



# **TOURISM (INCENTIVES) ACT, 2003**

*(Act 7 of 2003)*

## **MINISTRY OF FINANCE**

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An ACT to provide for the grant of certain incentives to the tourism industry and for matters connected therewith or incidental thereto.

ENACTED by the President and the National Assembly.

1. This Act may be cited as the Tourism (Incentives) Act, 2003.

2. In this Act-

"Capital equipment" means tangible things. Not being construction materials, which would normally be treated as assets on the balance sheet of a business and, each of which has a C.I.F. Value of SR1000/- or more and a useful life expectancy of 2 years or more and includes fabricated equipment that has an aggregate C.I.F. Value of R1000/- or more and useful life expectancy of 2 years or more, grouped purchases of minor operating equipment forming part of the construction or major renovation phase of a licensed accommodation as approved by the Ministry and necessary means of transport but does not include replacement or maintenance parts or components of such things;

"Chauffeur driven car" means a vehicle, having not more than nine seats including the driver's seat and a cylinder capacity of at least 2500cc, provided for the use only of the guests, together with a driver;

"C.I.F." means the value of bringing goods to Seychelles and includes the cost of the goods, insurance and overseas freight;

"Commercial vehicle" means any motor vehicle not exceeding 1 ton capacity designed for the transportation of goods and includes pick-up trucks and dual or twin cab trucks or any car of a maximum cylinder capacity of 1800cc (petrol) or 2500cc (diesel);

"Competent Authority" means the person appointed as such by the Ministry by Order published in the Gazette;

"Construction materials" includes all materials used during the construction or major renovation phase of a licensed accommodation which has been approved by the Ministry;

"Consumable" means any item used in a licensed accommodation and listed in Schedule 5;

"G.O.P" means the gainful occupation permit issued under the Immigration Decree;

"G.S.T" means the Goods and Services Tax imposed under the Goods and Service Tax Act;

"licensed accommodation" means a small or large hotel and self-catering establishment or a luxury villa licensed under the Licences (Accommodation, Catering and Entertainment Establishments) Regulations made under the Licences Act;

"Minister" means the Minister responsible for Finance;

"Ministry" means the Ministry of the Minister;

"minor operating equipment" means articles and materials used in a licensed accommodation of a C.I.F value of less than R1000/- per unit or a useful life expectancy of less than 2 years but does not include consumables;

"necessary means of transport" means any aircraft or watercraft used solely for the transportation of goods, clients or staff of the licensed accommodation or restaurant if a regular service is not available;

"Net daily revenue per occupied room" means the aggregate of charges for lodging, laundry services, food and beverages, the use of telephone and business centre, but excluding casino

revenue attributable to the occupation of a room in a licensed accommodation;

"Officer" means an officer of the Ministry;

"Operational vehicle" means any motor vehicle of a maximum cylinder capacity of 1100cc used by the staff of the business in connection with their duties;

"Prohibited or restricted goods" means goods the importation or exportation of which is prohibited or restricted under the Trades Tax Act

"Restaurant" includes cafeteria;

"Standard equipment" means such equipment necessary and used in the activities conducted by the licensee as are approved by the Competent Authority and in the case of a dive centre and dive operator includes masks, snorkel, fins, weight belt, regulator with submersible pressure gauge, buoyancy compensator device, time and depth measuring device, inflatable surface balloon, knife and emergency signalling device, ALU tank, dive lamp, wet suit, radio, first aid kit, oxygen kit and dive computer.

3. Notwithstanding anything to the contrary in the Trade Tax Act, the Goods and Services Tax Act, the Immigration Decree and the Social Security Act or regulation made thereunder, licence holders in the tourism industry shall be granted incentives in accordance with the provisions of this Act.
4. (1) Every licensed accommodation shall-
  - (a) be entitled to Trades Tax and G.S.T. Concessions on imports specified in Schedule 1 during the period specified therein;
  - (b) pay Social Security contributions under the Social Security Act and obtain the Gainful Occupation Permit under the Immigration Decree subject to the provisions of Schedule 2 during the periods specified therein;
  - (c) where applicable, be entitled to operate a souvenir shop within the premises of the licensed accommodation to sell souvenirs subject to such conditions as may be attached to the licence;
  - (d) be permitted to provide facilities for non motorised water sports.
- (2) For the purpose of subsection (1), "licensed accommodation" includes a liveboard consisting of at least 20 guest cabins.
5. Every licensed tour operator shall be entitled to the concessions specified in Parts 1 & 2 of Schedule 3 during the periods specified therein.
6. Every licensed restaurant, not being a restaurant operated within a licensed accommodation, and every licensed dive centre. Dive operator, hire craft operator, car hire operator, yacht and liveboard operator and tourist guide shall be entitled to the concessions specified in Schedule 4 during the period specified therein.
7. Every licensed accommodation, hire craft operator and yacht and liveboard operator who meets the criteria specified in Schedule 6 shall be entitled to the fuel concessions specified therein.
8. (1) Any person claiming any concession under this Act shall apply in the prescribed form to the Competent Authority for the grant of a certificate of entitlement.
- (2) The Competent Authority may require the applicant to furnish any additional information relevant to the application for the purpose of dealing with the application.



- (3) It shall be a condition of the grant of any concession under this Act that the applicant-
  - (a) complies with the requirements of any other law relating to the subject matter of the concession; and
  - (b) produces a certificate of entitlement issued under subsection (1) when required to do so.
- 9. No vehicle, aircraft, watercraft, necessary means of transport or goods imported into Seychelles in respect of which any concession has been granted under this Act shall be sold exchanged, rented, given away or exported from Seychelles or applied to any purpose other than for which they were imported except-
  - (a) in the case of a transfer of the licensee's business for which it was so imported as a going concern to another person;
  - (b) after the lapse of 2 years from the date of importation, upon the licensee paying or giving security to the satisfaction of the Comptroller of Trades Tax Imports or the Commissioner of Taxes, as the case may be, for the payment of an amount equivalent to the amount of Trades Tax or G.S.T. As the case may be, which would have been payable on it but for this Act;
  - (c) in the case of a pledge upon the licensee giving security to the satisfaction of the Controller of Trades Tax Imports or the Commissioner of Taxes, as the case may be, for the payment of an amount equivalent to the amount of Trades Tax or G.S.T. as the case may be which would have been payable on it but this Act in the event of a forfeiture of the vehicle, aircraft, watercraft, necessary means of transport or goods pledged; and with the prior written approval of the Competent Authority which may be given subject to such conditions as may be specified.
- 10. Every vehicle and necessary means of transport in respect of which any concession has been granted under this Act shall be registered in the name of the business and shall have the logo or name of the business clearly and visibly marked on the vehicle or necessary means of transport.
- 11. (1) The Competent Authority may require any person holding a certificate of entitlement to keep such records in such manner as may be directed by the Competent Authority and to take such other measure as may be necessary to ensure that this section is complied with and the person shall comply with that requirement.
  - (2) A person who contravenes the provisions of subsection (1) is guilty of an offence and liable on conviction to a fine of not less than R 20,000 and not more than R. 50,000.
  - (3) An officer may-
    - (a) enter and search any licensed accommodation or any premises used by the holder of the certificate of entitlement for purposes of conducting the business;
    - (b) examine goods which are the subject matter of any certificate of entitlement;
    - (c) require the holder of the certificate of entitlement or any person who has control or custody of, or access to, any record kept pursuant to subsection (1) to produce such record for inspection;
    - (d) examine and take extracts from and make copies of any record kept pursuant to subsection (1).

4. Any person who-

- (a) obstructs an officer in the exercise of the officer's functions under this Act; or
- (b) fails or refuses to produce or give access to any record kept pursuant to subsection (1) when required to do so by an officer under subsection 3(c),

is guilty of an offence and on conviction liable to a fine of not less than R20,000 and not more than R50,000.

- (5) When a person who has contravened subsection (1) or (4) admits to the contravention and agrees in writing to the contravention being dealt with under this subsection, the competent Authority may compound the offence by accepting a sum of money not less than R10,000 and not exceeding the maximum fine specified for the offence under subsection (2) and (4), as the case may be.
- (6) The holder of a certificate of entitlement in respect of which any vehicle, necessary means of transport or goods have been imported with the benefit of a concession under this Act, who contravenes any provision of section 9 is guilty of an offence and liable on conviction to a fine of an amount not exceeding three times the C.I.F. value of the vehicle, necessary means of transport or goods relating to which he contravenes such provision.
- (7) When a person who has contravened any provision of section 9 admits to the contravention and agrees in writing to the contravention being dealt with under this subsection, the Competent Authority may compound the offence by accepting the sum of money not less than twice the C.I.F. value of the vehicle, necessary means of transport or goods relating which he contravenes such provision and not exceeding the maximum fine specified for the offence in subsection (6).
- (8) A sum of money received under subsection (5) or (7) shall be dealt with as if it were a fine imposed by a court.
- (9) In any proceedings brought against a person for an offence under subsection (2), (4) or (6), it shall be a good defence if the person proves that;
  - (a) the offence has been compounded under this section; and
  - (b) the person has paid the sum of money referred to in subsection (5) or (7).

12. (1) The Competent Authority may, where he is satisfied that the certificate of entitlement has been granted on the basis of information or material which, to the knowledge of the holder of the certificate of entitlement, was false or misleading or that the holder of the certificate of entitlement has breached any condition of the certificate or has otherwise become disqualified for the grant of the certificate or has contravened any provisions of this Act, revoke or suspend the certificate in whole or in part for a period of not less than 12 months.

- (2) When the Competent Authority revoke or suspends a certificate of entitlement under subsection (1), the Competent Authority shall forthwith notify the holder of the certificate of the revocation or suspension as the case may be.
- (3) When a certificate of entitlement is revoked or suspended under subsection (1) the holder of the certificate of entitlement shall cease to be entitled to the concessions and incentives in relation to that certificate.

- (4) Subject to subsection (1) where the holder of a certificate of entitlement is aggrieved by a revocation or suspension of the certificate, he may within 15 days of receiving the notification of revocation or suspension apply for a review of the decision by the Supreme Court.
  - (5) The Supreme Court may on such application affirm or quashes the decision of the Competent Authority.
  - (6) Where on an application under subsection (5) the Supreme Court, or on an appeal, quashes the decision of the Competent Authority, the certificate of entitlement shall be deemed not to have been revoked or suspended.
13. The Ministry may make regulations for carrying into effect the provision of this Act and for any matter necessary or required to be prescribed or for the amendment of any Schedule.



## SCHEDULE 1

### PART 1

#### Trades Tax and G.S.T Concessions - Licensed Accommodations

1<sup>st</sup> July 2003 - 31<sup>st</sup> December, 2005

Licensed Accommodation - categorised by net daily Revenue per Occupied room	Construction Materials and Capital Equipment	Captain Equipment	Minor operating equipment	Prohibited & Restricted Items	Consumables	Commercial Vehicles	Buses for staff transport	Chauffeur driven Cars
USD 400 and Above	0% Trades Tax + 0% G.S.T.	0% Trades Tax + 0% G.S.T.	5% Trades Tax	Allowed to be Imported at Applicable Rates of trades Tax	5% Trades Tax	Maximum of 3 vehicles, at 0% trades tax	2 buses per licence And 1 additional bus For every 25 rooms Or part thereof allowed at applicable Rate of trade tax	1 car for every 10 rooms or part thereof at applicable rate of trades tax
USD 200 and Above	0% Trades Tax + 0% G.S.T.	0% Trades Tax + 0% G.S.T.	5% Trades Tax	Not allowed	5% Trades Tax	Maximum of 3 vehicles, at 50% of applicable rate of trades tax	2 buses per licence And 1 additional bus For every 25 rooms Or part thereof Allowed at applicable Rate of trade tax	1 car for every 20 rooms or part thereof at applicable rate of trades tax
USD 100 and Above	0% Trades Tax + 0% G.S.T.	0% Trades Tax + 0% G.S.T.	5% Trades Tax	Not allowed	5% Trades Tax	Maximum of 1 vehicles, at 50% of applicable rate of trades tax	1 bus for every 25 rooms or part thereof allowed at applicable Rate of trade tax	None

1<sup>st</sup> January 2006 onwards

Licensed Accommodation categorised by net daily revenue per Occupied room	Construction materials and capital equipment	Capital Equipment	Minor operating equipment	Prohibited & Restricted items	Consumables	Commercial Vehicles	Buses for staff transport	Chauffeur driver cars
USD 500 and above	0% Trades Tax	0% Trades Tax	5% Trades Tax	Allowed to be imported subject to the grant of import permit at applicable rates of trades tax	5% Trades Tax	Maximum of 3 vehicles at 0% trade tax	2 buses per licence And 1 additional bus for every 25 rooms or part thereof allowed at applicable rate of rate tax	1 car for every 10 rooms or part thereof at applicable rate of trades tax
USD 300 and above	0% Trades Tax	0% Trades Tax	5% Trades Tax	Not allowed	5% Trades Tax	Maximum of 3 vehicles at 50% Of applicable rate Of trades tax	2 buses per licence and 1 additional bus for every 25 rooms or part thereof allowed at applicable rate of trade tax	1 car for every 20 rooms or part thereof at applicable rate of trades tax
USD 150 and above	0% Trades Tax	0% Trades Tax	5% Trades Tax	Not allowed	5% Trades Tax	Maximum of 3 vehicles at 50% Of applicable rate Of trades tax	1 bus for every 25 rooms allowed to be imported at applicable rate of trades tax	None



## SCHEDULE 2

### PART 1

#### Employer's Social Security Contributions and G.O.P. - Licensed Accommodation

1<sup>st</sup> July 2003 - 31<sup>st</sup> December, 2005

Licensed Accommodation - categorised by net daily revenue per occupied room	Employer's Social Security Contribution	G.O.P fees and applicability
USD 400 and above	Maximum 25%	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 50% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 80% of the M.A.F.E. Any balance up to the M.A.F.E. Shall be charged at the normal rate.</p>
USD 200 and above	Maximum 25%	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 20% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 20% of the foreign employees.</p>
USD 100 and above	Maximum 25%	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 10% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 10% of the foreign employees.</p>

## PART 2

1<sup>st</sup> July 2006 - 31<sup>st</sup> December, 2006

Licensed Accommodation - categorised by net daily revenue per occupied room	Employer's Social Security Contribution	G.O.P fees and applicability
USD 500 and above	Maximum 25%	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 40% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 75% of the M.A.F.E. Any balance up to the M.A.F.E. Shall be charged at the normal rate.</p>
USD 300 and above	Maximum 25%	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 15% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 15% of the foreign employees.</p>
USD 150 and above	Maximum 25%	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 5% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 5% of the foreign employees.</p>

### PART 3

1<sup>st</sup> January 2007 - 2010

Licensed Accommodation - categorised by net daily revenue per occupied room	G.O.P fee and applicability for the  Period  1 <sup>st</sup> January 2007 - 31 <sup>st</sup> December 2008	G.O.P fee and applicability for the  Period  1 <sup>st</sup> January 2009 - 31 <sup>st</sup> December 2010
USD 500 and above	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 30% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 67% of the M.A.F.E. Any balance up to the M.A.F.E. Shall be charged at the normal rate.</p>	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 40% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 75% of the M.A.F.E. Any balance up to the M.A.F.E. Shall be charged at the normal rate.</p>
USD 300 and above	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 10% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 10% of the foreign employees.</p>	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 10% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 10% of the foreign employees.</p>
USD 150 and above	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 5% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 5% of the foreign employees.</p>	<p>1. Maximum Allowable Foreign Employees (M.A.F.E)= 5% of the total number of employees</p> <p>2. G.O.P fees of R500 per person per month for up to 5% of the foreign employees.</p>



### SCHEDULE 3

#### PART 1

#### Trades Tax Concessions - Tour Operators

1<sup>st</sup> July 2003 - 31<sup>st</sup> December, 2006

Items	Trades Tax	No. of Vehicles
Operational vehicles	50% of applicable Trades Tax rate	1 vehicle for every 1000 foreign customers handled up to 10,000, and thereafter 1 additional vehicle for every 5000 foreign customers handles or part thereof
Buses for transportation of 10 passengers or more inclusive of the driver	50% of applicable Trades Tax rate	Unlimited
Chauffeur driven car	50% of applicable Trades Tax rate	2 vehicle for the first 5000 foreign customers handled or part thereof; and thereof 1 additional vehicle for every 5000 passengers handled or part thereof
Capital Equipment relating to core operation	5% Trades Tax	

#### PART 2

#### Social Security, G.O.P

1<sup>st</sup> July 2003 - 31<sup>st</sup> December, 2006

Employer's Social Security Contribution	Maximum 25%
G.O.P. Fees and applicability	<p>1. Maximum allowable foreign employees = 2 persons or 3% of the total number of employees (which is the higher) at the normal fees;</p> <p>2. One overseas designated representative per major overseas tour operator shall be allowed at the normal fees.</p>

# SCHEDULE 4

## PART 1

### Trades Tax and G.S.T Concessions - Miscellaneous Tourist Services

For period of 3 years commencing on 1<sup>st</sup> July, 2003

Service Provider	Capital Equipment	Minor operating Equipment	Commercial Vehicles	Boat & Boat Engine	Standard Equipment for operation or client	Diving Cylinders	Mini-bus for transportation of a maximum of 12 passengers inclusive of the Driver	Car	Chauffeur Driven car
Restaurant Outside Premises of Licensed Accommodations	0% Trades Tax	5% Trades Tax	1 vehicle at 50% applicable Trades Tax rate	None	None	None	None	None	None
Dive Center/ Dive Operator	None	None	1 vehicle at 50% applicable Trades Tax rate	0% Trades Tax	5% Trades Tax	5% Trades Tax	None	None	None
Hirecraft Operator	None	None	None	0% Trades Tax	5% Trades Tax	None	None	None	None

# PART 1 (Continued)

Service Provider	Capital Equipment	Minor operating equipment	Commercial Vehicles	Boat & Boat Engine	Standard Equipment	Diving Cylinders	Mini-bus for transportation of a maximum of 12 passengers inclusive Of the driver	Car	Chauffeur Driven car
Yacht/Live-Aboard	None	None	1 vehicle per Business for Every 10 yachts/ Liveaboard or Part thereof upto a total of 3 vehicles at 50% applicable Trades Tax rate	0% Trades Tax + 0% G.S.T on boat & 0% Trades Tax On engine	5% Trades Tax	None	None	None	None
Car Hire Operator	None	None	None	None	None	None	None	R 25,000.00 Rebate on Trades Tax Per car	2 vehicle At 50% Applicable Trades Tax rate
Taxi Operator	None	None	None	None	None	None	None	R 50,000.00 Rebate on Trades Tax Per car	None
Tourist Guide	None	None	None	None	None	None	1 mini-bus at 50% Applicable Trades Tax rate	None	None



## PART 2

### Social Security, G.O.P - Miscellaneous Tourist Services

1<sup>st</sup> July 2003 - 31<sup>st</sup> December, 2006

Service Provider	Employer's Social Security Contributions	G.O.P fees and applicability
Restaurant outside premises of Licensed Accommodations	Maximum 25%	1. Maximum allowable foreign Employees = one person at the normal fees
Dive Centre/ Dive Operator	Maximum 25%	1. Maximum allowable foreign Employees = 2 technical persons above the qualification of Dive Master at the normal fees
Hirecraft Operator	Maximum 25%	1. Maximum allowable foreign Employees = one technical persons at the normal fees
Yacht/Liveaboard	Maximum 25%	1. Maximum allowable foreign Employees = one technical persons per 10 yacht or liveaboards or part thereof upto a maximum of 3 persons at the normal fees
Car Hire Operator	None	None
Taxi Operator	None	None
Tourist Guide	None	None

## SCHEDULE 5

### CONSUMABLES

#### Guest Room

##### Bathroom

- Soap 35g and 60g
- Bath foam
- Shampoo/ Conditioner
- Body lotion
- Cotton pads
- Shower gel
- Dental Kit
- Emery board
- Make-up removal pads
- Cotton tips
- Sun tanning lotion
- Eau de Toilette
- Shower Cap
- Refreshing towels
- Box of tissues
- Tumblers/Coasters
- Sanitary disposal bags
- Pair of slippers
- Bath vase
- Mouth Wash
- Toothbrush kit
- Razor/Shaving cream

##### Housekeeping

- Laundry return basket
- Ash-trays
- Matches
- Clothes brush
- Satin padded hangers
- Wooden hangers
- Cotton Laundry bag
- Flags
- Laundry
- Detergent
- Fabric softener
- Insect repellent
- Dry cleaning solvent
- Iron Starch
- Cleaning supply

##### Stationery

- Stationery holders
- Baby bath
- Bottle warmer
- Laundry bags
- Emergency sewing kit
- Shoe horn
- Shopping/beach bag
- Umbrella

##### Minibar

- Bottle Opener
- Stirrer

##### Office Supplies Equipment

- Stationeries
- Photocopier/supply
- Fax machine/supply
- PCs/screens/software

## SCHEDULE 6

### Fuel Concessions to Specified Service Providers

Service Provider	Criteria To Be Met	Trades Tax
Licensed Accommodation	<ol style="list-style-type: none"> <li>1. The licensed Accommodation must be in a location where it cannot be supplied by Electricity provided for by the Public Utilities Corporation;</li> <li>2. Fuel shall be used solely for the generation of electricity for consumption by the licensed Accommodation;</li> <li>3. A sealed Energy meter shall be installed and data on specific fuel consumption shall be kept</li> </ol>	0%
Hirecraft Operator	<ol style="list-style-type: none"> <li>1. Must be a hirecraft licensed to operate in the range of 60 miles or more</li> <li>2. Receipt, proof of charters from the log book and other information as may be required by the Trades Tax Division shall be provided;</li> <li>3. Concessions shall be on a refund basis upon production of the document specified in items 2 above</li> </ol>	0%
Yacht/Liveaboard	<ol style="list-style-type: none"> <li>1. Receipt, proof of charters from the log book and other information as may be required by the Trades Tax Division shall be provided;</li> <li>2. Concession shall be on a refund basis upon production of the document specified in item 1 above;</li> </ol>	0%