane Schlotterbeck, a Resident VAT Advisor, is in Seychelles to assist SRC with the implementation of VAT. This will include, support to the Revenue Commissioner and the Deputy Commissioner in charge of the Reform Project Office (RPO) in developing and implementing the procedures and systems, as well as the education and compliance programs that are needed for a successful implementation of VAT. Mr. Schlotterbeck's expertise is being funded by the International Monetary Fund (IMF) under a project grant from the European Union (EU).

Mr. Schlotterbeck has worked in the Fiscal Affairs Department (FAD) with the IMF and in the past has assisted countries like Benin and Cameroon in the implementation process of VAT. He will be in Seychelles until January 2013 to see the project through from preparation, to implementation (July 2012), and to monitoring.

Inside this issue:

- ▶ Know More About VAT..... Page 2
- ▶ Overtime and Payment in Lieu of Annual Leave Exempt from Income Tax..... Page 2
- ▶ What is Taxation E-Service?.. Page 2
- ▶ SRC Customs Division eleven years as a member of WCO... Page 3
- ▶ Inland Revenue moves to old SEYPEC Building..... Page 3
- ▶ New Unit Set Up: Investigation and Post Clearance Audit..... Page 3
- ▶ SADC Training on Rules of Origin..... Page 3
- ▶ In Memoriam..... Page 4
- ▶ Support Services..... Page 4

Moratorium

The moratorium for the 2010 self-assessment Business Tax Return ends October 31, 2011. Any submissions after the deadline will be liable to the applicable penalties.

DTA Updates

Currently Seychelles has signed DTAs with Bahrain, Barbados, Botswana, China, Cyprus, Indonesia, Malaysia, Mauritius, Monaco, Oman, South Africa, Thailand, U.A.E, Vietnam, and Zambia.

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

Seychelles is undergoing negotiations with Mozambique, Luxembourg, Swaziland, Tanzania and Tunisia.

Domestic Tax Division

Consists of the following sections: Taxpayer Services, Audit, and Enforcement, and is responsible for overseeing all domestic tax transactions.

The division is headed by the Assistant Commissioner for Domestic Tax, Mrs. Marie-France Fanchette.

Business Tax for Partnership (on Individual Partners)

Effective 1st January 2011:

0% on the first Sr150 000

15% Between Sr150 001 and SR1 000 000

33% on the remainder

Know More About VAT

Value Added Tax is a consumption tax that is levied on the sale of goods and services at each stage of production in a distribution chain. Example of a simple distribution chain:



VAT is charged on the importation and on the purchase of all goods and services used for the purpose of the business (input VAT), except for those that are exempted by the Value Added Tax Act 2010. It is also charged on all the taxable supplies (that is, goods and services liable to VAT) sold by a VAT registered person to a customer (output VAT).

A VAT registered person making taxable supplies can claim an input VAT credit, which means that any VAT incurred when making a product or selling a service can be claimed back. The input VAT credit is offset against the output VAT collected from the sale of the VAT-registered business' goods and services. The difference between the output VAT collected and the input VAT incurred is paid to SRC. If the input VAT of a business exceeds its output VAT, therefore the input tax cannot be offset, the business is able to carry forward the credit where it can be offset in another tax period. If the input VAT is of a substantial amount or the input VAT has been incurred when purchasing a capital good, the VAT-registered business can make a claim for a refund with SRC.

Taxpayers with any queries on the VAT Act should send their queries in writing to the Revenue Commissioner so that a Public Ruling can be published. The VAT Act 2010 is available on the SRC website (www.src.gov.sc).

Overtime and Payment in Lieu of Annual Leave Exempt from Income Tax

Overtime payment and an emolument being payment in lieu of leave is exempt from income tax as of May 1, 2011. This exemption applies to all employees irrespective of salary level or post being occupied, whether employed by the private or public sector, or whether on a part-time, casual or full time basis.

Overtime is defined as additional time worked beyond the normal hours of employment for a payment at usually a higher rate than for the time worked during normal hours of employment. Overtime payment does not mean public holidays and time off converted to cash, resignation or termination. The applicable rate of income tax of 15% is still applicable on these payments.

Payment in lieu of annual leave occurs when an employee with the approval of the employer cashes in his/her annual leave. Tax will be exempt on payment in lieu of leave in situations where organisations have to buy leave from workers. For example where an employee has 30 days annual leave and there is an agreement between the employer and employee, where the employer decides to pay the employee in lieu of that leave, that payment is exempt from income tax. It needs to be proven that the employer bought the leave from the employee because the employee is needed in the organisation. The accumulated annual leave of a person who resigns or is terminated does not fall in this criterion. The full rate of 15% will be applied in these cases.

What is Taxation E-Service?

Taxation e-service is an online application that facilitates taxpayers' compliance with regard to the monthly online submission of their payroll to the SRC.

Employers can register online and upon registration, the registration details - the e-ID, password and access code, will be sent to the e-mail address provided by the authorised person. The e-mail address to be provided should be the e-mail address of that employee and not the general e-mail address of the organisation.

The e-service accepts only a specific payroll format to be uploaded. The acceptable template for taxation e-service is available on the SRC website (www.src.gov.sc).

The e-service is a very secure gateway where only authorised employees of the organisation and authorised personnel at SRC have access to. No other unauthorised personnel can access the organisation's e-service. The confidentiality of information provided on the payroll remains secured.

The e-service is available 24 hours a day, 7 days a week via the internet and therefore enables the organisation to upload the payroll on time and much faster. It enables employers to cross check payment of taxes that has been remitted to SRC on behalf of their employees.

When submitting the payroll online, please ensure that it is submitted by the due date.

SRC Customs Division eleven years as a member of WCO

Seychelles Customs became a member of World Customs Organisation on July 25, 2000. WCO is the only international intergovernmental organization that deals with Customs procedures governing trade between countries. WCO and its 176 members are operated by defined core roles of Customs such as Revenue collection, national security, community protection, trade facilitation and collecting trade data.

The aims of WCO are to improve the effectiveness and efficiency of Customs administrations across the globe, and to help countries fulfill their roles of facilitating trade. WCO is particularly known for its work in different areas of Customs Administration, such as covering the development of global standards, the simplification and harmonisation of Customs procedures, the facilitation of international trade, and integrity promotion. Countries benefit from guidelines and framework formulated by WCO on different areas relating to the core roles of customs functions. The WCO also set some international standards which countries have to follow in order to facilitate international trade.

Seychelles Customs is proud to have been one of the countries that utilize WCO guidelines to be able to operate in line with international standards. Over the years Customs Division has benefitted from a number of technical assistance provided by WCO in areas such as the training of Customs officers.

Inland Revenue moves to old SEYPEC Building

The office of Inland Revenue has moved to the old SEYPEC building. The Unit, which was previously based at Customs House, is responsible for administering private bonded warehouses, and customs controls at the SITZ operations.

The Inland Revenue Unit is also responsible for keeping documentaries and physical control of tax free goods, including verification of inbound container of goods designated for warehouse. The Unit has the responsibility of maintaining records of listing goods at concessional or exempt rates of tax; enforcing the laws by examining Bills of Entry for exemption or concession from taxes to record into the database files, and; to collect the appropriate taxes on goods designated for warehouses.

Inland Revenue Unit ensures that importers abide to the Customs regulations and warehouse guideline procedures, and administer the appropriate penalties when it is necessarily applicable.

Mrs. Alberta Morel is the new manager of Inland Revenue Unit. The office is opened from 8 am to 4 pm, Monday to Friday.

New Unit Set Up: Investigation and Post Clearance Audit

As of July 2011, the Investigation unit and Post Clearance Audit unit have been merged to set up a new unit called Investigation and Post Clearance Audit unit.

Post Clearance will be responsible for auditing firms that transact directly with Customs, such as clearing agents, importers, handling agents and others, if there are any reasons to do so.

Investigation is responsible for conducting investigation on infringements of Customs regulations. The Investigation and Post Clearance Unit is situated at the Customs head office, New Port. As a consequence of the Customs staff rotation, Mr. Kelvin Didon is the new manager of the Investigation and Post Clearance Audit unit.

The merger is expected to ensure the consolidation of resources and contribute towards greater efficiency within Customs.

SADC Training on Rules of Origin

On the 11 to 15 July 2011, Customs officers and other stakeholders had the opportunity to know more about SADC functions and objectives, and SADC Rules of Origin in a training that took place at SFA Training Room. The training was conducted by SADC facilitators and was in two parts.

A one day workshop, attended by Customs officials and stakeholders to sensitize about SADC objectives and history.

The second part of the training which was on Rules of Origin and Integrity was for a duration of three days and was attended by around 20 Customs Officers on Rules of Origin and integrity. Certificate of Origin is the document used in International trade to state which country the shipped goods originate from. It is used by Customs to establish the origin of goods imported into the country and to determine whether the importer qualifies for a preferential rate of tax where that is applicable. The aim of this training was to sensitize Customs officers on SADC Rules of Origin.

Traveler's Tips:

- Passengers are not allowed to bring plants or plants products such as seeds as accompanied goods in their luggage.
- Passengers are reminded that Plants and plant products are restricted goods and must have a valid import permit for any importation.
- Passengers must proceed to the RED channel if they carry any plants or plant products together with the import permit.
- Under the law, a traveler is solely responsible for his/her luggage and will be held liable if carrying restricted and /or prohibited goods.
- Passengers are discouraged from accepting any packages from persons, known or unknown, when travelling, if they are unsure about the contents of the package. A passenger will be held responsible for its luggage. Any passengers caught with any illegal substance will be liable to prosecution.

Importer's Tips:

Importers are reminded that the tariff items and entries have been amended for motor vehicles in the Trades Tax Regulation 1997.

Trades Tax Rates

- Fruits 0- 50 %
- Vegetable 0-25%
- Meat 0-50%
- Meat preparation 0-50%
- Cereal 0-25%
- Cereal preparation 0-25%

TRAINING AND DEVELOPMENT

Local Training

- **May 2011:** 3 SRC officers attended a short-course on Effective Communication
- **June 2011:** 4 SRC officers attended a short-course on Office Management
- **July 2011:** 15 Customs officers attended a SADC training-workshop on Rules of Origin

International Missions

- ▶ **June 2011:** Human Resource Supervisor attended a training on Human Resource Management for Developing Countries, China
- ▶ **June 2011:** SRC delegation attended a study visit at the Mauritian Revenue Authority (MRA), Mauritius
- ▶ **June 2011:** Director of Enforcement attended an ATAF seminar on Tax Transparency: Availability, Access and Exchange of Information, South Africa
- ▶ **June 2011:** Compliance Program and Policy analyst attended a SADC workshop to Finalise Draft Guidelines for a Coordinated Value Added Tax (VAT) in SADC, South Africa
- ▶ **June 2011:** Revenue Commissioner attended the 117th/118th Sessions of the Customs Cooperation Council, Belgium
- ▶ **June 2011:** Deputy Commissioner attended an ATAF workshop on Taxpayer Services, Liberia
- ▶ **July 2011:** Deputy Commissioner attended the DTA negotiation with Mozambique, Mozambique
- ▶ **July 2011:** SRC delegation attended study visit at Tanzanian Revenue Authority (TRA), Tanzania
- ▶ **July 2011:** Director of Seaport attended a COMESA meeting on Customs organisation, Botswana

Upcoming

- **September 2011:** Revenue Commissioner to attend the CATA Annual Conference, Sri Lanka

In Memoriam



Mrs. Agniella Medline Legaie (Born Benoit) started employment with the Ministry of Finance Customs Division on June 3 2002 as a Tax Clerk at the Airport Terminal. In 2008, she was transferred to the Examination Unit of the Inland Revenue Section. In the same year she was rotated back to Airport Terminal where she remained until her last day. She had been in service with Customs for a total of 9 years.

Mrs. Legaie was a young and dynamic officer who showed great potential. She was always willing to help and was recently promoted to a supervisor position. Apart from being serious in her work, she was always present in staff social gatherings.

Unfortunately, Mrs. Legaie left us in the early hours on Tuesday July 5, 2011 at the age of 27. She leaves behind her parents, brother, husband and a five year old daughter."

Mr. Brian Eugene George Nicette was transferred from the President's Office to occupy the post of Senior Customs Security Officer in the Customs Division at the Ministry of Finance, on December 21 2005. In August 2008, he was seconded to NDEA.



Mr. Nicette had been in service for a total of 5 and a half years.

He was a hard working officer who led others by good example and was always willing to assist others when there was a need.

Unfortunately, Mr. Nicette passed away on Friday 8 July 2011 at the age of 51. He leaves behind his mother, wife Joan, brothers and sisters, and four children.

Seychelles Revenue Commission sympathises with the families of Agniella Legaie and Brian Nicette in their moment of grief.



Support Services

New Internal Affairs Committee to Promote Integrity

In order to promote integrity within Seychelles Revenue Commission (SRC), an Internal Affairs Committee has been set up. The Internal Affairs Committee will provide advise to management on all integrity-related issues and will investigate cases of possible corruption.

The committee consists of nine members of staff from SRC. Membership lasts for one year after which new representatives are selected.

The Committee is currently discussing issues which includes an integrity action plan for SRC, the review of the Code of Conduct and a mechanism to protect whistle-blowers, to name a few.

Customs Staff Rotation

As of July 2011, Customs staff have been rotated to different units within Customs. This customary act of rotating staff is an internal policy undertaken by SRC to create more transparency and reduce the risk of corruption.

Staff rotation is one of the key factors used to fight the risk of corruption within Customs as set out in the Revised Arusha Declaration. When employees rotate across many position in varying intervals and durations this leads to gainful exposure to different roles and functions. Rotation of staff is a standard procedure in Customs administration that is undertaken when there is a need.

Rotation of staff helps Customs Division to enhance and improve skills, abilities and competencies which leads to improvement of staff and in service delivery. As a result, Seychelles Revenue Commission is building a strong workforce with knowledge and expertise in many areas of Customs administration. The changes in managerial position are as follow:

Mrs. Alberta Morel	Manager Inland Revenue
Mr. Kelvin Didon	Manager Investigation and Post Clearance Audit
Mr. Phillip Camille	Special Duties Officer
Ms. Shirley Thiroomooldy	Manager Airport Cargo Terminal
Mrs. Genilla Valentin	Manager Airport Passenger Terminal
Ms. Jeanette Dewea	Manager Compliance Seaport
Mrs. Diana Belle	Manager Enforcement Seaport

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Seychelles Revenue Commission, Orion Mall Second Floor, Mahe, Seychelles, Tel: 4293737
Email: commissioner@src.gov.sc, Web: www.src.gov.sc