

Check list

- ☑ Allowable deductions reduce taxable income, so keep your records and it will reduce your tax bill.
- ☑ Expenses are only allowable if they are incurred in gaining assessable income.
- ☑ Some expenses are not allowable as deductions such as capital expenses or those of a private nature.
- ☑ You are required to keep an audit trail for low value expenses under SR5,000. For expenses over this amount you require a valid tax invoice.

Seychelles Revenue Commission Information Brochure On Allowable Deductions

This brochure is not intended as an exhaustive explanation of the law. If you require detailed information about your tax obligations you should visit the SRC or write to us.

For more information

Visit:
Seychelles Revenue Commission
3rd Floor
Maison Collet
Victoria, Mahé

Write to:
PO Box 50
Victoria, Mahé

Phone:
4293737

E-mail / Web
advisory.center@src.gov.sc
www.src.gov.sc



**ALLOWABLE DEDUCTIONS
FOR BUSINESS TAX**



**An explanation about allowable
deductions**

Where does an “allowable deduction” fit in?

Business tax is calculated on the basis of the taxpayer’s taxable income. The taxable income is calculated by deducting business expenses for the income year from the total assessable income for that year.

Example:

Assessable Income	SR 50,000
Less: Allowable Deductions	<u>SR 20,000</u>
Taxable Income	<u>SR 30,000</u>



What are allowable deductions?

An allowable business deduction is a loss or outgoing that is incurred in generating assessable income.

This excludes expenses that are of a capital, private or domestic nature.

The term ”outgoing” comprises of all types of expenses while the term “losses” ensures that losses when no payment is involved (e.g. theft) are potentially covered.

What records do I need to keep?

Every expense you want to claim as an allowable deduction will need to be supported by a record.

For small expenses (under SR 5,000) you need a docket or other paperwork that provides for an audit trail.

In some circumstances, even a diary entry explaining why and where the expense was incurred may suffice.

When can I claim an expense as a deduction?

A business accounting on a cash basis does not claim its expense as an allowable deduction until the expense is actually incurred. (In other words, when you have paid for it.)

If you account on an accrual basis, you may claim the expense when you obtained the invoice, even if you have not paid for it yet.

Non-allowable deductions

No deduction is allowed for expenses of a capital, private or domestic nature, or expenses incurred in gaining or producing exempt income.

These will include expenses for;

- non-business motor vehicle
- travelling to and from work
- fines and penalties
- food, personal or family requirements
- excessive remuneration to relatives or associates
- provisions and reserves