

TRAINING AND DEVELOPMENT

Local Training

- July 2011: 2 Audit officers attended the ACCA foundation in Accountancy.
- July 2011: 3 IT officers attended a short-course on Microsoft Courses.
- August 2011: 4 SRC officers attended a 1 week course on Public Relation.
- September 2011: Account Supervisor followed a 1-month course in Basic Statistics and Analytical skills.

International Missions

- ▶ July 2011: 7 Officers from SRC attended a 2 weeks study visit to Tanzanian Revenue Authority (TRA), Tanzania
- ▶ July 2011: Assistant Commissioner of Customs Division attended the COMESA third meeting Committee on Customs Union, Zambia.
- ▶ August 2011: Director of Seaport Operation attended the meeting of the Sub-Committee on Customs Cooperation (SCCC), Botswana.
- ▶ August 2011: Customs Specialist attended COMESA Meeting of the Trade and Customs Committee, Swaziland.
- ▶ September 2011: A Senior Customs officer attended SADC training on Tariff Classification and Harmonised System 2012, Zimbabwe.
- ▶ October 2011: Director of Airport Operation attended a training on Sharing of good Practice on Customs Procedures and Facilitation, Malaysia.
- ▶ October 2011: The Compliance and Policy Analyst officer attended a 2 weeks training on Introduction to the Application and Negotiations of Tax Treaties (OECD), Malaysia.

Upcoming

- November 2011: Assistant Commissioner of Customs will attend SARS workshop on Customs Modernisation, South Africa.

SRC Holds Health and Safety Training

Seychelles Revenue Commission (SRC) held a 3 day training on Health and Safety for a group of staff within each unit in SRC.

The training is part of SRC's continued efforts to maintain the level of safety within the organisation. The training outlined the different hazards with a potential to cause harm, and the responsibility of both employees and employers to be able to manage hazards in the workplace.

The participants understood more about the legislation in place governing health and safety in the workplace.

The training gave the participants information about main health issues, and the benefits of practicing good health and safety measures.

As part of the training, participants had to visit SRC premises, both at Domestic Tax and Customs, to identify safety risks.

At the end of the training participants returned to their respective units and shared the knowledge acquired with other colleagues to ensure that health and safety measures are given priority by everyone in the work place.

SRC holds Training on "Introduction to Taxation" for new Staff Members

Seychelles Revenue Commission (SRC) held a training on the "Introduction to Taxation" for newly recruited staff with the aim of enhancing their knowledge on taxation laws and principles in Seychelles. The objective of the training was to equip officers with basic knowledge in the following:

- Understanding the functions of the different sections of Domestic Tax Division
- Different taxes administered by SRC
- Basic taxation principles and concepts
- Calculation of taxes
- Basic principles of VAT

The training was held on SRC's premises at Orion Mall and lectured by the Assistant Commissioner of Domestic Tax, Directors and Managers of the respective sections and units within the Domestic Tax Division.

New Legal Advisor for SRC

The Seychelles Revenue Commissioner has recently recruited a new legal advisor, Ms. Aurore Arcambal. Ms. Arcambal took her position as from September 1, 2011.

Ms. Arcambal obtained her Masters degree from La Sorbonne University in Paris, France where she specialized in taxation law.

SRC welcomes Ms. Arcambal to the organisation.

Support Services

Sponsored Walk to Raise Funds to Assist with Colleague's Treatment

The Social Committee organized a sponsored walk held on 03 September 2011 with the aim of raising funds to help a work colleague and friend, Ms Nydia Samy, who has been working with SRC for more than 5 years now and is currently undergoing overseas treatment.

The Social committee presented an amount of SR21,000 to Nydia to help with her treatment.

On behalf of all the staff, SRC wishes Nydia a speedy recovery.

Accounts Section has been divided into two Separate Sections

The Accounts section, which was previously part of Support Services, has been divided into two different sections: the Revenue section and the Finance section.

The Revenue section is responsible for the daily maintenance of the taxpayers' account balance with SRC and now falls under the Domestic Tax Division.

The Finance section is responsible for overseeing SRC's budget and expenditure and falls under the office of the Revenue Commission.

The move is part of SRC's commitment to streamline and improve its services.

SRC awards gift to IOIG participant

Many donors joined hands together and rewarded the hardworking athletes who participated in the Indian Ocean Island Games with many sponsorships and SRC was no exception.

The Seychelles Revenue Commission acknowledged the effort and hard work of Bernard Bristol; one of its Customs officers and well known basketball player by rewarding him with a gift for his participation in winning a gold medal in the Indian Ocean Island Games and for Seychelles.

SRC wants to thank Bernard for not only making Seychelles proud but for making the organization feel part of the success of the game.



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SRC Newsletter

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LATEST NEWS & UPDATES

Seychelles Improves Its Ranking in Taxation Payment

Seychelles has improved its ranking by two places for the ease of doing business, ranking 103 out of 183 countries, as published in the Doing Business 2012 report. The biggest improvement was in Paying Taxes where Seychelles ranked 16; a great improvement from last year's ranking, 55. Doing Business is an annual report published by the World Bank in collaboration with the International Finance Corporation which investigates the regulations in place that enhances or constrains business activity in a country. In terms of the ease of trading across borders, there were no changes as Seychelles was once again ranked 33.

The indicators used to measure the ease of paying taxes are: the frequency of filing and payments; the time taken to comply, and; the total tax rate (percentage of profit before tax). The report

found that on average, firms in Seychelles make 21 payments per year; spend 76 hours per year filing returns, preparing and paying taxes and; pay a total tax rate of 32.2% tax on profit. Seychelles was ranked the regional best performer in the time (hours per year) taken to comply. The indicators used to measure the ease of trading across borders (export and import) are: the number of required documents; time taken, and; the cost required. The report found that on average, 5 documents are required; it takes between 16 to 17 days, and; the cost to the firms are SR11,344.20

The ranking reflects Seychelles Revenue Commission's continued efforts to improve the efficiency of its services. For the full detail of the article refer to the website: www.doingbusiness.org

SRC gets Grant from UNDP-EDF Project

Seychelles Revenue Commission (SRC) has been awarded a grant of SR450,000 from the 10th European Development Fund (EDF) in order to address integrity related issues. The Specific objective of the programme is to strengthen the capacity of non state and state organizations' in order to encourage their participation in development policy, notably in the area of governance and human rights. The agreement was signed by SRC and the EU and UNDP representatives on 22nd September, 2011.



Deputy Commissioner of SRC (left) signing the memorandum of agreement with UNDP resident coordinator for Seychelles (right)

SRC acknowledges that corruption can severely affect its ability to achieve its stated objectives, which are to collect government revenue, protect society, facilitate trade, enforce national legislation and provide trade statistics. The grant arrived at an opportune

time as SRC is currently undertaking initiatives to promote integrity amongst its staff. The grant will therefore be used to fund some of its activities geared towards promotion of integrity in the workplace. SRC has to carry out these activities within 18 months.

The activities chosen will help SRC to attend two main objectives which are:

- To influence and increase awareness on good governance and integrity amongst SRC and its stakeholders
- To develop a mechanism for staff and stakeholders to address issues related to integrity

Some of the activities to be carried are as follows:

- Educational campaigns and sensitization
- Lobby for introduction of appropriate legislation
- Research on the level of corruption and the areas susceptible to corruption within SRC
- Training of staff on anti-corruption strategies to combat malpractice and favoritism
- Incorporate integrity principle in SRC HR policies

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GST Rate to be Increased from 12% to 15%

As of November 1 2011, the Goods and Services Tax (GST) has increased from 12% to 15% on all services provided by tourism operators, as stipulated within S.I. 58 of 2011 of the Goods and Services Tax Act, 2001. The following tourism operators must now charge 15% on their services:

- Hotel, Guesthouses, Self-Catering Establishments, Cafés or Restaurants
- Air Transport Services, Fixed or Rotary Wing Air Transport Services
- Domestic ferry Services, Boat or Yacht Charter Services
- Car Hire operators
- Underwater Dive Operator, Dive Centre or Water Sports Operator
- Travel Agent (Own Services), Tour Operator, Tour Guide or Tourist Guide
- Equestrian Operator

In cases where the above-listed services are provided before November 1, 2011, but actual payments are made on or after November 1, 2011, the GST liability will remain 12%. GST, which is an indirect tax, is currently levied on the sales and importation of certain goods and services. It will be replaced with VAT on July 1, 2012.

For more information on the new increase in GST, contact Seychelles Revenue Commission (SRC) on 4293741 or email us at advisory.center@src.gov.sc.

Important VAT Numbers

Rate: 15%
 Registration Threshold: SR5,000,000.00
 Implementation Date: July 1 2012

Did you know?

That VAT stands for Value Added Tax?

VAT is a consumption tax which is levied on each value added to the sale of a good or a service, hence its name. VAT has been introduced in 141 countries to date and is proving to be quite popular in many countries as it is considered to be the most transparent and fair consumption tax.

That VAT will replace GST on 1st July 2012?

GST will no longer exist when VAT kicks in July 2012. VAT will be the new tax on the sale of goods and services. However there may still be some GST arrears or payments made after July 1 2012, just like for social security contribution after Income and Non-Monetary Benefits tax was introduced.

Reminder to all Employers

Since July 2011, the submission of a monthly payroll became obligatory for all employers under the Income and Non-Monetary Benefits Tax Act, 2010.

Regardless of the mode of submission the payroll must be in the prescribed format designed by SRC which is available on the website. Employers with a workforce of 25 or more employees, must ensure that the payroll is submitted in an electronic form. This can be done via Taxation E-Service or on a pen drive.

Non submission of payroll will result in penalties charged to the employers.

Seychelles Signs DTA with Socialist Republic of Sri Lanka

Seychelles has recently signed an Avoidance of Double Taxation (DTA) and Prevention of Fiscal Evasion Agreement with Respect to Taxes on Income with Sri Lanka in Colombo on September 23 2011. The agreement was signed by both the Commissioners of the respective countries, the Commissioner General of Sri Lanka, Mr. K.M.S. Kandegedara and the Revenue Commissioner of Seychelles, Ms. Jennifer Morel. The DTA with Sri Lanka is currently undergoing ratification. This will bring the total DTAs signed between Seychelles and other countries to 17, once it has been ratified.

Seychelles currently has DTAs in force with Barbados, Botswana, China, Cyprus, Indonesia, Malaysia, Mauritius, Monaco, Oman, Qatar, South Africa, Thailand, U.A.E, and Vietnam. Other DTAs signed but awaiting notifications are with Kuwait, Belgium, Bahrain, Zambia, Zimbabwe



Commissioner General of Sri Lanka (left) Signing DTA with Revenue Commissioner of Seychelles (right)

and Monaco. DTAs that has been concluded but not signed yet are with Egypt, Lesotho, Namibia, Portugal, Pakistan, and Malawi, Luxembourg, Tunisia, Swaziland, Kenya, Mozambique. In mid November this year, Seychelles will start negotiations with Morocco.

Q & A with IMF VAT Expert Mr. Stephane Schlotterbeck

Mr. Stephane Schlotterbeck is a resident VAT advisor who is assisting with the implementation of VAT.

Q. There are some concerns that VAT in general will have an inflationary impact on the economy. What are your views on this? Should we expect an increase in prices of goods on the market when VAT kicks in?

A. Based on the experience of more than 140 countries over the world, that have introduced VAT, we have good evidences that VAT is not inflationary by itself.

Q. Will those businesses which are currently enjoying some form of concession or exemption, for example the tourism industry, be worse off under the VAT?

A. No, because VAT a consumption tax borne ultimately by the final consumer is neutral for VAT registered businesses.

Q. Why would a business choose to voluntarily register for VAT? Will businesses registered for VAT be in a more competitive advantage to businesses that are not registered?

A. Because, in a perfect VAT chain, working with VAT registered partners guarantees VAT overall neutrality. In such a chain, any registered business is entitled to claim an input tax credit on its purchases and to charge VAT on its sales, generating a VAT credit for its customers (unless non-registered).

Q. All businesses have to pay business tax or income tax. Why is it that with VAT some businesses are being mandatorily required to register while others have a choice?

A. The VAT Act 2010 has established a VAT threshold (SR 5 Millions) to leave smaller businesses out of the VAT chain, because they are unlikely to meet VAT administrative requirements. However it introduced an option for those who feel themselves able to meet these requirements. Of course businesses whose turnover is above the threshold are deemed to be sufficiently well organized to fulfill these obligations.

Q. Since VAT will be implemented in July 2012, and considering all the other reforms that have been taking place, do you think this is sufficient time for a tax administration and the business community to prepare itself for VAT?

A. The VAT Act was enacted in 2010 on purpose, for a VAT introduction scheduled on July 2012. This leaves enough time for SRC to implement its comprehensive communication, information, education, and training programs. In other words, it will be SRC's priority to prepare the taxpayers (and the business community) for a smooth and successful introduction of VAT. On the other hand, taking advantage of these months of preparation, SRC has continued its efforts to review its processes with the aim to simplify and make them more user-friendly. This very demanding reform agenda whose ultimate step is the introduction of a modern VAT, offers SRC a tremendous opportunity to become a genuine customer-oriented, effective and efficient revenue administration.

Q. Do you think it is imperative that a VAT registered business have electronic cash systems?

A. Generalizing the use of electronic cash register is anyway advisable. Make this use mandatory is among other possible options.

Q. If VAT is really the most efficient and fair type of consumption tax, why do you think it is that countries like USA and Australia have not adopted VAT?

A. Given their recurrent public deficit, US authorities are seriously considering the introduction of a VAT. They are carefully studying experiences of countries (such as India) that have been successful in addressing the challenge of harmonizing a federal VAT with other (including VAT) state sales taxes. Australia implemented in 2000 a GST that presents almost all the features of a traditional VAT (notably the deduction mechanisms).

New Assistant Commissioner for Customs Division

As of the 1st October 2011, Customs Division has a new Assistant Commissioner, Mr. Selwyn Knowles. Mr. Knowles is replacing Mr. Ronald Cafrine who held the post since 2009. Mr. Knowles who previously worked in Customs where the latter was under the direct responsibility of the Ministry of Finance, has several years of experiences in Customs matters. Prior to this promotion, Mr. Knowles was the Director of Seaport Operation.

Mr. Ronald Cafrine has been appointed as advisor to the office of the Revenue Commissioner and will be based at the SRC's Head Office, Orion Mall.

Following Mr. Knowles' appointment as the Assistant Commissioner, Mrs. Alberta Morel has been promoted to Director of Seaport Operation. Mrs. Morel was previously the Manager of Inland Revenue

Staff of the Seychelles Revenue Commission wishes all of them good luck in their new positions.

Customs to switch to ASYCUDA World.

The Customs Division will be moving from using the ASYCUDA ++ to a new internet based system called ASYCUDA World in 2013. The memorandum of understanding for a grant of \$450,000 to fund the implementation of the project was signed by the Secretary General, Mr. Snidiso Ngwenya of the Common Market for Eastern and Southern Africa (COMESA), the Vice President Danny Faure on 15 September 2011.

The ASYCUDA World being web based will allow Customs administration and traders to handle most of their transactions via the internet. The new system is more user friendly and will bring modern computerised declaration processing faculties and enable the Customs Division to meet international standards which in turn will improve the quality of service to the public.

Towards a unifying Risk Management System for Customs

From the 22nd to 29th October 2011, the Customs Division received technical assistance from AFRITAC South, which is a Regional Technical Assistance Center (RTAC) based in Mauritius. The purpose of the technical assistance was to develop a risk management system in Customs.

Seychelles Revenue Commission recognizes that an effective risk management system is an essential component of a modern, effective customs administration. At present risk decisions are made by different units without a common purpose and without coordination, which means that all efforts in managing information and make risk decisions is fragmented and not as effective as it should be.

This exercise will enable Customs to address the main issues which will ensure that the operational management of customs has the management of risk at heart; that systems and procedures are in place to enable risk management to function; and that the right people (with the appropriate skills) are in place (in a Risk Management Team) to undertake the work.

VAT on Importation

For Value Added Tax (VAT) purposes, in principle, any importation of goods in Seychelles is a taxable transaction regardless of the status of the importer or nature of the transaction. All importers, whether commercial and VAT registered or individuals and non registered, must pay VAT on imports.

Any imported good is liable to VAT at the point of entry, unless exempted under the First Schedule of the VAT Act 2010. Under specific circumstances, imported goods may be zero-rated when entered into Seychelles for export.

An importation of goods occurs on the date the goods are entered for home consumption under the Customs legislation or on the date the goods are brought into Seychelles.

VAT on imported goods is applied on:

- (1) the value of import which is the total of the CIF Value (Cost, Insurance and Freight); plus
- (2) any trade tax or excise tax applicable depending on the type of goods.

Note that levies are not included in the VAT calculation.

In other words VAT on Importation is calculated on: $(CIF + Trade\ tax + Excise\ tax) \times 15\% VAT$.

*Excise tax will be used in the calculation only if it is applicable on the import.

VAT Tips for Customs

- All imported goods are liable to VAT at the point of entry at 15%, except for exempted goods.
- VAT on imports will be collected by Customs Division.
- Exports and temporary imported goods are Zero rated.
- Bonded warehouse trade tax, excise tax and VAT are payable only when goods are removed from the warehouse.
- Tax exemption allowance for passengers is considered to be an exempted import.

Tips to get through Airport Customs

- Always have your passport handy.
- Advice is to turn off your mobile, while communicating with Customs officers.
- If you are unsure about whether to declare something, declare it. The "I did not know ..." excuse won't work. If you are unsure about your duty free allowance, please ask any Customs officer at the nearest Customs office for clarification before you travel.
- It is advisable that you declared if you have more than your duty allowance. If you declared you only have to pay the applicable taxes. However undeclared goods will be subjected to pay applicable taxes and the appropriate fines.

Notice to Businesses

Very soon Customs will be switching to using TIN for importation procedures. All importers, Agents and exporters will have to use their TIN on their Importation Documents. More information will be communicated to businesses soon.