



Seychelles – July 2020

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NEW PROPERTY TAX LAW NOW IN FORCE IN SEYCHELLES.....1

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The new Immovable Property Tax, 2019 (IPT Act) came into force in Seychelles on 1 January 2020.

As from 1 July 2020, every non-Seychellois (foreigner) who owns immovable property in the Seychelles must register with the Registrar General at the Land Registry. Application for registration needs to be submitted between a 4-month period of 1 July – 31 October 2020. Non-Seychellois immovable property owners who fail to register during this period shall be liable to pay penalties under the IPT Act.

The application forms for registration are now available for collection at the Registrar General's office at Independence House, Victoria, Mahe, Seychelles and will also be made available online from the Seychelles Government's website.

The term "non-Seychellois" is specifically defined in the Immoveable Property (Transfer Restrictions) Act, which includes (but is not limited to) individual owners who are not Seychellois, as well as corporations which own immovable property whose directors or shareholders or ultimate beneficial owners are not Seychellois.

"Immovable Property" includes commercial or residential property, condominium units, industrial property, freehold or leasehold land, multi-purpose buildings and villas. Further, the IPT Act declares that the term "immovable property" shall be given "such wide and liberal construction as to ensure that there are no legal gaps to escape liability to pay tax on immovable property owned by non-Seychellois."

The purpose of registration is to identify those who shall be liable to pay immovable property tax (Property Tax) to the Seychelles Government.

The period for the submission of the valuation of the immoveable property is between 1 July to 31 November 2020. Valuations must be conducted by a qualified valuation surveyor or a quantity surveyor, who possesses a valid licence from the Seychelles Licensing Authority and is approved by the Minister responsible for Land in Seychelles to carry out such valuations. Failure to submit such a valuation during this period will incur penalties under the IPT Act.

The Property Tax rate has been set at 0.25% of the market value of any immovable property liable to be taxed and it is due and payable to the Seychelles Government on or before 31 December every year.

In accordance with the Government's White Paper on "Foreign-Owned Property Tax" the objectives of the Property Tax are:

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- To influence the land market generally in the Seychelles – to address the perceived problem with alienation of land owned by nationals to non-nationals. If it has any local market impact, it is expected to depress the "base price" of land generally in Seychelles.
- To increase tax revenue – to open a new revenue source in order to increase total tax yield which will vary substantially according to the scope and coverage of the tax.

It is left to be seen how the new Property Tax system is implemented in practice and whether it achieves its objectives. Certainly, the second objective seems to have triggered the issue of the Gazetted Notices on 1 July 2020 for the commencement of the implementation of collection of Property Tax in the midst of the COVID-19 economic crisis.

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