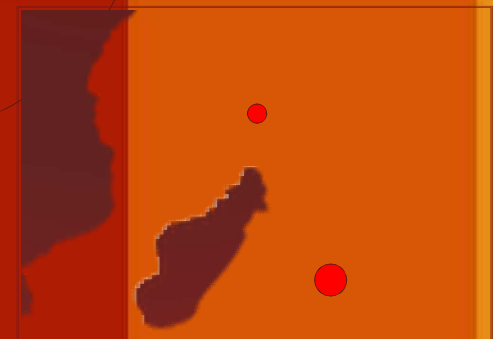


Doing business in Africa

Focus on Mauritius and Seychelles



November 2015

A tropical resort poolside area with several orange umbrellas and lounge chairs arranged around a swimming pool. The scene is bright and sunny, with lush greenery and palm trees in the background.

Agenda

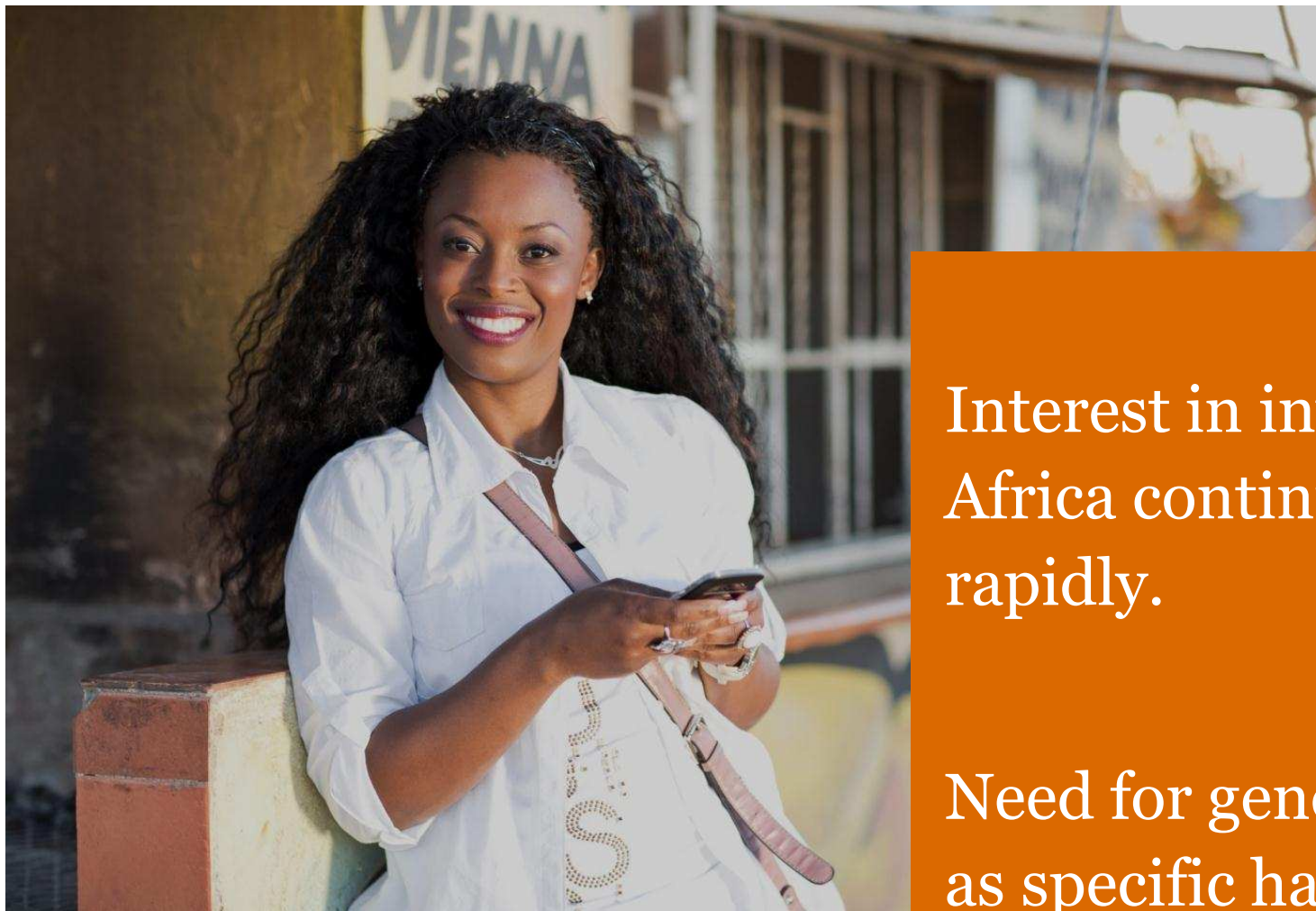
Why this seminar?

PwC Africa Desk

Doing business in Mauritius

Doing business in Seychelles

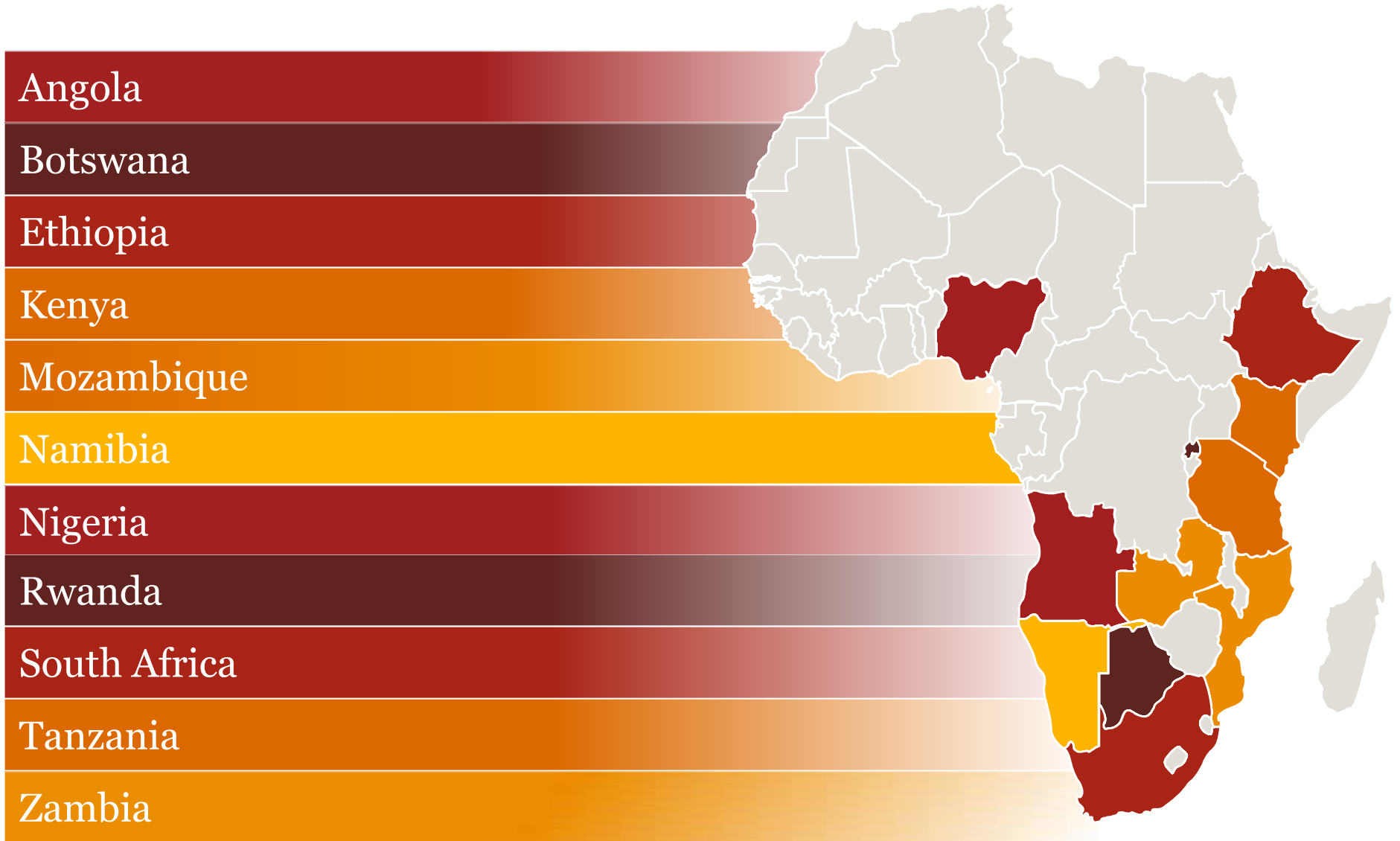
Why this seminar?



Interest in investing in Africa continues to grow rapidly.

Need for general as well as specific hands-on information and ability to discuss new developments.

Seminars so far



PwC Africa Desk

The PwC Africa Desk

The PwC Africa Desk is part of the International Tax Services team in Johannesburg

Created to enhance coordinated tax service delivery across PwC in Africa

The Desk is staffed by secondments from various PwC offices across Africa who provide home country contexts

Countries represented include Nigeria, Uganda and Zambia



Ways the Africa Desk can support you

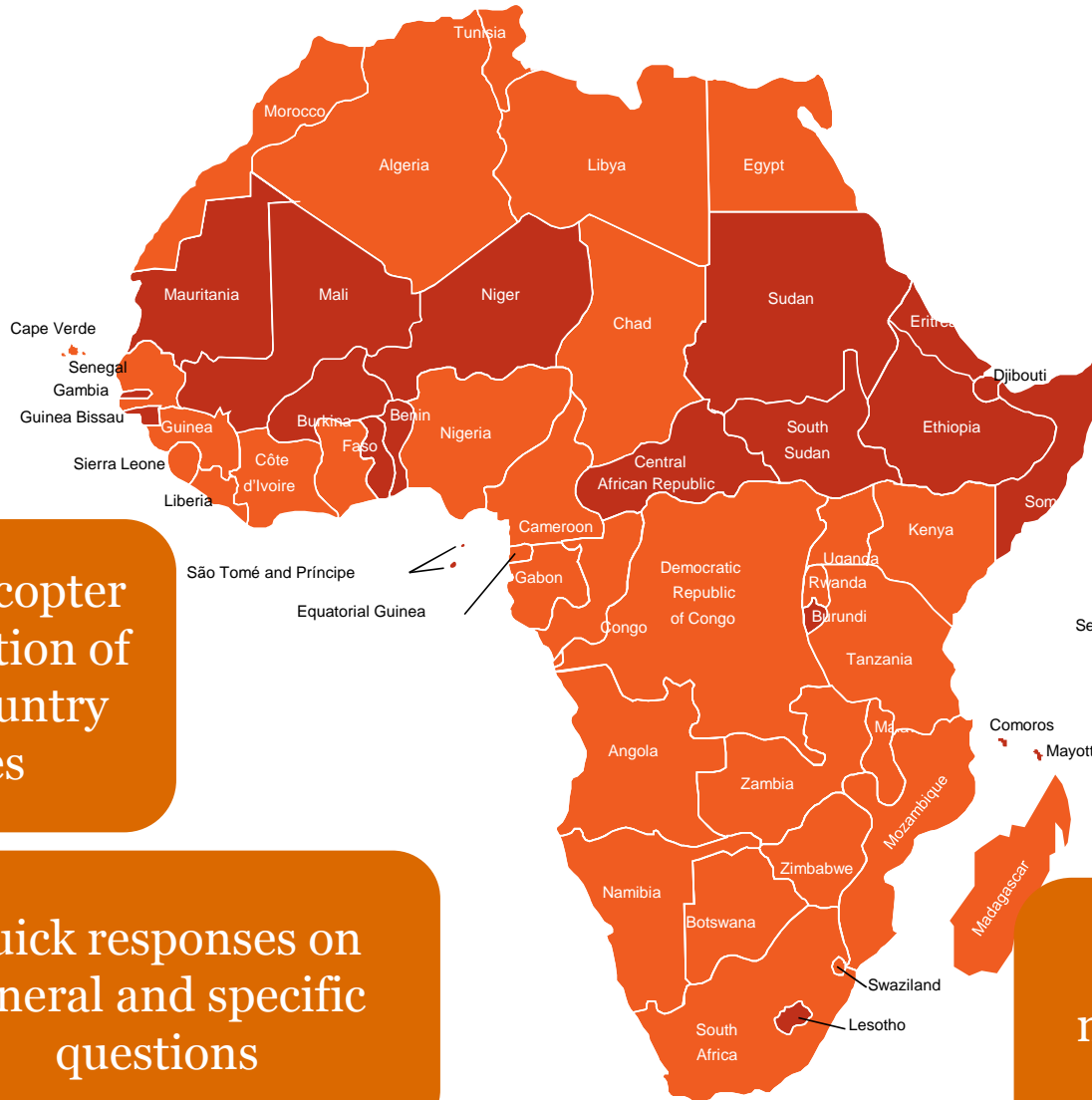
One-stop service

Proactively informs relevant parties on new developments

Because of helicopter view, identification of other cross-country alternatives

Quick responses on general and specific questions

Thought leadership through AfriTax newsletter, One page tax summaries per African country, country seminars, etc.



Thought leadership

AfriTax newsletter

Recent and upcoming event

Country tax updates

Update on double tax treaties with African countries

PwC publications of interest

PwC Africa Desk

Subscription

In this issue



www.pwc.co.za/afritax

Staying informed

AfriTax

Quarter ended 30 September 2015
Issue 26

Welcome

Accessing and keeping up with the diverse tax and regulatory changes on the African continent can be challenging. To meet this need, PwC's Africa Desk in Johannesburg provides a snapshot of the most significant recent tax and regulatory changes in Africa through its quarterly newsletter, **AfriTax**.

We trust you will find this publication useful, and we look forward to your comments.

New taxes

Namibia: Withholding tax on interest paid to non-residents

Zambia: Withholding tax on management and consultancy services provided by resident consultants

Tax reductions

Egypt and Namibia: Corporate income tax rate

Namibia: Withholding tax on services

Zambia: Property transfer tax on transfers of property and shares

Upcoming events

Doing Business in Africa: Mauritius and Seychelles on 11 and 13 November

Paying Taxes 2016 – Africa launch: Lusaka, Zambia on 2 December

Africa publications

Worldwide Tax Summaries – Corporate Taxes 2015/16 now available

Africa Oil and Gas Tax Guide 2015

Africa Oil and Gas review 2015

Thought leadership

One page tax summaries



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Tax Summary

Seychelles

Tax Indicators

Fiscal year-end

Companies

Income tax¹

Tax on capital gains

Goods and Service Tax (GST)

Value-added tax

Individuals

Individual marginal tax rate (maximum)

Basis of taxation

Withholding tax

Dividends

Interest

Royalties

Management service fees

Contractors or professional fees

Importation of goods

Exchange controls

Thin capitalisation

Transfer pricing

Double tax treaties

Treaties awaiting conclusion and/or ratification

(1) In case of telecommunication services, the tax rate on income and 33% of the value added tax on non-residents operates.

Residents

31 December

Non-residents

31 December



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Tax Summary

Mauritius

Tax Indicators

Fiscal year-end

Companies

Income tax

Tax on capital gains

General sales tax

Value-added tax

Individuals

Individual marginal tax rate (maximum)

Basis of taxation

Withholding tax²

Dividends

Interest

Royalties

Exchange controls

Thin capitalisation

Transfer pricing

Double tax treaties

Treaties awaiting conclusion and/or ratification

Treaties in negotiation

Residents

December

15%¹

Not applicable

Not applicable

15%

15%

Residence

0%

0%/15%³

10%

Do not exist

No thin capitalisation rules exist.

No transfer pricing rules apply. However, the Income Tax Act requires transactions between related parties to be at arm's length.

Bangladesh, Barbados, Belgium, Botswana, Croatia, Cyprus, Democratic Socialist Republic of Sri Lanka, France, Germany, India, Italy, Kuwait, Lesotho, Luxembourg, Madagascar, Malaysia, Monaco, Mozambique, Namibia, Nepal, Oman, Pakistan, People's Republic of China, Rwanda, Senegal, Seychelles, Singapore, South Africa, State of Qatar, Swaziland, Sweden, Thailand, Tunisia, Uganda, United Arab Emirates, United Kingdom, Zambia and Zimbabwe

Congo, Egypt, Gabon, Ghana, Guernsey, Kenya, Monaco, Nigeria and Russia

Algeria, Burkina Faso, Canada, Czech Republic, Greece, Hong Kong, Lesotho, Portugal, Republic of Iran, Malawi, Saudi Arabia, St Kitts & Nevis, Vietnam, Yemen, Tanzania, Morocco and Montenegro

- (1) Companies operating in the Freeport Zone are exempt from tax for an indefinite period. However, a freeport operator will be liable to income tax on its chargeable income derived from its trading activities on the local market.
- (2) Payments made to a non-resident for any service rendered in Mauritius will be liable to withholding tax at a rate of 10%.
- (3) Interest income payable by any person other than financial institutions operating under the Banking Act to a resident individual is subject to a WHT of 15%.
- (4) Interest income received by non-residents is liable to WHT at a rate of 15% (final tax). Residents/non-resident individuals do not pay WHT on interest income received from financial institutions holding a banking licence under the Banking Act. Interest paid by a GBCI company to a non-resident is exempt from tax.
- (5) A royalty payment made by a GBCI company to a non-resident is exempt. However, payments made by a local domestic company to a non-resident is subject to a 15% withholding tax.

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Africa Desk



The PwC presence in Africa

In Africa...

- Member firms in 33 countries with over 8,500 professional staff.
- We have the largest footprint of professional services on the African continent.
- All our African firms are locally-owned.
- Provide a range of professional business advisory services to the public and private sectors throughout the continent.
- Committed to the development and prosperity of the African people and economies.



Doing Business in Mauritius





Agenda

Country context

Business vehicles

Legal and labour

Tax framework

Key issues

Planning

Country context

- 1.1. General
- 1.2 Living and working in Mauritius
- 1.3 Economy
- 1.4 Risk factors

Country context

- 1.1. General
- 1.2 Living and working in Mauritius
- 1.3 Economy
- 1.4 Risk factors

1

Country context

Where is Mauritius?



Located approximately 1,100 kilometres to the east of Madagascar, Mauritius is an island of 2,040 km² in area.

Mauritius is known for its very nice beaches, multi-cultural population, tropical weather and has often been referred as Paradise Island.

Country context

History



Discovered by the Arabs in 1502 but named after Dutch Prince Maurice van Nassau who came to Mauritius in 1598.

Dutch colonisation from 1638 to 1710 followed by the French who ruled the island from 1710 to 1810. British rule started in 1810 and ended in 1968.

Mauritius received independence on March 12, 1968

In 1992, Mauritius became a republic

Country context

- 1.1. General
- 1.2 Living and working in Mauritius
- 1.3 Economy
- 1.4 Risk factors

1

Country context

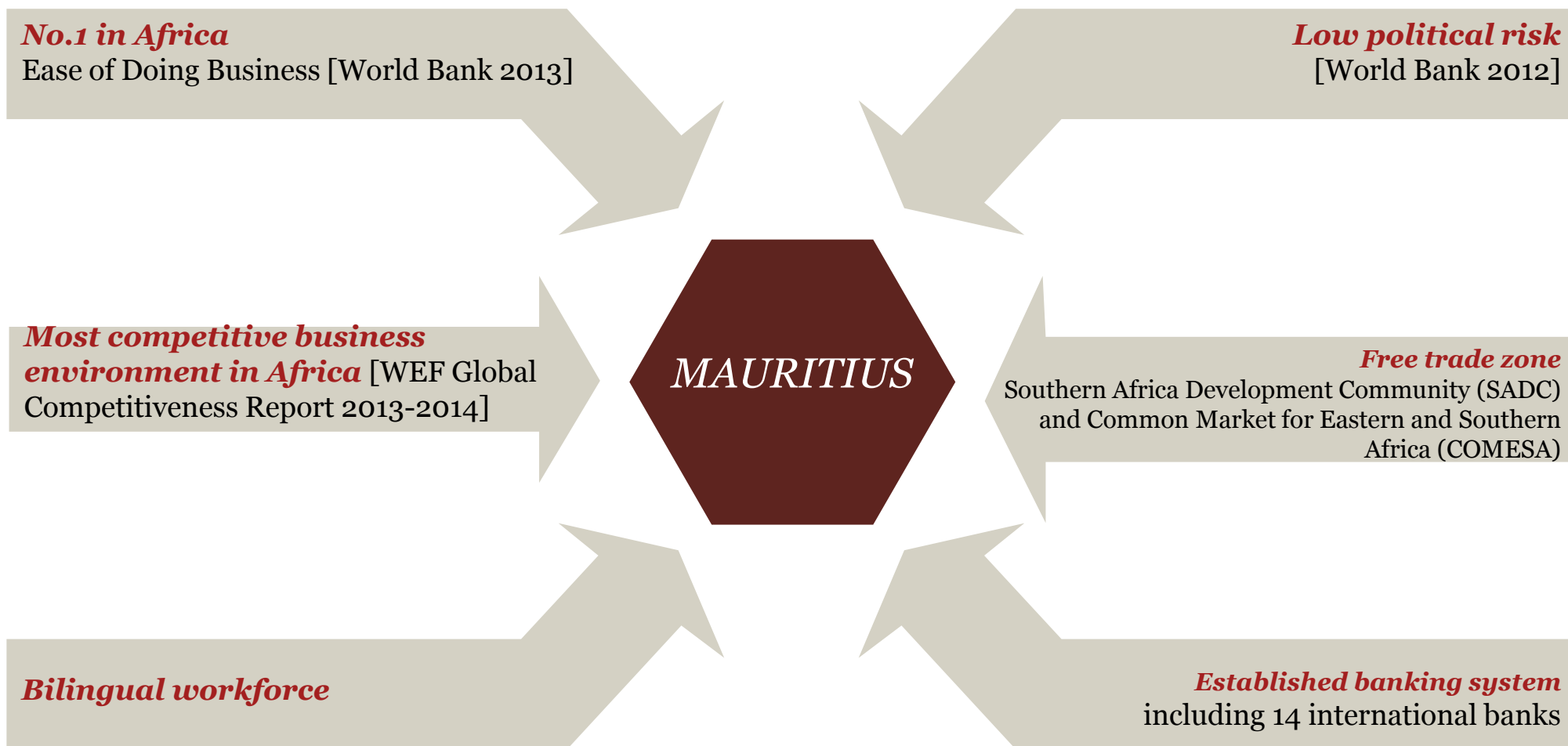
Living and working in Mauritius



- Population is approximately 1.2 million and is culturally diverse
- The capital is Port Louis
- Companies have their offices spread between the capital and Cybercity in Ebène
- The country's main industries are sugar, textile, tourism and finance
- Mauritius is a democracy with separation of powers.
- A number of political parties participate in elections, which take place every four years.
- The current president is Ameenah Gurib who came into office in June 2015.

Country context

Living and working in Mauritius - Infrastructure



Country context

1.1 General

1.2 Living and working in
Mauritius

1.3 Economy

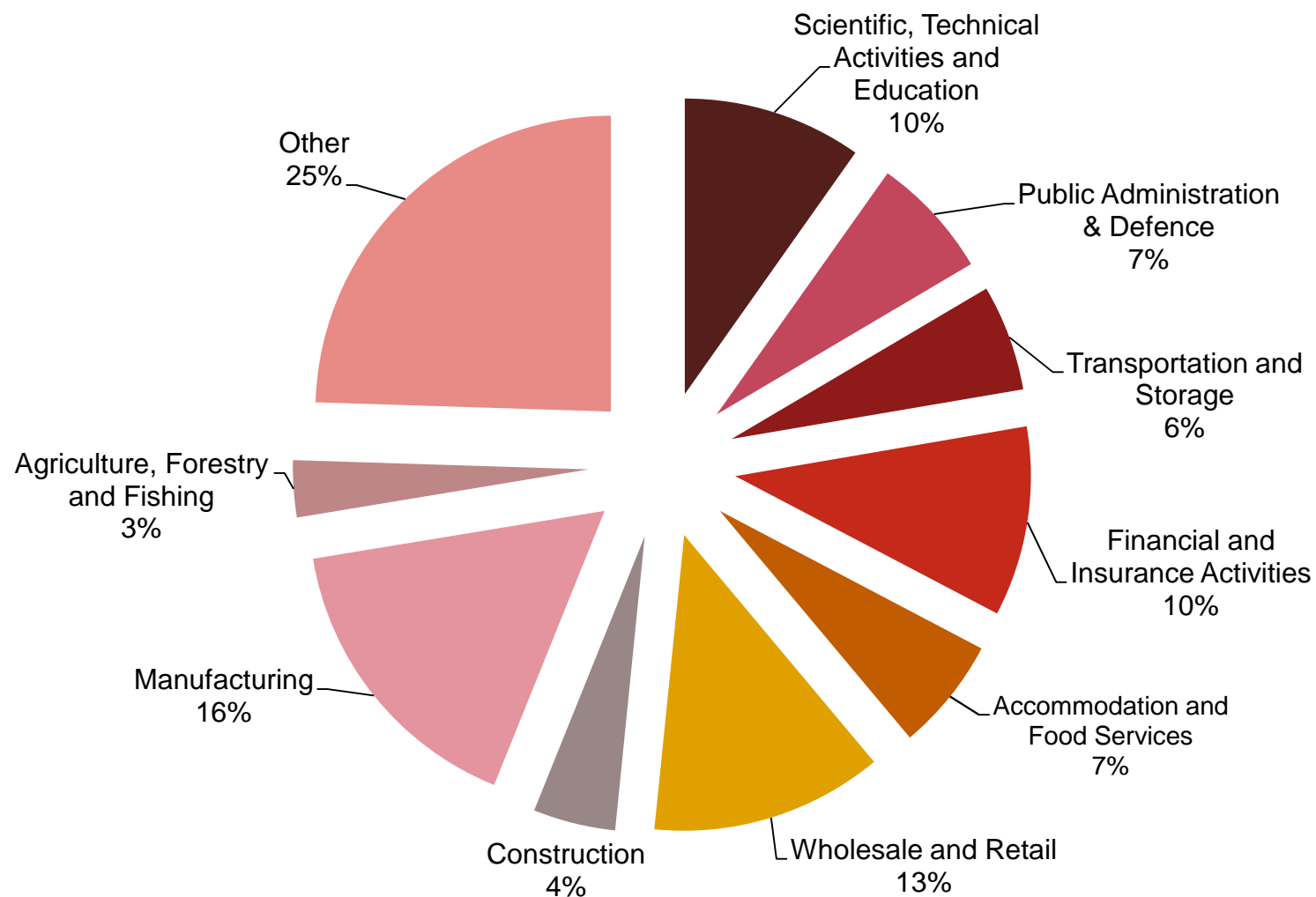
1.4 Risk factors

1

Country context

Economic drivers and indicators

Composition of GDP (2015 Q3, % of total)

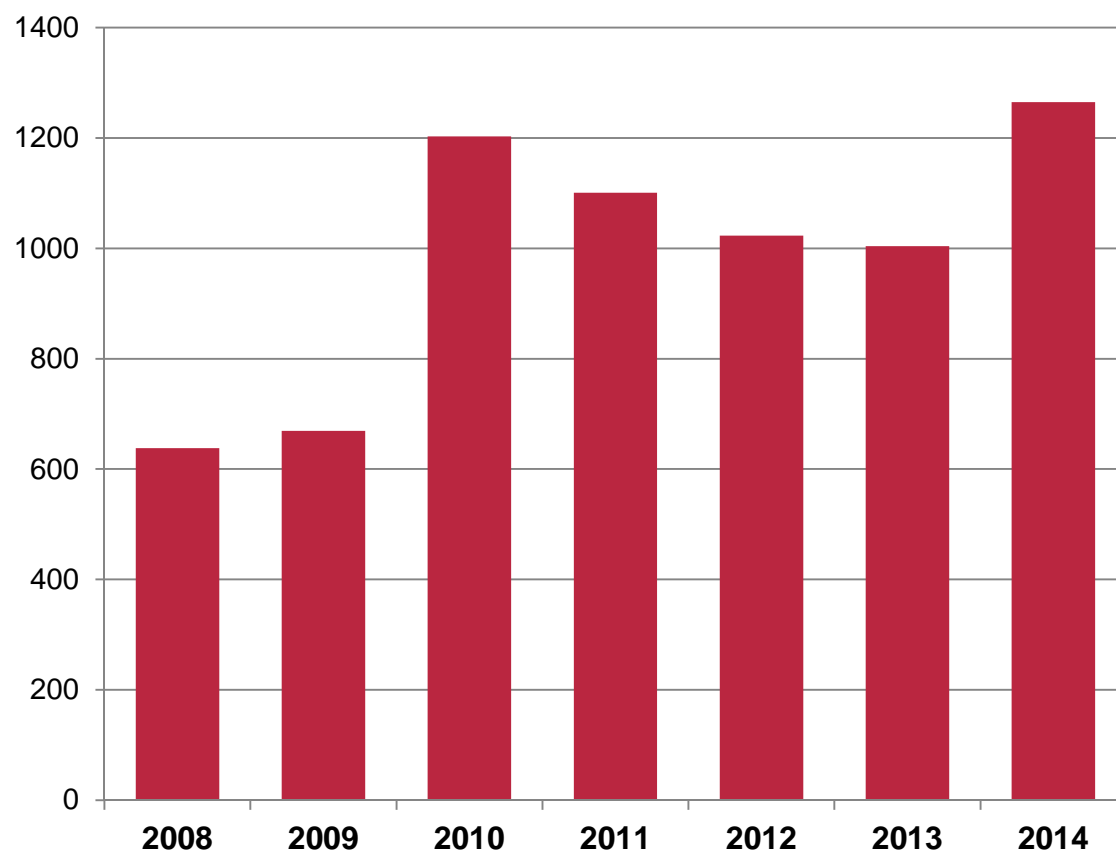


Country context

The investment flows

More than **28,000 global business companies** and more than **1,000 global funds**

No. of Licensed Global Funds



Country context

1.1. General

1.2 Living and working in
Mauritius

1.3 Economy

1.4 Risk factors

1

Good opportunities but what are the risk factors?

Internal and external



Smart City Scheme (“SCS”)

The SCS is an ambitious economic development programme aimed at consolidating the Mauritian international business and financial hub by creating ideal conditions for working, living and spurring investment through the development of smart cities across the island.

The SCS provides an enabling framework and a package of attractive fiscal and non-fiscal incentives to investors for the development of smart cities across the island.

Good opportunities but what are the risk factors?

Internal and external



Companies investing in the development of the SCS will be exempt from:

- Corporate tax for 8 years
- VAT paid on capital goods
- Customs duty on import or purchase of any dutiable goods
- Land Transfer Tax and Registration Duty on transfer of land to a SPV provided that the transferor holds shares in the SPV equivalent to at least the value of the land transferred
- Land Conversion Tax in respect of the land area earmarked for the development of non-residential components
- “Morcellement” (i.e. partition) Tax for the subdivision of land

Good opportunities but what are the risk factors?

Internal and external



Manufacturing sector

- The manufacturing sector of Mauritius has evolved into a technology intensive sector and offers various investment opportunities
- Mauritius offers a number of benefits to international manufacturing companies to set up production units locally

These benefits include:

- Preferential market access to the USA through the AGOA; the EU through the partial EPA; and Africa through SADC and COMESA memberships
- Competitive factor costs
- Modern infrastructure for setting up factories
- Modern freeport and logistics facilities

Good opportunities but what are the risk factors?

Internal and external



- Sea and air connectivity through major shipping lines and airlines, respectively
- Highly skilled, adaptable and bilingual work force
- Streamlined procedures for the recruitment of expatriates and foreign labour
- To give a further impetus to the manufacturing sector, Government has introduced a measure allowing manufacturing factories to set up in the Freeport for the production of goods aimed primarily at the African market

Good opportunities but what are the risk factors?

Internal and external



Risk factors

- Mauritius, with a population of approx. 1.2 million, might be restricted in terms of labour force, expertise etc
- Foreign employees can obtain a work permit subject to some conditions. The work permit process is not straightforward and can be an administrative burden
- Obtaining licences to operate can also be a complex process

Business Vehicles

2.1. Types of entities

2.2 Establishing a subsidiary

2

Business Vehicles

2.1. Types of entities

2.2 Establishing a subsidiary

2

Business vehicles

Types of entities

Business may be conducted in a variety of forms in Mauritius, such as:



Business Vehicles

2.1. Types of entities

2.2 Establishing a subsidiary

2

Business vehicles

Establishing a subsidiary

A subsidiary can be established in Mauritius through either a domestic company or through a company holding a Category 1 Global Business Licence (“GBC1”).

Domestic companies

A domestic company is a limited liability company incorporated in Mauritius under the Companies Act 2001. The main purpose of a domestic company is typically to carry out business activities in Mauritius. The following are the main legal requirements and characteristics of a domestic company:

- A domestic company takes around 3 days to be incorporated;
- It should have a minimum of one resident director;
- Corporate shareholders are allowed;
- Corporate directors are not allowed;
- There is a requirement for a company secretary ordinarily resident in Mauritius unless the company is a small private company.

Business vehicles

Establishing a subsidiary

Global Business Category 1 (GBC1) companies

A Company holding GBC1 licence needs to conduct business mainly outside of Mauritius.

- The registration and application of GBC1 companies should be submitted to the Financial Services Commission (FSC) through a duly licensed Management Company on a prescribed form accompanied by the following:
 - The certified supporting documents; and
 - The applicable processing fees and relevant fees.
- A GBC1 can be incorporated within 4 working days subject to submission of all required documentation.
- A GBC1 is tax resident in Mauritius and may apply for a Tax Residence Certificate (TRC) from the Director-General of the Mauritius Revenue Authority (MRA) in order to benefit from the Double Taxation Agreements (DTAs)

Business vehicles

Establishing a subsidiary

Global Business Category 2 (GBC2) companies

- A GBC 2 is required to have at all times a Registered Agent in Mauritius.
- Only a Management Company shall act as the Registered Agent of a company holding a GBC 2 licence.
- A GBC 2 is defined as a resident corporation conducting business outside Mauritius and can engage in activities other than the following:
 - Banking
 - Financial services
 - Carrying out the business of holding or managing or otherwise dealing with a collective investment fund or scheme as a professional functionary
 - Provision of registered office facilities, nominee services, directorship services, secretarial services or other services for corporations; and
 - Provision of trusteeship services by way of business

The Registered Agent should submit the application form and all supporting documents to the FSC.

A Processing fee of USD 100 and Annual fee of USD 235 are payable to the FSC.

Business vehicles

Establishing a subsidiary

Trust

- Mauritius offshore trusts are legal structures used for asset protection, inheritance planning and wealth management purposes.
- Essentially, property or assets, whether tangible or intangible, are transferred by the settlor of the trust to the trustees, in accordance with terms set out in a trust deed, for the trustees to hold and administer for and on behalf of specified beneficiaries or for specific purposes.
- Mauritius trust law allows for the formation of life interest trusts, discretionary trusts, fixed interest trusts, purpose trusts, charitable trusts, protective trusts, asset protection trusts.

Business vehicles

Company vs branch

Item	Distinction factor	Company	Branch
1	Corporate Tax Rate	15%	15%
2	Eligibility to claim deemed FTC (80%)	Yes	Yes
3	Relief for actual foreign tax suffered	Yes	Yes
4	Compulsory VAT registration	Turnover > Rs.6m	Turnover > Rs.6m
5	Treaty benefits	Yes	No
6	Audited accounts	Mandatory	Mandatory

Legal and labour

3.1 Legal system at a glance

3.2 Labour

3

Legal and labour

3.1 Legal system at a glance

3.2 Labour

3

Legal system

A hybrid of the French & English systems



1 Sources of law

- i* The constitution is based on the Westminster model
- ii* Private laws are largely based on Napoleonic codes
- iii* Public, Commercial and Administrative laws are mostly common law based
- iv* International treaties and case laws are also sources of law in Mauritius

2 Dispute resolution

- i* Litigation
 - Privy council of the Queen (Supreme court of appeal)
 - Supreme Court of Mauritius (Highest domestic court)
 - Lower courts and tribunals
- ii* Arbitration
- iii* Mediation

Legal system

Business and Investment regime



1 Financial services

- *Financial Services Commission regulates this industry;*
 - *Offshore*
 - *Insurance*
 - *Securities*
 - *Pensions and other NBFIs*
- *Offers an array of investment/special purpose vehicles:*
 - *Global business companies*
 - *Trust and foundations*
 - *Protected cell companies*

2 Banking services

- *The Bank of Mauritius regulates this industry*

3 Others

- *Anti Money Laundering regime*
- *Data protection*
- *Double tax treaties [43 countries]*
- *Exchange of information agreements*
 - *In force – Australia, Denmark, Finland, Norway, Guernsey, Iceland, US*
 - *In process – Austria, Faroe Island, Greenland, Argentina, Greece, Isle of Man, Korea*

Legal and labour

3.1 Legal system at a glance

3.2 Labour

3

Immigration



Foreign nationals wishing to work and live in Mauritius have several options through the Occupation Permit (OP).

The OP which is a combination of both work and residence permit, allows non-citizens to reside and work in Mauritius.

The OP is granted for a maximum period of three years, renewable thereafter subject to established criteria.



Immigration

A non-citizen can apply for an OP under any of the following three categories:



Investor

The business activity should generate a turnover exceeding MRU 4 million annually with an initial investment of USD100,000.



Professional

Expatriate staff should obtain a permit to reside and work before they can be allowed to take up employment in Mauritius.
Monthly Basic salary > USD 2,000



Self employed

Income from the business activity should exceed USD 20,000 annually with an initial investment of USD 35,000

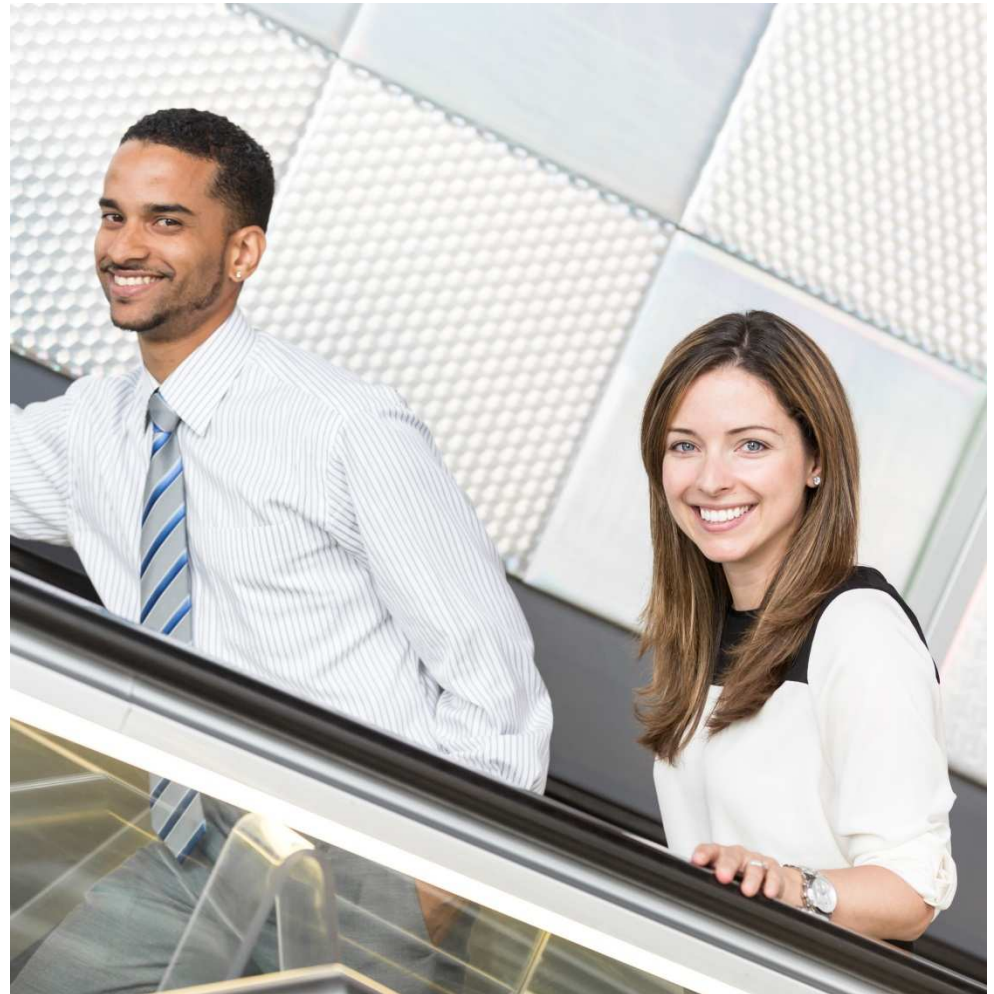
Immigration

Taxation of expatriates

Residence basis

World wide income

Remittance for foreign income



Tax Framework

4.1. Tax overview

4.2 Tax Incentives

4

Tax Framework

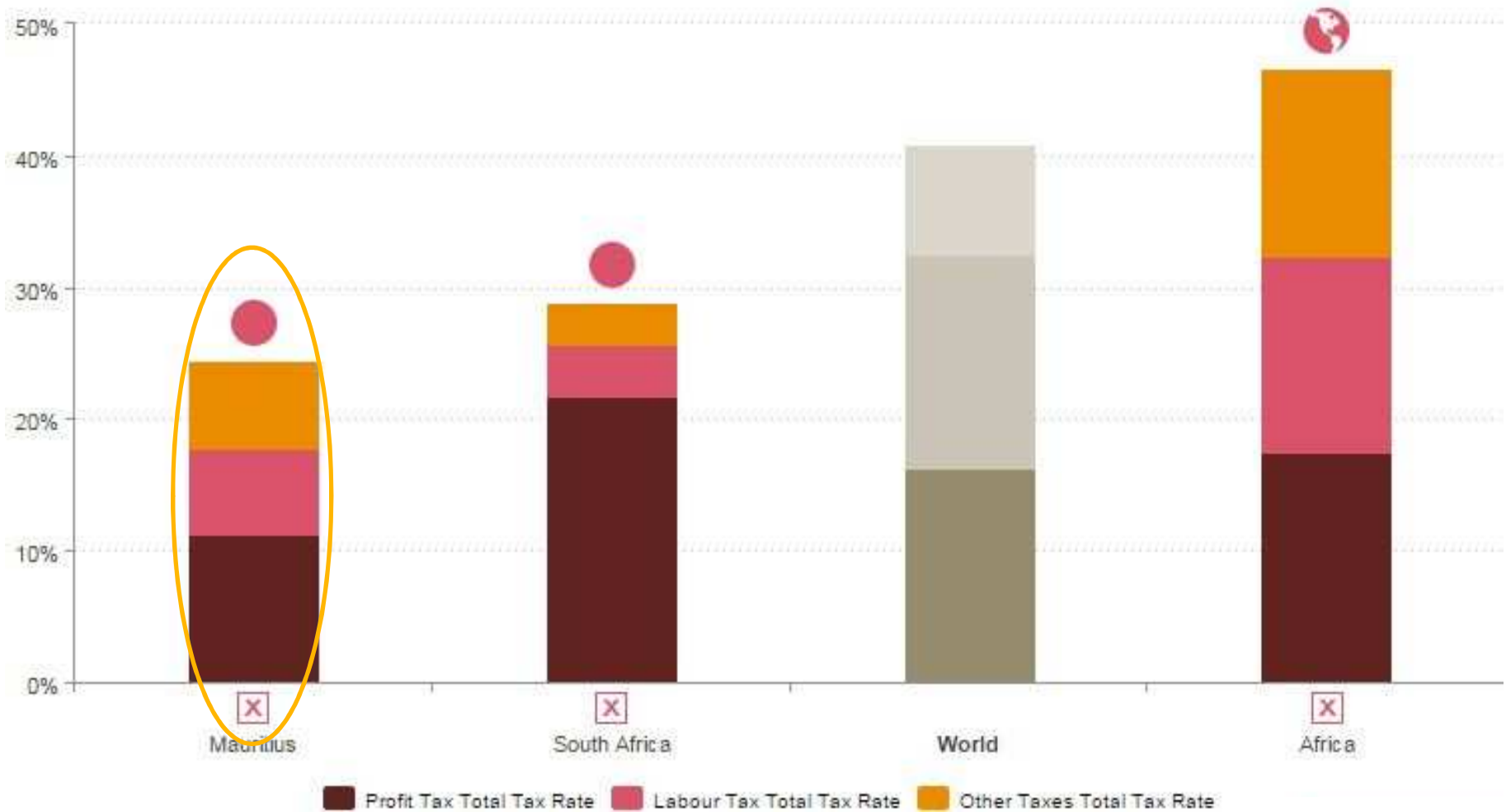
4.1. Tax overview

4.2 Tax Incentives

4

Tax regime

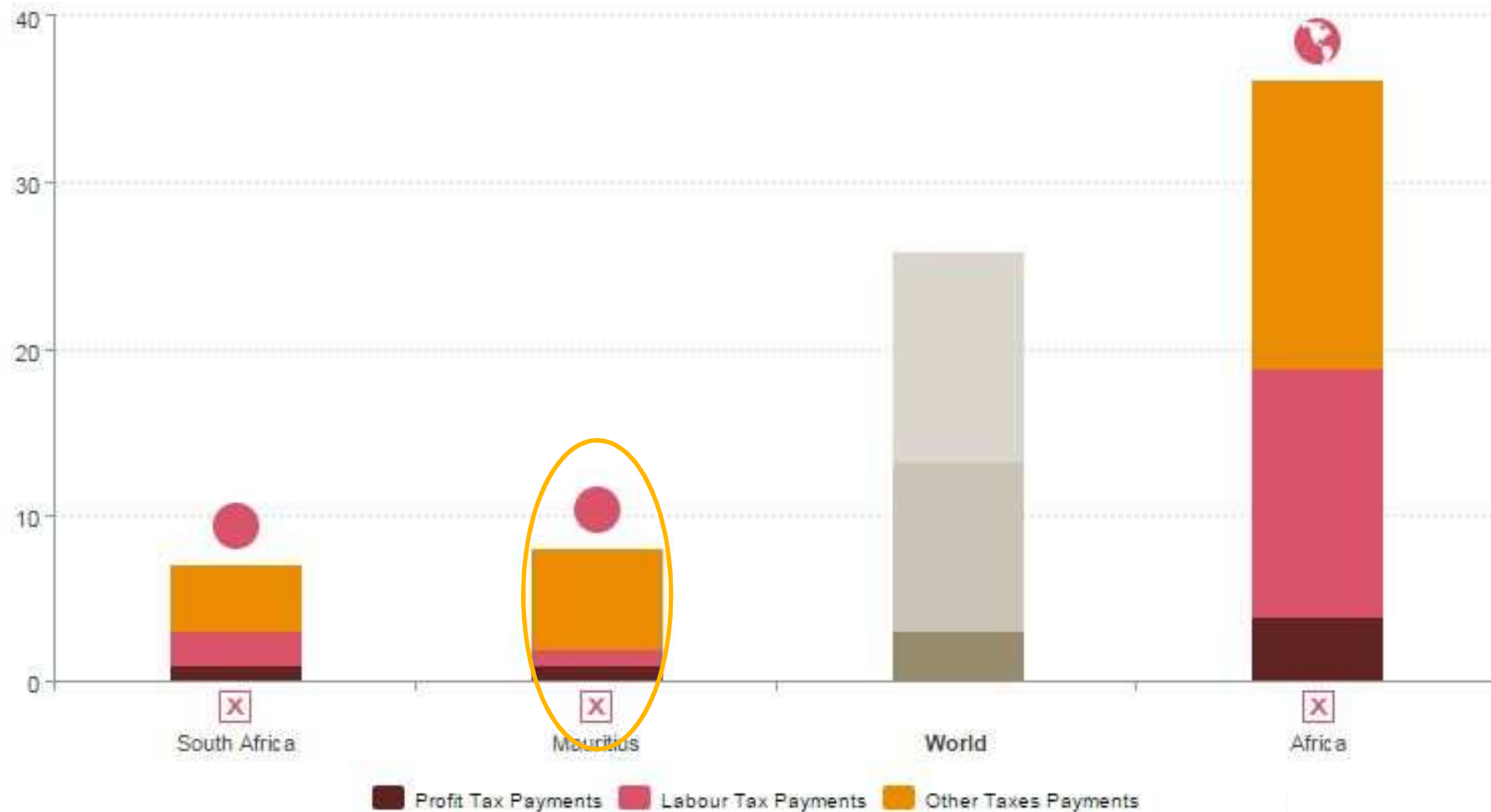
Comparing total tax rate



Source: PwC Paying Taxes 2015

Tax regime

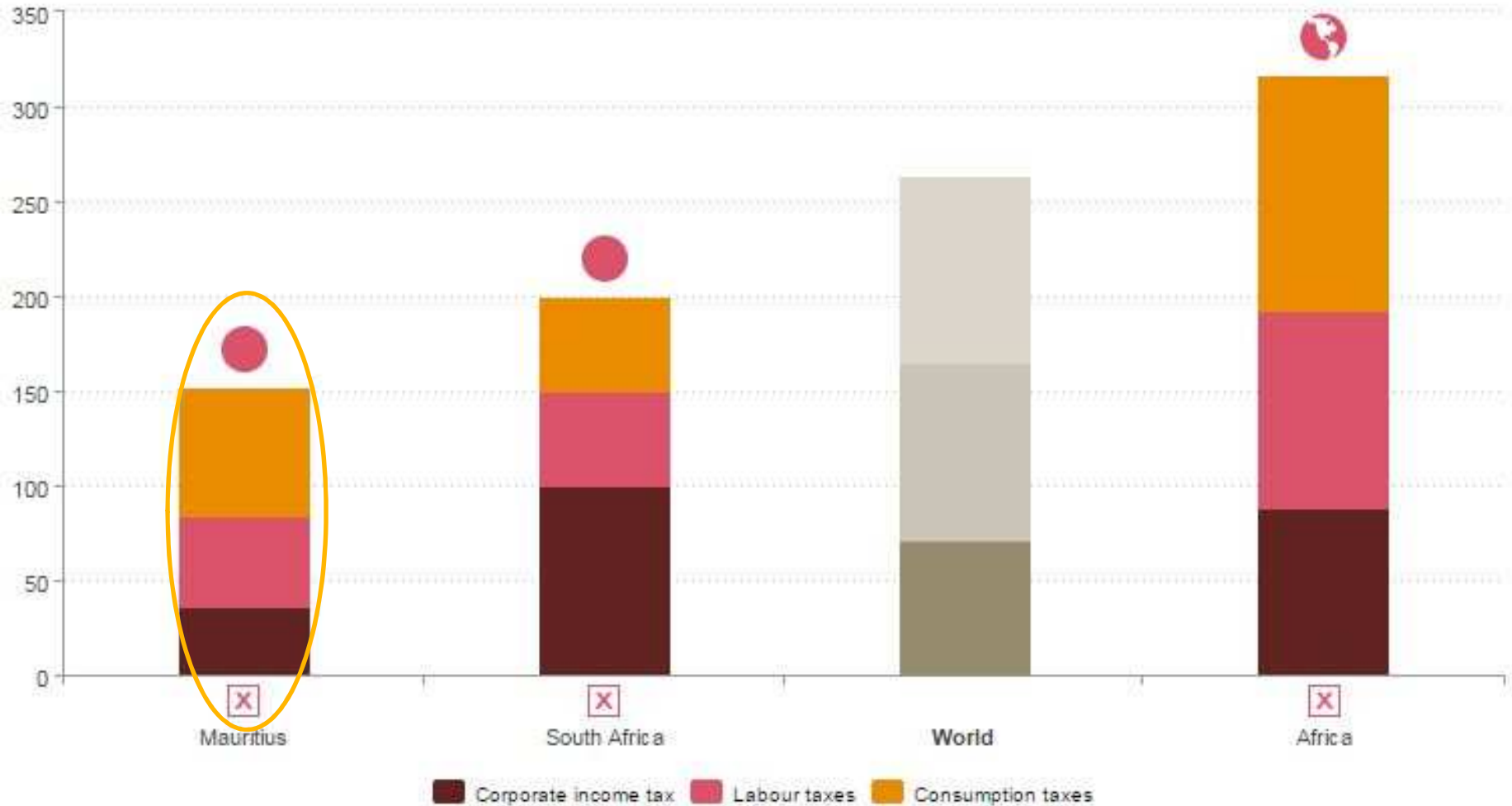
Number of payments



Source: PwC Paying Taxes 2015

Tax regime

Time to comply



Source: PwC Paying Taxes 2015

Tax regime

Quick observations from the PwC's Paying Taxes 2015

1st in Africa

**13th in Paying Taxes
worldwide out of 189
economies**

**Online filing and
payment**

Tax regime

General

Domestic company – tax @ 15%, credit available for foreign tax suffered

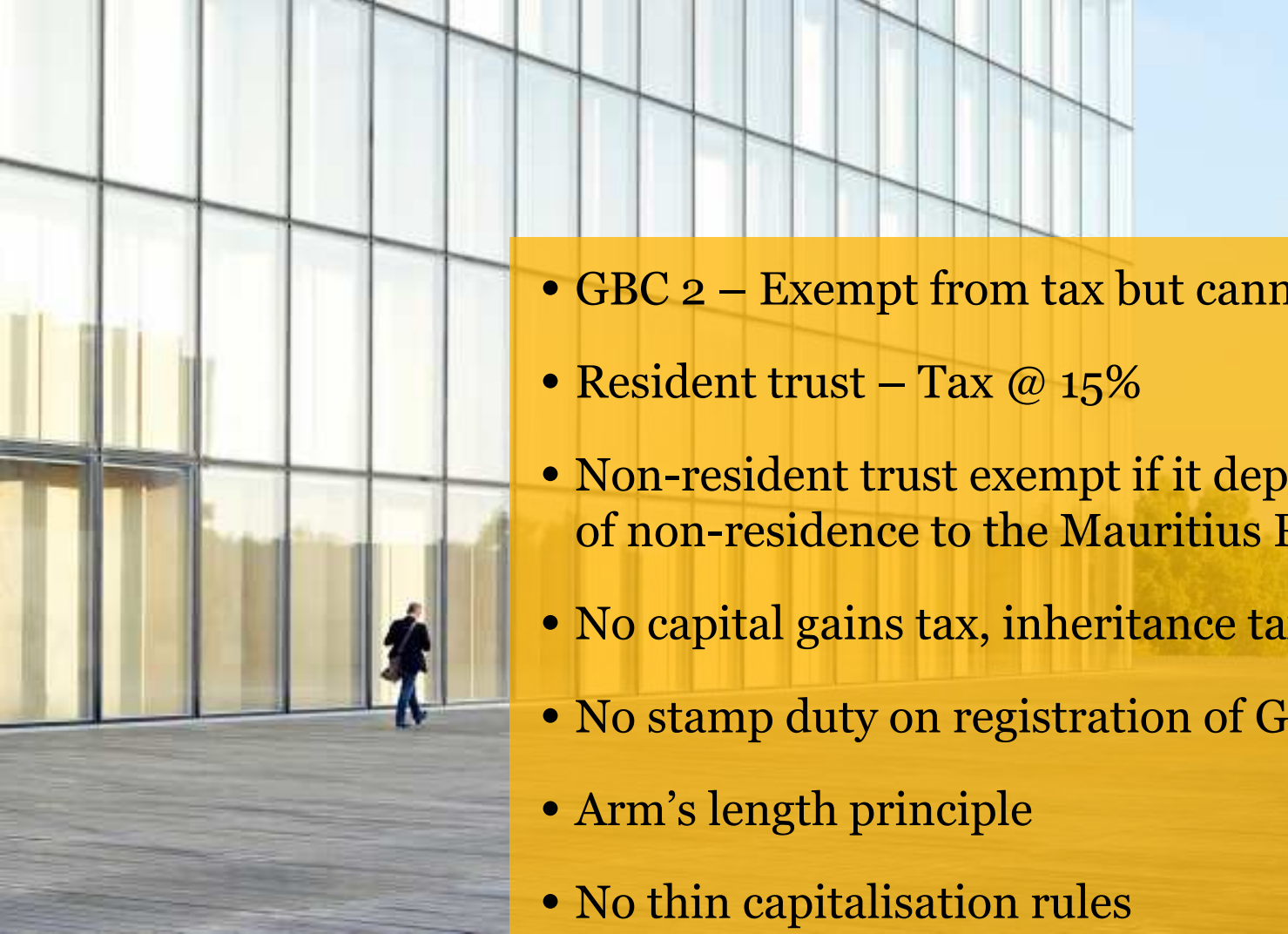
GBC1 – Tax @ 15%, but

- Foreign tax credit available equal to higher of
 - Actual foreign tax suffered; or
 - 80% of the Mauritius tax payable on that foreign source income.

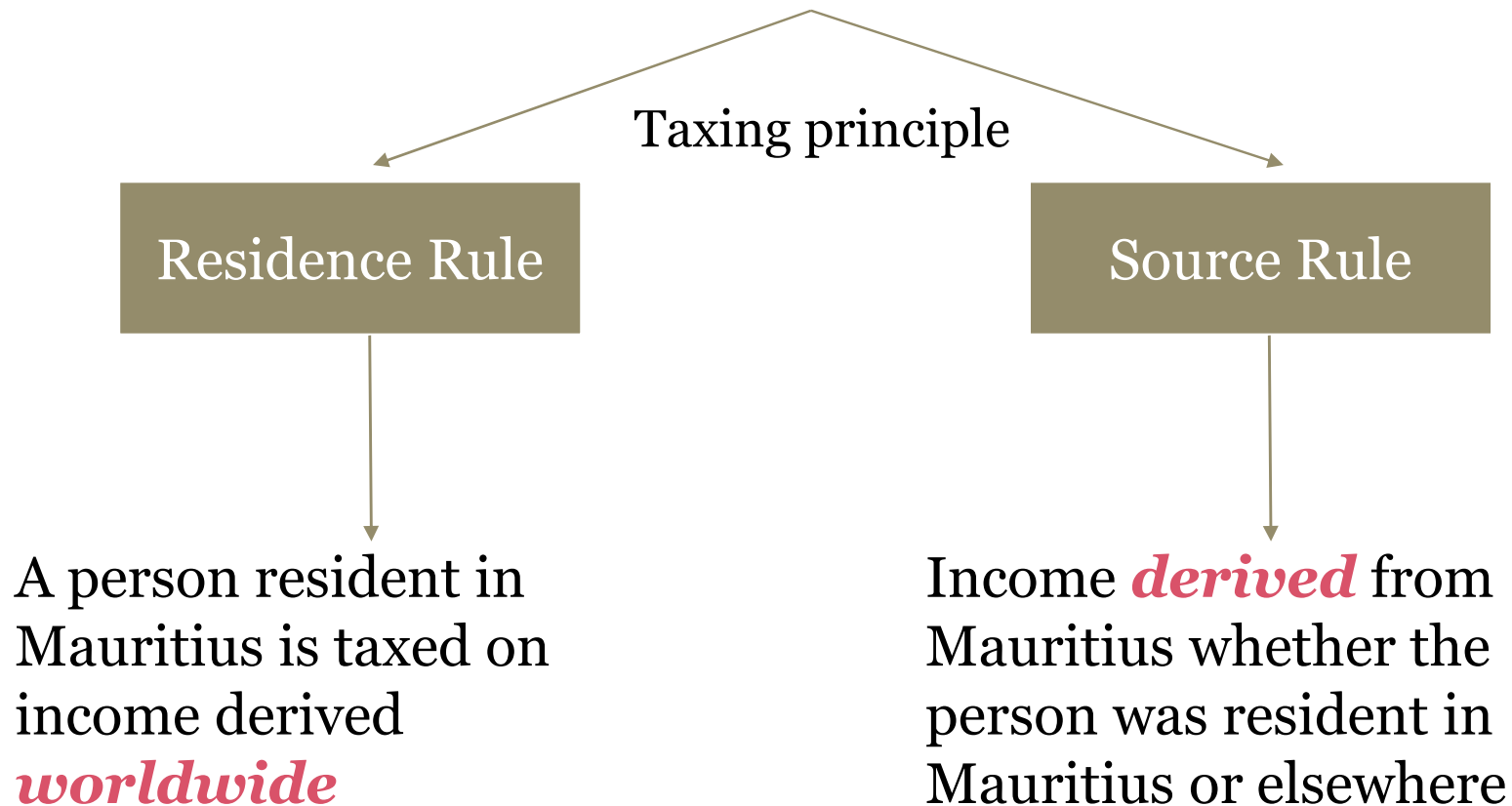
GBC 1 -Maximum tax rate – 3%

Tax regime

General

- 
- GBC 2 – Exempt from tax but cannot benefit from DTA
 - Resident trust – Tax @ 15%
 - Non-resident trust exempt if it deposits a declaration of non-residence to the Mauritius Revenue Authority
 - No capital gains tax, inheritance tax or estate duty
 - No stamp duty on registration of GBC1
 - Arm's length principle
 - No thin capitalisation rules

Tax regime



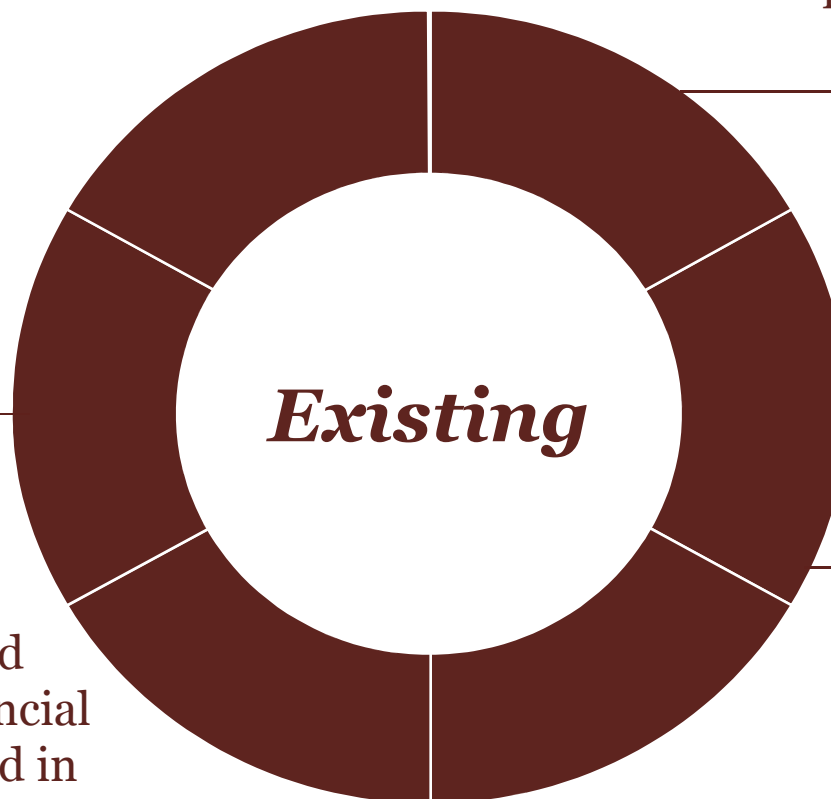
It is earned or accrued; or
It has been dealt with on his behalf

GBC 1 companies

Existing substance requirements

Have at least two directors, resident in Mauritius, who are appropriately qualified and are of sufficient calibre to exercise independence of mind and judgement.

Prepare its statutory financial statements and cause to have such financial statements to be audited in Mauritius



Maintain, at all times, its principal bank account in Mauritius

Keep and maintain, at all times, its accounting records at its registered office in Mauritius

Provide for meetings' of directors to include at least 2 directors from Mauritius

GBC 1 companies

New substance requirements

Office premises in Mauritius

Holds or expected to hold assets within next 12 months (excluding cash or shares in another GBC) worth at least USD 100k

Full time staff resident in Mauritius

Corporation's shares listed on a securities exchange licensed by the Commission

Clause in constitution whereby all disputes arising out of the constitution resolved by way of arbitration in Mauritius

Expenditure which is reasonably expected from any similar corporation controlled and managed from Mauritius

***Effective
from 1
January
2015***

Tax framework

Tax overview

<i>Item</i>	<i>Entity type</i>	<i>Tax rate</i>
1	Global Business Category 1 (GBC1)	15%
2	Freeport operators or Freeport Developers carrying on Freeport activities	Exempt
3	Global Business Category 2 (GBC2)	Exempt
4	All other companies	15%

GBC1 companies are liable to tax at the rate of 15%. However, they are entitled to a foreign tax credit equivalent to the higher of 80% of the Mauritius tax chargeable or the actual tax suffered abroad in respect of foreign-source income. The maximum effective tax rate is therefore 3%.

Tax framework

Tax overview

Item	Entity type	Tax rate
1	Value Added Tax	15%
2	Dividends received from resident companies	Exempt
3	Capital Gains	None
4	Personal Income Tax	15%
5	No Transfer Pricing regulations (only arm's length principle) and we acknowledge OECD Guidelines	

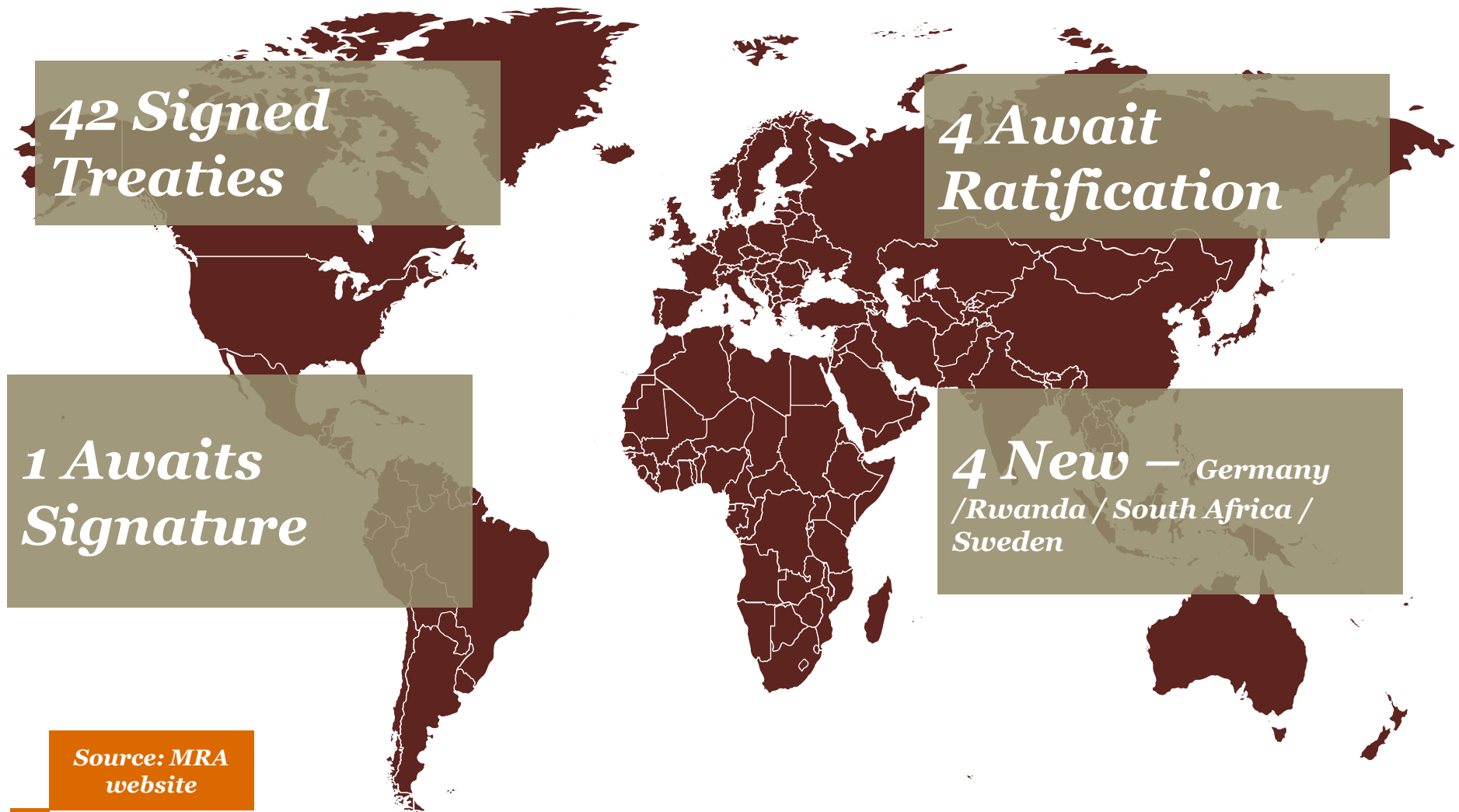
Tax compliance matters



Common features

- Self assessment regime with punitive penalties for non-compliance
- Monthly taxes payable (WHT, PAYE, VAT)
- E-filing and e-Payment of CIT

Double Taxation Agreements



Tax regime

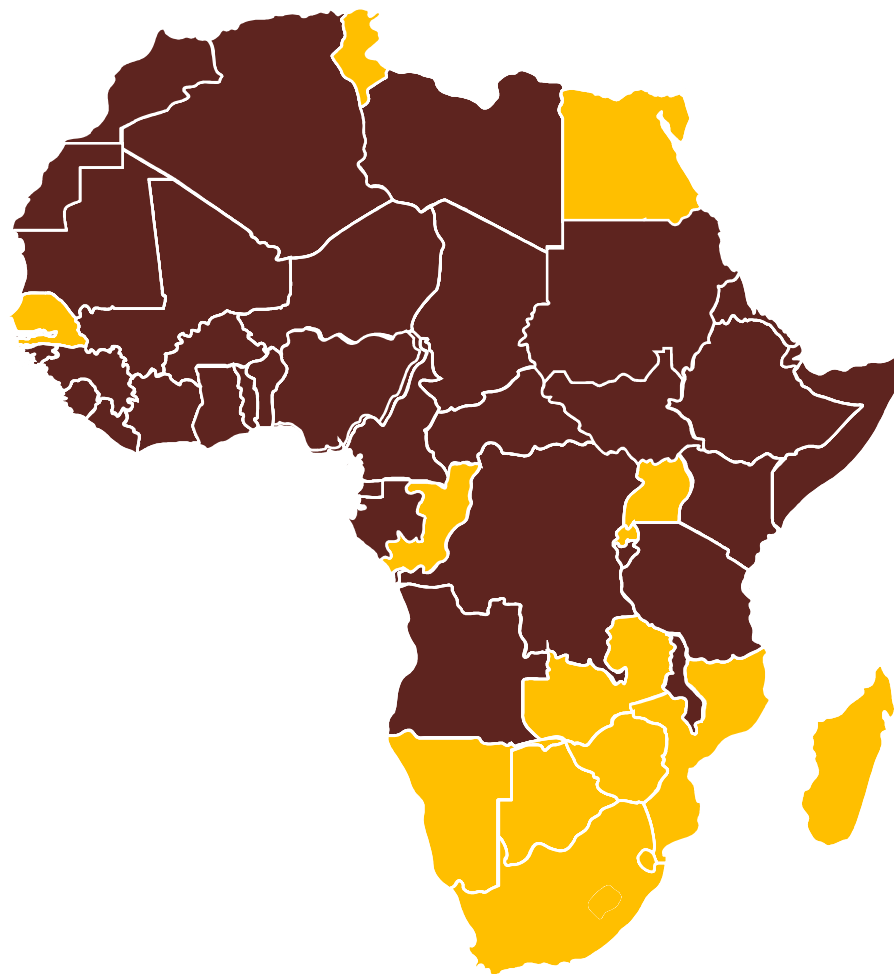
Double tax treaties

Treaties in force

Botswana	Senegal
Congo, Rep. of	South Africa
Egypt	Swaziland
Lesotho	Tunisia
Madagascar	Uganda
Mozambique	Zambia
Namibia	Zimbabwe
Rwanda	

Treaties being negotiated/signature

Algeria	Kenya
Burkina Faso	Malawi
Cape Verde	Morocco
Gabon	Nigeria
Ghana	Tanzania



Tax Framework

4.1. Tax overview

4.2 Tax incentives

4

Tax framework

Tax incentives

Free Trade Zones

Foreign tax credit

Accelerated capital allowance for companies



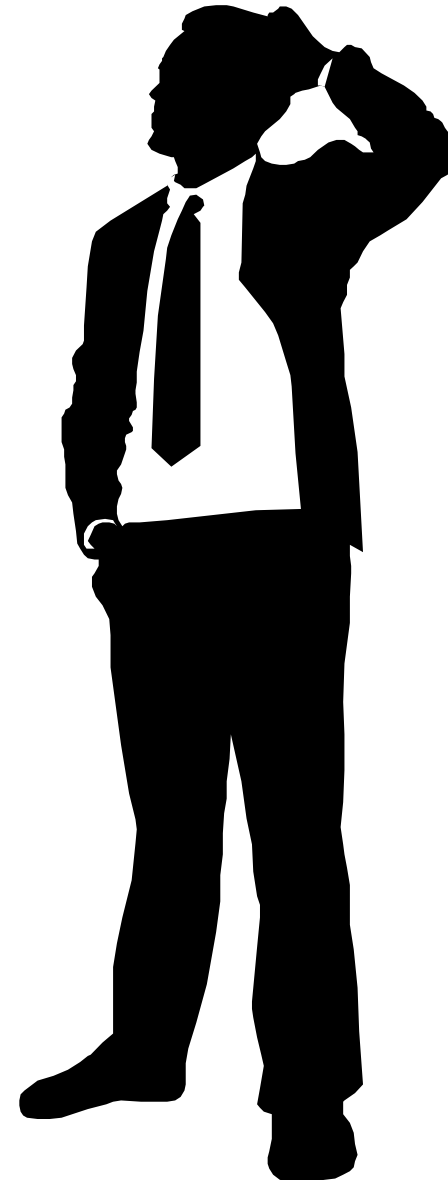
Planning

5

Tax Framework

Structuring considerations

**Where to locate
your holding
company?**



Tax Framework

A holding company location

Initial Set-up

- Nominal share capital amount of USD1 required, no thin capitalisation rules.
- No stamp duty or registration taxes.
- No foreign exchange control.

Operation

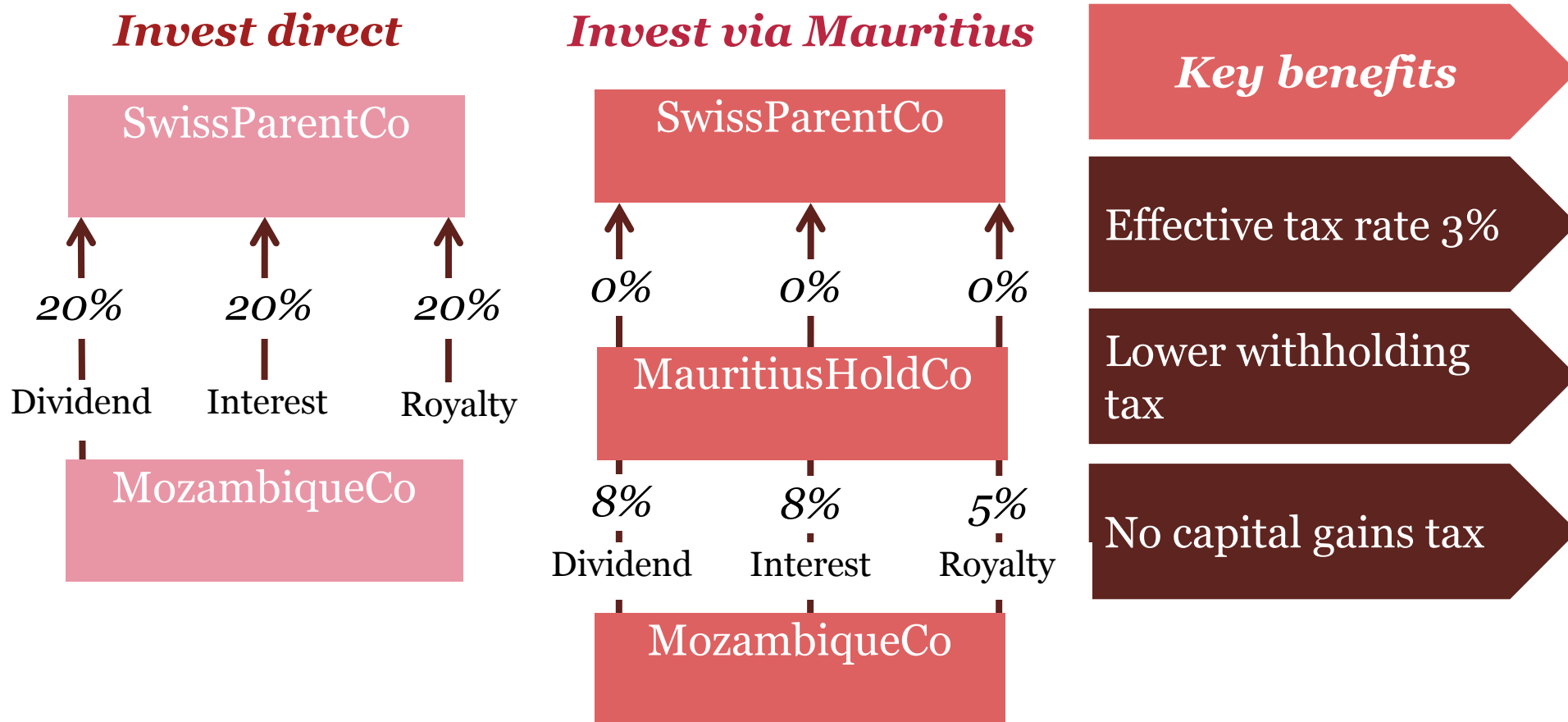
- Use of tax treaties to minimise exposure to withholding tax.
- Net income taxed at a maximum effective rate of 3%.
- Tax free repatriation of profits - No withholding tax on royalty, dividend and interest.

Exit

- Gains arising on the disposal of shares in GBC1 are exempt.
- Gains made in respect of the sale of any underlying investments are exempt.
- No capital gains tax.

Tax Framework

Investing direct or via Mauritius



Tax Framework

A business hub concept



Opportunities

- Regional headquarter
- Manufacturing for Africa
- Shared service centre
- Regional treasury management

Benefits

- No foreign exchange control
- Bilingual workforce
- Favourable time zone
- Duty free access

Doing Business in Seychelles





Agenda

Country context

Business vehicles

Legal and labour

Structuring

Country context

6.1. General

6

Country context

General

Where is Seychelles?

The Seychelles is an archipelago of 115 islands in the Indian Ocean off East Africa.

With a population of only 92,000 people and an area of 459 km², the Seychelles is known for its beautiful beaches, coral reef, nature reserve and rare wildlife.



Country context

General

History

- The first sighting of Europeans around the islands was by Portuguese Admiral Vasco da Gama but the earliest recorded landing was by the British in 1609.
- The islands were used as transit point for trade between Africa and Asia before the French took control in 1756.
- The islands were named after Jean Moreau de Séchelles.
- The islands remained in French colony until the British took over in 1814.
- Seychelles achieved independence from Britain in 1976 and became a Republic within the Commonwealth.

Country context

Business attractions

Economy

- The economy of Seychelles is based mainly on fishing, tourism and agriculture
- Agricultural produce include coconuts, vanilla, sweet potatoes, cinnamon, cassava, bananas and tuna
- Industrial activities include small scale manufacturing, particularly agro-processing
- Government and state owned enterprises employ two-thirds of labour in the country
- Oil is imported into Seychelles and then the surplus is exported for ships and aircrafts

Business Vehicles

- 7.1. Types of entities
- 7.2. Establishing a subsidiary
- 7.3. Key features
- 7.4. Tax features



Business Vehicles

Types of entities

Business may be conducted in a variety of forms in Seychelles, such as:



International Business Company (IBC)

Company Special Licence (CSL)

Domestic Company

Business Vehicles

- 7.1. Types of entities
- 7.2. Establishing a subsidiary
- 7.3. Key features
- 7.4. Tax features



Business vehicles

Establishing a subsidiary

International Business Company (“IBC”)

- An IBC is a simple but flexible tax-efficient entity, ideal for a wide range of uses such as asset protection, investment holding, trading, etc.
- An IBC is defined in the Act as a company that does not:
 - carry on business in Seychelles
 - own an interest in immovable property situated in Seychelles, or a lease right of an immovable property situated in Seychelles
 - otherwise has a lease of property for use as an office from which to communicate with members or where books and records of the company are prepared or maintained
 - carry on banking as defined in the Financial Institutions Act 1984 or a trust business

Business vehicles

Establishing a subsidiary

International Business Company (“IBC”)

- carry on business as an insurance or a reinsurance company; or
- carry on the business of providing the registered office for companies
- An IBC is required to have a minimum of one director and one shareholder, each of whom may be a natural or legal person
- There is no minimum or maximum capital requirement for an IBC
- There is no requirement to prepare or file annual audited accounts with the authorities
- The IBC is fully exempt from tax in Seychelles

Business vehicles

Establishing a subsidiary

Special Licence Company (“CSL”)

- A CSL is a domestic company incorporated under the Companies Ordinance 1972, which is granted a special licence under the Companies (Special Licence) Act 2003
- A CSL may carry on permitted business activities outside Seychelles
- A CSL may engage in a range of activities, including international investment holding and intellectual property licensing
- A CSL must have at least 10% of its authorized capital issued and paid up, and is required to have a minimum of two directors who must be natural persons
- A CSL must have local directors in order to qualify for benefits under the income tax treaties signed by Seychelles

Business vehicles

Establishing a subsidiary

Special Licence Company (“CSL”)

- A CSL requires a minimum of two persons as members, and it must have a secretary of the company who must be a Seychelles resident or a body corporate incorporated in Seychelles
- A CSL must file its audited accounts and annual return with the authorities not more than 90 days after the end of each financial year
- A CSL has substantial statutory tax advantages, including benefiting from Seychelles income tax treaties under certain conditions
- A CSL is taxed at the rate of 1.5% tax on its worldwide income and is exempt from any withholding taxes on dividends, interest and royalties

Business vehicles

Establishing a subsidiary

Domestic Company

- A domestic company must have a minimum of 2 directors being natural persons
- The directors can be either resident or non-resident in Seychelles
- A domestic company must have a Company Secretary who must be a Seychelles resident or a corporate body incorporated in the Seychelles
- A domestic company is subject to corporate income tax on its profits at a rate of 25% up to SR 1m, any excess profit above SR 1m is taxed at 30%
- Losses can be carried forward for 5 years but cannot be carried back
- There is no capital gains tax in Seychelles

Business Vehicles

- 7.1. Types of entities
- 7.2. Establishing a subsidiary
- 7.3. Key features
- 7.4. Tax features



Business vehicles

CSL vs IBC – key features

S/N	Item Distinction factor	CSL	IBC
1	<i>Migration of domicile permitted</i>	Yes (incoming & outgoing)	Yes (incoming & outgoing)
2	<i>Restriction on activities</i>	Yes	Yes
3	<i>Tax Resident</i>	Yes	No
4	<i>Tax on worldwide profits</i>	1.5%	None
5	<i>Access to Double Taxation Avoidance Treaties</i>	Yes	No
6	<i>USA Tax information exchange agreement</i>	No	No
7	<i>Licence fees (excluding taxes)</i>	USD 1,200	USD 100 fixed for life
8	<i>Audited Accounts</i>	Mandatory	N/A

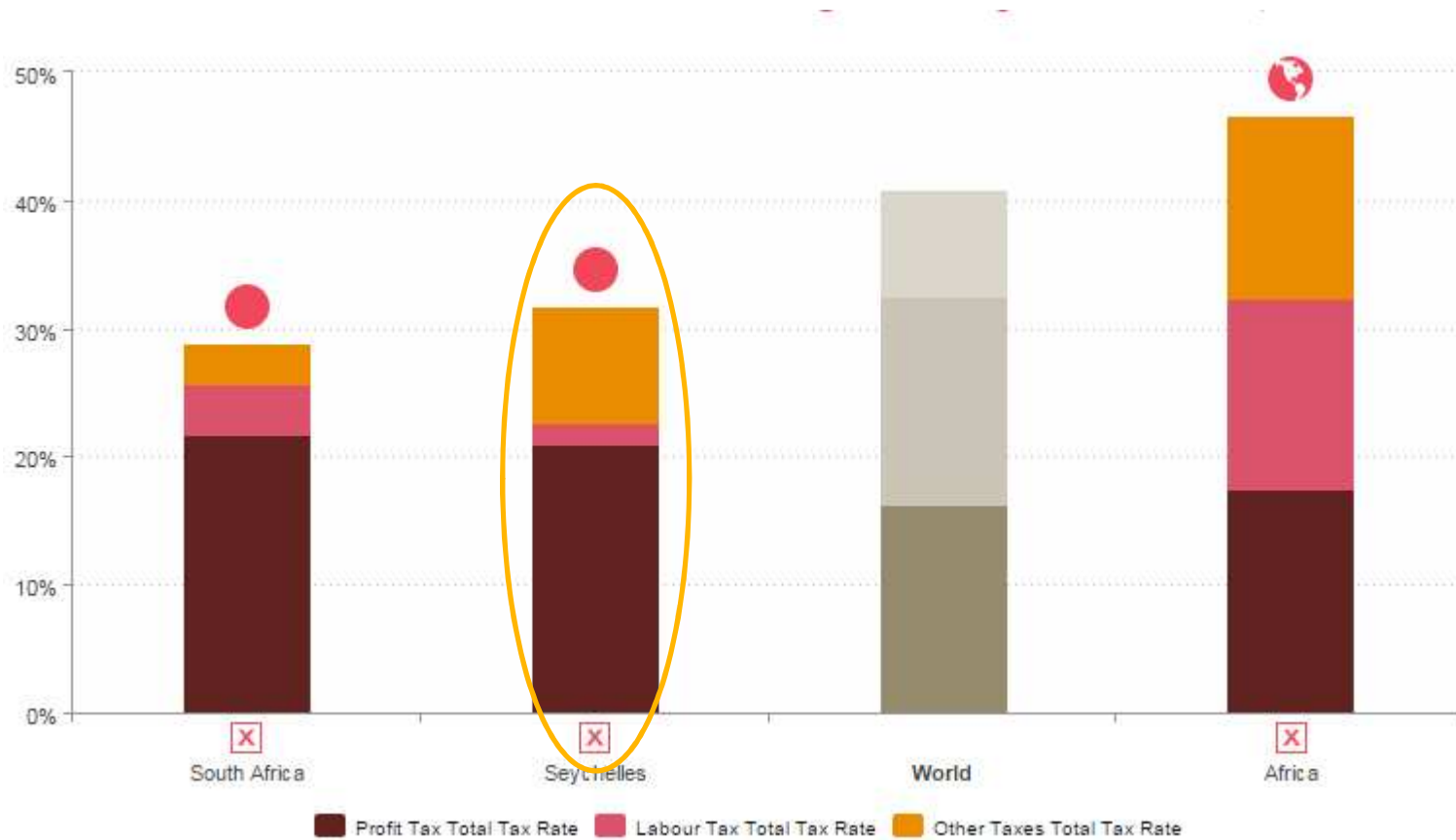
Business Vehicles

- 7.1. Types of entities
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- 7.4. Tax features



Tax regime

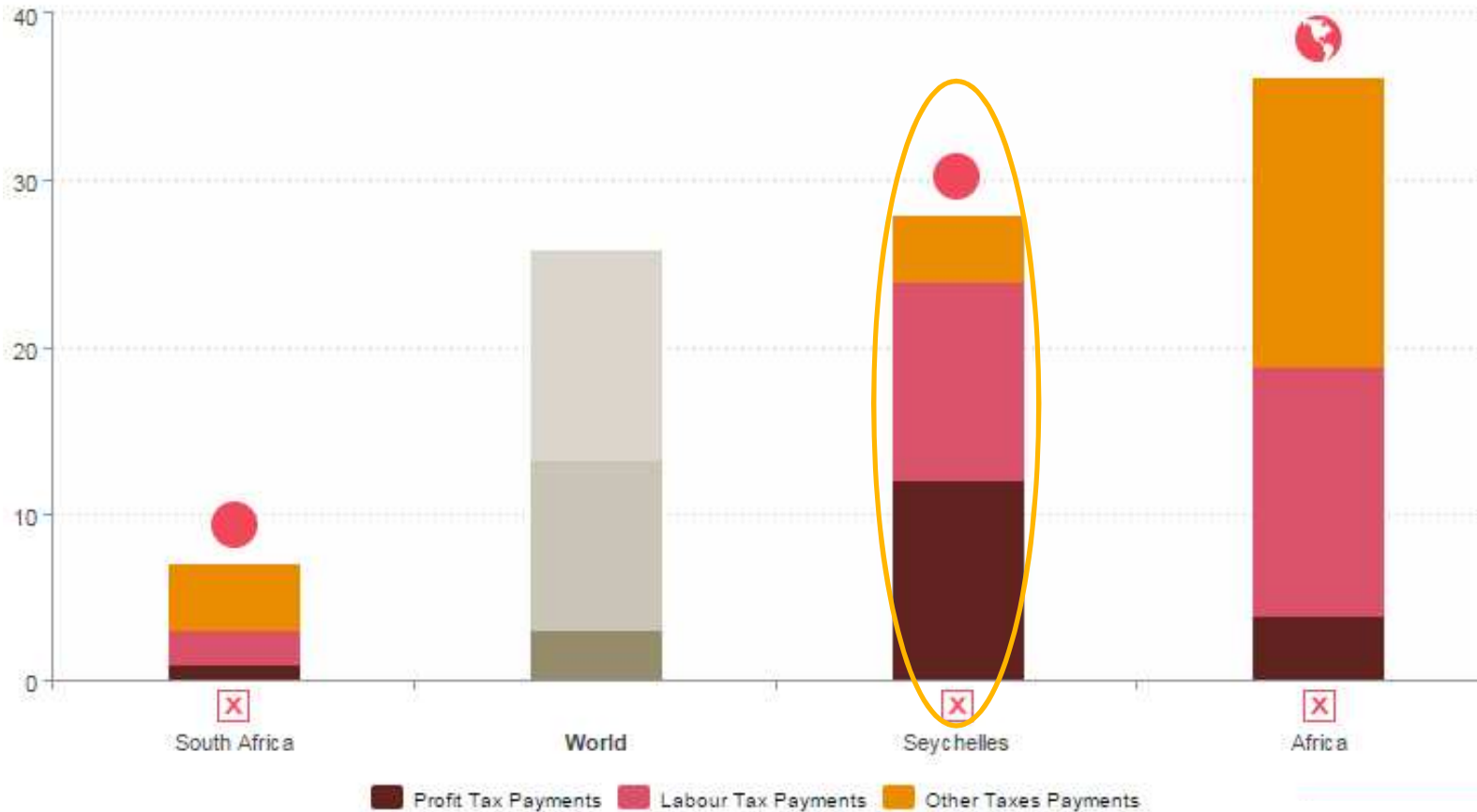
Comparing total tax rate



Source: PwC Paying Taxes 2015

Tax regime

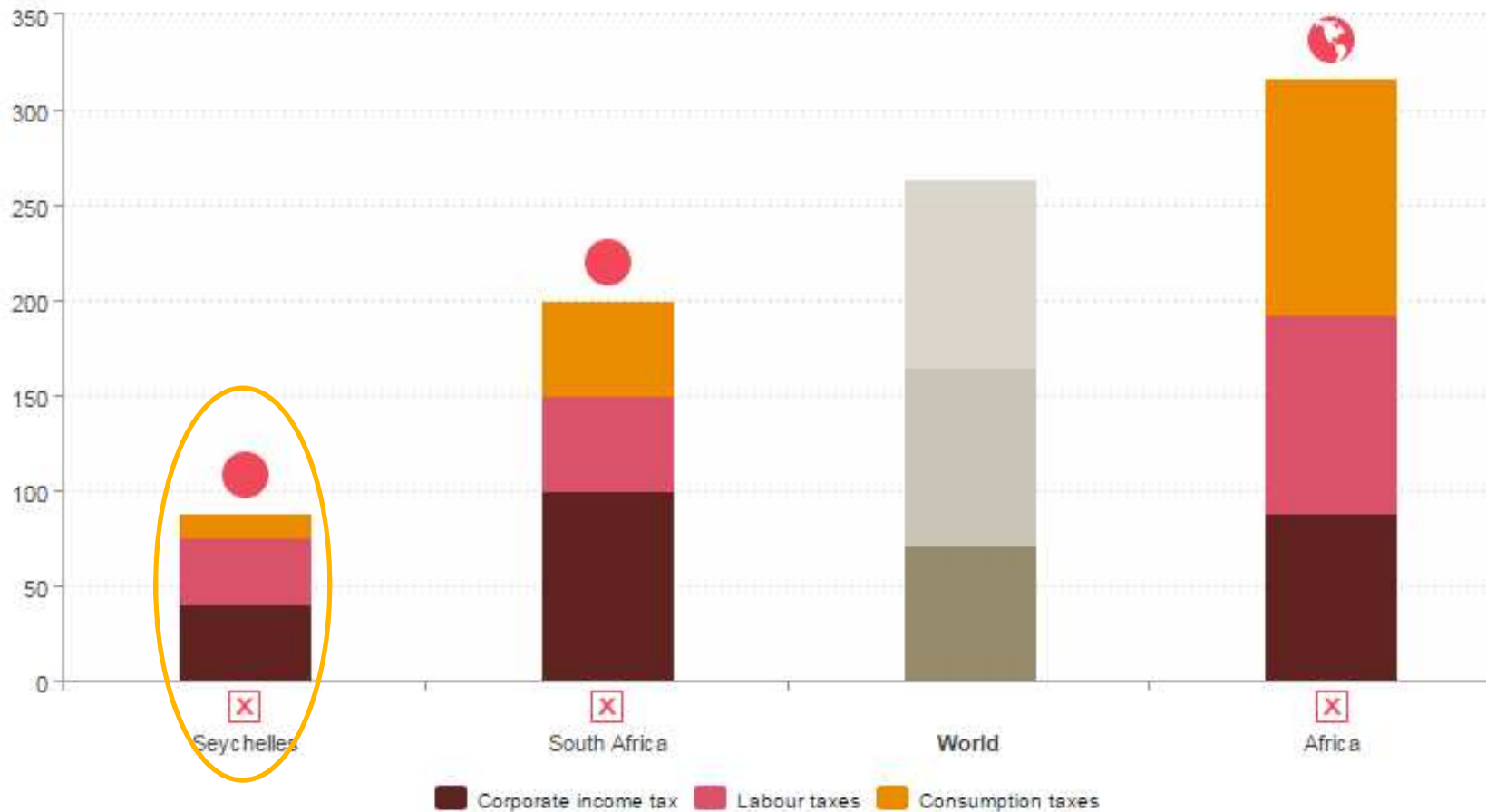
Number of payments



Source: PwC Paying Taxes 2015

Tax regime

Time to comply



Source: PwC Paying Taxes 2015

Business vehicles

Company vs IBC – tax features

S/N	Item Distinction factor	CSL	Company
1	<i>Tax rate</i>	1.5% on worldwide income	25% on first SR 1m and 30% on taxable income over SR 1m
2	<i>Capital Gains Tax</i>	N/A	N/A
3	<i>WHT</i>	Exempted	15% (dividend, interest, management fees)
4	<i>VAT</i>	Exempted	0%/15%/exempt – threshold to register SR 2m
5	<i>Corporate Responsibility Tax</i>	Exempted	0.5% of gross income
6	<i>Tax losses</i>	5 years carry forward	5 years carry forward
7	<i>Transfer pricing</i>	No TP regulations	No TP regulations

Legal and labour

8.1 Legal system at a glance

8

Legal and Labour

A hybrid of the French & English systems

1 Regulatory framework

- i* Seychelles law is based on the English Common Law and the French Civil Law
- ii* Commerce and financial legislation is based on English Law
- iii* Business and investment in Seychelles is specifically regulated by the Seychelles Investment Act 2010
- iv* The main regulatory bodies include:
 - a) Seychelles Investment Board
 - b) Seychelles Financial Services Authority
 - c) Registrar of Companies
 - d) Seychelles Revenue Commission

2 Labour

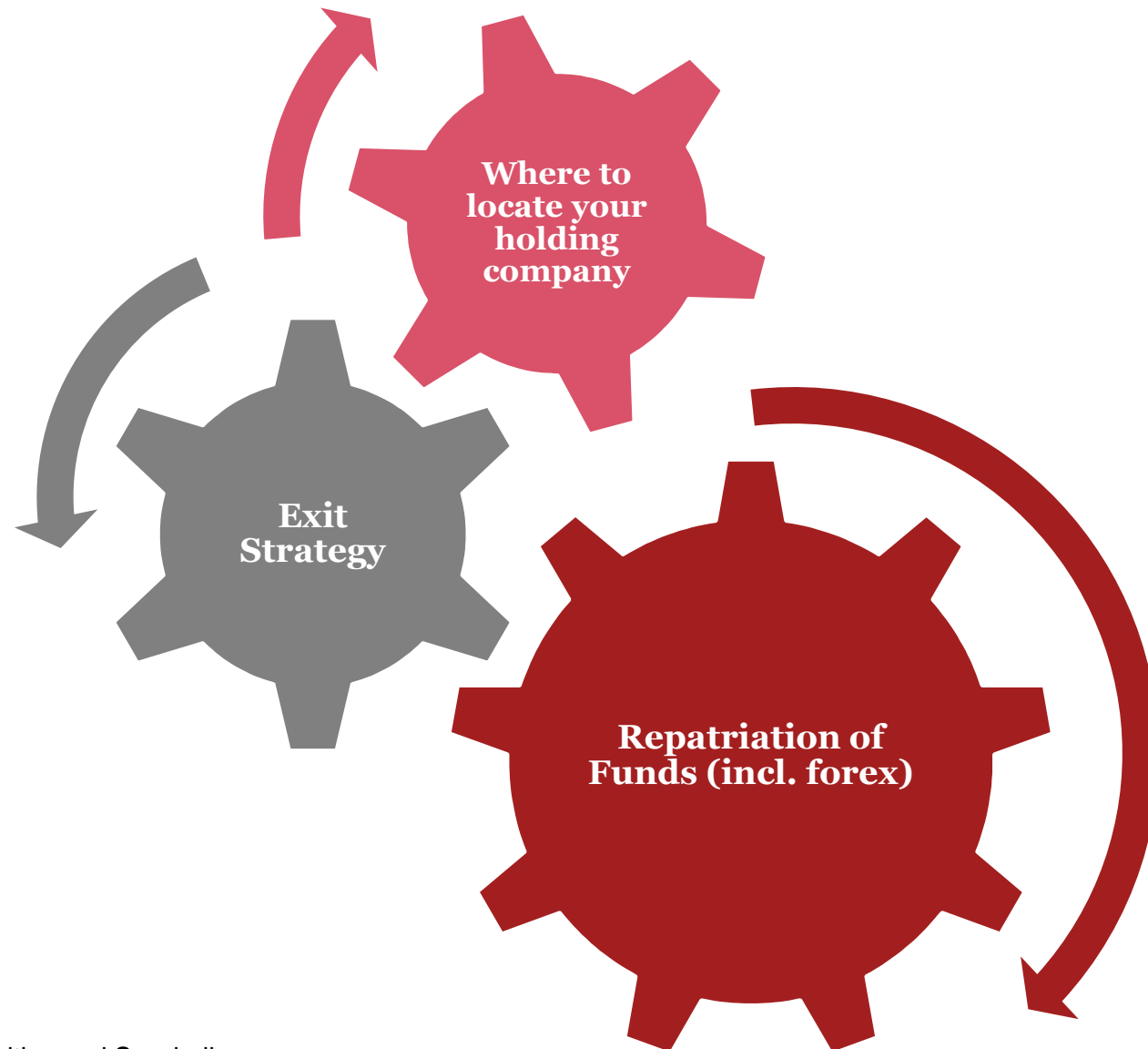
- i* Employment in Seychelles is regulated by the Employment Act 1995
- ii* Work permits are costly, and very few opportunities are available for foreigners looking for jobs
- iii* Any person seeking to employ expatriates in Seychelles must apply for a Gainful Occupation Permit (“GOP”) from the Ministry of Employment and Human Resources
- iv* The processing fee of the GOP is SCR 1,000 (USD 85) plus a permit fee for the whole duration of the permit being sought for SCR 700 (USD 60) per person per month

Structuring

9

Tax Framework

Structuring considerations



Structuring considerations

Comparing Mauritius, Seychelles and South Africa

	Mauritius	Seychelles	South Africa
Double tax treaty network	42	20	74
• <i>Within Africa</i>	16	6	21
• <i>Rest of world</i>	26	14	53
Exit – capital gains tax	No CGT	No CGT	CGT exists
Tax efficient financing	Possible	Possible	Possible
Exchange control	Does not exist	Does not exist	Exists

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Q & A

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