

# **Ministerial Policy for Import Zone Outlets, customs bonding agreements outside Import Zone and Warehouse bond license**

## **1. Purpose**

With the liberalisation of the foreign exchange market and the forthcoming tax reform the Ministry of Finance has found it necessary to review its Import Zone Policy.

## **2. Legislative Base**

Seychelles International Trade Zone Act

## **3. Scope**

This policy will target the current Import Zone operators and approved bonded warehouse operators that operate outside of SIBA.

## **4. Context**

To conform with current requirements for the Import/Wholesale/Retail in the domestic market and to facilitate the sale of goods GST free and Trades Tax free, where applicable, to alleviate the impact of cascading of taxes on business inputs imported by Tourism Operators and other businesses who are eligible for exemption from the tax (at the time of importation) on the basis that their business is liable to pay Goods and Service Tax and/or Excise Tax on their locally manufactured goods or locally provided services.

## **5. Responsibility**

Ministry of Finance

Seychelles International Business Authority

Seychelles Licensing Authority

**Ministry of Finance**    **Policy Statements**

**Import Zone Outlets**

- To operate the business in a corporate structure that is registered as a domestic company
- Licensed by the SLA with an **Import Zone Outlet** license and to be registered for business with the SRC.
- To operate in compliance with all domestic laws including the employment Act.
- Goods will enter the Zone on a “Warehouse” Bill (IM7) of Entry, free of all taxes (trades tax, excise tax, GST) and levy.
- All sales by the operator to be made in Seychelles Rupees.
- To be able to undertake sales GST free to all licensed accommodation providers and restaurants.
- Sales to all other persons or businesses claiming for exemption from any of the taxes shall require prior endorsement on the “Home Use” bill (IM4) by SRC.
- All invoices issued by an Import Zone Outlet operator, where any taxes have been exempted, shall include the Seychelles Business Number of the purchaser.
- All sales made to persons other than licensed accommodation providers and restaurants, where endorsement has not be provided by the SRC, shall be on the basis of all taxes being paid.
- The Import Zone Outlet operator must lodge two Bills of Entry together with payment of all taxes due, within 5 working days from the end of the month,. (One consolidated Bill to cover GST free (and/or other tax free sales) and the other consolidated Bill for GST payable (and/or other tax payable sales).
- All taxes and the GST payable are to be calculated based on the final invoiced price.
- The Import Zone Outlet operator must pay 1.5% of the total monthly turnover to SIBA within 5 working days from the end of the month.
- The record system to calculate the sales of tax payable and tax exempt goods will be examined and approved by the Customs Division as time allows.
- Failure to lodge and pay for the Bills for more than two consecutive months will result in the bonding agreement being revoked and liability for all taxes on goods in store to be immediately due.
- All conditions to any written agreement between the operator and the Customs Division must be adhered to and any breach of conditions by the operator of the bonded store shall

entitle Customs Division to revoke the bonded agreement and liability for all taxes on goods in store will be immediately due.

### **Current holders of Customs bonding agreements outside the Import Zone.**

These operators already exist in the domestic sector and their mode of operation will continue unchanged:

- These operators are licensed to hold in bond either:-
  - i. Outboard motors
  - ii. Motor vehicles.
  - iii. Alcoholic beverages
  - iv. Cigarettes
  - v. Cement
- These operators will continue to pay an annual fee to Customs Division of R10,000.
- Goods for these operators will continue to enter the bond on a “Warehouse” IM7 Bill of Entry, free of all taxes (trades tax, excise tax, GST) and levy.
- All sales by the operator to be made in Seychelles Rupees.
- Liability for Taxes and GST will be calculated on the CIF shown on the original IM7 Bill.
- Sales to all persons or businesses claiming for exemption from any of the taxes shall require prior endorsement on the “Home Use” bill (IM4) by SRC.
- All invoices issued by a bond operator, where any taxes have been exempted, shall include the Seychelles Business Number of the purchaser.
- All sales made to any person or business where endorsement has not been provided by the SRC, shall be on the basis of all taxes being paid.
- The operator shall lodge a “Home Use” IM4 Bill of Entry for each sale, prior to the release of the goods from bond.
- All conditions to any written agreement between the operator and the Customs Division must be adhered to and any breach of conditions by the operator of the bonded store shall entitle Customs Division to revoke the bonded agreement and liability for all taxes on goods in store will be immediately due.

**Note:**

- Duty free bonds, petroleum bonds, bonds for ships spares and ship chandlers are not affected by these new policies.

**Applicants for a Warehouse bond license to contain the following goods.**

This is a new category of business operation and will operate for an interim period up until 31 December 2011

- To operate the business in a corporate structure that is registered as a domestic company
- Licensed by the SLA and registered for business with the SRC.
- Applications for a bonded store to be submitted to Customs Division and must be in the approved format (to be announced), may be subject to terms and conditions as detailed by Customs Division (e.g. minimum expected business turnover, a minimum floor area).
- Deferred taxes must be secured by a surety that is acceptable to with the Customs Division.
- Bonds may be established, at the discretion of the Comptroller, for the following products:-
  - i. Furniture- e.g. for use in an office, hotel or restaurant.
  - ii. Tourism accommodation and restaurant consumables e.g. linen, glassware etc but not food.
  - iii. Large kitchen equipment such as fridge, freezer, stove etc.
  - iv. Large electronic and IT equipment such as air conditioners, televisions, computers, photocopiers including computer and photocopier paper.
  - v. Tyres for motor vehicles including golf carts.
- Operator to hold an **Warehouse Bond importer/wholesaler** license and sales may only be made to two categories of persons:
  - 1. Those persons able to claim tax concession or exemption; and
  - 2. Person holding import, wholesale or retail license.
  - 3. Sales to retail clients is not to be undertaken
- Goods will enter the Bond on a "Warehouse" IM7 Bill of Entry free of all taxes (trades tax, excise tax, GST) and levy.
- All sales by the operator to be in Seychelles Rupees.
- Sales to all persons or businesses claiming for exemption from any of the taxes shall require prior endorsement on the "Home Use" bill (IM4) by SRC.
- All invoices issued by an operator, where any taxes have been exempted, shall include the Seychelles Business Number of the purchaser.
- All sales made to any person or business where endorsement has not been provided by the SRC, shall be on the basis of all taxes being paid.
- The operator must lodge two Bills of Entry together with payment of all taxes due, within 5 working days from the end of the month,. (One consolidated Bill to cover GST free (and/or other tax free sales) and the other consolidated Bill for GST payable (and/or other tax payable sales).
- Liability for Taxes and GST will be calculated on the CIF shown on the original IM7 Bill.

- The operator must pay 1.5% of turnover per month to the SRC. This must be paid within 5 working days of the end of the month.
- All conditions to any written agreement between the operator and the Customs Division must be adhered to and any breach of conditions by the operator of the bonded store shall entitle Customs Division to revoke the bonded agreement and liability for all taxes on goods in store will be immediately due.

## 6. Contacts Points

Policy and Strategy Division  
Ministry of Finance

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**Authorised Signature**

**Date**