

# INFORMATION SHEET

## SEYCHELLES - International Business Companies (IBCs)

Seychelles is an Independent Republic within the Commonwealth, with a population of 82,000. Seychelles comprises a group of some 115 islands in the Indian Ocean, most of which are situated between 4 and 5 degrees south of the equator. The country has good political stability with a democratically elected Government. The Seychelles economy is primarily based on tourism and commercial fishing with a thriving offshore financial services industry. Inward investment is also on the increase, especially in hotels; encouraged by favourable tax policies, incentives and Free Trade Zone.



### SEYCHELLES IBCs

Seychelles IBCs are companies incorporated under the International Business Companies Act, 1994. Seychelles IBCs are for use outside of Seychelles and may not carry on business in Seychelles (subject to a number of statutory exceptions, such as opening a bank account and keeping records). Seychelles IBCs are commonly used for:

- the holding / ownership of investments and assets, such as real estate or shares or other property
- commercial transactions and international trading operations
- asset protection vehicles
- consultancy and personal service companies

## WHY CHOOSE SEYCHELLES IBCs?



Seychelles IBCs have increased dramatically in profile and popularity over the last 3 years, with substantially increased company registrations. ***Seychelles IBC benefits:***

- **Value for money:** low annual Government licence fee of US\$ 100 if authorised capital is US\$ 5,000 or less (compare \$350 in BVI and \$350 in Bahamas)
- **Classic IBC features:** Seychelles IBCs are heavily modelled on BVI laws
- **fast and efficient processing & turnaround** – same day incorporations
- Subject to **nil taxation** in Seychelles on foreign income
- **Privacy & asset protection:** including no requirement for disclosure of beneficial owner's details to the Seychelles Government; and no public register of shareholders or directors
- **Ease of administration:** no requirement to file financial accounts or annual return in Seychelles
- Registered or Bearer shares permitted
- Name availability & **prompt name approvals**
- **Acceptability to international banks and institutions** - Seychelles is not on any OECD or FATF blacklists
- Seychelles is a **stable and independent Country**, not a Territory of a European state. This, for example, has led to increased interest by EU residents because of the effect of the EU Savings Tax Directive on British overseas territories, such as Caymans, Channel Islands and BVI

## FEATURES OF SEYCHELLES IBCs

### Fiscal advantages

- Seychelles taxation on foreign income: No
- Seychelles stamp duty on transfer of IBC shares: No
- Minimum annual Seychelles Government License fee: US\$ 100

Note: The annual Government licence fee of US\$ 100 applies if authorised capital is US\$ 5,000 or less. Therefore as “standard” IBCs are formed with an authorised share capital of \$ 5000 (the licence fee is \$300 if authorised capital is from \$5001 to \$50,000; and the licence fee is \$1000 if authorised capital exceeds \$50,000)

### Directors

- Minimum number of directors: 1
- Corporate directors permissible: yes
- Local director requirement: no
- Publicly accessible records of directors: no (ie. Directors details are not required to be filed at any Government office in Seychelles)
- Location of directors meetings: anywhere
- Directors may attend meetings via telephonic or other electronic means

### Shareholders (members)

- Minimum number of shareholders: 1
- Corporate shareholders permissible: yes
- Local shareholder requirement: no
- Location of shareholders meetings: anywhere
- Shareholders may attend meetings via telephonic or other electronic means
- Publicly accessible records of shareholders: no (ie. Shareholders details are not required to be filed at any Government office in Seychelles)

### **Beneficial owners (clients)**

- Publicly accessible records of beneficial owners: no (ie. beneficial owners details are not required to be filed at any Government office in Seychelles)
- Shares may be held by a nominee on behalf of beneficial owner client

### **Company Secretary**

- Appointment of Company Secretary requirement: optional

### **Share capital**

- Standard Authorised Share Capital: Normally US\$5,000, this being the maximum for the minimum annual Government licence fee (US\$100)
- Standard Minimum Paid up Capital: US\$1
- Standard currency: USD
- Permitted currencies: any
- Registered shares or Bearer shares permitted

### **Accounts and returns**

- Requirement to file annual Accounts: no
- Audit requirement: no
- Publicly accessible Accounts: no
- Requirement to file annual company return: no

### **Statutory requirements & Miscellaneous**

- A Seychelles IBC must have a registered office and licensed Registered Agent in Seychelles; all documents relating to an IBC must be filed by the Registered Agent.
- A Seychelles IBC has the same powers as a natural person, including the right to sue and be sued. It is a separate legal entity with limited liability and has perpetual existence.
- Continuation / migration of IBCs to or from Seychelles: yes
- The subscriber to the Memo & Arts is NOT required to be a shareholder or director. The sole power of a subscriber is merely to appoint the first Director/s.
- An IBC is not a Seychelles resident for taxation purposes

- Seychelles double taxation treaty access: no
- **Confidentiality:** no public register of directors or shareholders or beneficial owners / clients; and use of nominees permitted
- IBC Name - **Mandatory suffix** to denote limited liability: including “Limited”, “LTD.”, “Corporation”, “Corp.”, “Incorporated”, “Inc.”, “Société Anonyme”, “S.A.”, “Namloze Vennootschap”, “Berhad” or their abbreviations. The full list of approved suffixes is available (part 3 Schedule to the IBC Act 1994).
- **IBC Name restrictions:** it is prohibited for an IBC name to contain words such as “Assurance”, “Bank”, “Trust”, “Building Society”, “Cooperative”, “Chamber of Commerce”, “Chartered”, “Insurance”, “Imperial”, “Municipal” or “Foundation” or which suggests the patronage of any Government. It is prohibited to use a name already in use or any names deemed by the Registrar to be indecent, offensive or misleading. The following words are prohibited as IBC names unless evidence of the appropriate licence or permission is provided: “Casino”, “Fund”, “Securities” and “University”.
- **Trading restrictions:** cannot carry on business in Seychelles (though statutory exceptions include maintaining records and a bank account in Seychelles, holding company meetings, and engaging local advisors, etc). An IBC is prohibited from carrying on the business of banking, insurance or reinsurance, and cannot provide registered office facilities in Seychelles for other companies. A Seychelles IBC cannot own Seychelles real estate.
- Language of IBC name: while normally in English, an IBC name can also be registered in any language; this requires a translator’s certificate (English or French translation and transliteration). It is also possible to have bilingual Memo & Arts documentation in English or French and any other language.
- **Memo & Arts Amendments** – when an IBC amends either its Memorandum or Articles of Association, it is required to file a certified copy extract of the amendment resolution within 30 days of passing the resolution. Such an amendment takes effect as from the date of filing the extract of the resolution with the Registry.
- An exception to this 30 day time-frame is an extract of a resolution changing the registered agent and registered office must be filed within 7 days of the passing of the resolution.
- An IBC that increases or decreases its authorized share capital shall inform the Registry in writing within 30 days of the applicable resolution (and, to the extent that an amendment of either its Memorandum or Articles of Association occurs, the company is required to file a certified copy extract of the amendment resolution within 30 days of passing the resolution).

- An IBC shall keep a Register of Shares and Members. A copy of the Register shall be kept at the Registered Office of the company, or such other place as the Directors may determine.
- An IBC shall keep such accounts and records as the Directors consider necessary or desirable in order to reflect the financial position of the company
- An IBC shall also keep: (i) minutes of all meetings of the Directors, Shareholders and any Committees; (ii) copies of all resolutions consented to by the Directors, Shareholders and any Committees; and (iii) a Register of the Directors and Officers. Such documents and records shall be kept at the Registered Office of the company, or such other place as the Directors may determine.

### **Late fees, striking-off & restoration**

The annual licence renewal fee for Seychelles IBCs is due on the day before the **company's incorporation anniversary date**. The penalties are applied as follows:

- If the company does not renew its licence on the due date (ie. by the day **before** the anniversary date), on the anniversary date the licence fee increases by **10%**. Therefore a company with a standard US\$5000 share capital will pay US\$110 licence fee instead of US\$100. The company then has a period of *90 days* to pay the increased amount of US\$110.
- However, if the fee is not paid within 90 days of the due date, the licence fee increases by **50%**, making a company licence fee US\$150.

There is no other penalty payable, unless the company is struck off. In this case, the restoration fee payable is US\$300 if the company is restored within 3 months of the date of striking off. After 3 months, the restoration fee increases to US\$600. In addition to the restoration fee, the company will need to pay all outstanding licence fees and penalties for each year that it was not renewed.

Striking off occurs each year only on 1 January. A striking off will occur where a company fails to pay its licence fee (and penalties) on or before the next ensuing 31 December provided this date falls not less than an aggregate of 180 days after the company's licence fee due date (ie. the day prior to its incorporation anniversary date). In other words, where a company's licence fee due date occurs between July to December and has not paid due licence fees, for example, for 2004, striking off will only occur on 1 January 2006.

We do not provide tax or legal advice. We recommend that clients seek tax and legal advice from an appropriate qualified expert prior to acquiring any offshore company. Clients should also ensure that they are professionally advised on any restrictions and reporting requirements that the acquisition of or dealings with an offshore company may involve.