



**Ministry of Finance, National Planning
and Trade**
Liberty House, P.O Box 313/Victoria/ Mahé, Seychelles

Press Release

Thursday 17th August, 2023

**Seychelles calls for greater transparency, consistency and equitable treatment by Global Forum,
following disappointing rating of 2nd Round Supplementary Peer Review Report**

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) has adopted the 2023 Exchange of Information on Request Supplementary Peer Review Report (Second Round) for Seychelles (the Report). Whilst the Report acknowledges that Seychelles has made progress in both its legislation and implementation of the standard of transparency and exchange of information for tax purposes (the Standard) in practice, the progress achieved was not deemed sufficient to lead to an upgrade of the overall rating, and the Seychelles therefore retains its rating of Partially Compliant.

The Seychelles authorities fervently disagree with this rating.

The Minister for Finance, National Planning and Trade, Naadir Hassan stated “we are proud of the extensive reform program which we have undertaken thus far, that has shown such a marked positive impact on the effectiveness of the exchange of information, and it is regrettable that despite this, the PRG and GF have taken a position which will adversely impact our jurisdiction purely on the basis of one legacy matter for which we have exhausted all avenues of recovery.”

The Report recognises the progress in both legislation and implementation of the Standard in practice, and indeed provided an upgrade in rating on three elements (namely element A2 from Non-Compliant to Partially Compliant, element B1 from Partially Compliant to Largely Compliant and element C1 from Largely Compliant to Compliant), however, in relation to element A1, the rating of Partially Compliant was maintained, and a resultant overall rating of Partially Compliant.

At the 44th Peer Review Group (PRG) meeting from 13th -16th June, the Seychelles delegation actively challenged this assessment, in particular in relation to Element A1 of the Report, which relates to the availability of legal ownership, beneficial ownership and identity information.

The rating of Partially Compliant for this element, and consequently the overall rating of Partially Compliant, related primarily to requests for information connected to one single registered agent which left the territory together with all their records in 2018, following the public disclosures in 2016 of documents linked to the activities of several service providers focusing on offshore operations (“the Panama Papers”). These disclosures resulted in a significant increase in the number of exchange of information (EOI) requests received by Seychelles related to this one registered agent, and unfortunately, as they had already left the territory together with all records, the Seychelles competent authority was unable to obtain the required information to satisfy the requests.

Their primary contention for the maintenance of this rating is that during the period under review (April 2019 to March 2022), legal and beneficial ownership has not been provided in response respectively to approximately 26% and 35% of the EOI requests for this type of information. However, these stated statistics are disproportionately affected by the impact of the single registered agent which left the territory in 2018, and indeed, should the cases involving this registered agent be excluded from the analysis, Seychelles can be shown to have a success rate of over 99% for legal ownership and over 91% for beneficial ownership through the review period. The assessment criteria provide that a rating of Partially Compliant be assigned where a deficiency is identified which has had, or which is likely to have, a significant impact on EOI in practice. The Seychelles contends that this deficiency has already been addressed, and is therefore not likely to have a significant impact in practice in the future, and was of reducing significance in the review period, with most failures skewed towards the first half of the period.

The Seychelles authorities presented these arguments at the 44th PRG meeting, and called on the members to take a position in relation to this one particular registered agent (which also operated in multiple other jurisdictions) recognising instances where jurisdictions have undertaken all required reform and in practice mitigated any future reoccurrence, however, it is unfortunate that this request was not considered.

“The rating assigned impedes the global efforts towards tax transparency, by failing to adequately consider the progress made by member states, and would not appear to be aligned with the intent of the Standard. Seychelles is thus calling for a change in the way the peer review is conducted, urging for greater transparency, consistency and equitable treatment, such that any country small, big or well-connected is justly considered. As a country we are disappointed with this rating, especially when during the past few years, a lot has been done to ensure compliance of our jurisdiction”, noted Minister Hassan.

To note, following the release of ‘the Panama Papers’, the Seychelles authorities have been alerted to certain gaps in the legal framework relating to entities ceasing operations in Seychelles, which the authorities proceeded to remedy by introducing a legal requirement in 2021 for all registered agents ceasing operations in Seychelles to hand over all records to the Financial Services Authority.

This amendment was one part of a significant reform programme which was undertaken by Seychelles to meet the standard, which included:

- **legislative reform underpinning availability and access to information, including the following:**

- **The Beneficial Ownership Act, 2020**
- **The Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020**
- **The Trusts Act, 2021**
- **The Limited Partnerships (Amendment) Act, 2021**
- **International Business Companies (Amendment) Act, 2021**
- **Foundations (Amendment) Act, 2021**
- **strengthening supervision (reporting requirements) and monitoring,**
- **strengthening enforcement and penalties,**
- **streamlining exchange of information processes,**
- **implementing a tracking system, building a statistics database,**
- **focusing on capacity building both in the administration and of taxpayers, and**
- **extending the exchange network to include all relevant jurisdictions.**

The Seychelles, being a small island state which has dedicated a significant amount of resource and introduced legislative reforms which extend beyond the requirements of the Standard, regrets that the Report does not adequately consider the implications of the rating on the jurisdiction (as required by the assessment criteria). The implications of the maintained rating of Partially Compliant are significant, including the possibility of being placed on Annex I of the European Union’s list of non-cooperative jurisdictions for tax purposes (the “blacklist”).

While Seychelles is disappointed with the ratings assigned, it remains committed to the promotion of tax transparency, and will continue to address any deficiencies which may hinder its efforts to be an effective partner in the exchange of information for tax purposes.

The authorities intend to submit a further request for supplementary review at the earliest opportunity.

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