

## Under certain circumstances the delay for processing the VAT refund claim can be extended.

This may be the case, when:

- a filed VAT return is incomplete;
- the taxpayer is not up to date in filing his other tax returns;
- the taxpayer has failed to respond within a reasonable delay to SRC inquiries; or
- SRC suspects, on reasonable grounds that the VAT return is inaccurate and/or the taxpayer is engaged in fraudulent activity, in which case the taxpayer will be subjected to an audit and/or investigation.

VAT credits before being refunded will be primarily offset against other outstanding tax liabilities/arrears, except where an outstanding amount is subject to a genuine dispute. This will be supported either by SRC's debt management system and the taxpayer's accounting documents.

VAT refunds can be made:

- By cheque or;
- Bank to bank transfer

## Seychelles Revenue Commission Information Brochure The VAT Refund Mechanism

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](mailto:commissioner@src.gov.sc)  
[www.src.gov.sc](http://www.src.gov.sc)



## Value Added Tax The Refund Mechanism



An explanation about VAT Refund  
Mechanism

### What is a VAT Input Tax Credit ?

A VAT input tax credit occurs when the total input tax (or vat able purchases) allowed exceeds the total output tax (or vat able sales) for a VAT period.

### What happens when an input tax credit occurs?

When an input tax credit occurs a business can carry it forward and when conditions are met, claim a refund.

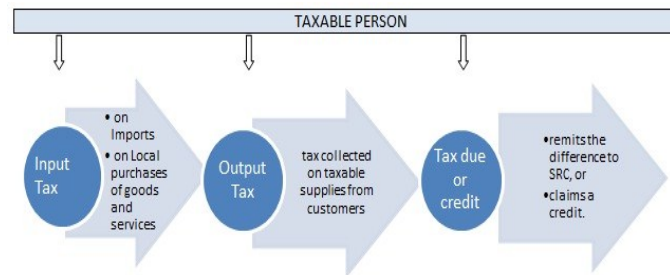
### Can every business claim an input tax credit?

Only VAT registered taxable persons can claim an input tax credit. A person is taxable if its business is registered for VAT which means that the business's annual turnover either exceeds or is expected to exceed SR 2 million (compulsory VAT registration) or the business has voluntarily registered for VAT (for those whose annual turnover is below the SR2 million threshold).

### VAT mechanism for a VAT registered business

Under the VAT mechanisms the Input Tax is offset against the Output Tax and only the difference is remitted to SRC. The output tax is the VAT collected from customers on each taxable supply (including zero-rated ones). The input tax allowed as credit is the tax paid on purchases/investments and attributable to taxable supplies.

When the output tax exceeds the input tax for the taxable period, the differences must be remitted to SRC. When the input tax exceeds the output tax, a VAT credit occurs. While credits are in most cases carried forward on the next VAT return, they can be refunded if (a certain number of) the previously mentioned conditions are met.



### Illustration of the VAT Mechanism

### What are the conditions for claiming a VAT refund?

The following conditions should be met by a business for claiming a VAT credit refund:

- The credit must be reflected on the VAT return.
- The credit must be at least equal to SR 10 000 or more; credits lower than SR 10 000 are not refundable.
- For all taxpayers except those mentioned below, the credit has to be carried forward for a period of 3 consecutive months;
- VAT credit must be documented with sufficient evidence (invoices and proper records) upon SRC request.

cient evidence (invoices and proper records) upon SRC request.

### When VAT credit can be refunded without being carried forward?

- Exporters
- Suppliers of zero-rated goods & services
- Investors during the construction phase (they may have been charged VAT but not started collecting VAT, hence are unable to offset their input tax during one or several VAT periods.)

### How does a business claim for a VAT refund?

To claim a refund the VAT taxpayer must fill in the corresponding box at the bottom of the VAT return and notably indicate the amount to be re-



funded . This amount cannot be more than the credit calculated (line 11B of the VAT return).