

How to record the transaction on the VAT return?

On the VAT return (extract below) the taxpayer must report the VAT due (deferred) to Customs as an output tax line 1 column, column B. The same amount must be reported as an output tax, line 5.3, column B. The total of this operation output—input must be zero.

VAT deferred payment must be reported on the VAT return related to the period during which the importation occurred. If the importation is made in March, the VAT will be reported on the March return (due on April 21st) .

Is there a limit on the number of times a business can request for the deferred payment facility?

There are no limitations for requesting the deferred payment facility as long as VAT registered businesses meet all the conditions. All VAT registered businesses can request for the facility as often as required.

Seychelles Revenue Commission Information Brochure Deferred Payment System for VAT

For more information

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.

Visit:

Seychelles Revenue Commission
3rd Floor
Maison Collet
Victoria, Mahé

Write to:

PO Box 50
Victoria, Mahé

Phone:
4293737

E-mail / Web

commissioner@src.gov.sc
www.src.gov.sc



Deferred Payment System for VAT



An explanation about Deferred
Payment

What is the VAT deferred payment?

VAT is paid at the point of entry (Customs) on all importations, except those exempted under the VAT Act, 2010. This scheme allows approved VAT registered businesses to defer the payment of VAT upon importation.

How does the deferred payment system work?

Under the deferred payment system the VAT payable at the point of imported goods is not paid at Customs but reported by the beneficiary of the imported goods on its next VAT return.

What are the types of goods which will benefit from the deferred payment system?

The value of all VAT taxable goods and services sold by your business during the financial year is measured against the VAT registration threshold. The sale of your asset or goods and services which are exempted from the VAT are not included as your annual turnover for VAT purposes.

What are the types of goods which will benefit from the deferred payment system?

The deferred payment facility applies to goods excluding trading stock imported by all VAT registered businesses:

- An individual item with CIF value of SR100, 000 or more.
- Goods with a grouped value of SR100, 000 or more. The goods must be on the same

Bill of Entry (BoE) forming part of a group of goods.

- Construction materials used for construction or major renovation with a CIF individual item value or a group value of SR 100,000 or more.

Who benefits from the deferred payment System?

Only VAT registered businesses benefit from the deferred payment system provided they meet certain conditions.

What are the conditions for deferred system?

- The business must be registered for VAT (Compulsory or voluntary);
- The business must file its VAT return on time;
- The business must have a good compliance record, has not committed any violation or offence under both the Revenue Administration Act and Customs laws/ regulation for the past 3 years;
- The imported goods must be of a value not less than SR100, 000;
- The VAT registered business must have to apply for the deferred payment two weeks prior to the entry of the goods in the Country;
- The business must have received a formal authorization letter from the Revenue Commissioner.

What are the procedures to apply for the VAT deferred payment?

- The VAT registered business needs to fill the request for deferred payment form available on the SRC website.
- Goods for which the deferred payment is be-

ing applied for must be clearly described;

- Documentary evidence supporting the request must be provided;
- The request must be submitted 2 weeks before the importation of the specific good enters the country;
- A request must be submitted for each importation and/or each time the facility is used;
- In addition a bank guarantee maybe required by SRC before the authorization is granted. The applicant will be notified in writing when a bank guarantee is required;
- The applicant must present the authorization letter to Customs to have the goods cleared.

What are the documents required at Customs?

- The authorization letter signed by the Revenue Commissioner;
- Copy of the Bill of Entry;
- Copy of the documents showing the date/ quantity/ description of goods received;
- Copy of the import permit;
- Copy of shipping document (Airway Bill or Bill of Lading);
- Copy of commercial invoices;
- Copy of insurance documents accompanying the goods;
- Copy of correspondences from overseas principals.

The identity of the overseas supplier as well as the value and description of the goods must be readily available.