

Tax Planning With Seychelles Entities



Seychelles

10 Million Birds

150,000 Giant Land Tortoises

81,000 people

115 Islands



2 World Heritage Sites

Hybrid (Civil/common Law) Legal System

Some Performance Indicators (Source UNDP, 2002)

	Seychelles	Developed Cs.
Real GDP per Capita	= US\$12,508	24,973
Life Expectancy	= 72.7 yrs.	77.4
Adult Literacy Rate	= 88%	99%
Gross Enrolment Ratio	= 73%	91%
HDI	= 0.811	0.92
UNDP HDI Rank	= 47	-
Inflation Rate	= 6%	

WHAT IS SIBA?

- YES** An Autonomous Corporate Body
- YES** A one-Stop-Shop
- YES** International (Free) Trade Zone
- YES** International Business Companies
- YES** International Trusts
- YES** Non-Domestic (Offshore) Banking
- YES** Non-Domestic Insurance
- YES** Ship Registration
- YES** Aircraft Registration
- YES** Mutual Funds
- YES** The Future
- YES** Constraints
- YES** Performance
- YES** Relevant Laws
- YES** The Vision



Info Pack

Position Re OECD, FATF

✓ OECD

- MOU for Exchange of Information signed January 2001
- Listed as a co-operative jurisdiction

✓ FATF

- Seychelles classified as a compliant jurisdiction
- AML 1996, AML guidelines 18997

✓ IMF

- Seychelles Deemed compliant with Regulatory standards



New Legislation-Being Enacted

- ✓ **Companies (Special Licences) Act, 2002**
 - To allow for the registration of companies with a low tax status for coordinating worldwide activities or onward investments (Mutual funds). Minimal taxation of flow through funds required
- ✓ **Protected Cell Company Act, 2002**
 - To allow companies wishing to conduct captive insurance and umbrella funds business to segregate assets.
- ✓ **Limited Partnership Act, 2002**
 - Provides an alternative vehicles for funds investments other than Companies and trusts. This can also be useful for structured financing.
- ✓ **Interactive Gambling Act, 2002**
 - To regulate the conduct of cyber gaming activities that can be licensed under the SITZ
- ✓ **Corporate and Trustees Services Providers Act, 2002**
 - To license and regulate corporate services providers and trustees



Companies (Special Licences)

- ✓ **Normal Tax Resident Domestic Company**
incorporated under the companies Act, 1972
 - No requirement for resident directors
- ✓ **3% Taxation on worldwide income with full treaty access**
 - Complete Exemption from Withholding Tax
 - Exempt from Import Duty on capital goods for office
- ✓ **Confidentiality Provisions**
 - Filing of Shareholders with SIBA
 - Filing of Returns with SIBA
- ✓ **Ease of Formation for Approved activities**
 - SITZ
- ✓ **Redomiciliation from other Jurisdictions permitted**
- ✓ **IBCs may convert to CSL**
- ✓ **Exemption from Import duties on capital goods and and GOP (work permit) fees in respect of foreign workers for office**



Protected Cell Company

- ✓ **Normal Tax Resident Domestic Company incorporated under the companies Act, 1972**
 - Resident Directors not required
- ✓ **Existing Companies may qualify if engaged in approved activity**
 - E.g. Mutual Funds, Insurance & other qualifying activities
- ✓ **Once Approved assets may be segregated into cells.**
 - The company may engage in transactions that commit only assets pertaining to a specific cell -
No separate corporate personality for cells
- ✓ **Change in cell share capital only with approval of the 'Authority'**



Limited Liability Partnership Act, 2002

- ✓ **Subject to the Commercial Code Act**
- ✓ **Minimum of 1 resident General partner (Legal persons included) and 1 limited partner**
- ✓ **Restricted to non-domestic activities**
- ✓ **Complete Tax Exemption**
- ✓ **Exemption from import duties on capital goods for office**
- ✓ **Exemption of GOP (Work permit) fees for foreign workers in its office**



Interactive Gambling

- ✓ To License and regulate internet gaming
- ✓ Gaming system must receive prior approval
- ✓ Trustee accounts protects players and operators
- ✓ Requirement for auditing of accounts and inspectors of accounts provide further security
- ✓ Possibility for activities to be undertaken from within the SITZ
- ✓ Categories
 - Interactive gaming
 - Sportsbook



Established Legislation

- ✓ **Anti- Money Laundering Act, 1996**
- ✓ **Mutual Assistance in Criminal Matters Act, 1995**
- ✓ **International Business Companies Act, 1994**
- ✓ **International Trade Zone Act, 1995**
- ✓ **International Trust Act, 1994**
- ✓ **Financial Institutions Act, 1984**
- ✓ **Insurance Act, 1994**
- ✓ **Mutual Fund Act, 1997**
- ✓ **Seychelles International Business Authority Act, 1994**
- ✓ **Electronic Transactions Act, 2001**



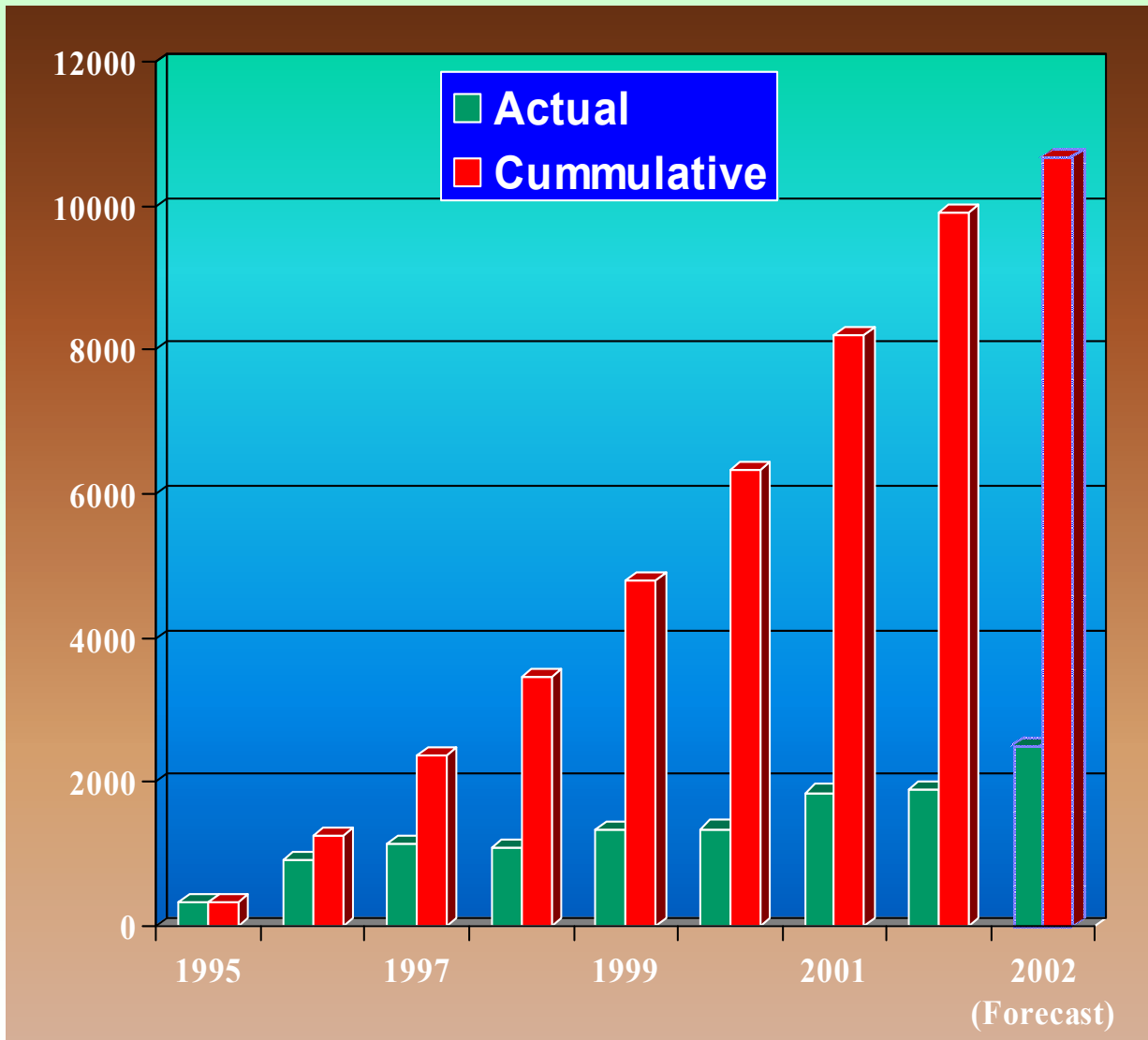
IBC Incorporation

- ✓ ONE OF THE MOST EFFICIENT REGISTRAR IN THE WORLD
- ✓ Competitive Licence Fees fixed for life
- ✓ No requirement to disclose beneficial owners
- ✓ All civil proceedings heard by a judge in chambers
- ✓ IBC may own or manage a vessel/aircraft registered in Seychelles
- ✓ Ease of re-domiciliation
- ✓ ON Line Name Reservation imminent
- ✓ Directors may be elected at first company board meeting
- ✓ No minimal capital stipulation
- ✓ Minimum of 1 director or shareholder required
- ✓ No need to file accounts with Registrar
- ✓ Confidentiality is guaranteed except in criminal cases



GRAPH

IBC Incorporation to Date



INTERNATIONAL TRUSTS

- ✓ A Trust may own and trade in shares and GOS securities
- ✓ Ant- forced heirship provision
- ✓ No restrictions on the accumulation of income
- ✓ **One-off registration fee of US\$100**
- ✓ **Settlers or trustees themselves can be named as beneficiaries under the trust**
- ✓ Choice of proper law and enforceable in Seychelles.
- ✓ No requirement to mention the name of non-Seychellois settlors and beneficiaries
- ✓ *Disclosure of information etc. can only be made in extenuating circumstances involving criminal practices*



MORE

INTERNATIONAL (FREE) TRADE ZONE

- ✓ **Zero Tax**
- ✓ **Licence fees fixed for life**
- ✓ **Ability to import foreign labour**
- ✓ **Residency guaranteed for owners and operators**
- ✓ **Ready-Built Facilities Available**
- ✓ **Concessions guaranteed by law**
- ✓ **Preferential access to EU markets**
- ✓ **Member of the Common Market for Eastern & Southern Africa (COMESA)**
- ✓ **Membership of the Southern Africa Development Community (SADC)**
- ✓ **Member of the Indian Ocean Commission and IORC**



**NO HIDDEN
COSTS**



Current SITZ Companies



INTER MEDICAL SUPPLIES LIMITED



HINDS HOLDINGS COMPANY LTD
MANUFACTURERS & EXPORTERS OF COCONUT BASED PRODUCTS



The Island Scent
Essential oils Perfumery and Aromatics

Ocean Management Services Ltd



**CONSULTANCY & MANAGEMENT SERVICES
(INTERNATIONAL) LIMITED**

CHELLE



NON-DOMESTIC (OFFSHORE) BANKING

A single law that regulates both domestic and offshore banking incorporates the necessary flexibility to encourage substantial growth in the offshore banking sector. Tax treatment of offshore banks is equivalent to that prevalent in some of the most reputable offshore jurisdictions.

EXAMPLES

FEATURES



OFFSHORE BANKING FEATURES

- ✓ NO Corporation Tax
- ✓ NO Withholding Tax on dividends and interest
- ✓ NO Wealth Tax
- ✓ NO Capital Gains Tax
- ✓ NO Customs Duties
- ✓ NO Stamp Duties
- ✓ NO Exchange Control Regulations



OFFSHORE BANKING FEATURES

- ✓ No Taxes
- ✓ Full confidentiality, except in the case of criminal investigation
- ✓ An offshore bank may be administered by an established domestic bank
- ✓ Modern Anti-Money Laundering Law (1996) based on FATF recommendations
- ✓ The minimum paid-up capital is US\$1 Million or its equivalent in any freely convertible currency



Insurance Act (Non-Domestic Regulations, 1996)

- ✓ **No need for resident directors**
- ✓ **Re-domiciliation of captive insurance**
- ✓ **Companies registered outside Seychelles may be licensed**
- ✓ **Exemption from all taxes in Seychelles**
- ✓ **Full confidentiality, except in cases involving criminal investigation.**
- ✓ **Speedy and effective approval process**
- ✓ **No restrictions on the type of the insurance business**



SHIP & AIRCRAFT REGISTRATION

- ✓ Apart from its strategic location and very attractive registration fees, there is a new super marina under development in Seychelles which will provide the ideal berthing and support facilities for executive sea going vessels.
- ✓ With qualified personnel meeting international standards based on the US FAA and UK CAA criteria, Seychelles offers registration for fleets or individually owned aircraft at extremely competitive rates

SHIP REG.

AIRCRAFT REG.



Vessel Registration

- ✓ Governed by The Merchant Shipping Act 1992
- ✓ Seychelles is party to the following international conventions relating to shipping
 - The Collisions Convention
 - The Load Line Convention
 - The Safety Convention
 - The Conventions of the International Maritime Organisation
- ✓ Year round stable weather conditions
- ✓ Parallel Registration with bareboat possible



AIRCRAFT REGISTRATION (Air Navigation (Overseas Territories) Order, 1976)

- ✓ **The regulatory framework for aircraft registration allows for the registration of mortgages on aircraft**
- ✓ **Advantages of Seychelles include:**
 - **Qualified personnel offering international standards based on US FAA & UK CAA criteria under common JAR**
 - **Bureaucracy kept to minimum**
 - **Extremely competitive charges**
 - **Affiliated with the Bureau Veritas Aeronautical Branch**



The Mutual Funds Act, 1997

Mutual Funds (Structure & Operations)

Regulations, 1998

- ✓ **Both open and close ended funds permissible.**
- ✓ **Wide range of legal vehicles available:**
 - **CSL and unit trusts, LLPs, Protected Cell companies**
- ✓ **Both Public and Private Funds allowed**
 - **Not more than 50 investors for private funds**
- ✓ **DTA network being established**
- ✓ **wide range of legal vehicles available, including Limited companies, trusts etc.**
- ✓ **No taxes in Seychelles**



DTA Progress

Ratified	To be Ratified	Awaiting signing	Being Negotiated	Negotiation dates confirmed	Awaiting Negotiation Dates
China Indonesia South Africa	Thailand	Russia Zimbabwe Egypt Malaysia Vietnam	Tunisia Mauritius Cyprus Czech Rep. Sultanate of Oman Botswana	Namibia Philippines	Burundi



DTA Structure

Partner	Signed	Ratified	PE	Dividends	Interest	Royalties	Tax Sparring
South Africa	1998	2002	12	Nil	Nil	Nil	Yes
Indonesia	1999	2000	6	10	10	10	Yes
China	1999	1999	12	5	10	10	Yes



Comparison of Salient Corporate Features

Jurisdiction	Type of company	Disclosure of beneficial ownership	Bearer shares allowed	Minimum number of directors	Public record of directors	Public record of members	Filing of Accounts
Seychelles	CSL	Yes But confidential	No	2	Yes	No	Yes
Seychelles	IBC	No	Under Review	1	No	No	No
Jersey	Exempt	Yes	No	Normally 2	No	No	No
Cyprus	IBC	Yes, but confidential	No	1	Yes	Yes	Yes
Bermuda	Exempt	Yes	No	2	No	Yes	No
Gibraltar	Exempt	Yes	No	1	Yes	Yes	No
Malta	ITC/IHC	No	No	1	Yes	Yes	Yes
Mauritius	GBC2	No	No	1	Optional	Optional	No



How to Contact us

Seychelles International Business Authority

P.O. Box 991

Victoria

Mahe

Seychelles:

Phone: +248 380800

Fax: +248 380888

Website: www.siba.net

