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Introduction to Seychelles Special License Company (CSL)

Introduction

The Seychelles CSL (Special License Company) is a local tax resident company specially licensed by the Seychelles International Business Authority (SIBA), which is taxed at a rate of 1.5% of its worldwide income. It is registered as a normal domestic company under the Companies Ordinance 1972 but granted a special license by the Seychelles International Business Authority (SIBA) granting the special tax status and extra privacy provisions.

For those looking to establish a relatively inexpensive, tax paying domestic company, the Seychelles CSL is one of the best choices in the world.

A properly structured Seychelles CSL may have access to the growing list of Double Taxation Avoidance Treaties signed by the Government. With the allowance of foreign tax credits and expenses for certain items, the effective tax rate may actually be 0% in Seychelles.

1. Seychelles Tax Treaties

- (1) The Republic of Seychelles has signed and ratified several significant Double Taxation Avoidance Treaties and is in the process of negotiating with several more countries.
- (2) Those ratified and in force include China, UAE, Oman, Cyprus, Malaysia, Indonesia, South Africa, Mauritius, Vietman, Thailand, Botswana, Qatar and Belgium.
- (3) Negotiations concluded with Russia, Egypt, Kuwait, Czech Republic, Tunisia, Namibia, and Bahrain.
- (4) Negotiations in progress include Philippines, Malta, Burundi, Ivory Coast, Lesotho, Morocco and Uganda.
- (5) These DTAs specify lower negotiated withholding rates on interest, dividends and royalties allowing the Seychelles CSL to invest and conduct business in the treaty countries with the benefit of these lower negotiated rates.

2. Seychelles Companies Special Licence (CSL) Uses

The Seychelles CSL may be used for the specific provisions indicated in the Seychelles Company (Special Licenses) Act 2003 unless otherwise given express permission to engage in some other business by the Seychelles International Business Authority. These include the following:

- (1) Undertaking the business of investment management and advice (Including "Introducing Broker")
- (2) Offshore banking (a separate banking license is required)
- (3) Offshore insurance and re-insurance (a separate insurance license is required)
- (4) Investment services
- (5) Marketing
- (6) Intellectual property holding
- (7) Franchise
- (8) Human resources
- (9) It may also operate as a headquarters or holding company
- (10) The CSL is also the prescribed entity to operate under the Seychelles International Trade Zone License

3. Management and Control

A key provision of most Double Taxation Avoidance Treaties lies in the management and control of the company. We recommend that clients consult with a qualified tax advisor in the treaty country in order to ensure that there are no issues which could jeopardize the ability to access the treaty benefits when it comes time to pay taxes.

Kaizen is able to provide varying levels of management and control for the structure. Our services include:

- (1) Provision of virtual office solutions (telephone, fax and mail)
- (2) Local natural person directors
- (3) Local corporate secretary (through our locally licensed partner which is separately licensed to carry out such activities)
- (4) Accounting (bookkeeping, invoicing, etc.)
- (5) Account signatory services/bank account management
- (6) Auditing services through our local Chartered Accountant partner

4. Capital Gains Treatment

Seychelles does not impose taxes on capital gains. Most of the Double Taxation Avoidance treaties also specify that capital gains taxes will not be withheld at source except for the standard exclusions such as gains from immovable property. Gains from investments in public securities are generally not taxed.

5. Privacy and Confidentiality

The registration of a Seychelles CSL involves more disclosure of information to the relevant authorities; however, just like the Seychelles IBC, there is no public record of beneficial owners, directors, shareholders or officers. Additionally, there are very strict laws governing the protection and privacy of this information.

If you wish to obtain more information or assistance, please visit the official website at www.kaizencpa.com or contact us through the means:

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