

PUBLIC RULING – 2025- 2

Subject: Clarification on Currency Translation under Section 47 of the Business Tax Act, 2009

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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) with respect to the application of Section 47 of the Business Tax Act, 2009 (as amended).

Purpose

2. The purpose of this public ruling is to provide clarification on the application of Section 47 of the Business Tax Act, 2009, concerning the translation of foreign currency amounts into Seychelles rupees (SCR) for tax reporting purposes.

Legislative Framework

3. Section 47 of the Business Tax Act, 2009, stipulates:

- (1) *An amount taken into account under this Act shall be expressed in Seychelles rupees.*
- (2) *Subject to subsection (3), if an amount is in a currency other than Seychelles rupees, the amount shall be translated to Seychelles rupees at the Central Bank of Seychelles published mid-exchange rate applying between the foreign currency and Seychelles rupees on the date the amount is taken into account for the purposes of this Act.*
- (3) *With the prior written permission of the Commissioner General, amounts taken into account in computing the taxable income of a business for a tax year may be translated to Seychelles rupees at the average Central Bank of Seychelles published mid-exchange rate for the tax year between the foreign currency and rupees.*

4. Section 98A of the Revenue Administration Act, 2009, reads:

- "(1) Any amount payable under this Act shall be paid in Seychelles rupees.*
- (2) If an amount is in a currency other than the Seychelles rupee, the amount shall be translated into Seychelles rupees –*
 - (a) at the Central Bank of Seychelles published mid-exchange rate applying between the foreign currency and Seychelles rupee on the date the amount is taken into account; or*
 - (b) in the case of an import of goods, using the exchange rate applicable under the customs legislation for the purposes of computing the customs duty paid on the import."*

Ruling

- Taxpayers are generally required to use the Central Bank of Seychelles' published mid-exchange rate for translating foreign currency amounts into SCR on the relevant transaction date. This provision acts as a fallback alternative when the taxpayer has not maintained the actual conversion rate applied to the transaction.
- For instance, if a taxpayer does have the actual conversion rate applied by the financial institution on the transaction date such rate is regarded and treated as the primary acceptable option for reporting purposes, hence, the taxpayer may use such rate provided that there is credible documentation to substantiate the exchange rate used, including transaction receipts or bank statements.

This approach ensures that the tax reporting reflects the actual economic impact of the transaction on the taxpayer.

Example:

A Seychelles-based company receives a payment of USD 10,000 on March 15, 2025. On that day, the Central Bank of Seychelles' published mid-exchange rate is 1 USD = 14 SCR. However, the company's bank applies an exchange rate of 1 USD = 13.8 SCR for the transaction.

Under Section 47(2), the company would typically translate the USD 10,000 to SCR using the Central Bank's rate:

- $10,000 \text{ USD} \times 14 \text{ SCR/USD} = 140,000 \text{ SCR}$

However, since the company has documentation showing that the bank applied a rate of 13.8 SCR/USD, it may use this rate for tax reporting:

- $10,000 \text{ USD} \times 13.8 \text{ SCR/USD} = 138,000 \text{ SCR}$

The company must retain the bank statement or transaction receipt as evidence of the exchange rate applied.

Date of Effect

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

