

Seychelles

Seychelles, republic, consisting of an archipelago of some 115 islands, scattered across the western Indian Ocean northeast of the island of Madagascar, a member of the Commonwealth of Nations. The total land area is 454 sq km (175 sq mi). The capital, principal city, and leading port is Victoria Town, on Mahé Island the largest island. About 90 percent of the country's population lives on Mahé. Most people are of mixed French and African descent; Indian and Chinese minorities are also present. The official languages are Creole (a patois based on French), English, and French. Some 98 percent of the population is Christian, most of them Roman Catholics. The population is around 79,715.

Under the 1993 constitution, executive power is held by the president, who is popularly elected to a five-year term. The president appoints a council of ministers to act as an advisory body. Legislative power is vested in the National Assembly, which has 25 popularly elected members and 9 members selected on a proportional basis.

Tourism, agriculture, and fishing are the principal sectors of the economy. The rapidly expanding financial sector, linked to the establishment of the Seychelles International Business Authority and a suite of progressive laws facilitating the establishment of offshore structures and encouraging inward investment, is now a significant element of the economy. Take up in the Free Zone is promising. An increasing number of international banks and insurance companies have established either branches or subsidiaries whom, together with local management, accounting and legal firms provide clients with support.

SALIENT FEATURES

The legislation to incorporate a company is the International Business Companies Act 1994. The type of company used for international trade and investment is the International Business Company (IBC). IBCs set up in the Seychelles receive a favourable treatment, being exempt on tax or duty on income or profits. There is no exchange control. The licence fee is fixed for life and IBCs can be incorporated in any language. Incorporation is normally carried out on the same day. IBCs operating in the Free Trade Zone are allowed to own an interest in the property within the Zone and are subject to zero tax. The Anti-Money Laundering Act 1996, enables inward and outward investment through the Seychelles to adhere to the highest international standards. Shelf companies are available.

An IBC cannot trade within the Seychelles or own real estate there. They cannot undertake the business of banking, insurance, assurance, re-insurance, fund management, asset management (other than the company's own assets) or any other activity that would suggest an association with the banking and insurance industries. A Seychelles IBC cannot provide Registered Office Facilities in the Seychelles or sell its shares to the public.

CORPORATE REQUIREMENTS

Name: A name which is identical or similar to a company already incorporated or anything that implies patronage to the Seychelles, or any other government, insurance, royal, imperial or any other name that may imply that a company intends to undertake a licensable or undesirable activity, is disallowed. The name can be in any language but must be accompanied by a translation. The document must either be in English or French. If any other language is used it must be accompanied by a translation in either English or French. Incorporation of the company should be completed within a day but five working days should be allowed for delivery of documentation.

Subscribers: The minimum number of shareholders is one.

Capital / Shares: Seychelles IBCs are normally incorporated with an authorised share capital of \$5,000 with par value. This being the maximum for the minimum capital duty payable at the time of incorporation and annually thereafter. The authorised share capital may be expressed in any currency. The minimum share capital is either one share of no par value or one share of par value. Bearer shares are permitted.

Registered Office / Agent: The registered office must be maintained in the Seychelles at the office of a licensed management company.

Directors / Officers: The minimum number of directors is one who may be natural persons or corporate. They may be of any nationality and need not be resident in the Seychelles. A Seychelles IBC need not appoint a company secretary although in practice it is customary to do so. The secretary may be a natural person or corporate, of any nationality and not necessarily resident in the Seychelles.

Registers of Members: Details of the shareholders and directors are not a matter of public record.

Books, Records and Seal: There is no requirement to file financial statements although the company must keep financial records.

CONFIDENTIALITY

There is no disclosure of beneficial ownership of a company registered in the Seychelles. Total anonymity of beneficial ownership is therefore guaranteed.

EXEMPTION FROM TAX

An IBC is exempt from local taxation. Licence fees are payable on the anniversary of incorporation as follows:-

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| • For an authorised capital of \$5,000 | \$100 |
| • Between \$5,001 and \$50,000 | \$300 |
| • Over \$50,000 | \$1,000 |

For a company with a capital of less than \$50,000 and with shares of no par value, the annual licence is \$350.

Penalties on default are the following:

- 10% if annual license fee is paid from 1 to 89 days after company's anniversary date.
- 50% if annual license fee is paid 90 or more days after company's anniversary date.

TRANSFER OF FUNDS

Exchange control is in operation in the Seychelles but most importantly does not apply to IBCs. The currency is the Seychelles Rupee. There are approximately five Rupees to one US dollar.