



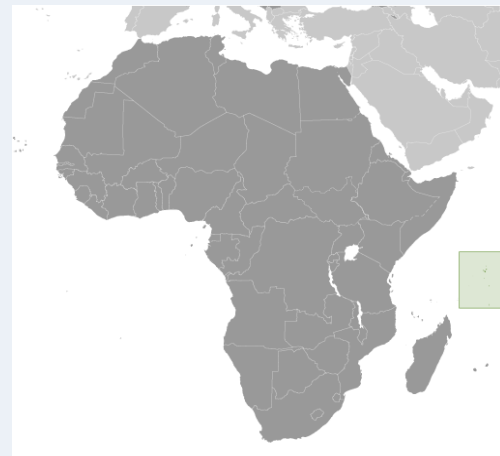
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Commercial Trust



Country Profile: Seychelles

The Facts

Location	archipelago in the Indian Ocean, northeast of Madagascar
Languages	Official – English Spoken – Seychellois Creole
Nationality	Seychellois
Religions	Roman Catholic – 82.3% Protestant – 7.5% Others – 10.2%
Government	Republic
Head of Government	President
Legislature	Unicameral National Assembly
Constitutional Document	Constitution of the Republic of Seychelles
Economy	Seychelles' economy relies on tourism and foreign direct investment. The government provides business-friendly environment by establishing various business incentives and investment policies. Seychelles also has a stable political environment, skilled human resources and large growing market to support foreign investments.
Currency	Seychelles Rupee (SCR)
GDP (2011)	Total – SCR 12.60 billion Per capita – SCR 138,700 Real GDP growth – +5.1%
Population	900,000 (approx.)
Percentage of population	Racially mixed – 70% Others – 30%
Area	455 km ²
Time zone	SCT (SCT +4)
Public Holidays	National holidays – 14
Climate	Tropical marine



Sources: International Monetary Fund, InvestInSeychelles.sc, Central Intelligence Agency

Seychelles

Seychelles, officially known as the Republic of Seychelles, is an island country spanning an archipelago of about 115 islands in the Indian Ocean. Having an estimated population of about 90000, Seychelles has the smallest population for any African state. However, it also has the highest Human Development Index (HDI) in Africa, thus showcasing a good measure of life expectancy, literacy, education and general quality of life. This archipelago of legendary beauty also has an Exclusive Economic Zone (EEZ) of more than 1.3 million square kilometres that specifically caters to Business and Investment opportunities for both local and outstation business ventures. Located outside the cyclone belt, with a time zone that has overlapping working hours with most major financial centres of the world, Seychelles is a safe haven for foreign investors. Its excellent sea and air communications with Europe, USA, Asia and Africa also make it an ideal place to conduct overseas business. Here's a look at some major reasons why most foreign investors want to invest in the Republic of Seychelles.

The Seychelles Business Climate

There are several reasons to invest in Seychelles:

- **Progressive economic outlook:** During the 1970's and 80's, economic activity in Seychelles became centralized in the hands of about 30 corporations, with the majority of shares in the hands of Government. This was primarily done to stabilize the economy and reduce its susceptibility to external shocks. As a result of this stabilization process, the development of infrastructure, education and health was progressively undertaken to create a solid base for future economic growth. Now the country finds itself in the process of privatizing state held assets, so as to enable a totally free market economy with much greater private sector involvement. A stable political environment with solid and beneficial government policies that welcome and support local and foreign investment has been successfully established.
- **Excellent infrastructure and well established legal system:** Seychelles boasts of excellent infrastructure that facilitates and supports ease of business for all kinds of companies. It has very good sea and air links to Europe, USA, Asia and Africa, and comprehensive and well laid out road networks that make commuting very easy both locally and globally. The Republic of Seychelles also has an excellent telecommunications network and provides all kinds of IT services. The extensive and efficient port facilities also aid a greater flow of business and investment opportunities. The legal system is based on the English Commercial Law, which provides a highly conducive legal environment for businesses. Concessions for both local and foreign investors are guaranteed by the law.
- **Highly skilled human resources and bountiful natural resources:** Seychelles has the highest Human Development Index (HDI) in Africa, and this can be corroborated by the fact that the country has exceptionally high adult literacy rates. According to the United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics, the combined literacy rate for the total population is a very respectable 91.8%. The Republic boasts of a highly skilled local workforce that is fluent in English, French and Creole. The Republic of Seychelles adheres to the highest environmental standards and has a clean and unpolluted natural water supply all year round. Land leasing costs are attractive and nominal. The major natural resources include an abundance of fish, coconut, cinnamon, salt and iron. The major exports are canned tuna, frozen prawns, cinnamon barks, copra and medicaments. With an abundance of natural resources, it is quite easy to operate a business in Seychelles.



- **Large and rapidly growing market:** The Republic of Seychelles is home to more than 85000 local consumers with growing disposable incomes. The various legislative and judiciary reforms since the 1970's have facilitated a rapidly growing middle class. A rise in consumerism has seen a spurt in the need for local workers, and there is nearly a 96% possibility for the recruitment of foreign workers in various sectors of this growing economy. The amount of foreign visitors in 2010 had crossed the 140000 mark annually, and the numbers have only been on the rise since.
- **Healthy business environment:** Establishing a business in Seychelles is very easy and convenient. There is no requirement for individuals or companies to complete complex administrative procedure and the overall business environment prevalent is very dynamic and corruption free. Furthermore, government policies have been shaped in a manner that is very favorable and cost effective to interested investors.

Setting up a Business in Seychelles

According to 2012 Doing Business Report by the World Bank, the Republic of Seychelles ranks 76 out of 185 economies in terms of ease of doing business. According to the report, starting up a business takes about 39 working days. To successfully establish a company in Seychelles, one must complete the following major steps:

- **Verifying the company name:** The first step in starting a company in Seychelles is to decide a proposed name for the company, and get it verified and approved by the Registrar of companies. This procedure is done free of cost and takes one or two working days to complete.
- **Notarizing the memorandum:** The next step is to notarize the signatures of the memorandum by a notary or attorney, and obtaining declaration by the same that the documents comply with the Companies Act. This costs anywhere between SR 5000 and SR 15000 and takes another working day to complete.
- **Depositing documents at companies division of registrar general:** The next step to take is to deposit the notarized documents and memorandum at the Company Division of Registrar General for stamp duty assessment. One also needs to pay the due stamp duties at the registry. The cost of this procedure is covered under the second step and it usually takes three to four working days to complete.
- **Obtaining registration certificates:** After completing the procedures at the Registrar, one needs to obtain the Registration Certificates. Although this procedure is free of cost, it takes around six to ten working days for one to obtain the said certificates.
- **Filing of particulars of the company and obtaining business license:** Once the Registration Certificates have been obtained, the next step is to file all the particulars of the directors, the company itself and its registered office. This costs about SR 50 per document and takes about a seven working days to complete. Once the particulars have been filed, there is again a waiting period of anywhere between seven to twenty-one working days for obtaining the business license and the cost incurred is around SR 1000 (for a retail company).

Once these major procedures are completed, the final steps to forming a company in Seychelles involve registering for taxes at the Revenue Commission, registering as an employer with Social Security Division and registering with the Employment Services Bureau. These three steps are completed free of cost and usually take about three working days.

Types of Business Structures in Seychelles

Depending on the various needs, there are a number of business structures which can be used to carry out a successful business in Seychelles. The International Business Act (IBC) instated in 1994 incorporates most of the companies formed in Seychelles. However, this law does not supersede the Companies Act of 1972, which is based on English Law, and is still used by a vast majority of companies that are operating and trading in Seychelles. In choosing the optimal form of business structure for a company, one has to consider the advantages and disadvantages of the various types on offer. Here is a closer look at the important business structures in Seychelles:

- **International Business Company:** The International Business Company (IBC) is the most widely used form of business structure in Seychelles. It normally takes the form of a private company limited by shares, but can also be a Limited Life Company. The governing legislation for these types of companies is the International Business Companies Act, 1994 (as amended). Statutory requirements are minimal, and flexible. The major condition to this type of business is that no transaction of business can be done with residents of Seychelles. There is no minimum capital requirement and shares may be issued in any currency. Fees for incorporation of an IBC are based on the company's authorized share capital.
- **Special License Company:** Special License Companies (CSL) are formed under the Companies (Special License) Act, 2003. Unlike the IBC, a CSL may carry on permitted business both inside and outside Seychelles. Another big advantage with a CSL is that it is granted a special license under the Companies Act, 1972 and thus has substantial tax advantages, including access to the Seychelles Double tax agreements. Nominee shares are permitted while bearer shares are not. Foreign shareholders are also permitted. An official company return and audited accounts must be filed annually.
- **Limited Partnership:** Limited Partnerships (LP) are formed under the Limited Partnership Act, 2003. An LP also has substantial statutory tax advantages including the ability to receive income from sources outside of the Seychelles and distribute the same income to foreign partners without incurring a Seychelles tax liability. An LP is highly suitable for international joint ventures. The LP is required to have one or more partners who are liable for debts of the LP, and one or more partners who don't have this liability. Furthermore, at least one general partner should be a Seychelles person or entity (either a resident individual or an IBC, CSL or LP). An annual certificate must be filed verifying compliance by the LP with the provisions of the Act.
- **Trusts:** The International Trusts Act, 1994 established the groundwork to provide for international trusts in Seychelles. Under the Act, the Seychelles International Business Authority (SIBA) is appointed the regulating body for trusts, alongside the court. Such trusts may be created in writing, by will or by oral declaration. Deemed trusts are admitted, as are those resulting from a court decision. The standard perpetuity period is 100 years and accumulation of income is permitted. An international trust is exempted from paying tax in Seychelles. Only a registration fee of USD 100 is payable to SIBA.

Taxation

Doing business in Seychelles requires paying some taxes. The country's tax system is managed and governed by the Seychelles Revenue Commission (SRC). According to the 2012 Doing Business Report by the World Bank, the corporate tax rate in Seychelles is 25% on the first SR 1000000, and 33% on the remainder profits. Apart from this one also has to pay a tax of 10% on their interest income and an Employer Pension Fund tax of 2% on the gross salary.



Immigration and Visa Requirements

Irrespective of the nationality of a person, there are no Visa requirements to enter Seychelles as a visitor for about a period of one month. However, to successfully obtain immigration clearance and enter Seychelles, one has to show the following documents on their arrival at the Seychelles International Airport:

- A passport valid on the date of entry to, and exit from, the Republic of Seychelles
- Return or onward ticket
- Proof of accommodation, including contact details
- Sufficient funds for the duration of the stay

Apart from the above procedures, an individual wishing to work in Seychelles has to apply for a Gainful Occupation Permit (GOP). The GOP allows the holder to be employed in Seychelles as either the employer, or as a self-employed person. One is required to fill the GOP application form and submit it to the Immigration Office, at least one week before he/she intends to start working. There is a processing fee of SR 1000 for the application, and the GOP itself costs SR 700 per month. The fee for the whole duration has to be submitted with the application.

Banking Requirement

Just like with other banks in the world, it is quite simple to open a bank account in Seychelles. Both personal and corporate bank accounts can be opened, onshore or offshore. International customers are offered many opportunities and services, with a quick and easy application procedure. A new account holder will generally be given a debit card and a cheque book. Internet banking facility is also available. The following documents are needed to open an account successfully:

- **Personal Account:** Copy of your passport, proof of address and recommendation letter from a lawyer, accountant or some other bank (all these documents must be issued within three months).
- **Corporate Account:** Copy of your passport, proof of address, recommendation letter from a lawyer, accountant or some other bank, notarized copies of all your company documents including Certificate of Incorporation and Statement of Shareholders, and Board Resolution for opening the bank account (all these documents must be issued within three months).

Reference

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