



## Seychelles Revenue Commission

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### PUBLIC RULING – 2022- 1

**Subject Heading:** This ruling applies to businesses granted accelerated depreciation per the Eighth Schedule of the Business Tax Act, 2009 and applies to business assets acquired on or before 31 December 2021.

The Eighth Schedule of the Business Tax Act 2009 is amended by virtue of S.I 108 of 2021 effective 01 January 2022.

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Any enquiry in relation to this Public Ruling can be addressed to the Seychelles Revenue Commission, PO Box 50, Maison Collet, Republic of Seychelles.

#### Preamble

1. This document is a public ruling for the purposes of Section 58 of the *Revenue Administration Act 2009* (RAA). Businesses listed in the Eighth Schedule of the Business Tax Act 2009 can rely on the information presented in this document on how to account for depreciation on capital investments or business assets acquired prior to 01 January 2022.

#### What this Ruling is about

2. The purpose of this public ruling is to consider the amendment of the Eighth Schedule of the Business Tax Act 2009.

## Legislative Framework

### 3. Section 2 of the Business Tax Act, 2009

"Business asset" means—

- (a) trading stock or any other asset of a revenue nature used, available for use, or held in carrying on a business;
- (b) a depreciable asset; or
- (c) an intangible;

### 4. Section 16 of the Business Tax Act, 2009

#### Depreciation of Assets

(4) If, in a tax year, a depreciable asset is used partly to derive taxable business income and partly for another purpose, the amount of depreciation allowed as a deduction for the year is reduced by the proportion of the non-business use

### 5. Section 17 of the Business Tax Act, 2009

(5) If, in a tax year, an intangible is used partly to derive taxable business income and partly for another purpose, the amount of amortisation allowed as a deduction for the year is reduced by the proportion of the non-business.

## Ruling

6. Pursuant to the amendment of the Eighth Schedule of the Business Tax Act 2009 through S.I 108 of 2021, effective 01 January 2022 the businesses listed in Paragraph 3, Part I and Part II of that Schedule will cease to benefit from special rates of depreciation, (termed as 'accelerated depreciation') on capital investments or business' assets acquired as from 01 January 2022.
7. Prior to the amendment of the Eighth Schedule of the Business Tax Act, businesses listed in Part I and Part II of paragraph 3 of the afore-mentioned Act were enjoying depreciation deduction of 145% over a useful asset life of 5 years.
8. As of 01 January 2022, the rates of depreciation for the relevant persons listed in Part I and Part II of the Eighth Schedule of the Business Tax Act 2009 are as follows:-

Part I

Relevant Persons/Business	Year	Rate %
Agricultural exporters	1	30
Agricultural processors	2	25
Aquaculture	3	20
Boat owners	4	15
Farming entities	5	10
Farming partnerships		
Fishing entities		
Fish exporters		
Fish processors		
Fishing partnerships		
Individual farmers		
Individual fishers		

Part II

Relevant persons/Business	Year	Rate %
A person carrying on the business of –	1	30
hotel, guest house of self-catering establishment	2	25
café or restaurant	3	20
fixed or rotary wing passenger all transport services in respect of all domestic flight	4	15
domestic ferry services for the transport of freight or passenger boat or yacht charter (including liveaboard)	5	10
car hirer operator		
underwater dive operator of dive centre		
water sports operator		
Travel Agent		
Tour Operator		
Tour and or Tourist Guide		
Equestrian Operator		
Gaming or Casino Operator		

Explanation

9. Effective 01 January 2022, the terminologies for relevant persons or businesses covered under the Eighth Schedule is expanded and the same can be referred to in S.I 108 of 2021.
10. The relevant persons listed in the amended Eighth Schedule are thus allowed depreciation on capital investments or business assets acquired as from 01 January 2022 at 100% on the cost of the assets contrary to the previous regime whereby depreciation was capped at 145% on the cost of the assets. The manner for the applied rates, as amended, are provided in the amended Schedule and illustrated at paragraph 8 of this ruling.
11. For the avoidance of doubt, capital investments or business assets acquired prior to 01 January 2022 and which have not been fully depreciated as at 31 December 2021 will be subjected to depreciation rates indicated in the Eighth Schedule before the effect of the amendment in SI 108 of 2021. Ergo, still benefitting the accelerated depreciation rate of 145% over the useful asset life of 5 years.
12. For the purpose of clarity, Sections 16(4) and 17(5) of the Business Tax Act 2009 dealing with apportionment for non-business use of the assets will apply in the event that the asset is used for purposes other than that for tax. However, Sections 16(5) and 17(6), (7) of the same Act dealing with the time apportionment for when the assets is available for use in the business and when the asset is disposed off do not apply to this ruling. Depreciation is allowed for a full year although the asset was available for use for a period lesser than 12 months in a tax year.

## Examples

13. For illustration purposes, refer to the following examples:  
With respect to paragraph 12 above for assets acquired prior to 01 January 2022 and on which accelerated depreciation have already been applied prior to 01 January 2022:

### Example 1: Capital Investment acquired in the year 2019

	Rate-%
Depreciation Year 1 in 2019	45
Depreciation Year 2 in 2020	40
Depreciation Year 3 in 2021	30
Depreciation Year 4 in 2022	20
Depreciation Year 5 in 2023	10
Total Depreciation Rate	<u>145</u>

### Example 2: Capital Investment acquired in the year 2021

	Rate-%
Depreciation Year 1 in 2021	45
Depreciation Year 2 in 2022	40
Depreciation Year 3 in 2023	30
Depreciation Year 4 in 2024	20
Depreciation Year 5 in 2025	10
Total Depreciation Rate	<u>145</u>

**Date of Effect**

14. This ruling applies from the 01<sup>st</sup> January 2022.

**Commissioner General**  
2022