



Intercontinental Trust
(Seychelles) Limited

INTERCONTINENTAL TRUST SEYCHELLES E-NEWS

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SEYCHELLES NEWS

Global Business and Financial Services

End of grandfathering provision for companies with special licences and other licensees

The Seychelles Financial Services Authority (FSA) issued a circular on 30 June 2021 (Circular No. 17 of 2021) to remind licensees of the cessation of the grandfathering provision for the following entities as from 1 July 2021:

- i. Companies issued with a special licence under the Companies (Special Licences) Act
- ii. Non-domestic insurers licensed under the Insurance Act
- iii. Export services licensees under the International Trade Zone Act
- iv. Licensees under the Securities Act
- v. Fund administrators under the Mutual Fund and Hedge Fund Act

The cessation of the grandfathering provision is in line with the legislative amendments made in 2018 as summarized in the table below:

Entity	Legislative Changes	Grandfathering Provision		Post 1 July 2021
		Incorporated on or before 16 October 2017	Incorporated on or after 17 October 2017	
Companies issued with a special licence (CSL)	The 1.5% business tax concession and exemption of withholding tax provisions were repealed with effect as at 1 January 2019	Grandfathered – tax concessions and exemptions remained applicable until 30 June 2021	Not grandfathered – subjected to General tax rates	No tax concessions and exemptions available to CSL irrespective of their incorporation dates. General tax rates applicable to all CSL
Non-domestic insurers (NDI)	The Tax exemption was repealed as from 1 January 2019	Grandfathered – tax concessions and exemptions remained applicable until 30 June 2021	Not grandfathered – subjected to General tax rates	No tax concessions and exemptions available to NDI irrespective of their incorporation dates. General tax rates applicable to all NDI
Export services licensees (ESL)	ESL holder will not be allowed to provide any service other than repair and reconditioning of goods, warehousing and rental of storage or logistic services (provided that these activities relates to goods physically handed in the zone in Seychelles) as of 1 January 2019	Grandfathered - ESL holders are able to undertake their initially approved activities and still benefit with business tax exemption until 30 June 2021	Not grandfathered - ESL Holders must surrender their licence. Unreturned licences will be revoked	ESL undertaking activities not listed in the International Trade Zone (Amendment) Regulations, 2018 must surrender their licence by 30 June 2021. Unreturned licences will be revoked

Entity	Legislative Changes	Grandfathering Provision		Post 1 July 2021
		Incorporated on or before 16 October 2017	Incorporated on or after 17 October 2017	
Licensees under the Securities Act	<p>As from 1 January 2019, Securities exchanges, clearing agencies, securities facilities, securities dealers and investment advisors must meet the minimum substantial activity requirement in order to benefit with the concessionary tax rate.</p> <p>The above licensees must carry out their core income generating activities (CIGA) in the Seychelles by employing an adequate number of suitably qualified persons and incurs an adequate amount of operating expenditures</p>	Grandfathered – tax concessions remained applicable until 30 June 2021 without the licensees having to meet substantial activity requirements	Not grandfathered - Must meet the substantial activity requirements as from 1 January 2019 to benefit from concessionary tax rate	All licensees to meet substantial activity requirements to benefit from concessionary tax rate irrespective of incorporation date
Fund administrators	<p>As from 1 January 2019, Fund Administrators must meet the minimum substance requirements in order to benefit from the concessionary tax rate</p> <p>Fund Administrators must carry out their core income generating activities (CIGA) in the Seychelles by employing an adequate number of suitably qualified persons and incurs an adequate amount of operating expenditures</p>	Grandfathered – tax concessions remained applicable until 30 June 2021 without the licensees having to meet substantial activity requirements	Not grandfathered - Must meet the substantial activity requirements as from 1 January 2019 to benefit from concessionary tax rate	All Fund Administrators to meet substantial activity requirements to benefit from concessionary tax rate irrespective of incorporation date

Please click [here](#) to access the circular issued by the FSA.

If you would like to assess the impact of the legislative changes on your current/impending structures and/or if you wish to receive more information on how to meet the Substantial Activity Requirements, please write to Mr. Sebastien Levantard on:

slevantard@intercontinentaltrust.sc

Other Legal Updates

In July 2021, several changes were made to the existing legislation of legal entities operating in the Seychelles. Most of these changes were implemented to address the deficiencies identified by international standard setting bodies, namely the Global Forum for Transparency and Exchange on Information Tax Matters under the ambit of the OECD and the FATF:

- Trust Bill, 2021. (Bill No. 31 of 2021)
- Limited Partnership (Amendment) Bill, 2021
- International Business Companies (Amendment) Bill, 2021
- Companies (Special Licences) (Amendment) Bill, 2021
- Foundations (Amendment) Bill, 2021
- International Corporate Service Providers (Amendment) Bill, 2021

Stay tuned for more updates in that regard!

Finance & Economy

Memorandum of Understanding signed between SRC & SIS

As part of a collective effort to reinforce an already existing working relationship, and by virtue of the nature of their services, the Seychelles Revenue Commission (SRC) and the Seychelles Intelligence Service (SIS) have signed a Memorandum of Understanding (MoU) on 7 May 2021. The MoU is deemed important as it provides for a framework which allows for mutual exchange of information between the entities given their common involvement across multiple complex cases relating to tax and customs.

Additionally, both the SRC and the SIS sit on the National Anti-Money Laundering / Combatting the Financing of Terrorism Committee (NAC), an area on interest which resonates with the institutions' efforts in combatting financial and economic crimes.

Seychelles and Angola secure two bilateral agreements and set to sign a bilateral air services agreement in September

In an effort to revive the prevailing diplomatic relation established between Seychelles and Angola in the 1980s, the two countries have signed two bilateral agreements in June 2021, set to widen the scope of cooperation across common areas of interests.

While the General Cooperation Agreement was signed to instate a collaborative framework focused on certain areas and sectors, the Agreement on the Creation of a Bilateral Commission will ensure the setting up of an institution responsible to discuss and monitor the implementations of specific cooperation between the two countries. Through the establishment of these agreements, Seychelles and Angola will enjoy cooperation in sectors of tourism, agriculture and education amongst others.

With strategic partnership and reciprocal advantages in mind, Seychelles and Angola are also expected to secure airline connectivity through a bilateral air services agreement scheduled for signing in September 2021 i.e. 2 months earlier than planned. The agreement will essentially open the countries for commerce, exchanges and visitors and Seychelles specifically wishes to benefit from the expertise and human resources brought in by Angola through the arrangement to further develop its land transport, and ports and maritime safety sectors.

Seychelles consolidates 'B' sovereign rating

Fitch Ratings, award-winning credit rating agency, has affirmed the Seychelles' Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) at 'B' with a Stable Outlook. Seychelles therefore maintains the same rating received at the end of 2020. In 2020, the agency had already gauged Seychelles' high level of public and external indebtedness as well as its vulnerability to economic shocks to be the reason for this rating.

The credit rating agency notes that Seychelles recorded an instant boost in the level of inbound travel following the reopening of its borders on March 25 – this represented 38% of the 2019 level. Fitch forecasts a gradual recovery of monthly tourist arrivals to 2019 levels by Q3 2022, with total arrivals in 2021 at 41% of the 2019 level.

Despite the Covid-19 pandemic having taken a toll on Seychelles' fiscal consolidation and public debt reduction effort, the country is expected to bounce back. The Stable Outlook classification brings in expectations for the country to gradually lean towards recovery with tourism and economic growth in 2021 – indeed, Fitch Ratings forecasts real GDP to rebound to a 5% growth in 2021 compared to -12.8% in 2020, explained, amongst others, by increased tourism activity, expansionary fiscal and monetary policies combined with a successful vaccination campaign.

Access the full rating commentary by Fitch Ratings [here](#)

National Assembly approves ratification of AfCFTA

In June 2021, the National Assembly of Seychelles approved the ratification of the agreement establishing the African Continental Free Trade Area (AfCFTA), which was initially signed in March 2018. The island is now set to join the list of official members of the AfCFTA once the President of Seychelles signs his assent and the relevant documents are sent to the depository office.

Joining the AfCFTA is deemed highly beneficial as it opens up opportunities by allowing trade of goods and services under preferential terms across the region; indeed the island will gain access to a market of 1.2 billion people and one of its key areas of interest, fisheries, is anticipated to benefit the most from this agreement.

The AfCFTA was created to bring forth a single continental market for goods and services in an effort to generate intra-Africa trade through free movement of business persons and investments.

Signing of an agreement to start African Trade Observatory project in Seychelles

The Seychelles government signed an agreement with the International Trade Centre (ITC) early in July 2021, with the objective of implementing the African Trade Observatory (ATO) project in the island. The ATO, being a trade information portal that provides real-time trade data for countries across the region, including Seychelles, facilitates intra-African trade and effectively helps in monitoring implementation of the African Continental Free Trade Area (AfCFTA).

Data made available through the ATO will include:

- Merchandise trade flows at the most detailed level including rates of utilisation of intra Africa tariff preferences;
- Customs duties (applied, preferential and bound rates);
- Rules of Origin of intra-regional preferential rates at the product level;
- Non-tariff measures (NTMs) including information on various market regulations;
- Trade remedies taken by countries;
- Internal taxes including VAT, excise tax and others;
- Commodity prices and exchange rate indicators;
- Company information, trade finance providers and mandatory domestic trade procedures;
- Trade-related performance indicators including growth rates, market shares, market concentrations and regional trade integration indexes.

For more information on the ATO, please consult the ITC website: <https://www.intracen.org/African-Trade-Observatory/>



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International Benchmark

Global Mobility Report 2021 (3rd Quarter): Seychelles takes topmost position in Africa

Seychelles ranks at the 28th position globally on the third quarterly report of the Global Mobility Report 2021 (the “Report”). The country offers visa-free access to 152 countries and boasts the highest ranking in Africa, followed closely by Mauritius (31st).

In this recent Q3 2021 publication, Henley & Partners set out to analyse the mobility trends - at a time when most countries are still bound by travel controls - across 227 different travel destinations and includes 199 different passports. With regard to the rate at which mobility is being restored, the Report has identified the key areas of concern, mainly anchored in vast global disparities in vaccination programs and economic recovery.

Access the Global Mobility Report 2021 [here](#)

Others

World's first 'digital species' for conservation comes from Seychelles

The launch of the Digital Nature Collectible project in July 2021 saw the digital version of the island's Magpie-robin, a non-fungible token, being put up for sale as a limited edition in an effort from concerned parties to raise funds that will be used towards the protection of Seychelles' wildlife. All proceeds from the initial sale and part of the follow-on proceeds collected by the owner on resale will go to Nature Seychelles and its partners. The Magpie-robin token is the first of a series of 59 collectibles, each of which will be a “digital twin” of an endangered species.

This innovative funding mechanism was in fact a collaborative endeavour between Nature Seychelles, the International Union for Conservation of Nature (IUCN) of which Nature Seychelles is a long-standing and active member, and the Porini Foundation. Although this venture remains experimental, it is well on its way to set a precedent for how organisations can generate income stream to support nature conservation in a post-pandemic future.

For any additional information please contact us.

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If you do not wish to receive further information from Intercontinental Trust (Seychelles) Limited, please send an email to seychelles@intercontinentaltrust.sc.