

PUBLIC RULING – 2025- 1

Subject: Clarification regarding the Business Tax (Business Tax Return Form) (Amendment) Regulations, 2024 and Business Tax (Related Party Dealings) Regulations, 2023.

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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 ruling for the purposes of Section 58 of the *Revenue Administration Act 2009* (RAA). You can rely on the information presented in this document on how businesses shall submit their business tax returns for the financial year 2024 onwards.

Purpose

2. The purpose of this public ruling is to provide the practical requirements for compliance with the Business Tax (Business Tax Return Form (Amendment) Regulations, 2024 and Business Tax (Related Party Dealings) Regulations, 2023.

Legislative Framework

3. S.I. 108 of 2024 Business Tax Act (Cap 20): Business Tax (Business Tax Return Form) (Amendment) Regulations, 2024 - Amendment of Regulation 2 – Regulation 3(d) the Business Tax return for Large Businesses, Multinational Businesses and Businesses that are part of a group shall be in the forms set out in Schedule 3.

4. S.I. 74 of 2023 Business Tax Act (Cap 20): Business Tax (Related Party Dealings) Regulations, 2023 - Obligations in relation to related party dealings schedule:

- (a) Interpretation - Regulation 2: *“controlled arrangement” means – (a) an arrangement between associates, including an arrangement attributed to a permanent establishment of one or both of the associates; and (b) an arrangement between a person and a permanent establishment of that person, as though that arrangement was between associates.*
- (b) Regulation 3(1) states *“A person that enters into a controlled arrangement under section 54(1) of the Act shall complete and furnish to the Commissioner General the related party dealings schedule which shall include the disclosures under the Schedule.”*
- (c) Regulation 3(2) *“A person who is required to lodge a return for a tax year shall complete the related party dealings schedule of the return.”*

5. For taxpayers affected by the Eleventh Schedule, group is defined under S.I. 79, of 2021, Business Tax Act 2020 (Cap 20): Business Tax (Amendment of Eleventh Schedule) Regulations, 2021. Regulation 2(b) *“group” means a collection of enterprises related through ownership or control, which is required to prepare consolidated financial statements for financial reporting purposes under applicable accounting principles or would be so required if equity interests in any of the enterprises were traded on a public securities exchange.*

6. For taxpayers not affected by the Eleventh Schedule the definition of associate under the Business Tax Act, 2009, Section 3, is adopted to explain what is considered as group for the purposes of S.I 108 of 2024:

- (1) *Subject to subsection (2), two persons are associates if the relationship between them is such that one may reasonably be expected to act in accordance with the intentions of the other, or both persons may reasonably be expected to act in accordance with the intentions of a third person.*
- (2) *Two persons are not associates solely by reason of the fact that one person is an employee of the other or both persons are employees of a third person.*
- (3) *Without limiting the generality of subsection (1), the following are treated as associates –*
 - (a) *An individual and a relative of the individual, except if the Revenue Commissioner is satisfied that neither person may reasonably be expected to act in accordance with the intentions of the other;*
 - (b) *A partner in a partnership and the partnership, if the partner, either alone or together with an associate or associates under another application of this section, controls fifty percent or more of the rights to income or capital of the partnership;*

- (c) A trust and a person who benefits or may benefit under the trust whether through the exercise of a power of appointment or otherwise;
- (d) A member in an entity and the entity, if the member, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons –
- (i) Fifty percent or more of the voting power in the entity;
 - (ii) Fifty percent or more of the rights to a distribution of profits; or
 - (iii) Fifty percent or more of the rights to a return of capital; or
- (4) In applying subsection (3)(d) or (e) holdings that are attributable to a person from an associate are not reattributed to another associate.
- (5) In this section, “relative” in relation to an individual, means related by blood, marriage, or adoption.

Ruling

7. The provisions outlined in this ruling apply to the following categories of businesses:

- Large Businesses – a business is a large business if the annual turnover is more than SR 50,000,000, as defined under the Revenue Administration Act
- Multinational Businesses – This may include medium-sized or even small businesses, provided that they meet the definition of a multinational enterprise (MNE).
- Businesses that are part of a group –refer to the above sections for the interpretation of ‘group’ and ‘associates’.

For simplicity, please refer to the table hereunder:

Category	Lodgement Obligation
Large businesses without controlled arrangements with associates	Large BTR (Body only, no Related Party Dealings schedule)
Large businesses with controlled arrangements with associates in Seychelles only , at the same business tax rate.	Large BTR (Body only, no Related Party Dealings Schedule)
Large businesses with controlled arrangements with associates outside of Seychelles or with Seychelles companies that are at different tax rates .	Large BTR (Body and Related Party Dealings Schedule)
Small & Medium businesses without controlled arrangements with associates	Simplified BTR (no Related Party Dealings Schedule)
Small & Medium businesses with controlled arrangements with associates in Seychelles only , at the same business tax rate.	Simplified BTR (no Related Party Dealings Schedule)
Small & Medium businesses with controlled arrangements with associates outside of	Large BTR (Body and Related Party Dealings Schedule)

Seychelles or with Seychelles companies that are at different tax rates.	
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Businesses falling within the categories that are required to complete a Related Party Dealings Schedule are expected to maintain transfer pricing documentation in accordance with Regulation 3.(2) of S.I. 73 of 2023 – Business Tax (Transfer Pricing Documentation) Regulations, 2023, that *“would verify that that the conditions in its controlled arrangements for the relevant tax year are consistent with the arm’s length principle, for the purposes of computing the measure of taxable profit for that year.”*

Date of Effect

- This ruling applies to the Business Tax Return relating to the applicable year 2024 onwards.**



**Commissioner General
Seychelles Revenue Commission
2025**