

Pool and Patel Chartered Accountants
P.O.Box 117
Palm Street, Maison La Rosiere
Victoria, Mahe
Seychelles

Dear client,

Budget highlights, 2023

The Minister of Finance, Mr Naadir Hassan presented the Budget of Government of Seychelles at the National Assembly on 4th November 2022.

He presented fiscal proposals through which the government aims to achieve a budget surplus in the mid-term and a reduction of government debt from 92% of GDP as of 2020 to 65% towards the end of 2023.

This memorandum has been prepared as a general guide, exclusively for the information of our clients and staff.

These proposals may be subject to alteration during the passage of the legislation through the Parliament. Therefore, conclusions and decisions should be made only after due consideration and consultation. For additional information and guidance on the proposed changes, Pool and Patel Chartered Accountants will be pleased to assist you.

Yours faithfully,

Pool and Patel Chartered Accountants

BUDGET HIGHLIGHTS 2023

November 2022

BUDGET 2023 Primary objectives;

- To invest more in the infrastructure and to gain a budgetary surplus in the mid-term
- Reduction of government debt from 92% of GDP as of the end of 2020 to 65% towards the end of 2023.

Macro-economic statistics and outlook

	2021	2022 As of Oct	Projections		
			2023	2024	2025
Government expenditure			SCR 10.5Bn		
Government revenue & grants			SCR 10.7Bn		
Fiscal (deficit)/ surplus % of GDP	-15%	-1.1%	1.1%	2.2%	3.5%
Debt % of GDP	92%	68%	Plans to reduce the debt by 50% by 2026		
GDP growth estimates % y/y		10.6%	5.4%		
Current account deficit % of GDP	11%	7.2%	5.70%		

The main areas of government expenditure are SCR 1.4Bn, SCR 1.3Bn, and SCR 1.2Bn allocated for Health sector, Education sector, and Agency for Social Protection, respectively.

1. Amendment to taxes and charges

1.1 Introduction of Environment Levy for visitors

A new levy will be implemented under the environment protection law which will be charged to visitors to Seychelles, coming into effect from 1st April 2023. The Revenue Commission will be responsible for the collection of this revenue. This new levy will also be applicable to yacht charters. The method of collection of this levy has not been disclosed.

The following rates will be charged for each room night occupied by a visitor in Seychelles:

Category	No of rooms	Rate per room night
Small hotels	24 rooms or less	SCR 25
Medium hotels	25-50 rooms	SCR 75
Big hotels	Over 50 rooms	SCR 100

1.2 New turnover tax on medium and large hotels

A tax of 2% will be imposed on the turnover of medium and large hotels as from 1st January 2023. This will be a new tax. The definition of medium and large hotels for this tax has not yet been advised.

1.3 Revisions in rate for Immovable Property Tax

The rate of immovable property tax will increase from 0.25% to 0.5% effective from 1 January 2024. This tax applies to non-Seychellois who own property for residential purpose in Seychelles.

1.4 Revisions to Business Tax rates for Security Dealers whose income is sourced or deemed to be sourced in Seychelles

	Existing rate	New rate	Remarks
Applied tax on assessable income, if the company has 'substance' in Seychelles	1.5%	3.0%	New rate applicable from January 2023

Furthermore, the Government is finalizing the framework regarding the 'substance' criterion, to ensure that everything is clear.

1.5 Introduction of a new, special regime under Business Tax for the fish processing and aquaculture sector

The government will introduce a business tax rate of 15% on all profits made by these two sectors as from 1st January 2023.

A new business tax regime came into application on 1st January 2022 as follows.

Profit band	2021	New rates 2022
For Telecommunications, Banking, and Insurance		
Profits of up to SCR 1 million	25%	25%
Profits of above SCR 1 million	33%	33%
Other business categories		
Profits of up to SCR 1 million	25%	15%
Profits of above SCR 1 million	30%	25%

1.6 Tax rate reductions and the structure of benefits given by employers under the income tax act

As from 1st January 2023, the non-monetary benefits tax rate will be reduced from 20% to 15%. Furthermore, the following benefits given to employees will be exempted from tax.

- Provision of food for employees
- Any medical expenses made by employers on behalf of employees
- Any expenses incurred by an employer for the education of their employees
- Transportation expenses to take employees to and from work

1.7 Reviewing the Stamp Duty Order

Currently, any individual purchasing a residential property, whether a house or land for the first time, is exempted from stamp duty on the first SCR 2Mn, irrespective of the cost of the house or land. This has been reviewed and the exemption will now be applicable only to those individuals who are buying a plot of land or house that costs less than SCR 3Mn.