



DEBT WRITE-OFF

Section 31A, 31B and 31C of the Revenue Administration Act

What is meant by Debt write-off?

After having exhausted all means to recover an outstanding revenue and the taxpayer still has tax debt on account with SRC, the Commissioner General may issue a direction to suspend the proceedings for the recovery of outstanding revenue. Note, this is the very last option, and it will occur only under specific circumstances.

Under which circumstances can the Commissioner General write-off a debt?

1. A taxpayer has suffered or is in serious hardship

For example, it can be in the case where the taxpayer declares bankruptcy.

2. The outstanding revenue of a taxpayer is uneconomical

The amount of resources used to recover the debt exceeds the amount due by the taxpayer to SRC, and there are no further means for recovery.

3. The outstanding revenue of a taxpayer is irrecoverable

There is no way the debt can be recovered. Such circumstances include the passing away of the taxpayer and the taxpayer did not hold any money or have ownership over any property, or the estate or succession of the deceased do not contain property which can be used to recover in whole or in part of the outstanding revenue.

Who can make the request for suspension to recover outstanding revenue?

The Commissioner General can make a direction to write-off a debt based on his or her own motion. The taxpayer can also make a request in writing to the Commissioner General for the suspension to recover outstanding revenue, provided the circumstances are as outlined under the law.

What are the steps to be taken before a direction is issued for the suspension to recover outstanding revenue?

1. The Commissioner General will carry out an assessment based on the evidence presented or gathered.
2. The Commissioner General will inform the taxpayer or the bereaved family in writing of the direction to suspend the recovery of outstanding revenue.
3. The Commissioner General will maintain records of all the outstanding revenue that recovery has suspended including the details of the taxpayer, amount of outstanding revenue and reasons for the suspension of recovery.
4. The Commissioner General will publish all the details of the suspension of recovery in the annual report in the particular financial year as provided by Section 21 of the Seychelles Revenue Commission Act.
5. The Commissioner General will also submit a detailed report to the Minister within three months before the end of each financial year and make recommendation for the writing-off of the outstanding revenue.
6. After considering the report, the Minister may grant or refuse permission to write-off any outstanding revenue, subject to the consideration of any new information or evidence.

What happens after the Minister has granted permission to write-off the outstanding debt?

Where the Minister of Finance, National Planning and Trade has granted permission to write-off the outstanding debt, the Commissioner General will make a write-off order comprising of the names of all taxpayers to whom permission has been granted and the amount of outstanding revenue written-off. This order will then be published in the official gazette within three months before the end of each financial year.

Note: Even if the Commissioner General gave an order for the suspension of recovery of outstanding revenue under S31A and the Minister gave permission to write-off that outstanding order under S31B, the Commissioner General may cancel, reverse and annul such orders under S31C.