

The difference between the output tax and input tax is remitted to the SRC. Below is a formula which shows the calculation of the final payment to SRC.

$$A - B = C$$

- A** is output tax
- B** is input tax
- C** is the tax payable to SRC or credit due to VAT registered businesses.

If output tax exceeds input tax ($A > B$), the VAT return shows a VAT payable. The VAT payable must be remitted to the SRC.

If input tax exceeds output tax ($B > A$), the VAT return shows a VAT credit. In most cases, the credit is carried forward to the next period. In some cases, this credit may be refunded.

How is VAT collected?

If output tax exceeds input tax ($A > B$), the VAT return shows a VAT payable. The VAT payable must be remitted to the SRC.

At the point of entry at Customs on commercial and non-commercial importation and at the point of sale. A VAT registered business acts as a tax collector and collects VAT from consumers and remits to the SRC.

Seychelles Revenue Commission Information Brochure on Value Added Tax

This brochure is not intended as an exhaustive explanation of the law. If you require detailed information about your tax obligations you should visit the SRC or write to us.

For more information:

Visit:

Seychelles Revenue Commission
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Maison Collet
Victoria, Mahe

Write to:

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Victoria, Mahe

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What is Value Added Tax (VAT)?



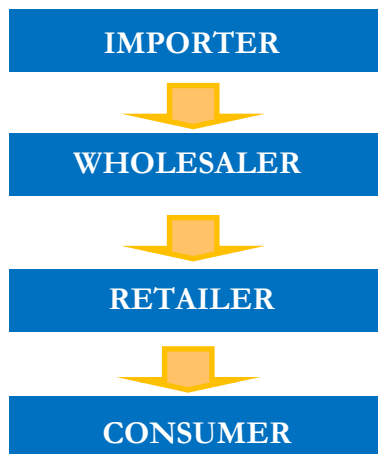
An explanation about VAT

What is VAT?

Value Added Tax (VAT) is a broadly based consumption tax that applies to almost all goods and services whether imported, bought or sold for use or consumption in Seychelles, except those exempted under the VAT Act 2010.

VAT applies in principle, on all commercial activities involving the production and sale of goods and the supply of services.

VAT is **not** an expense for registered businesses since it is ultimately borne by the final consumer. It is charged on the value added to services at each stage of production in a distribution chain.



VAT is charged as a percentage of the selling price of any taxable supply made in Seychelles by a taxable person in the course of any business activity.

Who is a taxable person?

A taxable person is an individual that makes taxable supplies and is registered or is required to be registered for VAT under the VAT Act 2010.

What are taxable supplies?

There are two types of supplies under VAT:

1. Taxable supplies

Taxable supplies refer to the sales of goods and services that are liable to VAT. Taxable supplies are broken down into 2 categories:

- **Standard rated supplies**

These are goods and services which attract a standard VAT rate of 15%.

- **Zero-rated supplies**

Zero rated supplies refer to the sale of goods and services which attract a VAT rate of 0%. Zero-rated supplies are taxable even if no VAT is actually collected on such a transaction. Zero-rated supplies are mainly exports.

2. Non-taxable supplies (exempt supplies)

Non taxable supplies are goods and services that are exempted from VAT. These goods and services are sold with no VAT charged.

What is the difference between zero-rated supplies and exempt supplies?

There is apparently no difference on the price charged to the customer (both zero-rated and exempt supplies do not include VAT). However, the difference is that the input tax incurred in the making of the zero-rated supplies is fully deductible. In other words, a business making zero-rated supplies can claim input tax credit.

Exempt supplies are out of the scope of VAT, hence have no deduction right of input tax. Businesses cannot claim input tax for exempt supplies.

How does VAT work?

A VAT registered person making taxable supplies can claim input tax credit which is offset against the output tax collected from the sales of goods and services.

INPUT TAX

VAT paid on purchases by a taxable person for its business operations.

OUTPUT TAX

VAT charged on sales. Consumers pay VAT when purchasing the goods and services.