

## **SEYCHELLES EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (SEITI)**

### **SEITI REPORT FOR THE YEARS 2015 and 2016**

**January 2018**



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This Report has been prepared at the request of the Seychelles EITI Multi-stakeholder Group (MSG) charged with the implementation of the Extractive Industries Transparency Initiative in Seychelles. The views expressed in the report are those of the Independent Administrator and in no way reflect the official opinion of the MSG. This Report has been prepared exclusively for use by the MSG members and must not be used by other parties, nor for any purposes other than those for which it is intended.

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LIST OF ABBREVIATIONS	
AGM	Annual General Meeting
BO	Beneficial Ownership
CBS	Central Bank of Seychelles
CCCL	Civil Construction Company LTD
EEZ	Exclusive Economic Zone
EIAs	Environmental Impact Assessment Studies
EITI	Extractive Industries Transparency Initiative
FY	Financial Year
GDP	Gross Domestic Product
GoS	Government of Seychelles
INMBT	Income & Non-Monetary Benefits Tax
JMZ	Joint Management Zone
OAG	Office of the Auditor General
JMZ	Joint Management Zone
MHILT	Ministry of Habitat, Infrastructure and Land Transport
MLUH	Ministry for Land Use and Housing
MSG	Multi-Stakeholder Group
NBS	National Bureau of Statistics
PAPT	Petroleum Additional Profits Tax
PEMC	Public Enterprise Monitoring Commission
PFM	Public Finance Management
PIT	Petroleum Income Tax
RG	Registrar General
ROR	Rate of Return
SEITI	Seychelles Extractive Industries Transparency Initiative
SEYPEC	Seychelles Petroleum Company
SOEs	State-Owned Enterprises
SRC	Seychelles Revenue Commission
SCR	Seychellois Rupee
ToR	Terms of Reference
UCPS	United Concrete Products Seychelles
USD	United States Dollar
VAT	Value-Added Tax
WHT	Withholding tax

## INTRODUCTION

### 1. Extractive Industries Transparency Initiative (EITI)<sup>1</sup>

The Extractive Industries Transparency Initiative (EITI) was first announced at the World Summit for Sustainable Development in Johannesburg in 2002 (the 'Earth Summit 2002'), and officially launched in London in 2003. It was founded on the recognition that, while oil, gas and minerals can help to raise living standards across the world, in countries where these resources are not managed appropriately, this may often lead to corruption and conflict and, for many people, a lower quality of life.

The Extractive Industries Transparency Initiative is a global coalition of Government Entities, extractive companies and civil society organisations working together to improve openness and accountable management of revenues from natural resources. EITI therefore promotes better governance in countries rich in oil, gas and mineral resources, and seeks to reduce the risk of diversion or misappropriation of funds generated by the development of a country's extractive industries. A new EITI Standard was published on 23 February 2016 (the "EITI Standard"). Its principles are based on the affirmation that public understanding of government revenues and expenditure over time, could help public debate and inform choice of appropriate and realistic option for sustainable economic growth and reduction of poverty in resource-rich countries.

The EITI Standard sets out the requirements which countries need to meet in order to be recognised, first as an EITI Candidate and ultimately as an EITI Compliant country. There are currently 51 implementing countries of which 14 countries which made meaningful to satisfactory progress. 31 countries are yet to be assessed against the 2016 standard.

### 2. EITI in Seychelles

Seychelles submitted an EITI application on 12 June 2014 by the Minister of Finance, Trade and Economic Planning and was accepted as an EITI Candidate country on 6 August 2014, after validation by the EITI Board.

Seychelles published its first EITI Report for the years 2013 and 2014 on 6 February 2016, which has been validated in February 2017. In accordance with the EITI Standard, Seychelles is required to publish its second EITI Report covering the years 2015 and 2016 by 28 December 2017, and the validation of the first and second reports is due in January 2018.

The Multi-Stakeholder Group (MSG) is the implementing body of EITI in Seychelles and it consists of representatives from:

1. Ministry of Finance, Trade & Economic Planning (MFTEP)
2. Central Bank of Seychelles
3. PetroSeychelles, Ltd.
4. Seychelles Revenue Commission (SRC)
5. Attorney General's Office (AGO)
6. Ernst & Young (Seychelles) Limited
7. Citizens Engagement Platform Seychelles (CEPS)
8. Ministry of Environment, Energy and Climate Energy

The Seychelles MSG approved clear Terms of Reference (ToR) for its mission and objective, drawing on the EITI objectives. These ToR include provisions on the role, responsibilities and rights of the Multi-Stakeholder Group, its composition and the internal rules and procedures.

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<sup>1</sup> Source: <https://eiti.org/>

### 3. Objective

The purpose of this assignment is to produce the second EITI Report for Seychelles, to define the scope of the extractive industries in Seychelles in order to reconcile the data provided by extractive companies (hereafter referred to as “Companies”) with the data provided by relevant Government Ministries and Entities (hereafter referred to as “Government Entities”).

The overall objectives of the reconciliation exercise are to assist the Government of Seychelles (GoS) in identifying the positive contribution of the extractive sector to the economic and social development of the country as well as to realise its potential through improved resource governance. This aims to encompass and fully implement the principles and criteria of the Extractive Industries Transparency Initiative.

### 4. Nature and extent of our work

Moore Stephens has been appointed as Independent Administrator in order to prepare the second EITI Report for the years 2015 and 2016.

We have performed our work in accordance with the International Auditing Standards applicable to related services (ISRS 4400 Engagements to perform agreed upon procedures regarding Financial Information). The procedures performed were those set out in the terms of reference as defined in the Contract for Consultants’ Services.

The reconciliation procedures carried out were not designed to constitute an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements and as a result we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

The report consists of seven (7) chapters presented as follows:

- 1) Executive Summary;
- 2) Approach and Methodology;
- 3) Contextual Information on the Extractive Industry;
- 4) Determination of the reconciliation scope;
- 5) Reconciliation results;
- 6) Analysis of reported data; and
- 7) Recommendations.

Reported data disaggregated by individual companies, Government Entities and revenue streams, are included in a separate document to be published on ([eti.org/seychelles](http://eti.org/seychelles)). The amounts stated in this report are stated in Seychelles Rupee (SCR), unless otherwise stated.

The report incorporates information received up to 28 December 2017. Any information received after this date has not therefore been included in this report.

## 1. EXECUTIVE SUMMARY

This report summarises the results of the reconciliation of revenues from the extractive industries in the Seychelles as part of the implementation of the Extractive Industries Transparency Initiative (EITI). In this context extractive companies and Government Entities report payments and collections such as royalties, profits, taxes, dividends and other material industry related payments obtained from the extractive sector.

### 1.1. EITI scope

This report covers payments made by extractive companies and revenues received by Government Entities and other material payments and benefits to Government Entities as detailed in Section 4.

It also includes contextual information about the extractive industries according to the EITI Standard - Requirement n°3. The contextual information includes a summary description of the legal framework and fiscal regime, an overview of the extractive industries, the extractive industries' contribution to the economy, production data, the State's participation in extractive companies, revenue allocations and the sustainability of revenues, licence registers and licence allocations.

### 1.2. Revenue Generated from the Extractive Industries

The receipts reported by the Government entities during the fiscal years 2015 and 2016, after reconciliation, are summarised as follows:

#### Structure of revenues of the extractive industries

Total revenues received from the extractive sector amounted to SCR 24,590,036.34 and SCR 11,534,242.55 in FY 2015 and FY2016 respectively. The breakdown of revenues is set out in the table below:

	FY 2015		FY 2016	
	Extractive revenues (SCR)	% of total payment	Extractive revenues (SCR)	% of total payment
SRC	15,609,173.72	63.5%	10,733,647.04	93.1%
PetroSeychelles	6,902,257.16	28.1%	9,662.48	0.1%
Social payments	1,328,605.46	5.3%	40,933.03	0.3%
MHILT	750,000.00	3.1%	750,000.00	6.5%
<b>Total extractive revenues</b>	<b>24,590,036.34</b>	<b>100.0%</b>	<b>11,534,242.55</b>	<b>100.0%</b>
JOGMEC	14,501.72	0.1%	9,662.48	0.1%
East African Exploration Seychelles Limited and AVANA Petroleum Limited	3,072,684.29	12.5%	-	-
Ophir Seychelles & PQI	4,967,063.13	20.1%	-	-
Civil Construction Company Limited (CCCL)	7,522,939.78	30.6%	6,931,822.13	60.1%
United Concrete Products Seychelles Ltd (UCPS)	9,012,847.42	36.7%	4,592,757.94	39.8%
<b>Total extractive revenues</b>	<b>24,590,036.34</b>	<b>100.0%</b>	<b>11,534,242.55</b>	<b>100.0%</b>

Source: SEITI reporting templates

Figure 1: Structure of extractive industries revenues (FY 2015)

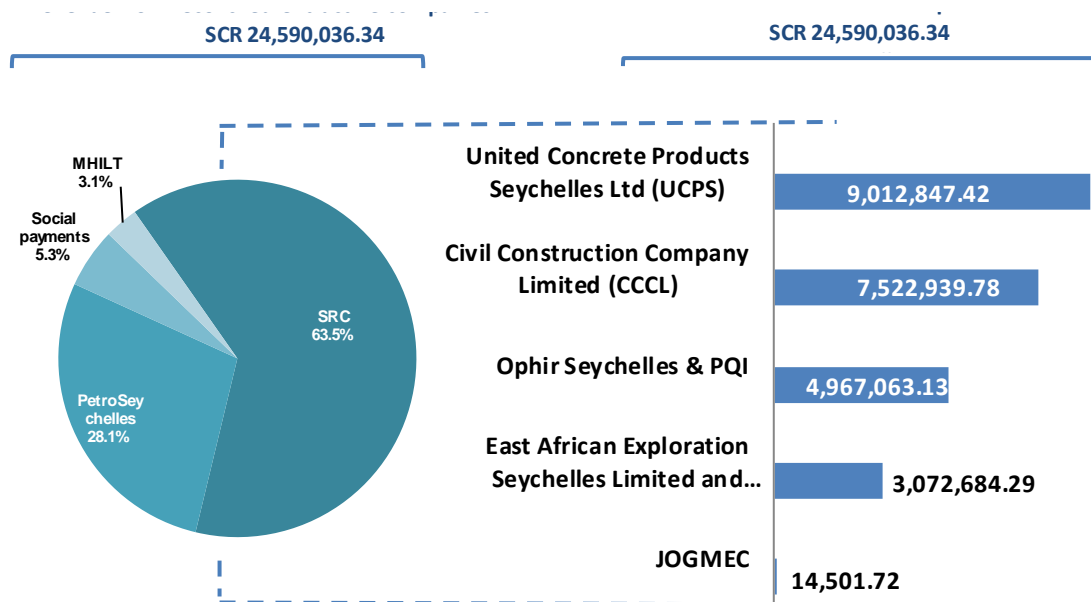
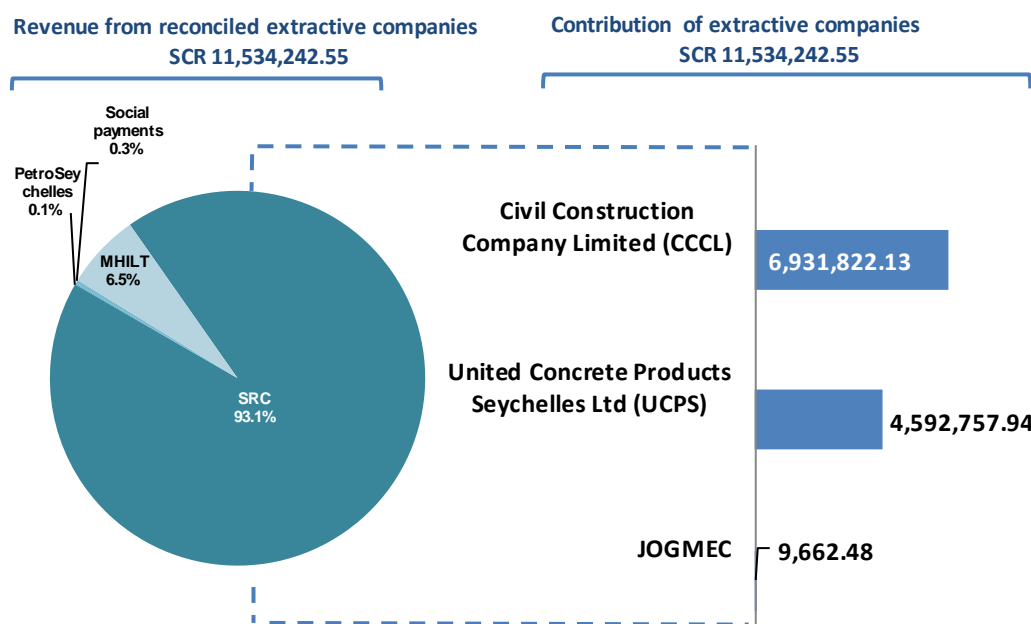


Figure 2: Structure of extractive industries revenues (FY 2016)





The allocation of the extractive revenues by Government Entity with details of transfers made by SOEs to the State budget and other accounts are detailed below:

**For FY 2015:**

Payments by entity	Total Revenues	Revenues received from extractive sector				Transfers between SOEs and to State budget		
		PetroSeychelles	SRC	MHILT	Social payments	SRC	MFTEP	PetroSeychelles
East African Exploration Seychelles Limited and AVANA Petroleum Limited	3,072,684.29	3,072,684.29	-	-	-	-	-	-
Ophir Seychelles & PQI	4,967,063.13	3,815,071.15	-	-	1,151,991.98	-	-	-
JOGMEC	14,501.72	14,501.72	-	-	-	-	-	-
United Concrete Products Seychelles Ltd (UCPS)	9,012,847.42	0.00	8,836,233.94	-	176,613.48	-	-	-
Civil Construction Company Limited (CCCL)	7,522,939.78	0.00	6,772,939.78	750,000.00	-	-	-	-
PetroSeychelles Ltd	-	-	-	-	-	566,611.30	(167,962.84)	-
Seychelles Petroleum Company Ltd (SEYPEC)	-	-	-	-	-	-	-	-
Société Seychelloise D'Investissement Ltd (SSI)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>24,590,036.34</b>	<b>6,902,257.16</b>	<b>15,609,173.72</b>	<b>750,000.00</b>	<b>1,328,605.46</b>	<b>566,611.30</b>	<b>(167,962.84)</b>	<b>-</b>

**For FY 2016:**

Payments by entity	Total revenues	Revenues received from extractive sector				Transfers between SOEs and to State budget		
		PetroSeychelles	SRC	MHILT	Social payments	SRC	MFTEP	PetroSeychelles
JOGMEC	9,662.48	9,662.48	-	-	-	-	-	-
United Concrete Products Seychelles Ltd (UCPS)	4,592,757.94	-	4,551,824.91	-	40,933.03	-	-	-
Civil Construction Company Limited (CCCL)	6,931,822.13	-	6,181,822.13	750,000.00	-	-	-	-
PetroSeychelles Ltd	-	-	-	-	-	422,805.57	-	-
<b>Total</b>	<b>11,534,242.55</b>	<b>9,662.48</b>	<b>10,733,647.04</b>	<b>750,000.00</b>	<b>40,933.03</b>	<b>422,805.57</b>	<b>-</b>	<b>-</b>

The list of transfers from SOEs to Seychelles Revenue Commission (SRC) and to MFTEP, and the regulation governing these transfers are detailed in Section 6.3.

## Significance to Seychelles economy

Based on data received from the National Bureau of Statistics of Seychelles, there was no contribution from the Oil and Gas sector to the Gross Domestic Product (GDP) during the years 2015 and 2016.

Based on the data provided by the Central Bank of Seychelles and companies, no minerals export contribution has been identified in the country's total exports.

Based on the data collected during the reconciliation exercise, the revenues collected from the extractive industries contributed 0.39% and 0.16% to the total revenues of the Government during the fiscal years 2015 and 2016 respectively as detailed in Sections 3.2.2 and 3.3.9 of this report.

In accordance with the data collected from reporting entities, the contributions of the quarrying sector to total employment in Seychelles is around 1.07% and 1.2% during FYs 2015 and 2016 respectively as detailed in Sections 3.2.2 and 3.3.9 of this report.

Figure 3: Macro-economic indicators for the extractive sector (FY 2015)

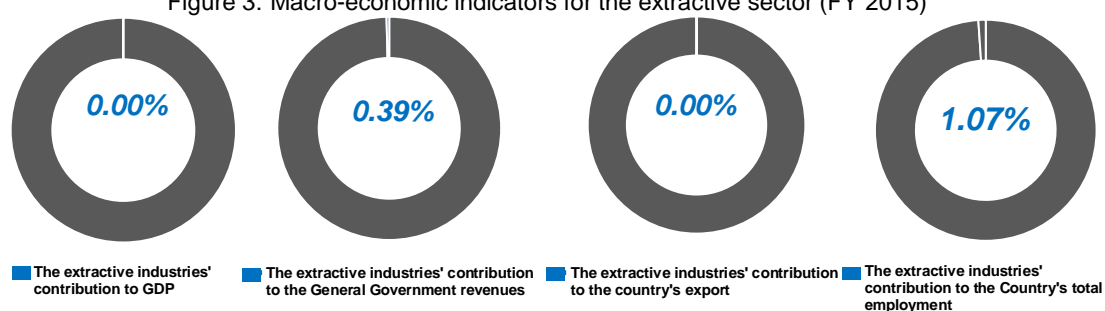
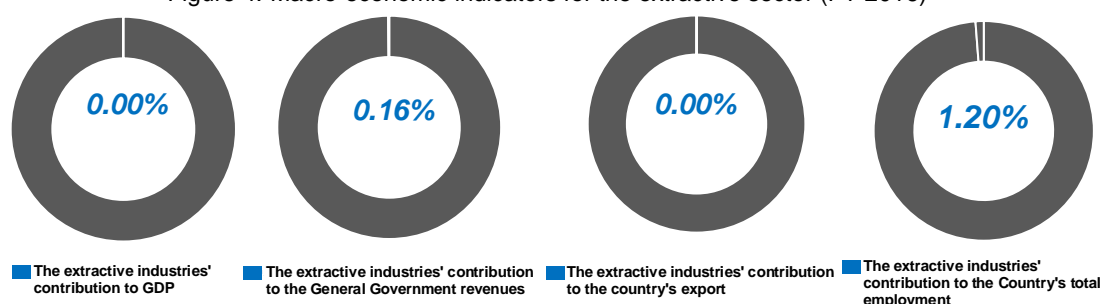


Figure 4: Macro-economic indicators for the extractive sector (FY 2016)



## 1.3. Production

Mineral production data received from companies for the period covered quarried stones mineral, whilst the data made available by MHILT did not provide any details on production. The table below gives details of the production quantities and values during FYs 2015 and 2016 by type of mineral as reported by extractive companies:

Operating companies	Commodity	FY 2015		FY 2016	
		Production (tons)	Value (SCR)	Production (tons)	Value (SCR)
United Concrete Products Seychelles Ltd.	<b>Stone, Crushed</b>	264,664	32,993,766	240,911	30,519,705
	<b>Aggregates</b>	51,107	10,170,293	66,423	13,218,177
Civil Construction Company Ltd.	<b>Crusher Dust</b>	60,919	13,341,261	73,577	16,113,363
	<b>Plastering Dust</b>	14,428	4,202,876	26,298	7,660,607
	<b>Crusher Waste</b>	3,898	615,884	3,524	556,792
	<b>Rocks</b>	6,080	997,045	5358	878,712
<b>Total</b>		<b>401,096</b>	<b>62,321,125</b>	<b>416,091</b>	<b>68,947,356</b>

Source: Extractive companies' declarations

The oil and gas sector is still at the exploration stage and there is no oil production during the reconciliation period.

#### 1.4. Scope of the data collection and reconciliation

As agreed by the MSG, payments made by the extractive company JOGMEC were below the materiality threshold and were included in the EITI scope through unilateral disclosure by Government Entities in accordance with EITI Requirement 4.1.d as detailed in Section 6.2 of this report.

The MSG agreed to include the social payments in the EITI scope through unilateral disclosure by extractive companies as detailed in Section 6.2 of this report.

#### 1.5. Completeness and Accuracy of Data

##### Comprehensiveness of the scope

EITI Requirement 4 requires the full disclosure of extractive industry revenues and material payments by Government Entities as well as by oil, gas and mining companies. The MSG agreed that the mining sector should be included in this report.

##### Data submission

All extractive companies included in the reconciliation scope submitted reporting templates, except the licensee 'East African Exploration Seychelles Limited and AVANA Petroleum Limited'. Receipts reported by Government Entities and relating to this licensee amounted to SCR 3,072,684.29 accounting for 12.5% of total extractive revenues in 2015. There were no revenues collected from this licensee during 2016.

The Registrar General, which forms part of Government Entities included in the reconciliation scope, did not return its reporting templates for the years 2015 and 2016.

Except for the instances described above, all material contributions made by extractive companies within the scope agreed by the MSG, have been reconciled.

##### Data Certification

##### Extractive companies

In accordance with the information collected during the reconciliation work, all reporting templates submitted by companies, were signed by an authorised officer but not certified by an external auditor. Only UCPS and CCCL submitted their audited financial statements. Ophir Seychelles was not able to submit a copy of its latest audited financial statements:

##### Government Entities

With regards to Government Entities:

- SEYPEC, SSI and PetroSeychelles submitted reporting templates that were signed by an authorised officer but not certified by the external auditor. There were no revenues collected nor transfers made by SEYPEC and SSI, relating to the extractive industry during both years. However, the 2016 audited financial statements of PetroSeychelles is not available to date. Total revenues declared by PetroSeychelles amounted to SCR 6,902,257.16 and SCR 9,662.48 for 2015 and 2016 respectively. These represent 28.1% and 0.1% of total extractive revenues for the respective years; and
- MHILT and SRC submitted reporting templates that were signed by an authorised officer and certified by the Office of the Auditor General (OAG).

## 1.6. Reconciliation of Cash Flows

Moore Stephens has been appointed as Independent Administrator to reconcile tax and non-tax payments reported by extractive companies and Government Entities in order to identify and clarify any potential discrepancies in the reported payments.

Total reconciled revenues received from extractive companies as declared by Government Entities amounted to SCR 23,246,929.16 and SCR 11,483,647.04 during FY 2015 and FY 2016 respectively. The tables below summarise the reconciled revenues and transfers disclosed by Government Entities according to the reconciliation scope decided by the MSG:

### For FY 2015

Payments (in SCR)	Initial reporting	Reconciliation adjustments	Final reporting
<b>Revenues received from extractive industries</b>			
Companies (a)	44,927,938.03	(26,050,531.90)	18,877,406.13
Government Entities (b)	49,032,253.24	(25,785,324.08)	23,246,929.16
<b>Unreconciled difference (c)=(a)-(b)</b>			<b>(4,369,523.03)</b>
<b>% of reconciled revenues (c)/(b)</b>			<b>18.8%</b>
<b>Unilateral disclosure by Government (d)</b>			14,501.72
<b>Unilateral disclosure by Companies (e)</b>			1,328,605.46
<b>Total extractive revenues (f)=(b)+(d)+(e)</b>			<b>24,590,036.34</b>
<b>Transfers from SOEs to State budget</b>			
SOEs (g)	807,456,398.37	(805,689,787.07)	1,766,611.30
Government Entities (h)	660,509,825.21	(659,943,213.91)	566,611.30
<b>Unreconciled difference (i)=(g)-(h)</b>			<b>1,200,000.00</b>

### For FY 2016

Payments (in SCR)	Initial reporting	Reconciliation adjustments	Final reporting
<b>Revenues received from extractive industries</b>			
Companies (a)	33,374,419.86	(22,132,070.73)	11,242,349.13
Government Entities (b)	33,666,135.43	(22,182,488.39)	11,483,647.04
<b>Unreconciled difference (c)=(a)-(b)</b>			<b>(241,297.91)</b>
<b>% of reconciled revenues (c)/(b)</b>			<b>1.09%</b>
<b>Unilateral disclosure by Government (d)</b>			9,662.48
<b>Unilateral disclosure by Companies (e)</b>			40,933.03
<b>Total extractive revenues (f)=(b)+(d)+(e)</b>			<b>11,534,242.55</b>
<b>Transfers from SOEs to State budget</b>			
SOEs (g)	380,613,417.05	(378,975,611.48)	1,637,805.57
Government Entities (h)	770,597,937.27	(770,175,131.70)	422,805.57
<b>Unreconciled difference (i)=(g)-(h)</b>			<b>1,215,000</b>

## 1.7. Recommendations

We raised several findings and have made recommendations with a view to improve the EITI process in Seychelles and governance of the extractive sector and revenue management. The recommendations noted are summarised as follows:

### Findings

- 1 Award of quarrying contracts
- 2 Lack of licences for private lands
- 3 Lack of model agreement for quarrying contracts
- 4 Lack of licences register for the quarrying sector
- 5 Enforcement of the law
- 6 Lack of production data follow up
- 7 Revision of the mineral Act (1962)
- 8 Lack of capacity building
- 9 Oil and Gas Contract Disclosure
- 10 Fiscal regime for State-Owned Enterprises
- 11 Incomplete EITI Database
- 12 Private and State-Owned Enterprises Audit
- 13 Licences register

These findings and the associated recommendations are detailed in Section 7 of this report.



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10 January 2018

## 2. APPROACH AND METHODOLOGY

The reconciliation process consisted of the following steps:

- preliminary analysis of the EITI reporting process to determine the scope, including the reporting templates, data collection procedures, and the schedule for publishing the EITI Report;
- collection of payment data from Government Entities and extractive companies which provides the basis for the reconciliation;
- comparison of amounts reported by Government Entities and extractive companies to determine if there are discrepancies between what the authorities reported as being received and the licensees report to have paid in taxes; and
- contact with Government Entities and extractive companies to resolve discrepancies identified.

### 2.1. Scoping Study

The financial flows to be included in the reconciliation and the Government Entities and companies which were required to report were determined by the SEITI MSG based on the inception report produced by Moore Stephens.

According to the ToR of our Engagement, we were required to carry out a preliminary analysis which would determine the scope of this SEITI Report, including a proposal of:

- the materiality threshold for receipts and payments;
- taxes and revenues to be covered;
- companies and Government Entities required to report;
- reporting templates to be used; and
- assurances to be provided by reporting entities to ensure credibility of the data made available to us.

The scope of the SEITI report as agreed by the MSG is described in Section 4 of this report.

### 2.2. Data Collection

Standard reporting templates and instructions were designed to facilitate the process for the reporting companies. The templates were designed to include the revenue streams paid to each Government Entity and were formatted in such a way that companies could easily identify and determine the appropriate amounts to be disclosed. The reporting templates were sent electronically to the reporting entities.

The companies and Government Entities were requested to report directly to the Independent Administrator on 30 November 2017 and to whom they were also requested to direct any questions on the reporting templates.

Companies and Government Entities were requested to submit a breakdown of payments by date and by receipt in their supporting schedules.

The MSG set the deadline for submission of the certified reporting templates (soft copies and hard copies) of 6 December 2017. We liaised with all the reporting entities to ensure that receipt of all reporting templates is achieved.

### 2.3. Reconciliation and Investigation of Discrepancies

The process of reconciling the data and investigating discrepancies was carried out from 4 to 11 December 2017. In carrying out the reconciliation, we performed the following procedures:

**Initial Reconciliation Procedures:** Figures reported by extractive companies were compiled item by item on the basis of figures reported against the Government Entities. As a result, all discrepancies identified have been listed item by item in relation to each Government Entity and company.

In cases where the reported revenue data from Government Entities agreed with a company's reported payment data, with deviation within the allowable variance described in the section below, the government figures were considered to be correct and no further action was undertaken.

In cases where the reported revenue data from Government Entities did not agree with a company's reported payment data and the difference was not within the allowable variance, discrepancies were specified for each company and government reporting entity and the discrepancies were subject to further review before completing the initial reconciliation report.

**Reconciliation variance:** As part of the reporting process, a variance threshold of SCR 13,000 was agreed to help determine an acceptable level of effort to be spent in attempting to resolve the discrepancies.

In cases where the reported revenue data from Government Entities did not agree with the payment data reported by Companies, and the discrepancies were at or below the variance threshold determined by the MSG, the Independent Administrator concluded that the discrepancies were not material to the SEITI Report.

**Follow-up procedures to investigate differences:** In cases where the revenue data reported by Government Entities did not agree with the payment data reported by Companies and the discrepancies were in absolute terms higher than the variance agreed by the MSG, the Independent Administrator considered the discrepancies to be material and these amounts were further analysed and investigated. In such cases, the Government Entities and Companies were asked to provide supporting documents and/or confirmation for any adjustment to the information provided in the original reporting templates.

As Independent Administrator, we contacted the reporting entities and reviewed additional supporting documentation evidencing the payments reported. In the event that we were not able to identify the reasons for the differences through review of additional supporting evidence and contact with the reporting entities, we concluded that the discrepancies were "undetermined or unexplained". The results of our work are presented in Section 5 of this report.

## 2.4. Reliability and Credibility of Data Reported

### Companies

The Reporting Templates submitted by the extractive companies and SOEs selected in the reconciliation scope should be:

- ❖ signed by a person authorised to represent the extractive company (Chief Financial Officer or Chief Executive Officer/Director). All companies selected in the reconciliation scope provided signed copies of their reporting templates except the licensee 'East African Exploration Seychelles Limited and AVANA Petroleum Limited (EAX)' - this licensee did not submit any reporting templates;
- ❖ supported by detail of payments reported; and
- ❖ certified by a registered external auditor - none of the companies provided certified copies of their reporting templates.

Companies were also requested to provide copies of their audited financial statements, so that a review of the assurance procedures applicable to them could be undertaken, e.g. use of International Auditing Standards.

All reporting templates submitted by companies were signed by an authorised officer but not certified by an external auditor. Only UCPS and CCCL submitted their audited financial statements. Ophir Seychelles was not able to submit a copy of its 2015 and 2016 audited financial statements:

### Government Entities

The Reporting Templates submitted by Government Entities included in the reconciliation scope must be:

- ❖ signed by a person authorised to represent the Government Entity.
- ❖ accompanied by details of payments reported; and
- ❖ certified by the Office of the Auditor General for the agencies and certified by the external auditor for the State-Owned Enterprises.

In accordance with the information collected from Government Entities:

- SEYPEC, SSI and PetroSeychelles submitted reporting templates that were signed by an authorised officer but not certified by the external auditor. There were no revenues collected nor transfers made by SEYPEC and SSI relating to the extractive industry during both years. However, the 2016 audited financial statements of PetroSeychelles is not available to date. Total revenues declared by PetroSeychelles amounted to SCR 6,902,257.16 and SCR 9,662.48 for 2015 and 2016 respectively. These represent 28.1% and 0.1% of total extractive revenues for the respective years; and
- MHILT and SRC submitted reporting templates that were signed by an authorised officer and certified by the Office of the Auditor General (OAG).

## 2.5. Accounting records

In accordance with Requirement 4.7 of the EITI Standard, data has been reported by company, by payment flow and by Government Entity. Reporting entities were asked to provide the relevant details along with the reporting templates for each payment flow, as well as contextual information. The MSG agreed that the SEITI Report is based on data for the fiscal years 2015 and 2016.

The reconciliation has been carried out on a cash accounting basis. Accordingly, any payment made prior to 1 January 2015 was excluded. The same applies to any payment made after 31 December 2016.

For payments made in other currencies, reporting entities were required to report in the currency of payment. Payments made in Seychelles Rupees have been converted to USD at the actual rate of the transaction.

### 2.5.1. Extractive companies

Extractive companies normally prepare their accounting records on an accruals basis, i.e. the tax expense is recognised at the time it is due rather than the time it is paid. Only amounts actually paid during the years from 1 January to 31 December 2015 and from 1 January to 31 December 2016 were considered in the template.

### 2.5.2. Government Entities

In respect of Government Entities, care has been taken to ensure that amounts shown on the "Payment/Receipt Report" include all receipts during financial years 2015 and 2016, irrespective of whether the receipts were allocated in the Government Entities' records against amounts due in previous or subsequent financial year.

SOEs maintain their accounts on the accruals basis similar to private companies.



### 3. CONTEXTUAL INFORMATION ON THE EXTRACTIVE INDUSTRY

#### 3.1. Extractive sector in Seychelles

Seychelles is located in the Indian Ocean with a population of 95,000 in 2016. The country has a perimeter around 1.5 thousand kilometres and is located off the East coast of Africa. It comprises an archipelago of 115 islands and has a total land area of 460 square kilometres. Seychelles is endowed with natural resources from fishery, agriculture, and mining. Although multinational companies have explored the region around the islands on and off since the seventies, no commercial quantities of natural gas or petroleum had been found to date. The country is made up of 41 granitic islands<sup>1</sup> and granite was extracted in order to be used mainly for construction.

The extractive sector covered by this report includes the Oil and Gas sector in addition to the Quarrying sector.

#### 3.2. Regulatory framework and context of the petroleum sector in Seychelles

##### 3.2.1. General context of the petroleum sector

Seychelles' oil sector strategy is to improve energy security and promote petroleum exploration in the Exclusive Economic Zone (EEZ) by putting in place fiscal and regulatory incentives that will attract oil companies, expedite exploration and allow an early commercial discovery. Seychelles depends overwhelmingly on petroleum imports for energy generation, while fiscal revenues are tight and the country is aiming to lower its debt ratios. The Government is therefore keen on expediting petroleum exploration in its EEZ. A discovery of oil will not only improve security of supply, but will also generate additional revenues to the Government. The legal and fiscal frameworks were revised with this objective. The resulting oil sector activity is expected to stimulate ancillary economic growth in the services and other sectors, generating employment and stimulating economic growth.

The petroleum and hydrocarbon sector of Seychelles is still at exploration stage. Exploration started in the early seventies. Since then, several geophysical surveys have been conducted and four exploration wells have been drilled. Although no commercial hydrocarbon discovery has been made to date, all the pre-requisites for generation, migration and trapping have been identified, including traces of migrant oil and gas in three of the four wells drilled indicative of a working system.

Both Ophir Seychelles and Afren held active agreements during 2015. The first petroleum agreement was originally signed in February 2005 with Australian based, WHL Energy Ltd which farmed out 75% of its interest to Ophir Energy Plc in April 2014. The second petroleum agreement was originally signed with East African Exploration Seychelles Limited (EAX) and AVANA Petroleum Limited in November 2008. EAX being subsidiary of Black Marlin Energy Holdings Limited (BMEL), a listed company on TSX Venture Exchange. Afren Plc acquired BMEL and became operator of the Seychelles agreement in October 2010. Afren Plc completed a 3D seismic survey of 2,500 sq.km in early 2013 and Ophir completed the acquisition of 1,528 sq.km of 3D seismic in the Junon prospect in July 2014. Afren Plc's agreement was terminated in 2015 because the company did not undertake several activities in accordance with the agreed work programme. Ophir Seychelles' agreement was terminated in 2015 because of the low price of petrol.

A third company, Japanese Oil Gas and Minerals Exploration Company, (JOGMEC) has an exploration licence that has been active during 2015 and 2016. The company completed a 2D seismic survey and a geochemical survey in May 2014. The results of the recent seismic work have firmed up the definition of several large prospects. The Government of Seychelles is also contemplating the possibility of undertaking a regional synthesis using all available data to allow PetroSeychelles to gain better understanding of the overall prospection of the Seychelles EEZ thereby ensuring that petroleum licensing policy decisions are based on solid scientific insights.

<sup>1</sup> 2011 Minerals Yearbook, USGS

### 3.2.2. Petroleum sector contribution to the Economy

#### (i) Gross Domestic Product (GDP)

According to the National Bureau of Statistics (NBS), the real GDP estimate in 2016 increased by 2.6% compared to 2015 and the contribution of each sector is presented below:

Industry	2015		2016	
	(SCR Million)	%	(SCR Million)	%
Accommodation and Food service activities	2,292	12.50%	2,396	12.70%
Transportation and storage	2,057	11.20%	2,202	11.70%
Owner Occupied dwellings	1,491	8.10%	1,544	8.20%
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,268	6.90%	1,333	7.10%
Public administration and defence; compulsory social security	1,234	6.70%	1,278	6.80%
Real estate activities	1,017	5.50%	1,043	5.50%
Information and communication	911	5.00%	961	5.10%
Financial and insurance activities	797	4.30%	834	4.40%
Construction	575	3.10%	573	3.00%
Administrative and support service activities	497	2.70%	515	2.70%
Professional, scientific and technical activities	480	2.60%	487	2.60%
Electricity, gas, steam and air conditioning supply Water supply; sewerage, waste management and remediation	420	2.30%	440	2.30%
Manufacture of beverages and tobacco	398	2.20%	409	2.20%
Education	392	2.10%	402	2.10%
Manufacture of food	358	2.00%	380	2.00%
Human health and social work activities	310	1.70%	318	1.70%
Manufacturing, other	239	1.30%	181	1.00%
Agriculture	223	1.20%	227	1.20%
Fishing	152	0.80%	156	0.80%
Other activities	84	0.50%	70	0.40%
<b>GDP at current basic prices</b>	<b>15,196</b>	<b>82.90%</b>	<b>15,747</b>	<b>83.70%</b>

Source: Central Bank of Seychelles – Annual Report 2016

As per the above figures, the upstream petroleum sector is still at exploration stage and therefore, the contribution to GDP were 0% during the years 2015 and 2016 based on reports provided by the National Bureau of Statistics (NBS).

#### (ii) Exports

In accordance with the National Bureau of Statistics (NBS), the exports of the country are as follows:

##### Major Domestic Exports: Quantity & Value by Industry, 2015 – 2016

Industry	2015 (SCR'000)	%	2016 (SCR'000)	%
Fresh & Frozen Fish	31,026	0.9%	69,491	1.9%
Other Fish	13,834	0.4%	4,084	0.1%
Canned Tuna	3,032,100	92.3%	3,471,519	92.4%
Fish Oil and Fats	40,641	1.2%	40,780	1.1%
Fish Meal (Animal Feed)	96,297	2.9%	102,792	2.7%
Sea Cucumber	45,706	1.4%	38,771	1.0%
Medicines and Medical Appliances	3,961	0.1%	1,107	0.0%
Other Exports	20,756	0.8%	27,429	0.8%
<b>Total</b>	<b>3,284,321</b>	<b>100.0%</b>	<b>3,755,973</b>	<b>100.0%</b>

Source: National Bureau of Statistics – Statistical Bulletin released on 31 March 2017

Note: (1) Figures for 2015 and 2016 are provisional

Based on the statistics provided by NBS above, the contribution of Oil and Gas to the total exports of Seychelles is nil. The major commodity exported from the country is canned tuna representing 92.3% and 92.4% of total exports for the years 2015 and 2016 respectively.

### (iii) Government revenues

The 2016 Auditor General report relating to the Government accounts, shows that total government revenue streams amounted to SCR 6,349 million and SCR 7,169 million in 2015 and 2016 respectively. These are detailed in the table below:

Description	2015 (SCR Million)	%	2016 (SCR Million)	%
Transfers from SSF	0.0	0%	0.0	0%
Trades Tax/Excise Tax/GST	1,296.2	20%	1510.4	21%
Income Tax	947.8	15%	939.3	13%
Business Tax	758.6	12%	1,041.2	15%
VAT	1,822.8	29%	2,018.7	28%
Other Taxes	603.0	10%	554.8	8%
Fees and Charges	330.1	5%	427.6	6%
Rents/Royalties	22.7	0%	26.5	0%
Income of Public Services	0.0	0%	0.0	0%
Dividends/Interest	347.3	6%	401.5	6%
Reimbursements	0.0	0%	0.0	0%
Statutory transfer	0.6	0%	10.3	0%
Miscellaneous	4.3	0%	0.6	0%
Grants	215.6	3%	237.6	3%
Privatisation, sale of assets & long-term leases	0.0	0%	0.0	0%
<b>Total</b>	<b>6,349.0</b>	<b>100%</b>	<b>7,168.5</b>	<b>100%</b>

Source: Auditor General Report

Total revenues of the oil and gas sector amounted to SCR 8,054,249.14<sup>1</sup> and accounted for 0.13% of Government revenues for the year 2015. Total revenues collected from the oil and gas sector amounted to SCR 9,662.48 and accounts for 0.0001% of total government revenues for the year 2016.

### (iv) Employment

Compared to the previous year, there was a decrease in the number of employees both in the private and government sectors in 2016. The tourism and ancillary sectors represent the largest sector (24%) of total employment. However, the parastatal sector which represents 14% of the total employment in 2016, recorded an 11% growth compared to the previous year.

Year	2012	2013	2014	2015	2016
<b>Average employment</b>	<b>44,115</b>	<b>45,818</b>	<b>47,952</b>	<b>48,423</b>	<b>46,774</b>
Private Sector	29,999	31,769	33,370	33,344	31,440
Parastatals	5,092	5,173	5,432	5,762	6,392
Government	<b>9,024</b>	<b>8,876</b>	<b>9,150</b>	<b>9,317</b>	<b>9,035</b>

Source: Annual Report 2016 of the Central Bank of Seychelles

<sup>1</sup> Total payments made by the oil and gas companies (Ophir Seychelles & PQI; East African Exploration Seychelles Limited and AVANA Petroleum Limited; and JOGMEC) as detailed in Section 6.1.1 of this report.

Based on the data collected from reporting entities, there was no employment in the oil and gas sector during both fiscal years 2015 and 2016.

### 3.2.3. Legal framework

The Seychelles petroleum sector is regulated by the Petroleum Mining Act (1976), the Petroleum Taxation Act (2008) as amended in 2013, the Corporate Social Responsibility Tax Act 2013 and the Model Petroleum Agreement (2013).

**The Petroleum Mining Act 1976** provides the legal basis under which petroleum exploration, development and production are to be conducted. It defines the ownership of petroleum resources, the rules for granting exploration licences and petroleum agreements, as well as the rules for participation by Government or Government Entities in the development, production and marketing of commercial quantities of petroleum.

**The Seychelles Petroleum (Taxation) Act 2008** has been updated and amended in May 2013, for the purpose of the Licensing Initiatives under the amended Model Petroleum Agreement. Further work is being developed to harmonize the accounting procedure included in the Model Petroleum Agreement and the new Petroleum Taxation Act. A new Petroleum Environment and Safety Act has also been developed with the objective to replace the obsolete 1984 Drilling Regulations.

The amended Petroleum (Taxation) Act has defined the tax base for the Petroleum Income Tax (PIT) as well as the rate (35%). It also brought further clarifications with regards to the method of calculation of depreciation of allowable capital expenditure for the purpose of PIT. In addition, the amendment establishes the operator's responsibility for tax returns under the self-assessment system and their obligation to submit a separate tax return for each petroleum agreement. The tax return deadline is reduced from a 6 to a 3 months period following the end of the tax year.

The updated Petroleum Tax Act mandates the retention and payment of withholding tax (WHT) at a rate of 7% for petroleum operators in respect of services performed in Seychelles or overseas by a non-resident contractor or sub-contractor in connection with petroleum operations related to a petroleum agreement. It exempts nonetheless dividends earned by non-resident shareholders in a petroleum agreement from WHT, as well as interests derived from loans made to an individual holding an interest in a petroleum agreement.

The Petroleum (Taxation) Act makes reference to the petroleum agreement of each company, signed with the government, to establish its right for exemptions.

**Income and Non-Monetary Benefits Tax (INMBT) Act, 2010:** is applicable to companies operating in the petroleum sector. Companies have the obligation to pay income tax at the rate of Schedule 1 of the Act on the gross amount of emoluments paid to their employees and to pay non-monetary benefits tax at the rate specified in Schedule 3 of the Act on the fair market value of any non-monetary benefits provided to their employees in accordance with Articles 4 and 5 of the INMBT Act.

**The Corporate Social Responsibility (CSR) Tax Act (2013):** establishes CSR as a tax to entail compliance with ethical and regulatory standards, promoting accountability for businesses that can lead to a positive impact on the communities and markets in which it operates. CSR tax is payable at 0.5% of monthly turnover.

**The Model Petroleum Agreement (2013)** is a non-tax contract, which grants the company exclusive rights to conduct petroleum operations subject to provisions of the Petroleum Mining Act and the Petroleum Taxation Act. The agreement covers the upstream petroleum sector, detailing two important phases, namely the exploration phase and the development phase.

The exploration phase extends over a period of nine (9) Contract Years according to the model agreement into an initial three-year period which can be further extended to a second and subsequently to a third optional contract period of three years each, subject to the company's fulfilment of its obligations during the previous period.

The Development Phase for Crude Oil discovery could extend up to 25 years, which can be further extended for up to another 10 years. For Natural Gas discovery, the development phase can be extended for up to 30 years. This period can be extended for up to 10 years.

The model agreement defines the company's obligations in terms of Minimum Exploration Work Programme, protection of the environment, health and safety and decommissioning. It also sets out the financial obligations of the company and the fiscal framework applicable to the agreement, including the various tax and non-tax payments that should be made to the Seychelles Government.

In particular, the agreement defines the rules for the following payment flows:

- area rentals;
- royalties on petroleum production;
- the rules for determining the company's liability for PAPT and the rate applicable based on the ROR thresholds set;
- annual contributions in respect of training of Seychelles nationals in colleges and universities, purchase of professional publications, scientific instruments and other equipment required to implement the Agreement and monitoring of Petroleum Operations; and
- refunds of staff expenses incurred for attending meetings and survey activities outside the Seychelles (transportation costs, accommodation, daily allowances)

These payments are further detailed in the Section 3.2.9 of this report.

#### 3.2.4. Institutional framework

The Ministry of Finance, Trade and Economic Planning (MFTEP) is the primary government entity responsible for the oil and gas sector. MFTEP has oversight of three state-owned enterprises:

- **Société Seychelloise d'Investissement Ltd (SSI):** is a company wholly owned by the Government of Seychelles, which was set up in 2008. It is a holding company for the investments of the Government of Seychelles. One of the primary roles of SSI is to guide the strategy and oversee the performance and objectives of all government owned commercial parastatals and agencies. SSI is involved in the petroleum sector through its shareholdings in PetroSeychelles and SEYPEC;
- **Seychelles Petroleum Company Ltd (SEYPEC):** In 1984 the Seychelles Government established the Seychelles National Oil Company (SNOC) to implement the country's petroleum policies, as well as represent the Government in petroleum related activities. SNOC assumed responsibility for all upstream petroleum matters in 1986. This included responsibility for the leasing of exploration blocks in the country's offshore acreage to international oil companies. In 2005, SNOC merged with another company called the Seychelles Petroleum Company (SEYPEC). In March 2012, SEYPEC was split in two and PetroSeychelles was created to strengthen the Government's capabilities to deal with the upstream sector of the oil industry, including the supervision, monitoring, and investment in upstream activities. Responsibility for government investment in downstream activities remains with SEYPEC, the former regulator. If oil is found in economically viable quantities and the government decides to enter into the extraction phase, it will then create a full-time, independent regulatory authority to monitor and regulate upstream operations. PetroSeychelles will then be responsible for government investments in the oil sector. SEYPEC is currently a State-owned company which was founded **Seychelles Petroleum Company (SEYPEC)** ensures the security of petroleum supplies for Seychelles energy needs. SEYPEC also owns shares in two (2) private companies operating in the upstream sector, namely, Afren and WHL Energy Ltd which are in turn parents of East African Exploration Seychelles Limited and AVANA Petroleum Limited, and Ophir Seychelles (Areas 1,2 and 3) Limited (previously registered as Petroquest International Inc) respectively.
- **PetroSeychelles Ltd:** was incorporated under the Companies Act (1973), in July 2012 as a parastatal company responsible for regulating the upstream petroleum sector and overseeing all exploration activities in Seychelles. The principal activity of the company has been to promote, conduct and supervise any activity undertaken for the purpose of exploring for petroleum and hydrocarbon deposits in Seychelles Exclusive Economic Zone (EEZ). The company's activity has also been to generate, acquire, interpret, and classify data or any other information necessary to sustain or further commercial interests in the exploration of petroleum and hydrocarbon deposits in Seychelles EEZ. The company currently reports directly to the Office of the President of the Republic and is governed by a Board of Directors. PetroSeychelles is currently a streamlined company with a core group of qualified professionals and support staff to enable the company to undertake its mandated tasks with minimal overhead. The company has plans to grow as hydrocarbon exploration matures and discoveries are made. The company is attached to the Office of the President of the Republic and is governed by a Board of Directors. The company is required to submit an annual report

on its operations and audited accounts to the newly created Public Enterprise Monitoring Commission and the Ministry of Finance<sup>1</sup>.

**Seychelles Revenue Commission (SRC)** SRC is an independent Authority responsible for collecting, receiving and accounting for the revenues of the country. It was established through the Seychelles Revenue Commission Act of 2009 under MFTEP which remains the parent Ministry responsible to oversee major policy issues affecting revenue. SRC is headed by a Revenue Commissioner (CEO) who is responsible to the Minister of Finance for the management of SRC and the administration of all revenue laws.

With regards to the petroleum sector, SRC collects tax from PetroSeychelles. If oil came on stream, SRC would collect, Petroleum Income Tax, Petroleum Additional Profits Tax and other taxes applicable to businesses directly from extractive companies.

### Registrar General

The Companies Ordinance 1972 stipulates that in order to engage in any business activity a company shall be registered with the Registrar General after paying stamp duties. Companies should submit a declaration as well as the Memorandum of Association and stamp duties to the Registrar General.

#### 3.2.5. Types of the Petroleum permits

The Petroleum Mining Act provides for two types of upstream petroleum arrangements as follows:

- **Exploration licences:** may be granted to more than one company for the same licence area. A company may apply for more than one licence in different areas of the country and the terms and conditions of an exploration licence are subject to negotiation. The licence is provided on a non-exclusive basis, i.e. rights may be granted to more than one company on the same licence area for a period of two years starting from the date of issue. According to Section 13 of the Petroleum Mining Act, an exploration licence confers to the licensee the following rights in the licenced area:
  - to search, prospect and explore for petroleum in or under such land;
  - to bring onto such land and to use any machinery, equipment, vehicles or materials reasonably required for searching, prospecting and exploring for petroleum; and
  - to construct, erect and lay out such buildings, installation and structures, and to carry out such works, on or under such land as may reasonably be required for the purpose of searching, prospecting and exploring for petroleum; and
- **Petroleum Agreement:** confers exclusive rights to a company or a joint venture on the agreement area for a period of 35 years. The model petroleum agreement has been revised in 2013 as part of the current Seychelles International Upstream Petroleum Licensing Initiative. The Model agreement complements the Petroleum Taxation Act in terms of provisions relating to the Petroleum Additional Profit Tax. The agreement gives the Government the right to claim the royalties in kind and to discharge the petroleum company of its obligation to pay such dues in cash at its own discretion. In the event that the Government exercises this option it shall do so, on each occasion, for a period of at least one (1) year and shall notify the Company of its intention to collect royalty payments in kind by giving at least six (6) months' notice and stating the Field or Fields to which the option relates to.

#### 3.2.6. Procedures for the award of Oil and Gas agreement

PetroSeychelles is the regulatory body responsible for issuing and administering licences for petroleum exploration and development operations based on a competitive process for the award of petroleum agreements.

The award of Petroleum Agreement follows an "open file" process, involving two stages:

Stage1: an application for an area of not more than 10,000 square kilometres can be made at any time. There is no limit on the number of Contract Areas for which applicants may tender for. Upon receipt of the proposal from a company or joint venture, the evaluation committee assesses the

<sup>1</sup> « Document of the World Bank », Report No: 93917-SC, January 15, 2015

qualifications of the applicants in terms of technical, financial and management capabilities. This process will determine whether or not the application is considered qualified for the next stage.

Stage 2: If it is determined that the applicant is qualified after the initial screening process, a Request for Competitive Proposals regarding the Contract Area will be announced for which a proposal has been received, without disclosing the terms offered by the first applicant. Other interested oil companies are given ninety (90) days to submit their proposals for this particular Contract Area as defined by the initial applicant. All proposals received will then be evaluated and the company selected will be invited to negotiate a Petroleum Agreement. One important element of the competitive process for the award of Petroleum Agreements is the proposed second threshold and rate for PAPT. In fact, the Model Petroleum Agreement only provides for the first threshold of ROR and the applicable PAPT rate when that threshold is met, and leaves the second threshold and related PAPT rate open to competitive bidding.

### 3.2.7. Policy on disclosure of contracts and licences

#### Contracts disclosures

Paragraph 6 of Schedule (Section 5) of the Petroleum Mining Act 1976 stipulates that: "Every application, and any information furnished therewith, shall be submitted by the Minister to the Government for final decision and all such information shall be treated as confidential". Moreover, signed contracts are not currently published due to the confidentiality clauses in Oil and Gas contracts.

The existing Oil and Gas contracts are Petroleum Agreements, Geological Survey Agreements and an Agreement for Joint Survey Programme entered into between either SEYPEC or PetroSeychelles and the Government of Seychelles and private operators. These agreements are all based on model contracts which SEYPEC or PetroSeychelles have been using for several years. Some of these contracts include a confidentiality clause which prevents the public disclosure of contractual information by both SOEs and the operators. We can cite the two instances below as follows:

- Article 6, paragraph 5 of the Geological Study Agreement signed between GX Technology and SEYPEC states: " *Unless otherwise agreed or required by the terms of this agreement, both Parties to the AGREEMENT shall keep all matters pertaining to it confidential.* "
- Article 7, paragraph 2 of the Deed of Novation, amendment and restatement amending the Petroleum Agreement signed between the Government, PetroSeychelles, Petroquest and Ophir states: " *The terms of this Deed are confidential and shall be treated in accordance with the provisions of clause 38 of the 2014 Petroleum Agreement.* "

While contract transparency is encouraged, this is not in compliance with the 2016 EITI Standard (Requirement 3) and remains a topic for the MSG to discuss.

Disclosure of petroleum contracts would be relevant for EITI when it involves payments or benefits to the Government or involve the State's participation. The Government may encounter this issue while seeking waivers of the confidentiality provisions in the petroleum contracts and would need to consult with the operators to clarify their disclosure obligations with respect to such information.

#### Contract allocation and transfer disclosures

The Oil and Gas Legislation does not restrict the disclosure of the award or transfer of Oil and Gas areas. However, the confidentiality provision in petroleum contracts (as mentioned above) would restrict the transparency of the agreed terms between PetroSeychelles and the Oil and Gas companies.

PetroSeychelles is committed to publish all applications received on its website once the preliminary assessments are completed and the application is accepted by the evaluation committee. However, practically, full details of the bid criteria including the criteria for assessing the bids were not publicly released in the past and there is no new licence allocated during 2015 and 2016.

#### Licences disclosures

An updated map of active permits has been published on the website of PetroSeychelles<sup>1</sup>.

<sup>1</sup> <http://www.petroseychelles.com/index.php/blocks-licensing/currently-active-licences>

## Regulatory reform

The existing legal framework governing the extractive sector in Seychelles reveals the lack of regulations compelling companies to comply with the reporting requirements of the EITI process. However, a draft policy paper was prepared by the MSG during the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2016.

On 31 May 2017, the MSG submitted a Memorandum to the Cabinet of Ministers for further review and approval. On 20 June 2017 Cabinet send a decision to the MSG Chair for the MSG to work on the bill. The bill was submitted to the Attorney General's office for refinement on 4 August 2017.

### 3.2.8. State participation in the Oil & Gas sector:

The Constitution of the Republic of Seychelles 1993, stipulates that the State is the owner of all underground water or unextracted oil or minerals of any kind or description. The State's intervention in the Oil and Gas sector is made through the State-Owned Enterprise, PetroSeychelles and through Petroleum Agreements signed with operators as detailed in Section 3.2.5 of this report.

#### State-Owned Enterprise (SOE)

##### SEYPEC

SEYPEC was created on 2 April 1985 as a government owned parastatal company to take over the responsibilities of importing, marketing and distributing petroleum products in Seychelles. In 2005, SEYPEC merged with the Seychelles National Oil Company (SNOC), thus taking on responsibility for all regulatory activities of the petroleum sector. Another restructuring took place in 2012, as a result of which SEYPEC was split into two companies and PetroSeychelles was created as a result. The newly created State-Owned Enterprise assumed responsibility for regulating the upstream sector, while responsibility for government investment in upstream and downstream activities remained with SEYPEC.

SEYPEC's operations revolve around the supply of fuel to the domestic market, bunkering of vessels, aviation refuelling activities and the management of its shipping arm. The company's main fuel depot comprises 28 storage tanks with a capacity of 188,000 cubic meters. The products imported and stored include two grades of gasoil, two grades of fuel oil, motor gasoline, kerosene, Jet A1, AVGAS 100LL, LPG and various brands of lubricants.

SEYPEC purchased shares in Afren PLC which is the parent company of East African Exploration Limited; the latter has been awarded a Petroleum Agreement since November 2008. SEYPEC also holds shares in WHL Energy Ltd, which sold out 75% of its interest to Ophir Energy Plc. The latter operates under a Deed of Novation, Amendment and Restatement signed in April 2014 and amending the Petroleum Agreement signed between the Government of Seychelles, SNOC and Petroquest signed in February 2005.

#### PetroSeychelles

PetroSeychelles does not hold any shares in Oil and Gas operating companies.

#### Société Seychelloise d'Investissement

SSI is the parent company of both PetroSeychelles and SEYPEC.

### 3.2.9. Fiscal regime

The Petroleum Taxation Act 2008, Model Petroleum Agreement and Corporate Social Responsibility Tax Act 2013 form the basis of the fiscal regime for the petroleum sector in Seychelles. They define two types of fiscal revenue streams from the sector which are tax revenues and the non-tax revenues.

Non-tax revenues are collected by PetroSeychelles and summarised as follows:

- Annual Rentals: represent payment per square kilometre of the Contract Area charged at the following rates, as defined by the Model Petroleum Agreement: (a) USD 10 in respect of the first exploration period;
  - (b) USD 15 in respect of the second exploration period;
  - (c) USD 20 in respect of the third exploration period; and
  - (d) USD1,000 for each square kilometre of the Development Area at the development stage. Payment of Rentals should be made by the company annually in advance.



- Royalty: chargeable on oil and gas produced in each month during the period of the Petroleum Agreement. The applicable rates are 10% for oil produced from Petroleum Field and 5% for oil obtained from marginal petroleum fields. The taxable base is assessed in terms of the quantity of crude oil or gas produced and saved from each field in the relevant month. The Government may, at its sole discretion, and upon giving six months' notice to the company, collect in kind payments of the Royalty in the form of Crude Oil, including Natural Gas Liquids or Condensates.
- Licence fees: Article 2 of Section 16 of the Petroleum Mining Act (1976) sets out the fees to be paid in respect of exploration licences and petroleum agreements and in respect of such other matters.
- Annual training and technical assistance contributions: According to the Model Petroleum Agreement, the Company should make available to the Minister of Finance at the commencement of each Contract Year of its Petroleum Operations, an annual contribution of US\$ 100,000 during the Exploration Phase and of US\$ 200,000 during the Development Phase for the purposes of:
  - o sending suitable nationals of Seychelles selected by the Minister on petroleum and energy related courses at universities, colleges or other training institutions;
  - o attending petroleum and energy-related conferences and workshops;
  - o purchasing for PetroSeychelles and the Government technical and professional publications, scientific instruments or other equipment required by PetroSeychelles and the Government for the purpose of implementing this Agreement; and/or
  - o supervising/monitoring of Petroleum Operations.
- Application fees: According to Article 2 of Section 5 (Schedule) of the Petroleum Mining Act (1976), every application for an exploration licence or a petroleum agreement shall be lodged accompanied by an application fee, currently set at USD 10,000 under the International Upstream Petroleum Licensing Initiative 2013 and is payable to PetroSeychelles.
- Sales of data packages: PetroSeychelles has set up a Data Bank of all geophysical, geological and engineering data on the petroleum potential of the Seychelles. In connection with the Licensing Initiative of 2013, data packages have been created and are sold by PetroSeychelles at a cost of USD 20,000.
- Profit Commission on Sale of Data by Exploration Companies: Once Multi-client data has been acquired, the service company which carried out the seismic study is given a fixed period within which it can commercially licence the data which it has gathered during the survey. The service company must remit specific commissions on future sales of these data. The factors considered to arrive at the profit commission are detailed in individual contracts. Once the fixed period is over, the service company can no longer market the data.
- Reimbursements on travel expenses: As per the agreement signed between JOGMEC and PetroSeychelles, JOGMEC will bear the travel costs, daily allowances and other expenses associated with the travel of the personnel of PetroSeychelles who participate in the interim meeting and other work related to the Survey to be conducted outside the Republic of Seychelles and which are specified in the Work Plan and the Work Schedule within the agreement.
- Company registration fee: the seventh schedule as cited in Section 330 of the 2012 amendment of the Companies Ordinance (1972), presents the various company registration fees by capital value.
  - o the aggregate of half percent of the amount of the nominal capital plus SCR 5,000 for a company where the nominal share capital exceeds SCR1,000,000
  - o SCR 5,000 for a particular overseas company under section 310 (1)
  - o SCR 3,000 for a company where the nominal share capital exceeds SCR 250,000 but does not exceed SCR 1,000,000
  - o SCR 2,000 for a company where the nominal shared capital exceeds SCR 25,000 but does not exceed SCR 250,000
  - o SCR 1,500 for a company where the nominal share capital exceeds SCR 5,000 but does not exceed SCR 25,000
  - o SCR 1,000 for company where the nominal share capital is SCR 5,000 or less.

- Photocopy fee: for a copy of any document or part thereof, a company shall pay SCR 10 according to the seventh schedule cited in Section 330 of the 2012 amendment of the Companies Ordinance (1972)
- Certificate issue fee: SCR 100 for a certificate issued by the Registrar
- Record fee: SCR 100 for preparing a record required or authorised to be recorded by the Registrar

Tax revenues are collected by SRC and consist of:

- Petroleum Income Tax (PIT): is stipulated within the Petroleum Taxation Act 2008, which defines the rate at 35% of profits. These are calculated according to the schedule of Allowed and Disallowed Petroleum Costs given in the Accounting Procedures attached to the Petroleum Agreement and consistent with the Petroleum Taxation Act 2008. Allowable deductions include operational expenses, repairs, rent, interest, loan expenditure, and royalties for petroleum agreements. Section 49 of the Petroleum Taxation Act 2008, provides that income subject to PIT cannot be charged with other income taxes, in order to avoid double taxation of the petroleum companies under the Petroleum Taxation Act and common taxation laws. According to the Petroleum Taxation Act 2008, SRC is the competent authority for administering and collecting this tax.
- Petroleum Additional Profits Tax (PAPT): this tax is stipulated within the Petroleum Taxation Act 2008, which makes explicit reference to provisions of the Petroleum Agreement for assessment of liability to this tax. According to the Model Petroleum Agreement, the company shall pay PAPT to the Government in each calendar year, in accordance with the Petroleum (Taxation) Act, in respect of each separate petroleum field, determined on the basis of the rate of return (ROR) that the company achieved from the effective date with respect to such field as of the end of that calendar year. The tax is a two-tier tax imposed progressively based on two ROR Thresholds. The first tier is applicable when a company achieves an effective ROR of 15%, at a PAPT rate of 25%. The second tier and trigger ROR threshold is proposed by the company, as part of the competitive bidding process, and is subject to negotiation in the context of the Petroleum Agreement. The Model Petroleum Agreement allows the Government to request payment of PAPT in kind instead of cash, by giving a minimum of a three months' notice to the company.
- Corporate Social Responsibility Tax (CSR): has been provided by CSR Tax Act 2013 to entail compliance with ethical and regulatory standards, promoting accountability for businesses' actions that can lead to a positive impact on the communities and markets in which it operates. As per the first schedule of CSR Tax Act 2013, the tax is payable at 0.5% of monthly turnover.
- WHT on contractual services: The Petroleum Tax Amendment ACT 2013 stipulates that petroleum operators should retain and pay to SRC withholding tax at a rate of 7% in respect of services performed in Seychelles or overseas by a non-resident contractor or sub-contractor in connection with petroleum operations related to the Petroleum Agreement.
- Stamp duty: Subject to the provisions of the Stamp Duty Act (1976), all duties with which any instrument is chargeable under this Act shall be paid by means of stamps in such manner as the Minister may, by order, prescribe;
- Income and Non-Monetary Benefits Tax (INMBT): Common Law taxation is also applicable to companies operating in the petroleum sector, in relation to the INMBT Act, 2010. Companies have the obligation as employers to pay income tax on the gross amount of emoluments paid and to pay non-monetary benefits tax on the fair market value of any non-monetary benefits provided to their employees in accordance with Articles 4 and 5 of the INMBT Act. Both income tax and non-monetary benefit tax is imposed on the gross amount of emoluments received and no deduction is allowed by the Act for any loss or outgoings incurred by the employee in deriving emoluments.
- Penalties: are paid by any extractive company which contravenes or fails to comply with any provision or conditions of the Petroleum Taxation Act and to tax regulations.

Petroleum companies are exempted from several taxes as follows:

- Import duties: The Petroleum Taxation Act makes reference to the Model Petroleum Agreement in determining the eligibility of the company to exemption from custom duties. The Model Petroleum Agreement confirms the exemption by allowing the company and its contractors and sub-contractors engaged in petroleum operations to import, free of duty or

other taxes on imports, machinery, equipment, vehicles, materials, supplies, consumable items (other than foodstuffs, alcoholic beverages or other products and moveable property) where imports in any of the said categories have been certified by the Minister to be for use solely in carrying out petroleum operations.

- Withholding Tax (WHT) on dividends and interests: Article 54 of the Petroleum Taxation Act amendment 2013 exempts non-resident holders of a Petroleum Agreement from WHT on dividends. WHT exemption also applies to interests derived by non-residents on loans made to individuals holding interests in a Petroleum Agreement in accordance with Article 55 of Petroleum Taxation Act Amendment 2013.
- Values Added Tax (VAT): According to the Value Added Tax Act 2010, a taxable person is an individual or a business which makes taxable supplies and is registered or is required to be registered for VAT under the Act. Current exemptions provided for under the first schedule of the VAT Act in relation to the petroleum sector are:
  - Imports of Gas Oil and Fuel Oil; and
  - Services by Seychelles Petroleum Company (SEYPEC) (Part 2, article 1).
 The supply of manufactured petroleum products is Zero rated (Article 2, Schedule 2, VAT Act, 2010).
- Business Tax: Section 49 of the Petroleum Taxation Act 2008, provides that income subject to PIT cannot be charged along with other income taxes. This means that business taxes would not be applicable to petroleum companies which hold petroleum agreements which are liable to pay PIT and PAPT. Business tax is provided by the Business Tax Act 2009. Schedule 2 of the Business Tax Act does not exempt PetroSeychelles, SEYPEC or SSI from paying business tax.

### 3.2.10. Environmental protection

The Model Petroleum Agreement (clause 20) defines the requirement of extractive companies to take out insurance policies that cover risks related to environmental damages resulting from the company's operations. The company is also obligated to require its contractors and sub-contractors to obtain and maintain such insurance covers as operators.

Clause 21 of the Model Petroleum Agreement details extractive companies' obligations in relation to environmental protection. Accordingly, companies shall act in accordance with the relevant provisions of environmental laws and regulations in force in the Seychelles, including with respect to requirements for conducting Environmental Impact Assessment Studies (EIAS) and the terms and conditions of any approval or authorisation granted to the companies under relevant environmental laws and regulations. In the absence of such laws and regulations, or when such laws and regulations are inconsistent with best international petroleum industry practices, the companies shall act pursuant to sub-clause 21(2) of the Petroleum Agreement by employing techniques, practices and methods of operation and taking other steps as deemed necessary and adequate in accordance with Best International Petroleum Industry Practice, in order to:

- (a) protect the environment and the living resources of the sea and prevent pollution;
- (b) ensure the protection from contamination of strata containing potable water or treatable water;
- (c) provide an effective and safe method for the disposal and discharge of drill cuttings and drilling muds generated during drilling operations;
- (d) provide an effective and safe method for the disposal of waste materials generated by the company's operations;
- (e) control the flow of petroleum so as to prevent avoidable waste and escape into the environment; and
- (f) ensure adequate compensation for injury to persons or damages to properties proved to have been caused by carrying out the activities under this Agreement by the company.

Where the activities of the company result in pollution or damage to the environment or marine life or otherwise, the company shall take all necessary measures in accordance with Best International Petroleum Industry Practices to effect immediate remedy of the failure and the effects thereof. If such pollution or damage is the result of gross negligence or wilful misconduct of the company, the cost of the remedy shall not be an allowable deduction in the computation of PIT and PAPT.

### 3.2.11. Main petroleum projects

The main petroleum projects relate to on-going exploration work (for years 2015 and 2016) and have been undertaken by the following companies:

#### **Afren East African Exploration**

On 12 December 2012, Afren East African Exploration (EAX), a wholly owned subsidiary of Afren Plc announced that it had started a major 3D seismic programme in the Seychelles, the first 3D survey to be conducted in the country.

The programme consisted of two surveys in Afren's licence areas that extend over a combined area of approximately 14,319 km<sup>2</sup> on the Seychelles micro-continent. The areas are located in shallow to deep waters in the Northern half of the Seychelles Plateau. A number of attractive prospects have been identified during the interpretation of 3,733 km of 2D seismic data which were acquired in 2011/2012. The 2011/2012 2D survey was designed to better reveal the areas' true prospectivity, following the earlier identification of several large-scale structures.

The first 3D survey was conducted in the Southern portion of the licence over the Bonit prospect and this covered 600 km<sup>2</sup>. The second survey was in the Northern section of the licence area and covered an area of 2,750 km<sup>2</sup>. In this area, significant prospection exists in both Cretaceous and Jurassic intervals. EAX operated the blocks with a 75% interest and partnered with Avana Petroleum which holds a 25% interest.

In July 2015, Afren Plc went into administration and had to suspend its search for oil in Seychelles due to steep drop in oil prices in the last two years. The crash of oil prices, first sparked by the November 2014 meeting of the Organization of Petroleum Operating Countries (OPEC), did not slow down.

#### **Ophir Energy**

During 2015, Ophir held 75% interest in Blocks 5B/1, 5B/2 and 5B/3 in offshore Seychelles in the Indian Ocean. The area covers 12,855 km<sup>2</sup> in water depths.

In reference to the Deed of Novation, Amendment and Restatement Agreement dated 14 April 2014 between the Government of the Republic of Seychelles (the Government), PetroSeychelles Limited (PetroSeychelles), PetroQuest International Incorporated (PQI) and Ophir (the Petroleum Agreement) relating to Blocks 5B/1, 5B/2 and 5B/3, Ophir has elected its exit option in accordance with the terms of the Petroleum Agreement. Under the terms of the agreement, the Blocks shall go back to the Seychelles Government. PetroSeychelles have formally notified PQI that the Petroleum Agreement dated 14 April 2014 relating to Blocks 5B/1, 5B/2 and 5B/3 has been terminated on 30 December 2015<sup>1</sup>.

#### **JOGMEC**

Japan Oil, Gas and Metals National Corporation (JOGMEC) has been conducting geophysical surveys including seismic surveys together with PetroSeychelles for a two-year period (from August 2013 to August 2015) under the Exploration Licence granted by the Government of Seychelles in the Western Shelf and Seychelles Plateau area.

In January 2015, the exploration licence was extended by 6 months effective from 30 August 2015. The work programme of JOGMEC includes 3,500-line km 2D seismic data acquisition and 150 seabed coring samples for geochemical analysis.

While the surveys ended on 29 February 2016, an additional survey was considered necessary and the Government of Seychelles, PetroSeychelles, and JOGMEC agreed to extend the current Exploration Licence for a further two (2) years. Based on this, JOGMEC also extended its Joint Survey Agreement with PetroSeychelles for 2 more years.

<sup>1</sup> Source : [http://www.rigzone.com/news/oil\\_gas/a/142525/ophir\\_energy\\_exits\\_three\\_blocks\\_offshore\\_seychelles/](http://www.rigzone.com/news/oil_gas/a/142525/ophir_energy_exits_three_blocks_offshore_seychelles/)

## GX Technology

The Government through SEYPEC signed an agreement with GXT on 6 September 2008 in order to work together on a joint project to conduct part of the East Africa SPAN multi-client seismic programme in the waters of Seychelles.

SEYPEC approved the project and granted exclusive rights to GXT for the marketing of non-exclusive licences to use the seismic data. This exclusive right, which shall not be assigned to any third party, was granted for a period of 10 years from the above date. At the expiry of the exclusivity period, the data recorded, in compliance with all applicable laws and regulations of Seychelles, shall become the property of the Government of Seychelles.

## 3.3. Mining and Quarrying sector

### 3.3.1. Mining Sector Overview

The Republic of Seychelles is a group of 41 granitic and over 50 coralline islands with a total area of 455 km<sup>2</sup> in the Indian Ocean North East of Madagascar. Mineral production in Seychelles consisted mostly of unspecified quantities of construction materials, clay for bricks, corals, crushed stone, granite and dimension stone. Small quantities of an organic phosphate fertilizer composed of bird droppings (guano) were occasionally mined, but 5,000 tons per year (t/yr) capacity remained small production and thus, it was not reported by the government.

Granite in the bedrock of Mahe and nearby islands had some economic potential. It was quarried for dimension stone on a trial basis by an Italian firm in the early 1980's. In 1992, Gondwana Granite, a South African company, was granted a licence to extract and export up to 3,000 cubic meters of granite. Tile and statuary products reportedly were the most likely end uses. Lime and cement production from the abundant coral also continued to be considered during the mid-1990's. However, preservationists and other environmentally concerned groups opposed both the granite and coral use projects. Polymetallic nodules occur on the ocean bottom near the Amirante Islands. Limited sampling was done in the mid-1980's, but funds for further planned work were not available.

United Concrete Products Seychelles (UCPS), a private supplier and contractor was dominating the price and selection although the existence of several block makers in Mahe. In 1983, the Government set up the Special Projects Unit (SPU), partly to ensure competition in the market for building materials and contracts. In February 1991, SPU became a public enterprise named Civil Construction Company, Ltd. (CCCL). Unfortunately, the government's efforts to promote competition has been only partly successful. SPU/CCCL over the years has inherited a hodgepodge of equipment and materials from various sources, posing problems of compatibility in use and replacement of parts<sup>1</sup> CCCL materials are often perceived to be lower in quality, as well as in price, compared with those of UCPS and some smaller suppliers, leading again to some segmentation of the market instead of head-to-head competition. The most successful suppliers were seen as those showing ingenuity in replacing one material with another in response to changing conditions. Recently, the Government more than doubled the per-ton price of sand, to reduce the taking of sand from the beaches. The more aggressive firms are substituting crusher dust (granite crushed to powder) for sand in most uses.

Since the 1990s, UCPS has been allowed to quarry on the South-East Islands (Ile du Souet – Praslin). However, due to rain and sea water flooding, the quarry (known as Quarry N°1) had to be abandoned, given that it is 70 meters below sea-level. After signing an agreement on 26 November 2007, the Government allocated UCPS a site on the Northern part of South-East Island (Quarry N°2) for quarrying purposes for twenty (20) years. The issue was that this new site has a ratio of 40:60 of rock to overburden (soil). This has made the process relatively expensive. UCPS occupies one side of the island and Yangtze occupies the other side. In March 2014, Yangtze abandoned the property and the lack of a buffer zone between the Yangtze site and UCPS Quarry N°2, presents a working hazard to UCPS. In addition, the transportation of rocks from Quarry N°2 to the crusher plants at

<sup>1</sup> Seychelles Housing and Land Management Assessment and Priorities – July 2, 1993

Anse des Genets and Pointe Larue district are wholly dependent on the SCAA traffic lights and with the increased frequencies of flights to Seychelles, the UCPS operations were severely curtailed.

On 25 April 2008, the Principal Secretary of the Ministry of National Development, Investment, Land Use and Industries Department sent a letter to UCPS through which the government gave approval to the company for an early entry to carry out assessments (site clearing, engineering survey, etc..) on the state-owned property situated in Montagne Posée in Mahe. On 4 August 2016, the company was informed that the government agreed to allocate part of Parcel S7022 at Montagne Posée to undertake quarrying operations by a letter from MHILT subject to the six (6) conditions below:

- (i) completion of discussions held between the EIA consultant of UCPS and the Ministry of Environment Energy and Climate Change and subsequent issue by the letter of the TOR for the required Addendum to the EIA;
- (ii) final approval of the EIA;
- (iii) subdivision of Parcel S7022 to excise the quarry site;
- (iv) submission of the necessary plans to the Planning Authority and approval;
- (v) execution of a commercial agreement between Government and UCPS for the quarrying operations; and
- (vi) approval in writing from the Ministry of Land Use and Housing prior to entering the quarrying site and undertaking any geotechnical investigations or any other survey works on site.

On 24 October 2016, MHILT informed UCPS that their request in regards of the extension of the company concession on South East Island was approved and that they may proceed to take possession of the site formerly occupied by Yangtze, to continue its quarrying operations thereon, as the government has terminated its commercial agreement with Quarry Products Seychelles Ltd. In the same letter LAU/M/36/2007, MHILT mentioned that the agreement signed between UCPS and the government would be amended in due course to reflect the new area allocated. On 16 February 2017, the Principal Secretary of Habitat Division within the Ministry of Habitat, Infrastructure and Land Transport confirmed that the government has been issued with an injunction prohibiting it from obstructing Yangtze and its personnel from gaining access to the quarry premises, namely Area 2 Site B at South East Island and to allow Yangtze peaceful possession of the said area until further notice. On 30 March 2017, the EIA consultant designed by UCPS informed the Ministry of Environment and Energy that the approved EIA report was submitted to their office as required by the Ministry of National Development, Investment, Land Use and Industries Department in order to enable UCPS undertake its quarrying activities in the allocated part of Parcel S7022 at Montagne Posée.

Currently, the only operating companies with active quarrying licence are UCPS and CCCL. Both companies produce aggregates, blocks, crusher and plaster dust which are essential inputs for the construction sector. And as the cost of construction in Seychelles is linked to prices of these products, the performance of the quarrying sector is extremely sensitive to the growth of the construction sector.

### 3.3.2. Production

Mineral commodities produced in Seychelles included clay for bricks, crushed stone, granite dimension stone, salt, and sand. Aggregates were the only commodity for which production data were reported. Production details were not available during the scoping phase.

The list of production submitted by the quarrying companies during the EITI reporting exercise is as follows:

Operating companies	Commodity	FY 2015		FY 2016	
		Production (tons)	Value (SCR)	Production (tons)	Value (SCR)
United Concrete Products Seychelles Ltd.	<b>Stone, Crushed</b>	264,664	32,993,766	240,911	30,519,705
	<b>Aggregates</b>	51,107	10,170,293	66,423	13,218,177
	<b>Crusher Dust</b>	60,919	13,341,261	73,577	16,113,363
Civil Construction Company Ltd.	<b>Plastering Dust</b>	14,428	4,202,876	26,298	7,660,607
	<b>Crusher Waste</b>	3,898	615,884	3,524	556,792
	<b>Rocks</b>	6,080	997,045	5358	878,712
		401,096	62,321,125	416,091	68,947,356

Source: EITI reporting templates of companies

### 3.3.3. Legal Framework

The mining sector is governed by the Mineral Act of (1962). According to Section 5 of that Act, prospecting shall be lawful under 3 types of agreement:

- a prospecting right;
- an exclusive prospecting licence; or
- a special exclusive prospecting licence granted by the Minister.

Section 6 of the same Act stipulates that mining activities should be lawful under:

- Mining rights;
- Mining leases; or
- Special mining leases granted by the Ministry

The Mineral Act (1962) does not seem to give a complete system on how the mining sector should be managed and it bears several weaknesses as detailed below.

### 3.3.4. Institutional Framework

The Mineral Act (1962) does not provide the name of the Ministry which is supposed to supervise the quarrying sector in Seychelles. The legislation refers to it as Ministry without specifying. Following interviews conducted so far, the quarrying industry in Seychelles is governed by the Ministry of Habitat, Infrastructure and Land Transport (MHILT), which was previously called Ministry for Land Use and Housing (MLUH). MHILT is responsible for land policy and land related legislation and timely review thereof.

MHILT is the government institution that grants rights to mining companies to conduct quarrying activities on state-owned lands.

### 3.3.5. Fiscal regime

Mining companies are subject to tax payments such as Business Tax, CSR, VAT and Income and Non-Monetary Benefits Tax (INMBT) to SRC. The definitions of these payments are detailed in Section 3.2.9 of this report.

Additional tax revenues are collected by SRC from mining companies and consist of:

- **PAYG instalment:** According to the Business Act 2009 - Division III, a business shall pay instalments of business tax for a tax year on the twenty-first day after the end of each month. The amount of each instalment is one twelfth of the amount of business tax estimated by the Revenue Commissioner to be payable for the tax year.
- **PAYG Specified Business:** Specified business means a business listed in the Fourth Schedule of the Business Act, 2009. A person making payment to a specified business shall

withhold tax from the gross payment at the rate specified in the First Schedule of the Business Act, 2009.

- **Income Tax Seychellois & Non-Seychellois:** In accordance with the Income & Non-Monetary Benefits Tax Act, 2010 (First schedule- Section 1), starting from 1 January 2011, the rate of income tax payable by an employed person (citizen of Seychelles or not) in respect of emoluments shall be 15% of the gross amount of emoluments.

With regards to non-tax revenues, these are collected by the Ministry for Land Use and Housing and presented as follows:

- **Royalties:** Section 8 of the Mineral Act (1962) refers to royalties that should be paid by the operator and the commercial agreement signed between the MHILT and UCPS requires the company to pay royalties of SRC 5 per ton on rocks extracted from the quarry sites within the first fifteen (15) days of each calendar month. In line of that, the commercial agreement between the MHILT and Yangtze require that the company shall pay to the government a royalty of 7% calculated on the total receipts of sales on all quarry products, less the VAT, payable monthly in arrears within the first fifteen (15) days of each calendar month.
- **Land Rentals:** according to the state land policy, lands for agricultural or small-scale farming or commercial purposes are leased. As a result, mining companies undertaking quarrying activities under or upon any land in Seychelles owned by the government, must pay land rental to MHILT for the land use during the extractive period. The amount and modalities of payment are defined in the agreement signed between MHILT and the mining company.

### 3.3.6. Mining Rights' allocation

#### Types of mining rights

In accordance with sections 5 and 6 of the Mineral Act (1962), there are six types of rights as follows:

- Prospecting Right;
- Exclusive Prospecting Licence;
- Special Exclusive Prospecting Licence;
- Mining Right;
- Mining Licence; and
- Special Mining Lease.

The Mineral Act (1962) mentions the above rights without providing any further details such as the specific duration of each right, or the actual activities permissible under each right, nor whether such rights and licences can be transferred or extended.

#### Mining rights' allocation process

The Mineral Act (1962) does not provide any process nor procedures to be followed with regards to application for a mining right nor the name of the government entity that it is supposed to award mining rights. We understand that neither the legal framework nor the internal ministerial memorandum include any technical or financial criteria for selecting mining right applicants.

We understand that currently a quarrying right to use a site in Praslin is being negotiated between CCCL and the government of Seychelles. The agreement includes relocation of houses and farms of two inhabitants who were living on part of the parcel which was to be leased to CCCL. We understand through CCCL that all costs for relocation and building costs of the two new houses should be met by CCCL, however, no agreement was signed in this regard.

### 3.3.7. Policy on disclosure of contracts and rights

#### Commercial Agreement valid during the reconciliation period

The Mineral Act (1962) is silent about commercial agreements being signed between the government and quarrying companies and does not give any details nor guidance about the terms to be included in such agreements. However, MHILT informs us that the following agreements were active during the years 2015 and 2016:



Title of the Agreement	Beneficiary	Major terms	Area	period
Commercial Agreement for Quarrying, Activities on South East Island	United Concrete Products Seychelles Ltd.	<ul style="list-style-type: none"> <li>- The company has the right to quarry at the quarry sites of Areas 1, 2 and 3 with several conditions such as no blasting activities on Sundays, pre-defined hours of operation, minimize nuisance to the surrounding population, and limiting ground vibration.</li> <li>- The company shall pay to the Government a royalty SR 5 per ton of rocks extracted from the quarry sites and payable on a monthly basis.</li> <li>- UCPS shall continue to be exempted from GST and Trades Tax on the following: <ul style="list-style-type: none"> <li>• raw materials used in the manufacturing process (including cements and explosives);</li> <li>• shipment used in the manufacturing process (including commercial vehicles and vehicles used on site in the manufacturing but not passenger vehicles); and</li> <li>• fuel, including lubricants and diesel bought directly from SEYPEC (or any person replacing SEYPEC) and used in the manufacturing process.</li> </ul> </li> </ul>	Areas 1, 2 & 3 in South-East Mahe Island	30 years from the signature of the Agreement on 26 November 2007
Lease	Civil Construction Company Limited	<ul style="list-style-type: none"> <li>- The company has the right to enter any adjacent or neighbouring land of the Republic or of its other lessees, tenants and licensees or any part thereof at all reasonable times in order to inspect, maintain, renew and repair any pipes, sewers, drain, channels, cables, manholes, stopcocks, inspection chambers, similar apparatus connected therewith, boundary walls and fences and other services and things in, on or under such adjacent or neighbouring lands which are used jointly or benefiting the demised premises.</li> <li>- The quarrying activities shall not extend horizontally to any areas untouched without clearance from the Ministry of Environment and Transport.</li> </ul>	Area S5500 on Mahe Island	30 years from the signature of the Lease on 13 July 2006
Commercial Agreement for Licence to Quarry, Crush and sell Granite	Yantze International Group Ltd (under the business name Quarry Products Seychelles)	<ul style="list-style-type: none"> <li>- The company should pay an annual rent of SCR 600,000 payable in advance on a half yearly basis.</li> <li>- The company has <ul style="list-style-type: none"> <li>• exclusive rights on Area 2 to quarry for granite and to lay a crushing plant as necessary for the purposes of manufacturing quarrying products;</li> <li>• exclusive right to remove quarrying products from Area 2; and</li> <li>• exclusive right to use Site B as a depot and sales outlet for quarrying products.</li> </ul> </li> <li>- The Company shall pay: <ul style="list-style-type: none"> <li>• to the Government on monthly basis a royalty of seven percent (7%) of the total receipts of sales on all quarrying products starting from 1 January 2011;</li> <li>• an annual rent of SCR 66,000 for the 'sales area', surveyed as parcel number S7975, starting from the 1 January, 2011; and</li> <li>• a total contribution of SCR 3,000,000 towards the relocation of the DVOR, which is to be undertaken by SCAA.</li> </ul> </li> </ul>	Area 2 and site B	25 years from the date of signature July 2010

UCPS also carries out quarrying activities on its own private land in Praslin. Exploiting private property does not require land rental to the government and there has been no licence nor right of any kind provided to UCPS to sell quarried product from its private land.

## Contract allocation and transfer disclosures

The Mining Act does not restrict the disclosure of the award or transfer of mining rights or the criteria used for the award of an agreement. There are no restrictions on disclosure of such information in mining agreements signed with operators.

In practice, MHILT did not release any information on the award or transfer of mining permits publicly. We understand that MHILT does not keep a register of quarrying licences. We understand from a meeting held with the MHILT that no specific plans exist regarding the publication of quarrying contracts and licences. However, we also understand that the Government is open to consider such policy in future.

### 3.3.8. State participation in the mining sector:

The Constitution of the Republic of Seychelles 1993, stipulates that the State is the owner of all underground water or unextracted oil or minerals of any kind or description. We understand that the State does not hold any participation in the sector since CCCL was privatised in 1998.

### 3.3.9. Mining sector contribution to the economy

#### (v) Gross Domestic Product (GDP)

According to the National Bureau of Statistics (NBS) exercise which determined the GDP estimate at current prices market, the real GDP estimate in 2016 increased by 2.6% comparing to 2015 and the contribution of each sector is presented below:

Industry	2015 (SCR Million)	%	2016 (SCR Million)	%
Construction	575	3.10%	573	3.00%
Other activities	17,761	96.90%	18,246	97.00%
<b>GDP at current market prices</b>	<b>18,336</b>	<b>100.0%</b>	<b>18,819</b>	<b>100.0%</b>

Source: Central Bank of Seychelles – Annual Report 2016

In accordance with the statistics of a joint study of AfDB, OECD and UNDP, quarrying sector's contribution to the GDP has been established to be 0% as presented below:

Industry	2011 (%)	2015 (%)
Agriculture, forestry, fishing and hunting	2.8	2.7
Mining and quarrying	0	0
Manufacturing	9.4	6.6
Electricity, gas, and water	0.6	3.5
Construction	7.6	3.8
Wholesale and retail trade; repair of vehicles; household goods; restaurants and hotels	23.5	23.5
Transport, storage and communication	15.7	17.9
Finance, real estate and business services	27.1	28.7
Public administration and defence	7.1	7.5
Other services	6.2	5.8
<b>Gross domestic product at basic prices / factor cost</b>	<b>100.0</b>	<b>100.0</b>

Source: Data from domestic authorities – AFRICAN ECONOMIC OUTLOOK © AfDB, OECD, UNDP 2017 – Seychelles 2017

**(i) Exports**

In accordance with the National Bureau of Statistics (NBS), the exports of the country are detailed as follows:

Industry	2015 (SCR'000)	%	2016 (SCR'000)	%
Quarrying products	0	0%	0	0%
Other exports	3,284,321	100.0%	3,755,973	100.0%
<b>Total</b>	<b>3,284,321</b>	<b>100.0%</b>	<b>3,755,973</b>	<b>100.0%</b>

Source: National Bureau of Statistics – Statistical Bulletin released on 31 March 2017

We are informed that quarried minerals were not exported during neither 2015 nor 2016.

**(i) Government revenues**

According to the Auditor General's report on the accounts of the Government for the year 2016, the revenue streams amounted to SCR 6,349 Million and 7,168.5 Million SCR in 2015 and 2016 respectively as detailed in Section 3.2.2 of this report. The revenues from the quarrying sector amounted to SCR 16,535,787.20 and accounted for 0.26% of total Government revenues in 2015. The revenues from the quarrying sector amounted to SCR 11,534,242.55 and represented 0.16% of total Government revenues in 2016.

**(i) Employment**

In accordance with the National Bureau of Statistics,<sup>1</sup> the average number of persons employed in all sectors in Seychelles was 46,774 in 2016 as detailed in Section 3.2.2 of this report. This represents a decrease of 3.4% in employment compared to annual figures of 2015.

UCPS stated that it employed 448 persons in 2015, while CCCL reported employing 71 people in the same year. Total employment in the quarrying sector was therefore 519, which represents 1.07% of total labour force in Seychelles in 2015.

UCPS stated that it employed 497 persons in 2016, while CCCL failed to declare its number of employees in 2016. Total employment in the quarrying sector amounts to 568 employees assuming that CCCL maintained the same number of employees. Employment in the sector would be therefore around 1.2% of total labour force in Seychelles in 2016.

**3.3.10. Main Quarrying projects**

The two active companies in the mining and quarrying sector in Seychelles during 2015 and 2016 were:

**United Concrete Products (Seychelles) Ltd**

UCPS is a private company incorporated in 1985 and located in Mahe, Seychelles. The company is categorised under Cement Manufacturers and working in Civil engineering, Industrial services, Industrial supplies, Home and Garden, Building materials and Construction business activities. Currently, the quarrying activities of the company are undertaken in Mahe – South East Island and Praslin – Anse Citron and are subject to quarrying licence obtained under number 16559 and expiring on July 2021. The main minerals extracted are rocks and the amounts recorded were 214,918 and 243,574 metric tons per year for 2015 and 2016 respectively. Walling rocks, crusher rocks, crusher dust, plastering dust and aggregate are the main finished products produced and marketed by UCPS.

**Civil Construction Company Limited Seychelles**

<sup>1</sup> Statistical Bulletin for Formal Employment and Earnings 2016-Q4, National Bureau of Statistics

CCCL was privatised on 01 November 1998 and is located in Mahe, in Seychelles. The company produces Industrial supplies, Home and Garden, Building materials and Construction business activities. The main mineral extracted during the years 2015 and 2016 were rocks - 142,316 and 173,093 metric tons per year respectively. The company's main products are aggregates, crusher dust, plastering dust, walling rocks, concrete blocks and paving bricks.

On 26 July 2006, CCCL signed an agreement with MHILT for thirty (30) years through which the government agreed terms of the land S5500 rental to be paid by the company to the government.

### **3.4. Budget process**

#### **3.4.1. Overview**

Seychelles has a legal framework governing its budget system which is derived from the 1993 Constitution of The Republic of Seychelles. The Constitution clearly defines the structure, division of powers and responsibilities among the State organs.

The budget setting process is led by the Ministry of Finance, Trade, and Economic Planning (MFTEP). In accordance with the Public Finance Management Act (2012), the Minister of Finance has overall responsibility for developing and implementing a national macro-economic and fiscal policy framework comprising the annual budget calendar and is responsible for proposing an annual budget to the National Assembly for approval.

##### **(i) Budget planning and formulation**

The annual budget preparation process is launched by the Minister of Finance by issuing a budget circular which contains a clear calendar including the main dates and milestones, in July of each year. The budget submitted by different ministries are consolidated by end of September and submitted to the President of the Republic's approval and then to the Cabinet in October, before being sent to the National Assembly for a vote on the Appropriations Bill in December.

##### **(ii) Budget approval**

The Public Finance Management (PFM) Performance Report of Seychelles (2011) which is based on the Public Expenditure Financial Accountability Framework (PEFA) describes the role of Parliament in budgetary affairs as being limited mainly due to the short period of time allowed for the National Assembly in December to approve the annual budget. This impacts the legislature capacity to scrutinise the budget.

##### **(iii) Budget Implementation:**

The implementation of the budget is carried out by the various Ministries, Departments and Agencies of the Government. Funds for capital projects are released progressively to the relevant Ministries, Departments and Agencies in line with what has been allocated to them in the budget.

##### **(iv) Annual Financial Statements:**

The Public Finance Management Act (2012) sets out the obligation to prepare annual financial statements for the Government. The Minister of Finance is accountable to the National Assembly for the revenue collected and the use of public funds and the submission of a mid-year fiscal statement to the National Assembly shall take place by the end of August.

The financial statements have been defined as: statement of assets and liabilities, cash flow statements, statement of comparison of budget and actual amount and such other statements as may be necessary to show the financial results of the public enterprise during the financial year.

##### **(i) Audit of the Financial Statements:**

The Minister of Finance must submit after approval by the Cabinet and within ninety-one days after the end of each financial year, to the National Assembly and the Auditor General the annual financial statements of the Government along with a consolidated performance report.

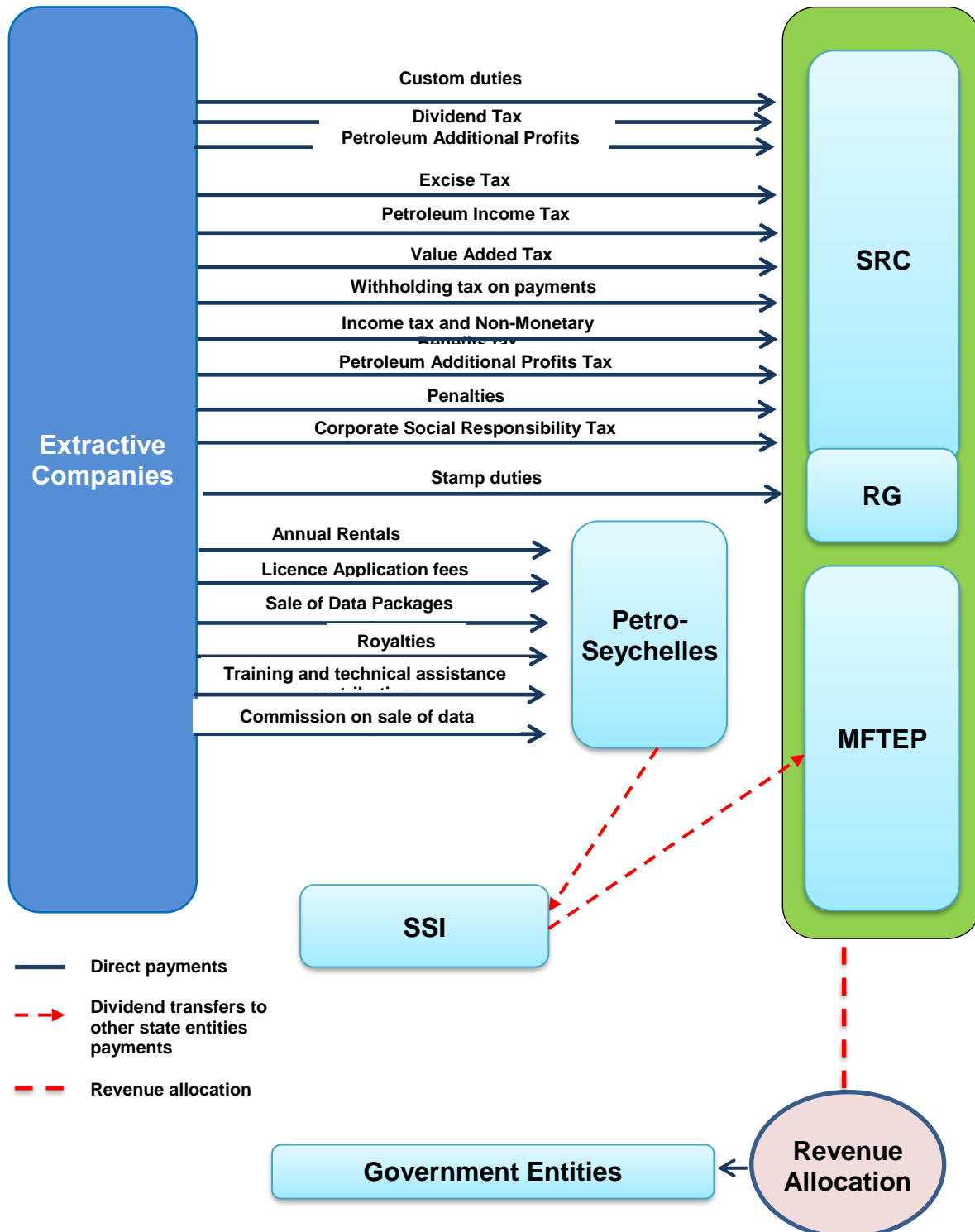
The Auditor General has a three-month period to complete the audit of the financial statements after being submitted by each ministry.

### 3.4.2. Reform

On 11 August 2014, a Public Finance Management Regulations (2014) has been published which sets out mainly the role and responsibilities of the Accounting officer cited in the Public Finance Management Act 2012 as a person who could be a Principal Secretary, Chief Executive Officer, Head of Department or other public officer whose duties involve being responsible for the management of public moneys stores and assets of the government or any public body. It also develops the structure, functioning and missions of the Government Audit Committee referred to in section 34 of the Act.

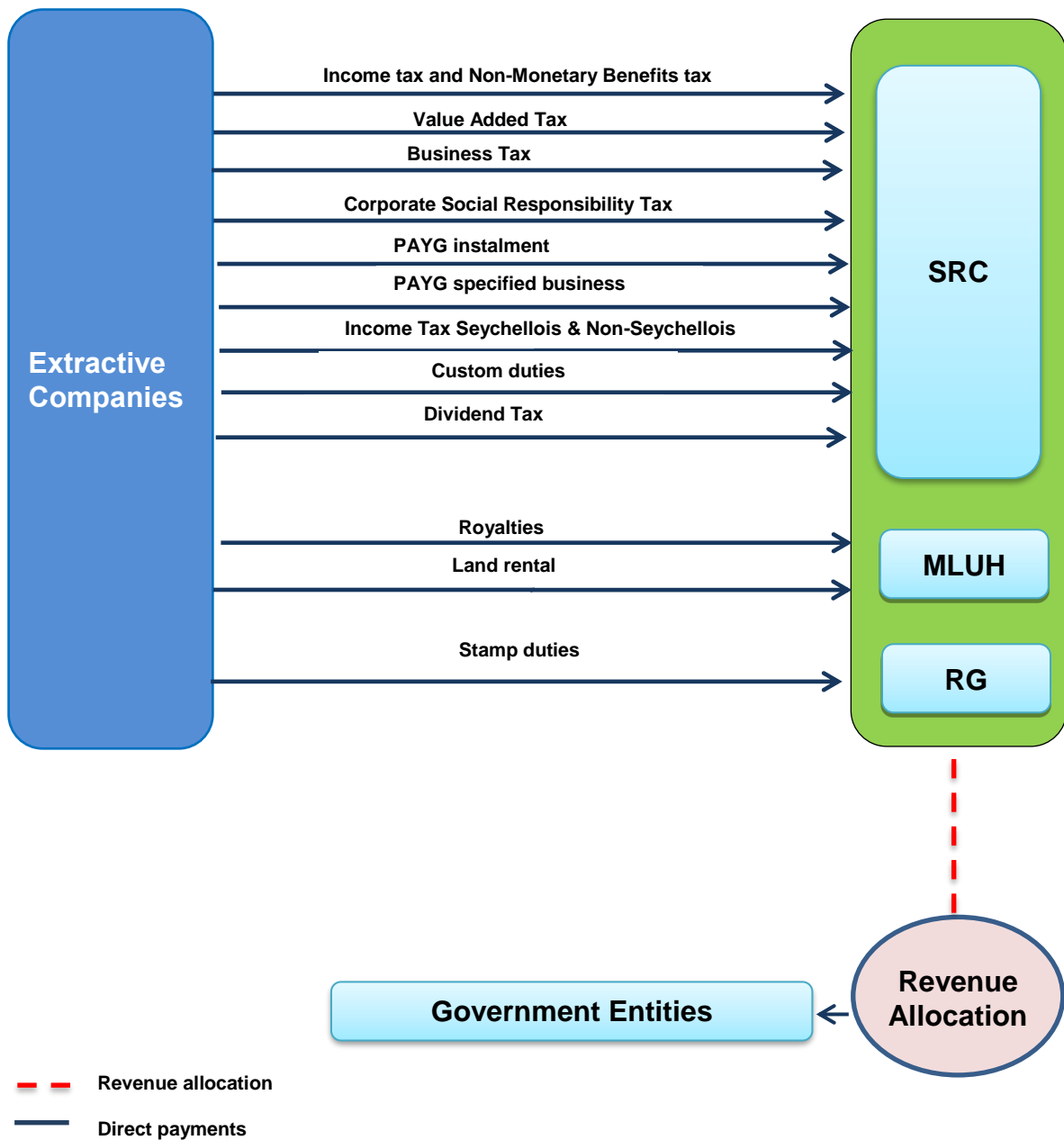
### 3.4.3. Collection of revenues from Oil and Gas sector

The petroleum revenue collections framework can be represented diagrammatically as follows:



### 3.4.4. Collection of revenues from Quarrying sector

The mining revenue collections framework can be represented diagrammatically as follows:



### 3.5. Auditing and accounting

#### 3.5.1 Public sector

#### 4 Audit of the Financial Statement of Government:

In Seychelles, the Office of the Auditor General (OAG) is the supreme audit institution, which is accountable to the National Assembly. “The Auditor-General may determine the nature and extent of any audit to be carried out by the Auditor-General and request the details and statements of account which he considers necessary. Notwithstanding the provisions of any other law, the Auditor-General may also determine the format in which and the date on which such details, statements of account and financial statements shall be submitted to him”<sup>1</sup>.

Article 158 of the Constitution stipulates that the Auditor General shall audit the accounts of the Cabinet Office, the National Assembly, all government departments and offices, all courts and those related to funds withdrawn from the Consolidated Fund, all the accounts of any statutory corporation or such other body as may be specified by or under an Act. The Constitution also requires that the Auditor General reports to the National Assembly within twelve months of the end of the preceding financial year drawing attention to irregularities in the accounts audited and to any other matter which in the opinion of the Auditor General should be brought to the notice of the Assembly.

Article 34 of the PFM Act 2012 provides for a Government Audit Committee, which works in an advisory capacity to the Minister. The Public Finance Management Performance Report of Seychelles 2011 has assessed that the Office of the Auditor General (OAG) operates appropriately for a small island public institution.

The Public Enterprise Monitoring Commission (PEMC) Act (2013) further explains reporting requirements applicable to Public Enterprises, which include the obligation to submit within 3 months of the end of the financial year an annual report of operations along with the annual audited financial statements to the Minister of Finance, the Responsible Minister for the entity and the Commission (Article 36).

The section 36 of Schedule 4 of the Public Enterprise Monitoring Commission Act (2013) provides that the auditor’s report must state whether the accounts have been prepared in accordance with the International Financial Reporting Standards and whether or not the audit has been performed in accordance with the International Standards on Auditing (ISA).

#### 5 Audit of the Financial Statement of State-Owned Enterprises (SOE):

The Public Enterprise Monitoring Commission (PEMC) Act 2013 further explains reporting requirements applicable to public enterprises, which include the obligation to submit within 3 months of the end of the financial year an annual report of operations along with the annual audited financial statements to the Minister of Finance, the Minister responsible for the entity and the Commission in accordance to Article 36 of the PEMC Act.

SOEs are created as limited companies and are therefore liable for all audit obligations under the Companies Ordinance as prescribed in Section 3.5.2. The financial statements include: profit and loss; changes in financial position; cash flow, and such other statements as may be necessary to show the financial results of the Public Enterprise during the financial year and the auditor's report on those financial statements.

#### 5.5.1 Private companies and SOEs

The Companies Ordinance 1972 sets out the obligations for company directors to prepare an annual report comprising the financial statements and to submit them to the Registrar of Companies.

<sup>1</sup> Section 10 of the Auditor-General Act (2010)

The financial statements defined by the Companies Ordinance Act are the profit and loss account, the balance sheet and the group accounts. The Companies Ordinance Act also defines the contents and form of these statements in its sixth schedule.

The Companies Ordinance also sets out the responsibility of management to appoint auditors to undertake the annual audit of financial statements and sets out the qualification requirements for the appointment auditors.

The requirement for publication of the annual report in newspaper is prescribed in the case of companies which do not hold Annual General Meetings (AGM) of shareholders in accordance with Section 141 of the Ordinance. There is no requirement for private limited companies to disclose their accounts to the public.

## 3.6. Beneficial ownership

### 3.6.1. Legal and regulatory framework governing companies

The legal framework governing companies incorporated in Seychelles are: Companies Ordinance 1972, the Company Special Licences Act 2003, and the International Business Companies Act 1994

The Companies Legislation provides guidelines for the formation, administration, and winding up of registered corporate bodies. The companies' legislation is expected to be reformed in the near future to include further transparency and disclosure provisions in the law.

There are various types of companies which can be formed in Seychelles, namely limited by shares, limited by guarantee, limited by shares and guarantee (hybrid), existing and overseas companies.

### 3.6.2. Proposed Definition of Beneficial Ownership

Based on the review of Seychelles' legal framework, which does not include provisions relating to the beneficial ownership disclosure according to EITI Requirement 2.5.f, we propose the following definition of beneficial ownership of extractive companies:

#### *Proposal for a definition of beneficial ownership*

*"In accordance with the EITI Standard, Requirement 2.5.f, a beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity. To satisfy the need for transparency in extractive industries, "ultimate beneficial ownership" of an extractive company is defined as any individual natural person who:*

- has control over the extractive company, either directly or indirectly; or*
- has a substantial interest in or receives substantial economic benefits from the assets of the extractive company.*

*The "ultimate beneficial ownership" shall mean a natural person, and not another company or a trust. For companies with complicated ownership structures, involving many different corporate vehicles or private agreements over ownership and/or control, the ultimate beneficial owners are the individuals who are right at the very top of the chain.*

*"Control" means the power of a person to secure that the affairs of the extractive company are conducted in accordance with the wishes of that person. Such power would be derived from:*

- (i) a sufficient percentage of shareholding or voting rights in the extractive company, including through bearer share holdings, other than a company.*
- (ii) A percentage of 25% plus one share shall be evidence of ownership or control through shareholding and applies to every level of direct and indirect ownership and a percentage of 5% of shares is considered for Politically Exposed Person PEP\*\* ; and or*
- (iii) a control over the management of the extractive company through other means such as:*
  - a) having the power to appoint or remove over half of members of the governing body of the extractive company; or*
  - b) holding rights in relation to the extractive company that, if exercised, would result in the conditions in subparagraphs (i) and (b) being satisfied; or*



**Proposal for a definition of beneficial ownership**

*c) whose consent is needed for the appointment of a person to be a member of the governing body of the extractive company.*

*Publicly listed companies, including wholly-owned subsidiaries, are not required to disclose information on their beneficial owner(s). They have to provide only guidance on how to access this information.*

*In the case of joint ventures, each entity within the venture should disclose its beneficial owner(s), unless it is publicly listed or is a wholly-owned subsidiary as per above. Each entity is responsible for the accuracy of the information provided.”*

We believe that the definition proposed above best suits SEITI, both in the context of its existing legal framework as well as taking into account the EITI requirements.

**3.6.3. Beneficial ownership in Seychelles’ legal and regulatory framework****(i) Disclosure framework**

The definition of “beneficial ownership” should not necessarily be linked to share ownership. Owning more than a certain percentage of shares certainly gives a meaningful indication of beneficial ownership. However, in identifying the real beneficial owner, the focus should also be on contractual and informal arrangements.

The notions of control and beneficial interest have been treated by the Companies’ legislation but there is no requirement to disclose information about the ultimate beneficial owners.

**(ii) Disclosure requirements for Oil & Gas companies**

There are no obligations or restrictions on the disclosure of beneficial ownership information by the Government, state-owned enterprises and private companies under the current Petroleum Legislation.

Private operators in the Seychelles oil and gas sector are wholly owned by listed companies which would not be subject to beneficial ownership disclosure. Afren is a publicly listed company. Ophir Seychelles is wholly owned by Ophir Holdings Ltd, a company incorporated in Jersey, Channel Islands and listed in London Stock Exchange as detailed in Section 3.6.3 of this report.

Japan Oil Gas and Metals Corporation (JOGMEC) is on the other hand wholly owned by the Government of Japan as confirmed in the first SEITI Report.

## 4. DETERMINATION OF THE RECONCILIATION SCOPE

The EITI Standard defines materiality as follows: "Payments and revenues are considered material if their omissions or misstatements could significantly affect the comprehensiveness of the EITI Report."

### 4.1. Analysis of payment flows and information to be reported

The financial flows to be included in the reconciliation and the Government Entities and Companies which were required to report were determined by the MSG based on the scoping study performed prior to the reconciliation work.

The description of each payment flow detailed below is set out in Appendix 2 of this report.

#### 4.1.1. Common taxation analysis (tax revenue streams)

The Seychelles Revenue Commission (SRC) is responsible for the collection of tax revenue streams. The list of taxes collected by SRC from the extractive sector and identified through the regulation review and the interviews undertaken with the Government Entities is as follow:

Ref.	Payment flows
<b>Payments to Seychelles Revenue Commission (SRC)</b>	
3.1	Petroleum Income Tax
3.2	Petroleum Additional Profits Tax
3.3	Business tax
3.4	PAYG instalment
3.5	PAYG Specified Business
3.6	Corporate Social Responsibility Tax (CSR)
3.7	Withholding tax on payments
3.8	Dividend Tax
3.9	Value Added Tax (VAT)
3.10	Penalties
3.11	Income & Non-Monetary Benefits Tax
3.12	Income Tax Seychellois
3.13	Income Tax Non-Seychellois
3.14	Custom duties
3.15	Excise duties
<b>Payments to Registrar General (RG)</b>	
4.1	Stamp duty

While exemption from Business Tax and VAT was confirmed for SEYPEC in relevant legislation, such exemption is not conferred upon other State-Owned Enterprises involved in the Petroleum Sector, namely PetroSeychelles and Société Seychelloise d'Investissement.

The MSG agreed to include all of the above revenue streams in the scope of 2015-2016 EITI Report.

#### 4.1.2. Payments analysis (non-tax revenue streams)

In accordance with EITI Requirement 4.1 (c), the EITI report must provide a comprehensive reconciliation of government revenues and company payments, including payments to and from State-Owned Enterprises within the agreed scope.

Based on our preliminary analysis, we have identified three SOE which receive and make payments in the Petroleum sector.

#### Payment flows to the MHILT

During the scoping phase, we consulted the MHILT which received cash flows from the quarrying sector. According to the Minerals Act 1962 and the 3 active commercial agreements signed between

the quarrying companies and the MHILT, there are up to two (2) categories of non-tax revenue streams payable to MHILT

Ref.	Payment flows
Payments/revenues in cash	
<b>Payments to the Ministry of Habitat, Infrastructure and Land Transport (MHILT)</b>	
1.1	Royalties
1.2	Land Rental

### Payment flows to PetroSeychelles

According to the relevant laws and regulations mentioned in Section 3.2.3 of this report, there are up to seven (7) categories of non-tax revenue streams payable to PetroSeychelles by petroleum companies that may be summarised as follows:

Ref.	Payment flows
Payments/revenues in cash	
<b>Payments to PetroSeychelles</b>	
2.1	Royalties paid
2.2	Licence Fees
2.3	Application fee
2.4	Annual Rentals
2.5	Annual contributions
2.6	Profit commission on sale of data by exploration companies
2.7	Sale of Data Package

### Payment flows to SEYPEC and to SSI

During the course of meetings with SEYPEC, we have been informed that the latter currently holds investments in companies undertaking exploration work in Seychelles.

Moreover, according to the audited financial statements of SSI for the years 2015 and 2016, the company holds 100% of the shares of both PetroSeychelles and SEYPEC. As a result, the shareholding could potentially result in flows of dividend payments to SSI.

On this basis, we expect dividend payment flows from extractive companies to SEYPEC, which we propose to include in the scope.

Ref.	Payment flows
<b>Payment to State-Owned Enterprises (SOE)</b>	
8.1	Dividends

The MSG agreed to include this payment flow in the scope of reconciliation.

### Payment flows to the Ministry of Finance

We also noted that exploration fees have been paid to the Minister in charge of Hydrocarbons which has been interpreted as being paid to the Ministry of Finance as presented below.

The Government of Seychelles through MFTEP wholly owns the Société Seychelloise d'Investissement (SSI) which is the holding company for all commercial ventures of the Seychelles Government, including SOE in the petroleum Sector, namely SEYPEC and PetroSeychelles.

Schedule 1 (section 47) of the Public Enterprise Monitoring Commission Act (2013) confirms that the Minister of Finance is the minister responsible for SSI. So, it is expected that SSI pays dividends to MFTEP.

The MSG agreed to include two-(2) revenue streams as follows:

Ref.	Payment flows
<b>Payments to Ministry of Finance (MFTEP)</b>	
5.1	Dividends from State-Owned Enterprises
5.2	Exploration fees

### 4.1.3. Sub national payments and transfers

In accordance with EITI Requirement 5.2 (a), the multi-stakeholder group shall ensure that direct payments within the scope of the agreed flow streams from companies to sub-national government entities and the receipt of these payments are disclosed and reconciled in the EITI Report whenever material.

However, sub-national payments and transfers are not applicable in the context of the Seychelles.

### 4.1.4. Infrastructure provisions and Barter arrangements

On the basis of interviews conducted during the preliminary analysis, we noted that no payment flows related to bartering arrangements involving infrastructure works (as set out in EITI Requirement 4.3 have been identified through the information received from Government Entities.

Nevertheless, the MSG agreed to include a confirmation from the companies by including the following lines in the reporting templates as shown in the table below:

Ref.	Payment flows
<b>Infrastructure provisions and barter arrangements</b>	
7.1	Total budget of the Engagement/Project
7.2	Value of engagements/projects incurred during the year
7.3	Cumulated value of engagements/project incurred until the end of 2015

### 4.1.5. Social payments

These consist of all contributions made by extractive companies to promote local development and to finance social projects in line with EITI Requirement 6.1 (a). The EITI Standard requires the multi stakeholder group to apply a high standard of transparency to social payments and transfers, the parties involved in the transactions and the materiality of these payments and transfers to other benefit streams, including the recognition that these payments may be reported even though it is not possible to reconcile them.

These contributions can be voluntary or non-voluntary and can be made in cash or in kind depending on individual contracts. This category includes, inter alia: health infrastructure, school infrastructure, road infrastructure, market gardening infrastructure, projects related to the promotion of the agriculture and the grants provided to the population.

The MSG agreed to include social payments in the 2015-2016 EITI scopes through unilateral disclosure of extractive companies, in addition to distinguishing between the two types of social payments (mandatory and voluntary). These payments can be summarised as follows:

N°	Payment flows
4.1	Voluntary Corporate Social Responsibility
4.2	Mandatory Social Responsibility

### 4.1.6. Quasi fiscal expenditure

According to EITI Requirement 6.2, the MSG is required to develop a reporting process to disclose quasi-fiscal expenditure from State-Owned Enterprises such as payments for social services, public infrastructure and national debt servicing.

The MSG agreed therefore to include these payments through unilateral reporting from State-Owned Enterprises.

#### 4.1.7. Other significant payment flows

To avoid omissions which may be considered to be material, a line entitled "Other significant payment flows" has been included in the reporting template for extractive companies and Government Entities to report any significant payments exceeding SCR 13,000 as detailed in section 4.6 of this report, including any payment flow which has not been included in the reporting templates.

#### 4.1.8. Production volumes and value

According to EITI Requirement 3.2, the EITI report must disclose total production volumes and the value of production by commodity, and, where relevant, by state/region.

As there were active quarrying agreements during the years 2015 and 2016, the MSG agreed to include production figures through reporting from both companies and Government Entities selected in the EITI reconciliation scope.

#### 4.1.9. Export volumes and value

According to EITI Requirement 3.3, the EITI report must disclose total export volumes and the value of exports by commodity, and when relevant, by state/region of origin.

As there are active quarrying agreements during the years 2015 and 2016, the MSG agreed to include exports in the reconciliation scope.

#### 4.1.10. Number of employees

Based on the provisions of EITI Requirement 6.3 (d), the MSG agreed that the staff employed by extractive companies should be disclosed, broken down between local employees and expatriates.

#### 4.1.11. Public interest and State participation

According to EITI Requirement 2.6, where State participation in the extractive industries gives rise to material revenue payments, the EITI report must include disclosures from the Government and State-Owned Enterprises of their level of beneficial ownership in mining, oil and gas companies operating within the country. It must also include an explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs).

In order to comply with the EITI requirements, the MSG decided that extractive companies should submit beneficial ownership declarations. Accordingly, the following information should be made available:

- **name of beneficial owner:** full name(s) of the company's beneficial owner(s) and information on their identity;
- **name of any politically exposed person:** where any owner is also a 'politically involved person', this should be mentioned;
- **identifying details:** additional details are required in order to narrow down a beneficial owner to one individual;
- **contact:** a means of contacting the beneficial owner such as a business address;
- **means of control:** A description of how the beneficial owner and any politically engaged persons exercise control over the company. If there is a chain of companies between the beneficial owner and the natural resource asset, for example, this would mean the name of every company within the chain. In some cases, there may be an additional link, such as a private agreement between the beneficial owner and the owner of the last company in the chain, in which case this additional link should also be declared. Third parties should then be in a position to verify some, if not all, information declared in the shareholder registers; and
- **signed statement of accuracy:** a senior official from the company should sign a statement to confirm that the information provided is accurate.

#### 4.1.12. Register of licences

According to EITI Requirement 2.3, implementing countries are required to maintain a publicly available register of licences or cadastre system.

During the course of this reconciliation exercise, we have had access to the register of licences maintained by PetroSeychelles, which contains details of both past and present petroleum agreements and exploration licences. Currently PetroSeychelles publishes some information on licences (list of current active licences) on its website.

The MSG agreed that extractive companies disclose the active licences held in the EITI report for the years 2015 and 2016.

#### 4.1.13. Scope of information and financial flows for inclusion in the 2015-2016 SEITI Report

According to the above, the information that should be included in the 2015-2016 reconciliation scope may be summarised as follows:

Information to be reported	EITI requirement Ref (v 2016)	Reporting Entities		
		Extractive companies	SOEs	Government Entities
Identification sheet	-	✓	✓	N/A
Employment figures	6.3	✓	✓	N/A
Exports Details (volume and value)	3.3	✓	N/A	✓
Production Details (volume and value)	3.2	✓	N/A	✓
Quasi fiscal expenditures	6.2	N/A	✓	N/A
Beneficial ownership	2.5	✓	N/A	N/A
Public participation	2.6	N/A	✓	✓
Register of licence	2.3	N/A	✓	✓
Payments Flow details	4.1 (b)	✓	✓	✓
Sub-national payments	4.6	N/A	N/A	N/A
Sub-national transfers	4.5	N/A	N/A	N/A
Social Payments Details	6.1	✓	N/A	N/A
Transactions/ Infrastructure provisions and barter arrangements	4.3	✓	✓	✓
Transportation	4.4	N/A	N/A	N/A
Loans / Loan Guarantee to Entities operating in extractive sector	4.3	N/A	✓	✓

The flows that should be included in the 2015-2016 reconciliation scope are summarised as follows:

Ref	Flows description	Petroleum companies	SOE
<b>Payments/revenues in cash</b>			
<b>Payments to MHILT</b>			
1.1	Royalties	✓	N/A
1.2	Land rental	✓	N/A
1.3	Other payments out of production	✓	N/A
<b>Payments to PetroSeychelles</b>			
2.1	Royalty	✓	N/A
2.2	Licence Fees	✓	N/A
2.3	Application fee	✓	N/A
2.4	Annual Rentals	✓	N/A
2.5	Annual contributions	✓	N/A
2.6	Profit Commission on Sale of Data by Exploration Companies	✓	N/A
2.7	Sale of Data Package	✓	N/A
2.8	Other material payments to PetroSeychelles	✓	✓
<b>Payments to Seychelles Revenue Commission (SRC)</b>			
3.1	Petroleum Income Tax	✓	N/A
3.2	Petroleum Additional Profits Tax	✓	N/A
3.3	Business tax	✓	✓
3.4	PAYG instalment	✓	✓
3.5	PAYG Specified Business	✓	✓
3.6	Corporate Social Responsibility Tax (CSR)	✓	✓
3.7	Withholding tax on payments	✓	✓
3.8	Dividend Tax	✓	✓
3.9	Value Added Tax (VAT)	✓	✓
3.1	Penalties	✓	✓
3.11	Income & Non-Monetary Benefits Tax	✓	✓

Ref	Flows description	Petroleum companies	SOE
3.12	Income Tax Seychellois	✓	✓
3.13	Income Tax Non-Seychellois	✓	✓
3.14	Custom duties	✓	✓
3.15	Excise duties	✓	✓
3.16	Other material payments to SRC	✓	✓
<b>Payments to Registrar General (RG)</b>			
4.1	Stamp duties	✓	✓
4.2	Other material payments to RG	✓	✓
<b>Payments to Ministry of Finance (MFTEP)</b>			
5.1	Dividends from State-Owned Enterprises	N/A	✓
5.2	Exploration fees	✓	N/A
5.3	Other material payments to MFTEP	✓	✓
<b>Social Payments</b>			
6.1	Voluntary Social Responsibility	✓	N/A
6.2	Mandatory Corporate Social Responsibility	✓	N/A
<b>Infrastructure provisions and barter arrangements</b>			
7.1	Total budget of the Engagement/Project	✓	✓
7.2	Value of engagements/project incurred during the year	✓	✓
7.3	Cumulated value of engagements/project incurred until the end of year	✓	✓
<b>Payment to State-Owned Enterprises (SOEs)</b>			
8.1	Dividends	✓	✓
8.2	Other payments to SOE	✓	✓

The description of each payment flows, rates and rules are set out in Annex 3 of this report

## 4.2. Extractive companies in the scope

### 4.2.1. Oil and Gas sector

Based on the information made available during the scoping phase, there were no production by companies in 2015 and 2016.

However the Licences Register maintained by PetroSeychelles indicates that exploration work is currently being undertaken under two Petroleum Agreements and an exploration licence. In 2016, only the licence held by JOGMEC remained active. The two Petroleum agreements signed with Ophir and Afren have been terminated on 01 January 2016 and 16 June 2017 respectively.

In 2016, JOGMEC was the only company undertaking petroleum exploration activities in Seychelles with active licence.

We understand that companies which hold an active Petroleum Agreement or licence during the scoping period are as follows:

- East African Exploration Seychelles Limited and AVANA Petroleum Ltd (Afren EAX) which are part of a Petroleum Agreement;
- Ophir/Petroquest International Incorporated which has a Petroleum Agreement; and
- Japanese Oil Gas and Minerals Exploration Company (JOGMEC).

The MSG agreed that companies which made non-tax payments specific to the oil and gas sector to PetroSeychelles, above SCR 2 million, as detailed in Section 4.5 of this report, should be included in the reconciliation scope. The table below details the three companies which made such payments during 2015 and 2016:



Company	Total revenue FY 2015 (SCR)	Cumulative weight (SCR)	Weight (%)	Total revenue FY 2016 (SCR)	Cumulative weight (SCR)	Weight (%)
Ophir Seychelles & PQI	3,815,071.15	3,815,071.15	55.3%	-	-	0.0%
East African Exploration Seychelles Limited and AVANA Petroleum Limited	3,072,684.29	6,887,755.44	99.8%	-	-	0.0%
JOGMEC	14,501.72	6,902,257.16	100.0%	9,662.48	9,662.48	100.0%
<b>Total</b>	<b>6,902,257.16</b>	-	-	<b>9,662.48</b>	-	-

Therefore, the materiality threshold is set at SCR 2 million and accordingly, the MSG agreed that petroleum companies making 99.8% of the reported payments during the FY 2015 and FY 2016 should be included in the reconciliation scope.

On this basis, the MSG agreed to select a total of two (2) petroleum licensees for both FYs 2015 and 2016 reconciliation scope. These are:

- East African Exploration Seychelles Limited and AVANA Petroleum Ltd (Afren EAX) which are part of a Petroleum Agreement; and
- Ophir/Petroquest International Incorporated which has a Petroleum Agreement.

For the remaining extractive company operating in the oil and gas sector, which made payments below the materiality threshold, the MSG decided to opt for unilateral disclosure by Government Entities of the relating aggregated revenue streams in Section 6.1.1 of this report in accordance with EITI Requirement 4.1.d.

#### 4.2.2. Mining and quarrying sector

Given the lack of information from MHILT and from SRC during the scoping phase, the MSG agreed to include both companies which are currently active in the Seychelles mining industry without applying any materiality threshold. These are:

- United Concrete Products Seychelles Ltd; and
- Civil Construction Company Limited.

#### 4.2.3. Transportation

Based on meetings held and documents analysed, we note that there are no companies operating in the transportation in extractive sectors in Seychelles.

### 4.3. Selection of Government Entities

Based on the scope proposed above, the Government Entities that required to report for the 2015-2016 EITI Report are:

Government Entities	
1	Ministry of Finance Trade and Economic Planning (MFTEP)
2	Seychelles Revenue Commission (SRC)
3	Ministry of Habitat, Infrastructure and Land Transport (MHILT)
4	Payments to Registrar General (RG)

The MSG agreed to include the following State-Owned Enterprises which may receive or make transfers related the extractive sector and which also make payments to Government Entities:

N° Central Agencies	
1	PetroSeychelles
2	Société Seychelloise d'Investissement (SSI)
3	Seychelles Petroleum Company (SEYPEC)

#### 4.4. Fiscal year

The period covered by this EITI Report is the years 2015 and 2016.

Thus, only payment flows and contributions made during the year 1 January to 31 December 2015 and the year 1 January to 31 December 2016 must be reported by companies and Government Entities for the purpose of this EITI Report.

The date to be considered is the date mentioned on the flag receipt or the date of the cheque / bank transfer.

#### 4.5. Materiality thresholds and margin of Error

Due to the lack of information on the payments to SRC under common taxation legislation, we propose that we set a separate materiality threshold for each sector:

- we propose therefore a materiality threshold of SCR 2 million for oil and gas sector;
- given the lack of information from MHILT and from SRC, we propose that no materiality threshold is set in the quarrying sector for the purpose of this reconciliation exercise

We propose to maintain an acceptable margin of error of SCR 13,000 as the amount from which discrepancy per tax and/or per company is considered to be significant and should be justified by the Independent Administrator for the 2015 and 2016 EITI report.

## 5. RECONCILIATION RESULTS

We present below detailed results of the reconciliation exercises, as well as differences noted between amounts paid by extractive companies and amounts received by Government Entities. We have highlighted the amounts initially reported and the adjustments made following our reconciliation work, as well as the final amounts and unreconciled differences.

### 5.1. Payment Reconciliation between extractive Companies and Government Entities

#### 5.1.1. Reconciliation by Extractive Company

The table below summarises the differences between the payments reported by extractive companies and receipts reported by Government Entities.

The table includes consolidated figures based on the reporting templates prepared by every extractive company and Government Entity, adjustments made by us following our reconciliation work and the residual, unreconciled differences.

For FY 2015:

Company		Templates originally declared			Adjustments			Final amounts		
		Extractive company (a)	Govt (b)	Difference (c) = (a - b)	Extractive company (d)	Govt (e)	Difference (f) = (c-d)	Extractive company (g) = (a+d)	Govt (h) = (b+e)	Difference (i) = (g-h)
1	East African Exploration Seychelles Limited and AVANA Petroleum Limited	-	3,072,684.29	(3,072,684.29)	-	-	-	-	3,072,684.29	(3,072,684.29)
2	Ophir Seychelles & PQI	3,815,071.15	2,522,571.15	1,292,500.00	-	1,292,500.00	(1,292,500.00)	3,815,071.15	3,815,071.15	-
5	United Concrete Products Seychelles Ltd (UCPS)	32,035,157.49	32,726,792.29	(691,634.80)	(23,385,664.92)	(23,890,558.35)	504,893.43	8,649,492.57	8,836,233.94	(186,741.37)
6	Civil Construction Company Limited (CCCL)	9,077,709.39	10,710,205.51	(1,632,496.12)	(2,664,866.98)	(3,187,265.73)	522,398.75	6,412,842.41	7,522,939.78	(1,110,097.37)
<b>Subtotal 1</b>	<b>Reconciled revenues</b>	<b>44,927,938.03</b>	<b>49,032,253.24</b>	<b>(4,104,315.21)</b>	<b>(26,050,531.90)</b>	<b>(25,785,324.08)</b>	<b>(265,207.82)</b>	<b>18,877,406.13</b>	<b>23,246,929.16</b>	<b>(4,369,523.03)</b>
8	PetroSeychelles Ltd	607,434.46	566,611.30	40,823.16	(40,823.16)	-	(40,823.16)	566,611.30	566,611.30	-
9	Seychelles Petroleum Company Ltd (SEYPEC)	724,083,350.00	659,669,622.45	64,413,727.55	(722,883,350.00)	(659,669,622.45)	(63,213,727.55)	1,200,000.00	-	1,200,000.00
10	Société Seychelloise D'Investissement Ltd (SSI)	82,765,613.91	273,591.46	82,492,022.45	(82,765,613.91)	(273,591.46)	(82,492,022.45)	-	-	-
<b>Subtotal 2</b>	<b>Transfers from SOEs</b>	<b>807,456,398.37</b>	<b>660,509,825.21</b>	<b>146,946,573.16</b>	<b>(805,689,787.07)</b>	<b>(659,943,213.91)</b>	<b>(145,746,573.16)</b>	<b>1,766,611.30</b>	<b>566,611.30</b>	<b>1,200,000.00</b>
	<b>Total</b>	<b>852,384,336.40</b>	<b>709,542,078.45</b>	<b>142,842,257.95</b>	<b>(831,740,318.97)</b>	<b>(685,728,537.99)</b>	<b>(146,011,780.98)</b>	<b>20,644,017.43</b>	<b>23,813,540.46</b>	<b>(3,169,523.03)</b>

## For FY 2016:

Amounts in SCR

No.	Company	Templates originally declared			Adjustments			Final amounts		
		Extractive company (a)	Govt (b)	Difference (c) = (a - b)	Extractive company (d)	Govt (e)	Difference (f) = (c-d)	Extractive company (g) = (a+d)	Govt (h) = (b+e)	Difference (i) = (g-h)
1	United Concrete Products Seychelles Ltd (UCPS)	24,037,001.27	23,956,972.99	80,028.28	(19,469,971.00)	(19,405,148.08)	(64,822.92)	4,567,030.27	4,551,824.91	15,205.36
2	Civil Construction Company Limited (CCCL)	9,337,418.59	9,709,162.44	(371,743.85)	(2,662,099.73)	(2,777,340.31)	115,240.58	6,675,318.86	6,931,822.13	(256,503.27)
<b>Subtotal 1</b>	<b>Revenues received from Private companies</b>	<b>33,374,419.86</b>	<b>33,666,135.43</b>	<b>(291,715.57)</b>	<b>(22,132,070.73)</b>	<b>(22,182,488.39)</b>	<b>50,417.66</b>	<b>11,242,349.13</b>	<b>11,483,647.04</b>	<b>(241,297.91)</b>
3	PetroSeychelles Ltd	448,183.16	422,805.57	25,377.59	(10,377.59)	-	(10,377.59)	437,805.57	422,805.57	15,000.00
4	Seychelles Petroleum Company Ltd (SEYPEC)	298,218,710.00	760,266,190.37	(462,047,480.37)	(297,018,710.00)	(760,266,190.37)	463,247,480.37	1,200,000.00	-	1,200,000.00
5	Société Seychelloise D'Investissement Ltd (SSI)	81,946,523.89	9,908,941.33	72,037,582.56	(81,946,523.89)	(9,908,941.33)	(72,037,582.56)	-	-	-
<b>Subtotal 2</b>	<b>Transfers from SOEs</b>	<b>380,613,417.05</b>	<b>770,597,937.27</b>	<b>(389,984,520.22)</b>	<b>(378,975,611.48)</b>	<b>(770,175,131.70)</b>	<b>391,199,520.22</b>	<b>1,637,805.57</b>	<b>422,805.57</b>	<b>1,215,000.00</b>
	<b>Total</b>	<b>413,987,836.91</b>	<b>804,264,072.70</b>	<b>(390,276,235.79)</b>	<b>(401,107,682.21)</b>	<b>(792,357,620.09)</b>	<b>391,249,937.88</b>	<b>12,880,154.70</b>	<b>11,906,452.61</b>	<b>973,702.09</b>

### 5.1.2. Reconciliation by revenue stream

The table below shows the total payments reported by extractive companies and Government Entities, taking into account all adjustments:

#### For FY 2015:

		<i>Amounts in SCR</i>								
N°	Description of Payment	Templates originally declared			Adjustments			Final amounts		
		Extractive company	Govt	Difference	Extractive company	Govt	Difference	Extractive company	Govt	Difference
		852,384,336.40	709,542,078.45	142,842,257.95	(831,740,318.97)	(685,740,713.88)	(145,999,605.09)	20,644,017.43	23,801,364.57	(3,157,347.14)
	<b>1- Payments to Ministry of Habitat Investment and Land Transportation (MHILT)</b>	<b>750,000.00</b>	<b>750,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>750,000.00</b>	<b>750,000.00</b>	<b>-</b>
1.1	Royalties	-	-	-	-	-	-	-	-	-
1.2	Land Rental	750,000.00	750,000.00	-	-	-	-	750,000.00	750,000.00	-
1.3	Other material payments	-	-	-	-	-	-	-	-	-
	<b>2-Payments to PetroSeychelles</b>	<b>5,015,071.15</b>	<b>5,595,255.44</b>	<b>(580,184.29)</b>	<b>-</b>	<b>1,292,500.00</b>	<b>(1,292,500.00)</b>	<b>5,015,071.15</b>	<b>6,887,755.44</b>	<b>(1,872,684.29)</b>
2.1	Royalties paid	-	-	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-	-	-
2.4	Annual Rentals	1,161,691.15	2,968,995.44	(1,807,304.29)	-	-	-	1,161,691.15	2,968,995.44	(1,807,304.29)
2.5	Annual contributions	2,653,380.00	-	2,653,380.00	-	3,918,760.00	(3,918,760.00)	2,653,380.00	3,918,760.00	(1,265,380.00)
2.6	Profit commission on sale of data by exploration companies	-	-	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	1,200,000.00	2,626,260.00	(1,426,260.00)	-	(2,626,260.00)	2,626,260.00	1,200,000.00	-	1,200,000.00
	<b>3- Payments to Seychelles Revenue Commission (SRC)</b>	<b>764,119,265.25</b>	<b>637,196,823.01</b>	<b>126,922,442.24</b>	<b>(749,240,318.97)</b>	<b>(621,033,213.88)</b>	<b>(128,207,105.09)</b>	<b>14,878,946.28</b>	<b>16,163,609.13</b>	<b>(1,284,662.85)</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-	-	-
3.3	Business tax	76,920,678.00	1,302,056.39	75,618,621.61	(76,920,678.00)	(486,056.52)	(76,434,621.48)	-	815,999.87	(815,999.87)
3.4	PAYG instalment	6,248,799.34	6,441,793.37	(192,994.03)	(4,119,904.96)	(4,200,068.51)	80,163.55	2,128,894.38	2,241,724.86	(112,830.48)
3.5	PAYG Specified Business	12,201.55	271,089.14	(258,887.59)	56,817.61	(192,866.98)	249,684.59	69,019.16	78,222.16	(9,203.00)
3.6	Corporate Social Responsibility Tax (CSR)	19,432,227.59	10,159,365.15	9,272,862.44	(19,199,330.98)	(9,926,468.75)	(9,272,862.23)	232,896.61	232,896.40	0.21
3.7	Withholding tax on payments	-	411,762.20	(411,762.20)	19,875.00	(361,887.20)	381,762.20	19,875.00	49,875.00	(30,000.00)
3.8	Dividend Tax	-	-	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	24,259,042.29	24,691,476.85	(432,434.56)	(15,415,797.89)	(15,554,176.95)	138,379.06	8,843,244.40	9,137,299.90	(294,055.50)
3.10	Penalties	-	-	-	-	-	-	-	-	-

N°	Description of Payment	Templates originally declared			Adjustments			Final amounts		
		Extractive company	Govt	Difference	Extractive company	Govt	Difference	Extractive company	Govt	Difference
3.11	Income & Non-Monetary Benefits Tax	24,329,582.93	7,215,231.05	17,114,351.88	(23,425,808.86)	(6,442,542.31)	(16,983,266.55)	903,774.07	772,688.74	131,085.33
3.12	Income Tax Seychellois	557,876.42	3,470,648.06	(2,912,771.64)	546,870.06	(2,304,843.74)	2,851,713.80	1,104,746.48	1,165,804.32	(61,057.84)
3.13	Income Tax Non-Seychellois	683,895.97	5,143,335.30	(4,459,439.33)	892,600.21	(3,474,237.42)	4,366,837.63	1,576,496.18	1,669,097.88	(92,601.70)
3.14	Custom duties	-	-	-	-	-	-	-	-	-
3.15	Excise duties	611,634,138.00	578,090,065.50	33,544,072.50	(611,634,138.00)	(578,090,065.50)	(33,544,072.50)	-	-	-
3.16	Other material payments to SRC	40,823.16	-	40,823.16	(40,823.16)	-	(40,823.16)	-	-	-
<b>4- Payments to Registrar General (RG)</b>		-	-	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MFTEP)</b>		<b>82,500,000.00</b>	<b>66,000,000.00</b>	<b>16,500,000.00</b>	<b>(82,500,000.00)</b>	<b>(66,000,000.00)</b>	<b>(16,500,000.00)</b>	-	-	-
5.1	Dividends from State-Owned Companies	82,500,000.00	66,000,000.00	16,500,000.00	(82,500,000.00)	(66,000,000.00)	(16,500,000.00)	-	-	-
<b>Total</b>		<b>852,384,336.40</b>	<b>709,542,078.45</b>	<b>142,842,257.95</b>	<b>(831,740,318.97)</b>	<b>(685,740,713.88)</b>	<b>(145,999,605.09)</b>	<b>20,644,017.43</b>	<b>23,801,364.57</b>	<b>(3,157,347.14)</b>

## For FY 2016:

		Templates originally lodged			Adjustments			Final amounts		
N°	Description of Payment	Extractive company	Govt	Difference	Extractive company	Govt	Difference	Extractive company	Govt	Difference
<i>Amounts in SCR</i>										
<b>1-</b>	<b>Payments to Ministry of Habitat Investment and Land Transportation (MHILT)</b>	<b>1,433,600.00</b>	<b>750,000.00</b>	<b>683,600.00</b>	<b>(683,600.00)</b>	<b>-</b>	<b>(683,600.00)</b>	<b>750,000.00</b>	<b>750,000.00</b>	<b>-</b>
1.1	Royalties	-	-	-	-	-	-	-	-	-
1.2	Land Rental	1,433,600.00	750,000.00	683,600.00	(683,600.00)	-	(683,600.00)	750,000.00	750,000.00	-
1.3	Other material payments	-	-	-	-	-	-	-	-	-
<b>2-</b>	<b>Payments to PetroSeychelles</b>	<b>1,200,000.00</b>	<b>-</b>	<b>1,200,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,200,000.00</b>	<b>-</b>	<b>1,200,000.00</b>
2.1	Royalties paid	-	-	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-	-	-
2.4	Annual Rentals	-	-	-	-	-	-	-	-	-
2.5	Annual contributions	-	-	-	-	-	-	-	-	-
2.6	Profit commission on sale of data by exploration companies	-	-	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	1,200,000.00	-	1,200,000.00	-	-	-	1,200,000.00	-	1,200,000.00
<b>3-</b>	<b>Payments to Seychelles Revenue Commission (SRC)</b>	<b>339,854,236.91</b>	<b>757,014,072.70</b>	<b>(417,159,835.79)</b>	<b>(328,924,082.21)</b>	<b>(745,857,620.09)</b>	<b>416,933,537.88</b>	<b>10,930,154.70</b>	<b>11,156,452.61</b>	<b>(226,297.91)</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-	-	-
3.3	Business tax	112,105,421.00	86,049,966.71	26,055,454.29	(112,105,421.00)	(85,793,207.78)	(26,312,213.22)	-	256,758.93	(256,758.93)
3.4	PAYG instalment	3,135,236.40	3,135,236.40	-	(1,582,257.17)	(1,582,257.17)	-	1,552,979.23	1,552,979.23	-
3.5	PAYG Specified Business	29,407.63	96,046.95	(66,639.32)	(9,116.36)	(63,094.20)	53,977.84	20,291.27	32,952.75	(12,661.48)
3.6	Corporate Social Responsibility Tax (CSR)	20,660,021.05	11,010,216.61	9,649,804.44	(20,361,149.19)	(10,711,344.77)	(9,649,804.42)	298,871.86	298,871.84	0.02
3.7	Withholding tax on payments	-	729,945.18	(729,945.18)	-	(722,820.18)	722,820.18	-	7,125.00	(7,125.00)
3.8	Dividend Tax	-	-	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	19,554,817.59	19,554,807.59	10.00	(13,295,735.74)	(13,295,732.64)	(3.10)	6,259,081.85	6,259,074.95	6.90
3.10	Penalties	312,761.00	-	312,761.00	(312,761.00)	-	(312,761.00)	-	-	-
3.11	Income & Non-Monetary Benefits Tax	24,319,901.24	7,207,374.15	17,112,527.09	(23,619,385.79)	(6,596,458.34)	(17,022,927.45)	700,515.45	610,915.81	89,599.64
3.12	Income Tax Seychellois	549,745.35	2,605,219.45	(2,055,474.10)	180,655.13	(1,835,080.07)	2,015,735.20	730,400.48	770,139.38	(39,738.90)
3.13	Income Tax Non-Seychellois	650,258.62	5,446,764.72	(4,796,506.10)	709,860.59	(4,087,025.35)	4,796,885.94	1,360,119.21	1,359,739.37	379.84

N°	Description of Payment	Templates originally lodged			Adjustments			Final amounts		
		Extractive company	Govt	Difference	Extractive company	Govt	Difference	Extractive company	Govt	Difference
3.14	Custom duties	-	-	-	-	-	-	-	-	-
3.15	Excise duties	158,484,735.00	621,136,940.50	(462,652,205.50)	(158,484,735.00)	(621,136,940.50)	462,652,205.50	-	-	-
3.16	Other material payments to SRC	51,932.03	41,554.44	10,377.59	(44,036.68)	(33,659.09)	(10,377.59)	7,895.35	7,895.35	-
<b>4- Payments to Registrar General (RG)</b>		-	-	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MFTEP)</b>		<b>71,500,000.00</b>	<b>46,500,000.00</b>	<b>25,000,000.00</b>	<b>(71,500,000.00)</b>	<b>(46,500,000.00)</b>	<b>(25,000,000.00)</b>	-	-	-
5.1	Dividends from State-Owned Companies	71,500,000.00	46,500,000.00	25,000,000.00	(71,500,000.00)	(46,500,000.00)	(25,000,000.00)	-	-	-
<b>Total payments</b>		<b>413,987,836.91</b>	<b>804,264,072.70</b>	<b>(390,276,235.79)</b>	<b>(401,107,682.21)</b>	<b>(792,357,620.09)</b>	<b>391,249,937.88</b>	<b>12,880,154.70</b>	<b>11,906,452.61</b>	<b>973,702.09</b>



## 5.2. Adjustments

### 5.2.1. Adjustments for FY 2015

#### (i) Extractive Companies' Adjustments

The adjustments were carried out on the basis of confirmations received from extractive companies and Government Entities and which were supported by adequate evidence wherever deemed appropriate. The adjustments made are detailed as follows:

Adjustments to extractive company payments	Total Amount
Tax paid reported but outside the reconciliation scope <b>(a)</b>	(805,689,787.07)
Tax related to activity other than mining <b>(b)</b>	(26,050,531.90)
<b>Total added to amounts originally reported</b>	<b>(831,740,318.97)</b>

**(a)** This adjustment relates to payments that were reported by SOEs but falling outside the reconciliation scope. These are payments made by SEYPEC and SSI to SRC and to MFTEP. These are detailed as follows:

Company	Tax paid reported but outside the reconciliation scope
PetroSeychelles Ltd	(40,823.16)
Seychelles Petroleum Company Ltd (SEYPEC)	(722,883,350.00)
Société Seychelloise D'Investissement Ltd (SSI)	(82,765,613.91)
<b>Total</b>	<b>(805,689,787.07)</b>

The type of payments adjusted can also be summarised as follows:

	Total
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>	<b>(723,189,787.07)</b>
3.3 Business tax	(76,920,678.00)
3.6 Corporate Social Responsibility Tax (CSR)	(18,819,791.00)
3.11 Income & Non-Monetary Benefits Tax	(15,774,356.91)
3.15 Excise duties	(611,634,138.00)
3.16 Other material payments to SRC	(40,823.16)
<b>5- Payments to Ministry of Finance (MFTEP)</b>	<b>(82,500,000.00)</b>
5.1 Dividends from State-Owned Companies	(82,500,000.00)
<b>Total</b>	<b>(805,689,787.07)</b>

**(b)** These payments were reported by UCPS and CCCL as part of their payments to SRC. Given that the quarrying activities represent 27% and 68% of UCPS and CCCL activities respectively, a proportion of the payments relating to non-extractive activities has been adjusted accordingly. These taxes relate to non-extractive activities and are detailed as follows:

No.	Company	Tax related to activity other than mining
8	Civil Construction Company Limited (CCCL)	(2,664,866.98)
7	United Concrete Products Seychelles Ltd (UCPS)	(23,385,664.92)
	<b>Total</b>	<b>(26,050,531.90)</b>

The type of payments adjusted can also be summarised as follows:

	Total
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>	<b>(26,050,532.90)</b>
3.4 PAYG instalments	(3,895,008.31)
3.5 PAYG Specified Business	(168,079.04)
3.6 Corporate Social Responsibility Tax (CSR)	(379,539.98)
3.9 Value Added Tax (VAT)	(15,415,797.89)
3.11 Income & Non-Monetary Benefits Tax	(828,475.42)
3.12 Income Tax Seychellois	(2,139,761.43)
3.13 Income Tax Non-Seychellois	(3,223,869.83)
<b>Total</b>	<b>(26,050,532.90)</b>

(ii) **Adjustments to Government Entities' templates**

The adjustments were carried out on the basis of confirmations received from extractive companies or from Government Entities and supported by payment receipts wherever deemed appropriate. These adjustments are detailed as follows:

Adjustments to Government payments	Total Amount
Tax reported but falling outside the reconciliation scope (a)	(659,943,213.91)
Tax related to activities other than mining (b)	(27,077,824.08)
Tax received not reported	1,292,500.00
<b>Total added to amounts originally reported</b>	<b>(685,728,537.99)</b>

- (a) These payments were reported by SRC and by MFTEP as received from SOEs but fall outside the reconciliation scope. Given that both SEYPEC and SSI pay SRC taxes on their normal activities and that SSI and MFTEP declared receipt of dividends from SEYPEC, none of these payments relate to the transfers of extractive revenues. These are detailed as follows:

No.	Company	Tax reported but falling outside the reconciliation scope
6	Seychelles Petroleum Company Ltd (SEYPEC)	(659,669,622.45)
7	Société Seychelloise D'Investissement Ltd (SSI)	(273,591.46)
<b>Total</b>		<b>(659,943,213.91)</b>

The type of payments adjusted can also be summarised as follows:

No.	Revenue stream	Tax received reported but outside the reconciliation scope
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>(593,943,213.91)</b>
3.3 Business taxes		(102,056.59)
3.6 Corporate Social Responsibility Tax (CSR)		(9,546,928.87)
3.7 Withholding taxes on payments		(361,887.20)
3.11 Income & Non-Monetary Benefits Tax		(5,842,275.75)
3.15 Excise duties		(578,090,065.50)
<b>5- Payments to Ministry of Finance (MoF)</b>		<b>(66,000,000.00)</b>
5.1 Dividends from State-Owned Companies		(66,000,000.00)
<b>Total</b>		<b>(659,943,213.91)</b>

- (b) These payments were reported by SRC as received from UCPS and CCCL. Since that both companies operate in the quarrying sector as well as in activities other than mining, a proportion of the revenues received by SRC and relating to these non-extractive activities has been adjusted accordingly as detailed below:

No.	Company	Tax related to activities other than mining
8	United Concrete Products Seychelles Ltd (UCPS)	(23,890,558.35)
9	Civil Construction Company Limited (CCCL)	(3,187,265.73)
<b>Total</b>		<b>(27,077,824.08)</b>

The type of payments adjusted can also be summarised as follows:

No.	Revenue stream	Tax related to activities other than mining
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>(27,077,824.08)</b>
3.3	Business tax	(383,999.93)
3.4	PAYG instalment	(4,200,068.51)
3.5	PAYG Specified Business	(192,866.98)
3.6	Corporate Social Responsibility Tax (CSR)	(379,539.88)
3.9	Value Added Tax (VAT)	(15,554,176.95)
3.11	Income & Non-Monetary Benefits Tax	(588,090.67)
3.12	Income Tax Seychellois	(2,304,843.74)
3.13	Income Tax Non-Seychellois	(3,474,237.42)
<b>Total</b>		<b>(27,077,824.08)</b>

## 5.2.2. Adjustments for FY 2016

### (i) Extractive Company Adjustments

The adjustments were carried out on the basis of confirmations from extractive companies and Government Entities and were supported by adequate evidence wherever deemed appropriate. The adjustments made are detailed as follows:

Adjustments to extractive company payments	Total Amount
Tax paid reported but outside the reconciliation scope (a)	(378,975,611.48)
Tax related to activity other than mining (b)	(22,132,070.73)
<b>Total added to amounts originally reported</b>	<b>(401,107,682.21)</b>

- (a) These are payments to SRC, MHILT and MFTEP were reported mainly by SEYPEC and SSI as extractive transfers but the payments are not part of the upstream activities and should therefore be excluded:

Company	Tax paid reported but outside the reconciliation scope
PetroSeychelles Ltd	(10,377.59)
Seychelles Petroleum Company Ltd (SEYPEC)	(297,018,710.00)
Société Seychelloise D'Investissement Ltd (SSI)	(81,946,523.89)
<b>Total</b>	<b>(378,975,611.48)</b>

The types of payments adjusted can also be summarised as follows:

No.	Revenue stream	Tax paid reported but outside the reconciliation scope
<b>1- Payments to Ministry of Habitat Investment and Land Transportation (MHILT)</b>		<b>(683,600.00)</b>
1.2	Land Rental	(683,600.00)
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>(306,792,011.48)</b>
3.3	Business tax	(112,105,421.00)
3.6	Corporate Social Responsibility Tax (CSR)	(19,799,288.65)
3.10	Penalties	(312,761.00)
3.11	Income & Non-Monetary Benefits Tax	(16,079,428.24)
3.15	Excise duties	(158,484,735.00)
3.16	Other material payments to SRC	(10,377.59)
<b>5- Payments to Ministry of Finance (MFTEP)</b>		<b>(71,500,000.00)</b>
5.1	Dividends from State-Owned Companies	(71,500,000.00)
<b>Total</b>		<b>(378,975,611.48)</b>

- (b) These payments were reported by UCPS and CCCL as part of their payments to SRC. As the quarrying activities represent 19% and 69% of UCPS and CCCL activities respectively, a proportion of the payments relating to non-extractive activities has been adjusted accordingly. These taxes related to non-extractive activities are detailed as follows:

Company	Tax related to activity other than mining
United Concrete Products Seychelles Ltd (UCPS)	(19,469,971.00)
Civil Construction Company Limited (CCCL)	(2,662,099.73)
<b>Total</b>	<b>(22,132,070.73)</b>

(ii) **Adjustments to Government Entity templates**

The adjustments were carried out on the basis of confirmations received from extractive companies or from Government Entities and supported by payment receipts wherever deemed appropriate. These adjustments are detailed as follows:

Adjustments to Government payments	Total Amount
Tax received but not reported	86,396.73
Tax received but falling outside the reconciliation scope (a)	(770,261,528.43)
Tax related to activities other than mining (b)	(22,182,488.39)
<b>Total added to amounts originally reported</b>	<b>(792,357,620.09)</b>

- (a) These payments were reported by SRC and by MFTEP as taxes received from SEYPEC and SSI but they are considered as being not related to the extractive sector:

Company	Tax received reported but outside the reconciliation scope
Seychelles Petroleum Company Ltd (SEYPEC)	(760,352,587.10)
Société Seychelloise D'Investissement Ltd (SSI)	(9,908,941.33)
<b>Total</b>	<b>(770,261,528.43)</b>

The types of payments adjusted can also be summarised as follows:

No.	Revenue stream	Tax received reported but outside the reconciliation scope
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>(723,761,528.43)</b>
3.3	Business tax	(85,764,249.06)
3.6	Corporate Social Responsibility Tax (CSR)	(10,149,484.24)
3.7	Withholding tax on payments	(692,445.18)
3.11	Income & Non-Monetary Benefits Tax	(6,018,409.45)
3.15	Excise duties	(621,136,940.50)
<b>5- Payments to Ministry of Finance (MFTEP)</b>		<b>(46,500,000.00)</b>
5.1	Dividends from State-Owned Companies	(46,500,000.00)
<b>Total</b>		<b>(770,261,528.43)</b>

- (b) These payments were reported by SRC as received from UCPS and CCCL. As both companies operate in the quarrying sector as well as other than mining activities, a proportion of the revenues received by SRC and relating to non-extractive activities has been adjusted accordingly. These taxes relate to non-extractive activities and are detailed as follows:

Company	Tax related to activity other than mining
United Concrete Products Seychelles Ltd (UCPS)	(19,405,148.08)
Civil Construction Company Limited (CCCL)	(2,777,340.31)
<b>Total</b>	<b>(22,182,488.39)</b>

The adjusted payment streams can also be summarised as follows:

No.	Revenue stream	Tax related to activity other than mining
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>(22,182,488.39)</b>
3.3	Business tax	(115,355.45)
3.4	PAYG instalment	(1,582,257.17)
3.5	PAYG Specified Business	(63,094.20)
3.6	Corporate Social Responsibility Tax (CSR)	(561,860.53)
3.7	Withholding tax on payments	(30,375.00)
3.9	Value Added Tax (VAT)	(13,295,732.64)
3.11	Income & Non-Monetary Benefits Tax	(578,048.89)
3.12	Income Tax Seychellois	(1,835,080.07)
3.13	Income Tax Non-Seychellois	(4,087,025.35)
3.16	Other material payments to SRC	(33,659.09)
<b>Total</b>		<b>(22,182,488.39)</b>

## 5.3. Unreconciled Differences

### 5.3.1 Unreconciled Differences for FY 2015

Following our adjustments, unreconciled discrepancies of payments amounted to SCR 3,169,481.03 representing 13.3% of reconciled payments received as reported by Government Entities after adjustment. This is the sum of positive differences of SCR 1,230,000.00 and a negative difference of SCR 4,399,481.03.

These unreconciled differences can be analysed as follows:

	Total payments (in SCR)
Reporting template not submitted by the extractive company <b>(a)</b>	(3,072,684.29)
Missing extractive company detail per receipt number <b>(b)</b>	(186,741.37)
Tax not reported by the Govt Entity <b>(c)</b>	1,230,000.00
Detail of payment by the company could not be used	(294,055.50)
Tax not reported by the extractive company <b>(d)</b>	(845,999.87)
<b>Total differences</b>	<b>(3,169,481.03)</b>

**(a)** This difference relates to East African Exploration Seychelles Limited and AVANA Petroleum Limited which failed to submit its reporting templates for its payments to PetroSeychelles during 2015.

**(b)** This difference relates to the payments declared by UCPS and for which the company failed to provide payment details by receipt number.

**(c)** This unreconciled difference relates mainly to a payment of SCR 1,200,000 that SEYPEC declared as paid to PetroSeychelles while the latter confirmed that no payment had been received in FY 2015:

**(d)** This unreconciled difference relates mainly to a business tax payment of SCR 815,999.87 that SRC declared as received from CCCL while the latter confirmed that no such payment had been made in FY 2015

### 5.3.2 Unreconciled Differences for 2016

Following our adjustments, unreconciled discrepancies of payments amounted to SCR (973,702.09) representing 8.2% of total payments reported by Government Entities. This is the sum of positive differences of SCR 315,904.81 and negative differences amounting to SCR 1,289,606.90.

These unreconciled differences can be analysed as follows:

	Total payments (in SCR)
Missing extractive company detail per receipt number	74,351.24
Tax not reported by the extractive company (a)	(315,904.81)
Tax not reported by Govt Entities (b)	1,215,000.00
Detail of payment by the company could not be used	255.66
<b>Total differences</b>	<b>973,702.09</b>

- (a) This unreconciled difference relates to taxes reported by SRC and not confirmed by both companies as detailed below:

Company	Tax not reported by the extractive company
United Concrete Products Seychelles Ltd (UCPS)	(59,145.88)
Civil Construction Company Limited (CCCL)	(256,758.93)
<b>Total</b>	<b>(315,904.81)</b>

The adjusted payment streams can also be summarised as follows:

No.	Revenue Stream	Tax not reported by the extractive company
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>(315,904.81)</b>
3.3	Business tax	(256,758.93)
3.5	PAYG Specified Business	(12,661.48)
3.7	Withholding tax on payments	(7,125.00)
3.12	Income Tax Seychellois	(39,359.40)
<b>Total</b>		<b>(315,904.81)</b>

- (b) This unreconciled difference relates mainly to a payment of SCR 1,200,000 that SEYPEC declared as paid to PetroSeychelles while the latter confirmed that no payment has been received in FY 2016 as detailed below:

Company	Tax not reported by the Govt Body
PetroSeychelles Ltd	15,000
Seychelles Petroleum Company Ltd (SEYPEC)	1,200,000
<b>Total</b>	<b>1,215,000</b>

## 6. ANALYSIS OF REPORTED DATA

### 6.1. Analysis of Government revenues

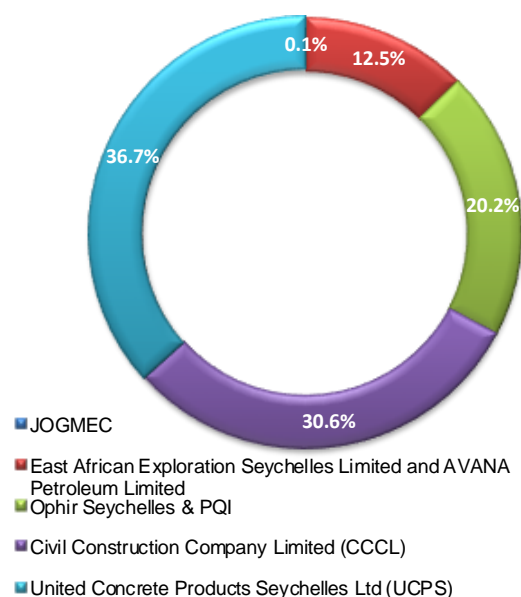
Total extractive revenues are the sum of receipts declared by PetroSeychelles, SRC and MHILT and of social payments declared unilaterally by companies as detailed below:

	FY 2015		FY 2016	
	Extractive revenues (SCR)	% of total payment	Extractive revenues (SCR)	% of total payment
SRC	15,609,173.72	63.5%	10,733,647.04	93.1%
PetroSeychelles	6,902,257.16	28.1%	9,662.48	0.1%
Social payments	1,328,605.46	5.3%	40,933.03	0.3%
MHILT	750,000.00	3.1%	750,000.00	6.5%
<b>Total extractive revenues</b>	<b>24,590,036.34</b>	<b>100.0%</b>	<b>11,534,242.55</b>	<b>100.0%</b>
Unilateral disclosure by Government	14,501.72	0.1%	9,662.48	0.1%
Unilateral disclosure by Companies	1,328,605.46	5.4%	40,933.03	0.4%
Reconciled revenues	23,246,929.16	94.5%	11,483,647.04	99.6%
<b>Total extractive revenues</b>	<b>24,590,036.34</b>	<b>100.0%</b>	<b>11,534,242.55</b>	<b>100.0%</b>

#### 6.1.1. Analyses of payments by companies' contribution

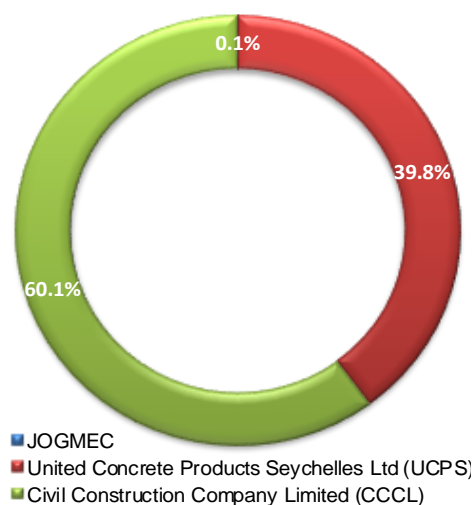
The set out below an analysis of extractive revenues by contributed by each company in FY 2015:

Company	Government receipts	% of total payment
JOGMEC	14,501.72	0.1%
East African Exploration Seychelles Limited and AVANA Petroleum Limited	3,072,684.29	12.5%
Ophir Seychelles & PQI	4,967,063.13	20.1%
Civil Construction Company Limited (CCCL)	7,522,939.78	30.6%
United Concrete Products Seychelles Ltd (UCPS)	9,012,847.42	36.7%
<b>Total extractive revenues</b>	<b>24,590,036.34</b>	<b>100.0%</b>



The analysis of extractive revenues by company in FY 2016 was as follows:

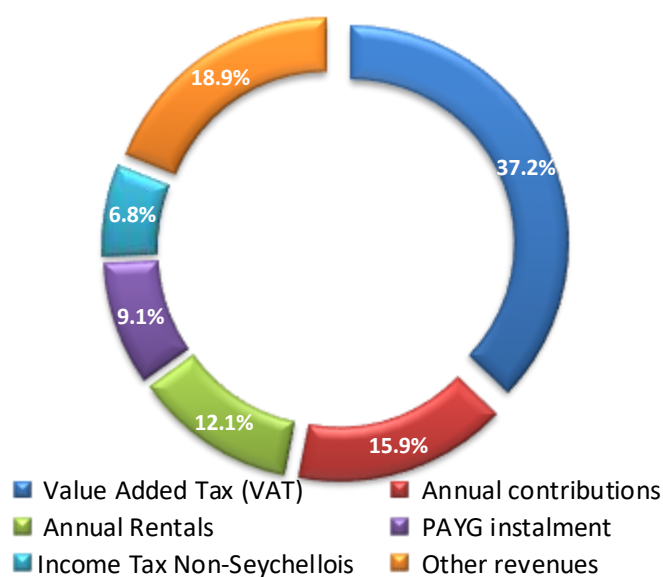
Company	Government receipts (SCR)	% of total payment
JOGMEC	9,662.48	0.1%
United Concrete Products Seychelles Ltd (UCPS)	4,592,757.94	39.8%
Civil Construction Company Limited (CCCL)	6,931,822.13	60.1%
<b>Total extractive revenues</b>	<b>11,534,242.55</b>	<b>100.0%</b>



## 6.2.2 Analysis of payments by contribution flows

The analysis of extractive revenues by tax contribution in FY 2015 was:

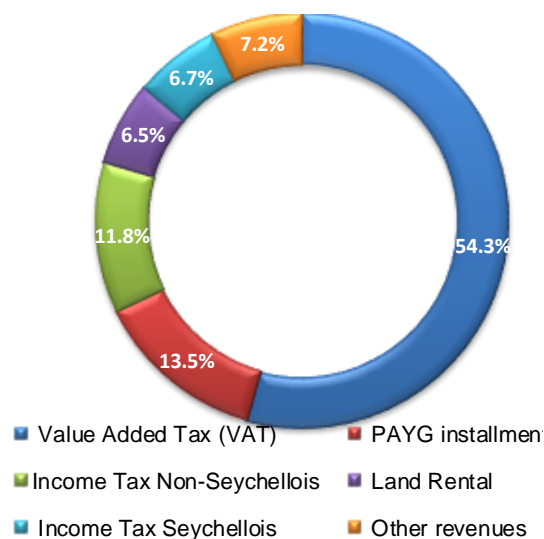
Taxes	Government receipts (SCR)	% of total payment
Value Added Tax (VAT)	9,137,299.90	37.2%
Annual contributions	3,918,760.00	15.9%
Annual Rentals	2,968,995.44	12.1%
PAYG instalment	2,241,724.86	9.1%
Income Tax Non-Seychellois	1,669,097.88	6.8%
Other revenues	4,654,158.26	18.9%
<b>Total extractive sector revenue</b>	<b>24,590,036.34</b>	<b>100.0%</b>





The analysis of extractive revenues by tax contribution in FY 2016 was:

Taxes	Government receipts (SCR)	% of total payment
Value Added Tax (VAT)	6,259,074.95	54.3%
PAYG instalment	1,552,979.23	13.5%
Income Tax Non-Seychellois	1,359,739.37	11.8%
Land Rental	750,000.00	6.5%
Income Tax Seychellois	770,139.38	6.7%
Other revenues	842,309.62	7.2%
<b>Total extractive sector revenue</b>	<b>11,534,242.55</b>	<b>100.0%</b>



## 6.2. Unilateral disclosure of revenue streams

Government Entities have unilaterally disclosed revenue streams collected from companies but not included within the reconciliation scope in accordance with EITI Requirement 4.1.d. Extractive companies have also unilaterally disclosed social contributions paid to third parties in accordance with EITI Requirement 6.1.a. These unilateral disclosures are summarised as follows:

Payment flows	FY 2015		FY 2016	
	(SCR)	%	(SCR)	%
Unilateral disclosure by Government	14,501.72	0.1%	9,662.48	0.1%
Social Contributions	1,328,605.46	5.3%	40,933.03	0.3%
<b>Total Unilateral disclosures</b>	<b>1,343,107.18</b>	<b>5.4%</b>	<b>50,595.51</b>	<b>0.4%</b>
<b>Reconciled revenues</b>	<b>23,246,929.16</b>	<b>94.6%</b>	<b>11,483,647.04</b>	<b>99.6%</b>
<b>Total extractive revenues</b>	<b>24,590,036.34</b>	<b>100.0%</b>	<b>11,534,242.55</b>	<b>100.0%</b>

Source: EITI Reporting Templates

### 6.2.1. Unilateral disclosure by Government Entities

Unilateral disclosures by PetroSeychelles covering the oil and gas sector amount to SCR 14,501.72 and SCR 9,662.48. These represent zero percent and 100% of total oil and gas sector's revenue. These payments were received from JOGMEC.

### 6.2.2. Social payments disclosed by companies

Social payments consist of all contributions made by extractive companies to promote local development and to finance social projects in line with EITI Requirement 6.1. These contributions accounted for 5.4% and 0.4% of total revenues from the extractive industries in 2015 and 2016 respectively. Social contributions reported by companies are detailed below:

Company	FY 2015 (SCR)	FY 2016 (SCR)	Beneficiary
Ophir Seychelles & PQI	1,151,991.98	-	Abhaye Valabhji Pty. Ltd.
United Concrete Products Seychelles Ltd (UCPS) (*)	176,613.48	40,933.03	-
<b>Total</b>	<b>1,328,605.46</b>	<b>40,933.03</b>	

Source: EITI Reporting Templates

(\*) Payments declared by companies and that do not relate to extractive activities have been adjusted

### 6.3. Transfers from SOEs to the Government

The receipts and transfers made by SOEs to SRC and to the MFTEP are summarised as follows:

Transfers paid by	Transfers received by (in SCR)			
	SRC	MFTEP	PetroSeychelles Ltd	SSI
PetroSeychelles Ltd	566,611.30	(167,962.84)	-	-
Seychelles Petroleum Company Ltd (SEYPEC)	-	-	-	-
Société Seychelloise D'Investissement Ltd (SSI)	-	-	-	-
<b>Total</b>	<b>566,611.30</b>	<b>(167,962.84)</b>	-	-

(\*) MFTEP declared that it transferred to PetroSeychelles an amount of SCR 167,962.84 for fuel for Air Force

Transfers paid by	Transfers received by (in SCR)			
	SRC	MFTEP	RG	PetroSeychelles Ltd
PetroSeychelles Ltd	422,805.57	-	-	-
<b>Total</b>	<b>422,805.57</b>	-	-	-

The rules and regulations governing the transfers from SOEs to SRC are detailed in Sections 3.3.5 and 3.2.9 of this report. The amounts paid by SOEs to SRC are detailed in Annexes 2 and 3 of this report.

An Agreement was signed between the Government, SEYPEC and PetroSeychelles on 22 November 2013 in order to assign to PetroSeychelles the relevant resources required to exercise its mandate. In accordance with the terms of this Agreement, SEYPEC was required to transfer an amount of SCR 10,000,000 to PetroSeychelles during the two years 2015 and 2016. However, PetroSeychelles has not received any funds under this agreement during 2015 or 2016.

### 6.4. Agreements with extractive companies

In accordance with EITI Requirement 4.3 "Infrastructure provisions and barter arrangements: The multi-stakeholder group and the Independent Administrator are required to consider whether there are any agreements, or sets of agreements, involving the provision of goods and services, including loans, grants and infrastructure works, in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities."

We note that there are no infrastructure provisions nor barter arrangements in the context of Seychelles.

We set below a summary of the contracts signed with extractive companies and which are not production sharing agreements.

#### 6.4.1. Agreement between JOGMEC and the Government:

The Government of Seychelles signed an agreement with JOGMEC for the joint survey programme offshore Seychelles on 30 August 2013.

The government through PetroSeychelles provided assistance, as necessary, to JOGMEC and Contractors in obtaining authorisations and exemptions for the smooth running of the Survey, including:

- obtaining exemptions from customs duties and taxes in respect of personal effects brought into the Republic of Seychelles for reasonable use by the personnel of JOGMEC and Contractors; and

- obtaining exemption from any duties, taxes and/or levies, which might be imposed by any governmental authority in the Republic of Seychelles on JOGMEC or Contractors or their personnel for carrying out the Survey.

#### 6.4.2. Agreement between GXT and the Government:

The Government through SEYPEC signed an agreement with GXT on 6 September 2008 in order to work together on a joint project to conduct that part of the East Africa SPAN seismic programme in the waters of Seychelles.

SEYPEC approved the project and granted exclusive rights to GXT to licence non-exclusive, perpetual licences to use the seismic data to licensees in consideration of payments as specified. This exclusive right, which shall not be assigned to any third party, was granted for a period of 10 years from the above date. At the expiry of the exclusivity period, the data recorded, in compliance with all applicable laws and regulations of Seychelles, shall become the property of SEYPEC.

### 6.5. Government Participation in the extractive industry

SEYPEC reported the following full paid equity holdings:

Extractive Company /Joint Venture	Level of ownership at 01/01/2015	Level of ownership at 01/01/2015	Level of ownership at 31/12/2016	Nature of the transaction	In case of change in the % interest	
					Value of the transaction in (SCR) during both reporting periods 2015 and 2016	Beneficiary of the transaction (counterparty)
Afren PLC	0%	0%	0%	-	-	-
WHL Energy LTD	4%	4%	4%	-	-	-

Further detail on the state participation in the extractive industries is presented in Section 3.2.8 of this report.

### 6.6. Beneficial ownership

The table below summarises the information on beneficial ownership submitted by the reporting entities:

Ownership as at 31 December 2014	N°	Name/Entity	% Interest	Nationality of the owner	Stock exchange Listed entity (yes/no)	Stock exchange (if the company's shares are quoted)
Ophir Seychelles	1	Ophir Energy plc	100%	British	Yes	London Stock Exchange
CCCL	2	Kan kim sun	0.1%	Seychellois	NA	NA

NA: Not applicable

### 6.7. Infrastructure provisions, barter arrangements and loans/loan guarantee granted to extractive companies

None of the reporting entities reported any infrastructure provisions nor barter arrangements agreed between the Government and extractive companies. There were no loans nor loan guarantee granted to extractive companies that has been declared by any reporting entities.

### 6.8. Quasi fiscal expenditure

None of the SOE reported quasi-fiscal expenditures.

## 7. RECOMMENDATIONS

### 7.1. Award of quarrying contracts

The Government can enter into an agreement with any private operator in the quarrying sector. The existing legal framework does not require applicants to submit any information on their technical or financial capabilities for assessment prior to starting quarrying activities.

Additionally, there are no requirements to award contracts through tendering processes or to advertise requests for proposals when awarding contracts. MHILT has the authority to enter into commercial agreements and can grant a quarrying licence without resorting to competitive bidding or approval by the council of Ministers, i.e. by direct negotiation.

*We recommend that the legislation governing the extractive industries is amended in order to ensure that MHILT is provided with adequate guidance in exerting the powers conferred upon it in all transparency, while at the same time ensuring that its decisions do not become questionable. To that end, the legislation should clearly state the steps to be followed by the Minister before granting a licence to any applicant.*

### 7.2. Lack of licences for private lands

The Constitution of the Republic of Seychelles 1993 states that the State is the owner of all underground, unextracted minerals of any kind or description. By the same token Article 3 of the Minerals Act (1962) states that: “the entire property in and control of all minerals in, under or upon any land in Seychelles or in all rivers or streams throughout Seychelles is hereby vested in the Republic and the Republic shall have the exclusive right of prospecting and mining for such minerals.”

However, we note that quarrying rights are not required for selling quarried products from privately owned lands and any individual or company is allowed to undertake quarrying activities on privately owned lands without prior permission. This practice is therefore in contradiction with both the Constitution and the Minerals Act. Additionally, quarrying activities on private lands are not recorded at MHILT’s level.

*In order to comply with the country’s legislations, we recommend that a licensing procedure is put in place for any individual or company intending to undertake quarrying activities, even if such activity takes place on privately owned lands.*

*We also recommend that MHILT ensures that all quarrying activities are recorded at its level regardless of the identity of the land owner.*

### 7.3. Lack of model agreement for quarrying contracts

The Minerals Act (1962) does not provide the conditions and minimum requirements of the agreement. It does not define the contents of commercial agreements of quarrying activities. The terms of each agreement is left to MHILT’s sole discretion. The legal framework does not provide any indicative model agreement to be followed by MHILT when negotiating the terms of the contract. As a result, the terms of agreements differ from one contract to the next.

*We recommend that the legal framework is amended in order to provide model agreements for commercial agreements in the quarrying sector. These should be used as guidance and should also set out details of the technical and financial criteria to be applied for awarding contracts.*

### 7.4. Lack of licences register for the quarrying sector

The EITI Standard requires implementing countries to maintain a publicly available register or cadastre system with up to date and comprehensive information regarding each of the licences granted to extractive companies. This information includes: i. name of licence holder(s); ii. coordinates of the licence area; iii. date of application, date of award and duration of the licence; and

iv. in the case of production licences, the commodity being produced. We note that there is currently no licence register in place for the quarrying sector.

*We recommend that MHILT puts in place a licence register with details of all information stipulated by the EITI Standard in order to ensure that all records are kept up to date. This would then allow reports of all licenced operators, with relevant details to be easily generated for EITI and other purposes.*

*An online cadastral system should also be made available to the public, which should include information on coordinates of concessions as well as fees paid.*

### 7.5. Enforcement of the law

The Mineral Act states that companies operating in the quarrying sector should pay royalties. The Commercial Agreements state that royalties should be paid by quarrying companies. We note from the above that there are no waivers exempting companies from the payment of royalties. As a result, it would appear that companies have been undertaking quarrying activities illegally.

Additionally, we note that CCCL has started to operate in Praslin without a valid licence or signed agreement. It would appear that MHILT granted the company a right to 'Early Entry'. Such right is not defined in the legislation and it is questionable whether MHILT is authorised to grant such rights without any agreement in place.

*We recommend for the future that MHILT ensures that the commercialisation of the country's resources is optimised. This can only be achieved with a change in the law by ensuring that:*

- *companies pay royalties as included within the relevant legislation or agreement; and*
- *no activity is undertaken unless a signed agreement setting out the terms and conditions is in place.*

### 7.6. Lack of production data follow up

EITI Requirement 3.2 imposes the disclosure of production data for the fiscal year covered by the EITI Report, including total production volumes and the value of production by commodity. In order to maintain accurate and comprehensive records of production, MHILT should produce reliable data for the EITI process, by assessing the companies' liabilities in respect of unpaid royalties on production. MHILT should also monitor the quarrying activities in the country.

We note however, that MHILT does not have a minerals production database in place and that the government was unaware of these production data that the companies could make available. As a result of this lack of information from the government, we were not able to reconcile the production volumes and comment on discrepancies, if any, and had to disclose the figures unilaterally.

*We recommend that MHILT:*

- *ensures that companies submit monthly declarations of their production data;*
- *develops procedures to ensure the completeness of the production data reported by companies and implements a computerised system to monitor and update these data on a monthly basis. This would improve MHILT's ability to reconcile royalties or any other non-tax payments with production data and investigate any discrepancies; and*
- *provides the MSG with a comparison of the production volumes declared by extractive companies with the records held by MHILT throughout the year and all discrepancies should be fully investigated.*

### 7.7. Revision of the Minerals Act (1962)

Since that the Minerals Act (1962) has never been revoked nor updated at the best of our knowledge, it is still into force. However, this Minerals Act 1962 presents several shortfalls and ambiguities as follows:

- the Act refers to a Minister without mentioning the name of the Government Entity that it is supposed to manage the quarrying sector or which should grant licences;
- it lacks of the definition of each right mentioned in Articles 5 and 6 of the Act. These articles simply mention the names of licences but does not provide a definition for any of these licences, their duration, costs, renewability. The rights are listed as follows:
  - Prospecting Right;
  - Exclusive Prospecting Licence;
  - Special Exclusive Prospecting Licence;
  - Mining Right;
  - Mining Licence; and
  - Special Mining Lease;
- the act is silent on the application process and about eligibility criteria for quarrying;
- there is lack of policies on disclosure of quarrying contracts; and
- the Act mentions that a royalty should be paid without giving specifying to Which Government Entity it should be paid to, the basis of calculation of the royalty or the rate to be applied.

*We recommend that the Minerals Act (1962) is updated and that it ensures that the above weaknesses are addressed as a bare minimum in a bid to ensure good governance and promote transparency in the quarrying sector.*

#### 7.8. Lack of capacity building

We note during our meeting with MHILT that the ministry's staff were not aware of the existence of the Minerals Act (1962). The weaknesses highlighted in Sections 7.1 to 7.6 above are the result of both lack of capacity in good governance of the extractive industry and inadequate experience in the legal sector.

Government Entities responsible for collecting tax and non-tax revenues from the extractive sector currently lack the necessary skills to conduct proper follow up and verification of the companies' tax liabilities for any possible reassessment.

We also note the lack of funding to meet the cost of conducting verification of amounts of non-tax revenues collected by SRC and PetroSeychelles, in order to ensure full compliance and fulfilment of their entire financial obligations as set out in the legislation and Terms of Agreement.

We understand that the MSG took note of this recommendation and planned to address it at policy level. We also understand that SRC was fully involved in formulating the new policy and recognises the necessity of training key personnel in oil and gas tax verification.

*SRC and PetroSeychelles should ensure that both technical and financial capacities exist in order to be able to implement tax audits of extractive companies in a bid to ensure that all tax liabilities have been properly assessed. Both SRC and PetroSeychelles should earmark funds to be used in capacity building programme tax and training for key officials.*

*Furthermore, we recommend that MHILT considers investing in its staff by preparing an adequate training plan compounded by capacity building exercises. This could take the form of MHILT staff following training workshops, where they gain the theoretical knowledge and work alongside a team of experts on short term assignments, thereby gaining on-the-job training. MHILT should also ensure that there is transfer of knowledge from senior staff to less experienced ones in order to ensure continuity in the longer term.*

#### 7.9. Oil and Gas Contract Disclosure

The Petroleum Mining Act 1976 in paragraph 6 of Schedule (Section 5) states that: " Every application, and any information furnished therewith, shall be submitted by the Minister to the Government for final decision and all such information shall be treated as confidential". Moreover,

some of the existing Oil and Gas agreements contain a confidentiality clause which prevents the public disclosure of contractual information by both SOEs and the operators as follows:

- Article 6, paragraph 5 of GXT Agreement states: " *Unless otherwise agreed or required by the terms of this Agreement, Parties to the Agreement shall keep all matters pertaining to it confidential.*"
- Article 7, paragraph 2 of Ophir Petroleum Agreement states: " *Unless otherwise agreed or required by the term\* of this Agreement, Parties to the Agreement shall keep all matters pertaining to it confidential.*"

We understand that PetroSeychelles is currently working on an Upstream Petroleum Policy involving all stakeholders, which will be approved by cabinet by mid-2018. The issue of Oil and Gas contract disclosures is also subject to policy discussions in order to guide future actions on this.

*As the Government has started the implementation of the EITI process, an important follow-up step would be to remove confidentiality clauses in all contracts in order to ensure complete transparency. At the same time, Oil and Gas companies should be encouraged to join the MSG.*

#### 7.10. Fiscal regime for State-Owned Enterprises

The Business Tax Act 2009 is applicable to taxable income of a business which is defined in Section 2 of the Act 2009 to include any commercial or profit-making venture, or any venture in the nature of trade carried on by a person but does not include an occupation as an employee.

PetroSeychelles is a company incorporated under the Companies Act 1972 and collects part of its revenues from sales of data package to exploration companies and profit commission on sale of data by exploration companies. The scope of the Business Tax Act 2009 therefore covers most of the activities of PetroSeychelles.

We note that reference is made to schedule II of the Business Tax Act 2009 (in PetroSeychelles' audited financial statements) that the company is exempt from business tax. However, the Tax Act 2009 only confers exemption upon Seychelles National Oil Company (SNOC). We further note that SNOC has been liquidated. As schedule II of the Business Tax Act does not explicitly mention of PetroSeychelles as being exempt, the latter company is still liable to pay business taxes. We understand that an amendment to the law was presented to the Cabinet of Ministers on 13 September 2017 and was approved but we did not have a copy of the draft.

*We recommend that the legislation governing the tax regime for State-Owned Enterprises is updated to leave no ambiguity with regards to the taxes applicable and exemptions to newly created entities.*

#### 7.11. Incomplete EITI Database

During the reconciliation exercise, we found that the database of extractive companies maintained by the Seychelles EITI Secretariat is incomplete and misses information such as contact details, addresses and TIN Numbers. We also note that the contact details of several focal points are missing.

This is due to the lack of formal communication between Government Entities with regards to the extractive companies operating in the oil and gas sector. In some cases contacting extractive companies can be a real challenge as they are not based in Seychelles and no contact details are available.

We understand that efforts are made by the National Secretariat to coordinate with PetroSeychelles in order to keep an EITI database updated.

*We recommend that, in the first instance, the Secretariat should update its database following this reconciliation exercise. The Secretariat should then liaise with all relevant Government Entities to ensure it obtains relevant information regularly and updates its database accordingly. To this end, we believe it is vital that any new entrants to the oil and gas sector are registered with the EITI*

*Secretariat as part of the process as they obtain their licence or agreement. A review with PetroSeychelles of the list of extractive companies is also recommended.*

*Each extractive company and Government Entity previously included in the reconciliation work must appoint a focal point to take responsibility for comprehensive EITI reporting and the company should update and notify the Secretariat of the name, position and contact details of that focal person*

#### 7.12. Private and State-Owned Enterprises Audit

In order to ensure the credibility of data to be reported by extractive companies, we recommend the following procedures:

##### Management representation

Companies should be asked to provide a letter from a designated management team member to make representations about the accuracy of the figures provided for the EITI reconciliation. This would ensure that the information may be relied upon.

##### Audit confirmation

The credibility of the Seychelles EITI process would be enhanced by improving the certification of the figures submitted by companies for reconciliation. It is common practice in a number of countries for the EITI reporting templates for companies to be signed off by the company's auditor.

Despite the SEITI Secretariat sending letters to the companies prior to the SEITI reconciliation process in order to encourage their reporting templates to be certified, we note that most reporting templates submitted by SOEs were not certified as detailed in Section 2.4 of this report.

*We therefore recommend for the future that all extractive companies comply with this practice and ensure that their auditors give an opinion on the data provided in the reporting templates.*

#### 7.13. Licences register

The EITI Standard requires implementing countries to maintain a publicly available register or cadastre system(s) with up to date and comprehensive information regarding each of the licences granted to extractive companies. This information includes:

- i. name of licence holder(s);
- ii. coordinates of the licence area;
- iii. date of application, date of award and duration of the licence; and
- iv. in the case of production licences, the commodity being produced.

PetroSeychelles does publish awarded blocks online showing the licensee's name and the coordinates of the licence area. However, the published cadastre of oil and gas does not present the date of application, the date of award and the duration of the licence.

Furthermore, the website of PetroSeychelles does not seem to be updated as it still shows AFREN's licence as being active in December 2017.

*We recommend that the Licences Register is updated regularly. This would then allow reports of all licenced operators, with relevant details, to be easily generated for EITI and other purposes. An online cadastral system should also be made available to the public, which should include information on coordinates of concessions as well as fees paid.*



## ANNEXES

## Annex 1: Reconciliation sheets for FY 2015

Company name: East African Exploration Seychelles Ltd and AVANA Petroleum Ltd

Reporting period: 2015

N°	Description of Payment	Per Company			Per Government		
		Original	Adjust	Final	Original	Adjust	Final
<b>Payments within the reconciliation scope</b>		-	-	-	3,072,684.29	-	3,072,684.29
<b>1- Payments to Ministry of Habitat Investment and Land Transport</b>		-	-	-	-	-	-
1.1	Royalties	-	-	-	-	-	-
1.2	Land Rental	-	-	-	-	-	-
1.3	Other material payments	-	-	-	-	-	-
<b>2-Payments to PetroSeychelles</b>		-	-	-	3,072,684.29	-	3,072,684.29
2.1	Royalties paid	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-
2.4	Annual Rentals	-	-	-	1,807,304.29	-	1,807,304.29
2.5	Annual contributions	-	-	-	-	1,265,380.00	1,265,380.00
2.6	Profit commission on sale of data by exploration companies	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	-	-	-	1,265,380.00	(1,265,380.00)	-
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		-	-	-	-	-	-
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-
3.3	Business tax	-	-	-	-	-	-
3.4	PAYG instalment	-	-	-	-	-	-
3.5	PAYG Specified Business	-	-	-	-	-	-
3.6	Corporate Social Responsibility Tax (CSR)	-	-	-	-	-	-
3.7	Withholding tax on payments	-	-	-	-	-	-
3.8	Dividend Tax	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	-	-	-	-	-	-
3.10	Penalties	-	-	-	-	-	-
3.11	Income & Non-Monetary Benefits Tax	-	-	-	-	-	-
3.12	Income Tax Seychellois	-	-	-	-	-	-
<b>4- Payments to Registrar General (RG)</b>		-	-	-	-	-	-
4.1	Stamp duties	-	-	-	-	-	-
4.2	Other material payments to RG	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MoFEC)</b>		-	-	-	-	-	-
5.1	Dividends from State Owned Companies	-	-	-	-	-	-
5.2	Exploration fees	-	-	-	-	-	-
5.3	Other material payments to MoF	-	-	-	-	-	-
<b>Unilateral disclosure by company</b>		-	-	-	-	-	-
<b>6- Social payments</b>		-	-	-	-	-	-
6.1	Voluntary Social Responsibility	-	-	-	-	-	-
6.2	Mandatory Corporate Social Responsibility	-	-	-	-	-	-
<b>7- Infrastructure provisions and barter arrangements</b>		-	-	-	-	-	-
7.1	Total budget of the Engagement/Project	-	-	-	-	-	-
7.2	Value of engagements/project incurred during the year	-	-	-	-	-	-
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-	-	-	-
<b>8- Payment to State Owned Companies (SOC)</b>		-	-	-	-	-	-
8.1	Dividends from Companies	-	-	-	-	-	-
8.2	Other payments to SOC	-	-	-	-	-	-
<b>Total payments</b>		-	-	-	-	-	-

Company name: Ophir Seychelles &amp; PQI

Reporting period: 2015

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
<b>Payments within the reconciliation scope</b>		<b>3,815,071.15</b>	<b>-</b>	<b>3,815,071.15</b>	<b>2,522,571.15</b>	<b>1,292,500.00</b>	<b>3,815,071.15</b>	<b>-</b>
<b>1- Payments to Ministry of Habitat Investment and Land</b>		-	-	-	-	-	-	-
1.1	Royalties	-	-	-	-	-	-	-
1.2	Land Rental	-	-	-	-	-	-	-
<b>2-Payments to PetroSeychelles</b>		<b>3,815,071.15</b>	<b>-</b>	<b>3,815,071.15</b>	<b>2,522,571.15</b>	<b>1,292,500.00</b>	<b>3,815,071.15</b>	<b>-</b>
2.1	Royalties paid	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-
2.4	Annual Rentals	1,161,691.15	-	1,161,691.15	1,161,691.15	-	1,161,691.15	-
2.5	Annual contributions	2,653,380.00	-	2,653,380.00	-	2,653,380.00	2,653,380.00	-
2.6	Front commission on sale of data by exploration companies	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	-	-	-	1,360,880.00	(1,360,880.00)	-	-
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-
3.3	Business tax	-	-	-	-	-	-	-
3.4	PAYG instalment	-	-	-	-	-	-	-
3.5	PAYG Specified Business	-	-	-	-	-	-	-
3.6	Corporate Social Responsibility Tax (CSR)	-	-	-	-	-	-	-
3.7	Withholding tax on payments	-	-	-	-	-	-	-
3.8	Dividend Tax	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	-	-	-	-	-	-	-
3.10	Penalties	-	-	-	-	-	-	-
3.11	Income & Non-Monetary Benefits Tax	-	-	-	-	-	-	-
3.12	Income Tax Seychellois	-	-	-	-	-	-	-
3.13	Income Tax Non Seychellois	-	-	-	-	-	-	-
3.14	Custom duties	-	-	-	-	-	-	-
3.15	Excise duties	-	-	-	-	-	-	-
<b>4- Payments to Registrar General (RG)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1	Stamp duties	-	-	-	-	-	-	-
4.2	Other material payments to RG	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MoFEC)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1	Dividends from State Ow ned Companies	-	-	-	-	-	-	-
5.2	Exploration fees	-	-	-	-	-	-	-
5.3	Other material payments to MoF	-	-	-	-	-	-	-
<b>Unilateral disclosure by company</b>		<b>1,151,991.98</b>	<b>-</b>	<b>1,151,991.98</b>				
<b>6- Social payments</b>		<b>1,151,991.98</b>	<b>-</b>	<b>1,151,991.98</b>				
6.1	Voluntary Social Responsibility	1,151,991.98	-	1,151,991.98				
6.2	Mandatory Corporate Social Responsibility	-	-	-				
<b>7- Infrastructure provisions and barter arrangements</b>		<b>-</b>	<b>-</b>	<b>-</b>				
7.1	Total budget of the Engagement/Project	-	-	-				
7.2	Value of engagements/project incurred during the year	-	-	-				
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-				
<b>8- Payment to State Owned Companies (SOC)</b>		<b>-</b>	<b>-</b>	<b>-</b>				
8.1	Dividends from Companies	-	-	-				
8.2	Other payments to SOC	-	-	-				
<b>Total payments</b>		<b>4,967,063.13</b>	<b>-</b>	<b>4,967,063.13</b>				

Company name: CCCL

Reporting period: 2015

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
<b>Payments within the reconciliation scope</b>		<b>9,077,709.39</b>	<b>(2,664,866.98)</b>	<b>6,412,842.41</b>	<b>10,710,205.51</b>	<b>(3,187,265.73)</b>	<b>7,522,939.78</b>	<b>(1,110,097.37)</b>
<b>1- Payments to Ministry of Habitat Investment and Land</b>		<b>750,000.00</b>	<b>-</b>	<b>750,000.00</b>	<b>750,000.00</b>	<b>-</b>	<b>750,000.00</b>	<b>-</b>
1.1	Royalties	-	-	-	-	-	-	-
1.2	Land Rental	750,000.00	-	750,000.00	750,000.00	-	750,000.00	-
<b>2-Payments to PetroSeychelles</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1	Royalties paid	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-
2.4	Annual Rentals	-	-	-	-	-	-	-
2.5	Annual contributions	-	-	-	-	-	-	-
2.6	Front commission on sale of data by exploration companies	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	-	-	-	-	-	-	-
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>8,327,709.39</b>	<b>(2,664,866.98)</b>	<b>5,662,842.41</b>	<b>9,960,205.51</b>	<b>(3,187,265.73)</b>	<b>6,772,939.78</b>	<b>(1,110,097.37)</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-
3.3	Business tax	-	-	-	1,199,999.80	(383,999.93)	815,999.87	(815,999.87)
3.4	PAYG instalment	1,225,464.98	(392,148.79)	833,316.19	1,225,464.98	(392,148.79)	833,316.19	-
3.5	PAYG Specified Business	12,201.55	(3,904.49)	8,297.06	12,263.63	(3,924.36)	8,339.27	(42.21)
3.6	Corporate Social Responsibility Tax (CSR)	164,728.59	(52,713.14)	112,015.45	164,728.28	(52,713.04)	112,015.24	0.21
3.7	Withholding tax on payments	-	-	-	-	-	-	-
3.8	Dividend Tax	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	5,593,421.88	(1,789,895.00)	3,803,526.88	6,025,856.44	(1,928,274.06)	4,097,582.38	(294,055.50)
3.10	Penalties	-	-	-	-	-	-	-
3.11	Income & Non-Monetary Benefits Tax	90,120.00	(28,838.40)	61,281.60	90,120.00	(28,838.40)	61,281.60	-
3.12	Income Tax Seychellois	557,876.42	(178,520.45)	379,355.97	557,876.41	(178,520.44)	379,355.97	-
3.13	Income Tax Non Seychellois	683,895.97	(218,846.71)	465,049.26	683,895.97	(218,846.71)	465,049.26	-
3.14	Custom duties	-	-	-	-	-	-	-
3.15	Excise duties	-	-	-	-	-	-	-
<b>4- Payments to Registrar General (RG)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1	Stamp duties	-	-	-	-	-	-	-
4.2	Other material payments to RG	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MoFEC)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1	Dividends from State Owned Companies	-	-	-	-	-	-	-
5.2	Exploration fees	-	-	-	-	-	-	-
5.3	Other material payments to MoF	-	-	-	-	-	-	-
<b>Unilateral disclosure by company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6- Social payments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1	Voluntary Social Responsibility	-	-	-	-	-	-	-
6.2	Mandatory Corporate Social Responsibility	-	-	-	-	-	-	-
<b>7- Infrastructure provisions and barter arrangements</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
7.1	Total budget of the Engagement/Project	-	-	-	-	-	-	-
7.2	Value of engagements/project incurred during the year	-	-	-	-	-	-	-
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-	-	-	-	-
<b>8- Payment to State Owned Companies (SOC)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
8.1	Dividends from Companies	-	-	-	-	-	-	-
8.2	Other payments to SOC	-	-	-	-	-	-	-
<b>Total payments</b>		<b>9,077,709.39</b>	<b>(2,664,866.98)</b>	<b>6,412,842.41</b>				

Company name: UCPS

Reporting period: 2015

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
<b>Payments within the reconciliation scope</b>		<b>32,035,157.49</b>	<b>(23,385,664.92)</b>	<b>8,649,492.57</b>	<b>32,726,792.29</b>	<b>(23,890,558.35)</b>	<b>8,836,233.94</b>	<b>(186,741.37)</b>
<b>1- Payments to Ministry of Habitat Investment and Land</b>		-	-	-	-	-	-	-
1.1	Royalties	-	-	-	-	-	-	-
1.2	Land Rental	-	-	-	-	-	-	-
<b>2-Payments to PetroSeychelles</b>		-	-	-	-	-	-	-
2.1	Royalties paid	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-
2.4	Annual Rentals	-	-	-	-	-	-	-
2.5	Annual contributions	-	-	-	-	-	-	-
2.6	Front commission on sale of data by exploration companies	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	-	-	-	-	-	-	-
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>32,035,157.49</b>	<b>(23,385,664.92)</b>	<b>8,649,492.57</b>	<b>32,726,792.29</b>	<b>(23,890,558.35)</b>	<b>8,836,233.94</b>	<b>(186,741.37)</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-
3.3	Business tax	-	-	-	-	-	-	-
3.4	PAYG instalment	5,023,334.36	(3,727,756.17)	1,295,578.19	5,216,328.39	(3,807,919.72)	1,408,408.67	(112,830.48)
3.5	PAYG Specified Business	-	60,722.10	60,722.10	258,825.51	(188,942.62)	69,882.89	(9,160.79)
3.6	Corporate Social Responsibility Tax (CSR)	447,708.00	(326,826.84)	120,881.16	447,708.00	(326,826.84)	120,881.16	-
3.7	Withholding tax on payments	-	-	-	-	-	-	-
3.8	Dividend Tax	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	18,665,620.41	(13,625,902.89)	5,039,717.52	18,665,620.41	(13,625,902.89)	5,039,717.52	-
3.10	Penalties	-	-	-	-	-	-	-
3.11	Income & Non-Monetary Benefits Tax	7,898,494.72	(7,602,738.55)	295,756.17	766,099.00	(559,252.27)	206,846.73	88,909.44
3.12	Income Tax Seychellois	-	725,390.51	725,390.51	2,912,771.65	(2,126,323.30)	786,448.35	(61,057.84)
3.13	Income Tax Non Seychellois	-	1,111,446.92	1,111,446.92	4,459,439.33	(3,255,390.71)	1,204,048.62	(92,601.70)
3.14	Custom duties	-	-	-	-	-	-	-
3.15	Excise duties	-	-	-	-	-	-	-
<b>4- Payments to Registrar General (RG)</b>		-	-	-	-	-	-	-
4.1	Stamp duties	-	-	-	-	-	-	-
4.2	Other material payments to RG	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MoFEC)</b>		-	-	-	-	-	-	-
5.1	Dividends from State Owned Companies	-	-	-	-	-	-	-
5.2	Exploration fees	-	-	-	-	-	-	-
5.3	Other material payments to MoF	-	-	-	-	-	-	-
<b>Unilateral disclosure by company</b>		<b>654,124.00</b>	<b>(477,510.52)</b>	<b>176,613.48</b>	-	-	-	-
<b>6- Social payments</b>		<b>654,124.00</b>	<b>(477,510.52)</b>	<b>176,613.48</b>	-	-	-	-
6.1	Voluntary Social Responsibility	654,124.00	(477,510.52)	176,613.48	-	-	-	-
6.2	Mandatory Corporate Social Responsibility	-	-	-	-	-	-	-
<b>7- Infrastructure provisions and barter arrangements</b>		-	-	-	-	-	-	-
7.1	Total budget of the Engagement/Project	-	-	-	-	-	-	-
7.2	Value of engagements/project incurred during the year	-	-	-	-	-	-	-
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-	-	-	-	-
<b>8- Payment to State Owned Companies (SOC)</b>		-	-	-	-	-	-	-
8.1	Dividends from Companies	-	-	-	-	-	-	-
8.2	Other payments to SOC	-	-	-	-	-	-	-
<b>Total payments</b>		<b>32,689,281.49</b>	<b>(23,863,175.44)</b>	<b>8,826,106.05</b>	-	-	-	-

Company name: Seychelles Petroleum Company Ltd (SEYPEC)

Reporting period: 2015

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
<b>Payments within the reconciliation scope</b>		<b>724,083,350.00</b>	<b>(722,883,350.00)</b>	<b>1,200,000.00</b>	<b>659,669,622.45</b>	<b>(659,669,622.45)</b>	<b>-</b>	<b>1,200,000.00</b>
<b>1- Payments to Ministry of Habitat Investment and L</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1.1	Royalties	-	-	-	-	-	-	-
1.2	Land Rental	-	-	-	-	-	-	-
1.3	Other material payments	-	-	-	-	-	-	-
<b>2-Payments to PetroSeychelles</b>		<b>1,200,000.00</b>	<b>-</b>	<b>1,200,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,200,000.00</b>
2.1	Royalties paid	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-
2.4	Annual Rentals	-	-	-	-	-	-	-
2.5	Annual contributions	-	-	-	-	-	-	-
2.6	Front commission on sale of data by exploration companies	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	1,200,000.00	-	1,200,000.00	-	-	-	1,200,000.00
<b>3- Payments to Seychelles Revenue Commission (S</b>		<b>722,883,350.00</b>	<b>(722,883,350.00)</b>	<b>-</b>	<b>593,669,622.45</b>	<b>(593,669,622.45)</b>	<b>-</b>	<b>-</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-
3.3	Business tax	76,920,678.00	(76,920,678.00)	-	102,056.59	(102,056.59)	-	-
3.4	PAYG instalment	-	-	-	-	-	-	-
3.5	PAYG Specified Business	-	-	-	-	-	-	-
3.6	Corporate Social Responsibility Tax (CSR)	18,819,791.00	(18,819,791.00)	-	9,546,928.87	(9,546,928.87)	-	-
3.7	Withholding tax on payments	-	-	-	361,887.20	(361,887.20)	-	-
3.8	Dividend Tax	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	-	-	-	-	-	-	-
3.10	Penalties	-	-	-	-	-	-	-
3.11	Income & Non-Monetary Benefits Tax	15,508,743.00	(15,508,743.00)	-	5,568,684.29	(5,568,684.29)	-	-
3.12	Income Tax Seychellois	-	-	-	-	-	-	-
3.13	Income Tax Non Seychellois	-	-	-	-	-	-	-
3.14	Custom duties	-	-	-	-	-	-	-
3.15	Excise duties	611,634,138.00	(611,634,138.00)	-	578,090,065.50	(578,090,065.50)	-	-
<b>4- Payments to Registrar General (RG)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1	Stamp duties	-	-	-	-	-	-	-
4.2	Other material payments to RG	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MoFEC)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>66,000,000.00</b>	<b>(66,000,000.00)</b>	<b>-</b>	<b>-</b>
5.1	Dividends from State Ow ned Companies	-	-	-	66,000,000.00	(66,000,000.00)	-	-
5.2	Exploration fees	-	-	-	-	-	-	-
5.3	Other material payments to MoF	-	-	-	-	-	-	-
<b>Unilateral disclosure by company</b>		<b>66,000,000.00</b>	<b>(66,000,000.00)</b>	<b>-</b>				
<b>6- Social payments</b>		<b>-</b>	<b>-</b>	<b>-</b>				
6.1	Voluntary Social Responsibility	-	-	-				
6.2	Mandatory Corporate Social Responsibility	-	-	-				
<b>7- Infrastructure provisions and barter arrangements</b>		<b>-</b>	<b>-</b>	<b>-</b>				
7.1	Total budget of the Engagement/Project	-	-	-				
7.2	Value of engagements/project incurred during the year	-	-	-				
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-				
<b>8- Payment to State Owned Companies (SOC)</b>		<b>66,000,000.00</b>	<b>(66,000,000.00)</b>	<b>-</b>				
8.1	Dividends from Companies	66,000,000.00	(66,000,000.00)	-				
8.2	Other payments to SOC	-	-	-				
<b>Total payments</b>		<b>790,083,350.00</b>	<b>(788,883,350.00)</b>	<b>1,200,000.00</b>				

Company name: PetroSeychelles Ltd

Reporting period: 2015

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
<b>Payments within the reconciliation scope</b>		<b>607,434.46</b>	<b>(40,823.16)</b>	<b>566,611.30</b>	<b>566,611.30</b>	<b>-</b>	<b>566,611.30</b>	<b>0.00</b>
<b>1- Payments to Ministry of Habitat Investment and Land</b>		-	-	-	-	-	-	-
1.1	Royalties	-	-	-	-	-	-	-
1.2	Land Rental	-	-	-	-	-	-	-
1.3	Other material payments	-	-	-	-	-	-	-
<b>2-Payments to PetroSeychelles</b>		-	-	-	-	-	-	-
2.1	Royalties paid	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-
2.4	Annual Rentals	-	-	-	-	-	-	-
2.5	Annual contributions	-	-	-	-	-	-	-
2.6	Profit commission on sale of data by exploration companies	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	-	-	-	-	-	-	-
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>607,434.46</b>	<b>(40,823.16)</b>	<b>566,611.30</b>	<b>566,611.30</b>	<b>-</b>	<b>566,611.30</b>	<b>0.00</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-
3.3	Business tax	-	-	-	-	-	-	-
3.4	PAYG instalment	-	-	-	-	-	-	-
3.5	PAYG Specified Business	-	-	-	-	-	-	-
3.6	Corporate Social Responsibility Tax (CSR)	-	-	-	-	-	-	-
3.7	Withholding tax on payments	-	19,875.00	19,875.00	49,875.00	-	49,875.00	(30,000.00)
3.8	Dividend Tax	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	-	-	-	-	-	-	-
3.10	Penalties	-	-	-	-	-	-	-
3.11	Income & Non-Monetary Benefits Tax	566,611.30	(19,875.00)	546,736.30	516,736.30	-	516,736.30	30,000.00
3.12	Income Tax Seychellois	-	-	-	-	-	-	-
3.13	Income Tax Non Seychellois	-	-	-	-	-	-	-
3.14	Custom duties	-	-	-	-	-	-	-
3.15	Excise duties	-	-	-	-	-	-	-
3.16	Other material payments to SRC	40,823.16	(40,823.16)	-	-	-	-	-
<b>4- Payments to Registrar General (RG)</b>		-	-	-	-	-	-	-
4.1	Stamp duties	-	-	-	-	-	-	-
4.2	Other material payments to RG	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MoFEC)</b>		-	-	-	-	-	-	-
5.1	Dividends from State Owned Companies	-	-	-	-	-	-	-
5.2	Exploration fees	-	-	-	-	-	-	-
5.3	Other material payments to MoF	-	-	-	-	-	-	-
<b>Unilateral disclosure by company</b>		-	-	-	-	-	-	-
<b>6- Social payments</b>		-	-	-	-	-	-	-
6.1	Voluntary Social Responsibility	-	-	-	-	-	-	-
6.2	Mandatory Corporate Social Responsibility	-	-	-	-	-	-	-
<b>7- Infrastructure provisions and barter arrangements</b>		-	-	-	-	-	-	-
7.1	Total budget of the Engagement/Project	-	-	-	-	-	-	-
7.2	Value of engagements/project incurred during the year	-	-	-	-	-	-	-
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-	-	-	-	-
<b>8- Payment to State Owned Companies (SOC)</b>		-	-	-	-	-	-	-
8.1	Dividends from Companies	-	-	-	-	-	-	-
8.2	Other payments to SOC	-	-	-	-	-	-	-
<b>Total payments</b>		<b>607,434.46</b>	<b>(40,823.16)</b>	<b>566,611.30</b>				

Company name: SSI

Reporting period: 2015

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
<b>Payments within the reconciliation scope</b>		<b>82,765,613.91</b>	<b>(82,765,613.91)</b>	<b>-</b>	<b>273,591.46</b>	<b>(273,591.46)</b>	<b>-</b>	<b>-</b>
<b>1- Payments to Ministry of Habitat Investment and L</b>		-	-	-	-	-	-	-
1.1	Royalties	-	-	-	-	-	-	-
1.2	Land Rental	-	-	-	-	-	-	-
<b>2-Payments to PetroSeychelles</b>		-	-	-	-	-	-	-
2.1	Royalties paid	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-
2.4	Annual Rentals	-	-	-	-	-	-	-
2.5	Annual contributions	-	-	-	-	-	-	-
2.6	Front commission on sale of data by exploration companies	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	-	-	-	-	-	-	-
<b>3- Payments to Seychelles Revenue Commission (S</b>		<b>265,613.91</b>	<b>(265,613.91)</b>	<b>-</b>	<b>273,591.46</b>	<b>(273,591.46)</b>	<b>-</b>	<b>-</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-
3.3	Business tax	-	-	-	-	-	-	-
3.4	PAYG instalment	-	-	-	-	-	-	-
3.5	PAYG Specified Business	-	-	-	-	-	-	-
3.6	Corporate Social Responsibility Tax (CSR)	-	-	-	-	-	-	-
3.7	Withholding tax on payments	-	-	-	-	-	-	-
3.8	Dividend Tax	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	-	-	-	-	-	-	-
3.10	Penalties	-	-	-	-	-	-	-
3.11	Income & Non-Monetary Benefits Tax	265,613.91	(265,613.91)	-	273,591.46	(273,591.46)	-	-
3.12	Income Tax Seychellois	-	-	-	-	-	-	-
<b>4- Payments to Registrar General (RG)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1	Stamp duties	-	-	-	-	-	-	-
4.2	Other material payments to RG	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MoFEC)</b>		<b>82,500,000.00</b>	<b>(82,500,000.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1	Dividends from State Ow ned Companies	82,500,000.00	(82,500,000.00)	-	-	-	-	-
5.2	Exploration fees	-	-	-	-	-	-	-
5.3	Other material payments to MoF	-	-	-	-	-	-	-
<b>Unilateral disclosure by company</b>		<b>-</b>	<b>-</b>	<b>-</b>				
<b>6- Social payments</b>		<b>-</b>	<b>-</b>	<b>-</b>				
6.1	Voluntary Social Responsibility	-	-	-				
6.2	Mandatory Corporate Social Responsibility	-	-	-				
<b>7- Infrastructure provisions and barter arrangements</b>		<b>-</b>	<b>-</b>	<b>-</b>				
7.1	Total budget of the Engagement/Project	-	-	-				
7.2	Value of engagements/project incurred during the year	-	-	-				
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-				
<b>8- Payment to State Owned Companies (SOC)</b>		<b>-</b>	<b>-</b>	<b>-</b>				
8.1	Dividends from Companies	-	-	-				
8.2	Other payments to SOC	-	-	-				
<b>Total payments</b>		<b>82,765,613.91</b>	<b>(82,765,613.91)</b>	<b>-</b>				



## Annex 2: Reconciliation sheets for FY 2016

Company name: CCCL

Reporting period: 2016

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
<b>Payments within the reconciliation scope</b>		<b>9,337,418.59</b>	<b>(2,662,099.73)</b>	<b>6,675,318.86</b>	<b>9,709,162.44</b>	<b>(2,777,340.31)</b>	<b>6,931,822.13</b>	<b>(256,503.27)</b>
<b>1- Payments to Ministry of Habitat Investment and Land</b>		<b>750,000.00</b>	<b>-</b>	<b>750,000.00</b>	<b>750,000.00</b>	<b>-</b>	<b>750,000.00</b>	<b>-</b>
1.1	Royalties							
1.2	Land Rental	750,000.00	-	750,000.00	750,000.00	-	750,000.00	-
1.3	Other material payments							
<b>2-Payments to PetroSeychelles</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1	Royalties paid							
2.2	License Fees							
2.3	Application fee							
2.4	Annual Rentals							
2.5	Annual contributions							
2.6	Front commission on sale of data by exploration companies							
2.7	Sale of Data Package							
2.8	Other material payments to PetroSeychelles							
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>8,587,418.59</b>	<b>(2,662,099.73)</b>	<b>5,925,318.86</b>	<b>8,959,162.44</b>	<b>(2,777,340.31)</b>	<b>6,181,822.13</b>	<b>(256,503.27)</b>
3.1	Petroleum Income Tax (PIT)							
3.2	Petroleum Additional Profits Tax (PAPT)							
3.3	Business tax				372,114.38	(115,355.45)	256,758.93	(256,758.93)
3.4	PAYG installment	1,914,568.60	(593,516.26)	1,321,052.34	1,914,568.60	(593,516.26)	1,321,052.34	-
3.5	PAYG Specified Business	29,407.63	(9,116.36)	20,291.27	29,407.63	(9,116.36)	20,291.27	-
3.6	Corporate Social Responsibility Tax (CSR)	270,665.40	(83,906.27)	186,759.13	270,665.37	(83,906.26)	186,759.11	0.02
3.7	Withholding tax on payments							
3.8	Dividend Tax							
3.9	Value Added Tax (VAT)	5,087,332.99	(1,577,073.22)	3,510,259.77	5,087,322.99	(1,577,070.12)	3,510,252.87	6.90
3.10	Penalties							
3.11	Income & Non-Monetary Benefits Tax	85,440.00	(26,486.40)	58,953.60	85,080.00	(26,374.80)	58,705.20	248.40
3.12	Income Tax Seychellois	549,745.35	(170,421.05)	379,324.30	550,295.35	(170,591.55)	379,703.80	(379.50)
3.13	Income Tax Non Seychellois	650,258.62	(201,580.17)	448,678.45	649,708.12	(201,409.51)	448,298.61	379.84
3.14	Custom duties							
3.15	Excise duties							
<b>4- Payments to Registrar General (RG)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1	Stamp duties							
4.2	Other material payments to RG							
<b>5- Payments to Ministry of Finance (MoF)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1	Dividends from State Owned Companies							
5.2	Exploration fees							
5.3	Other material payments to MoF							
<b>Unilateral disclosure by company</b>		<b>-</b>	<b>-</b>	<b>-</b>				
<b>6- Social payments</b>		<b>-</b>	<b>-</b>	<b>-</b>				
6.1	Voluntary Social Responsibility							
6.2	Mandatory Corporate Social Responsibility							
<b>7- Infrastructure provisions and barter arrangement</b>		<b>-</b>	<b>-</b>	<b>-</b>				
7.1	Total budget of the Engagement/Project							
7.2	Value of engagements/project incurred during the year							
7.3	Cumulated value of engagements/project incurred until the end of 2013							
<b>8- Payment to State Owned Companies (SOC)</b>		<b>-</b>	<b>-</b>	<b>-</b>				
8.1	Dividends from Companies							
8.2	Other payments to SOC							
<b>Total payments</b>		<b>9,337,418.59</b>	<b>(2,662,099.73)</b>	<b>6,675,318.86</b>				

Company name: UCPS

Reporting period: 2016

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
<b>Payments within the reconciliation scope</b>		<b>24,037,001.27</b>	<b>(19,469,971.00)</b>	<b>4,567,030.27</b>	<b>23,956,972.99</b>	<b>(19,405,148.08)</b>	<b>4,551,824.91</b>	<b>15,205.36</b>
<b>1- Payments to Ministry of Habitat Investment and Land</b>		-	-	-	-	-	-	-
1.1	Royalties	-	-	-	-	-	-	-
1.2	Land Rental	-	-	-	-	-	-	-
1.3	Other material payments	-	-	-	-	-	-	-
<b>2-Payments to PetroSeychelles</b>		-	-	-	-	-	-	-
2.1	Royalties paid	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-
2.4	Annual Rentals	-	-	-	-	-	-	-
2.5	Annual contributions	-	-	-	-	-	-	-
2.6	Front Commission on Sale of Data by Exploration Companies	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	-	-	-	-	-	-	-
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>24,037,001.27</b>	<b>(19,469,971.00)</b>	<b>4,567,030.27</b>	<b>23,956,972.99</b>	<b>(19,405,148.08)</b>	<b>4,551,824.91</b>	<b>15,205.36</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-
3.3	Business tax	-	-	-	-	-	-	-
3.4	PAYG installment	1,220,667.80	(988,740.91)	231,926.89	1,220,667.80	(988,740.91)	231,926.89	-
3.5	PAYG Specified Business	-	-	-	66,639.32	(53,977.84)	12,661.48	(12,661.48)
3.6	Corporate Social Responsibility Tax (CSR)	590,067.00	(477,954.27)	112,112.73	590,067.00	(477,954.27)	112,112.73	-
3.7	Withholding tax on payments	-	-	-	37,500.00	(30,375.00)	7,125.00	(7,125.00)
3.8	Dividend Tax	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	14,467,484.60	(11,718,662.52)	2,748,822.08	14,467,484.60	(11,718,662.52)	2,748,822.08	-
3.10	Penalties	-	-	-	-	-	-	-
3.11	Income & Non-Monetary Benefits Tax	7,717,227.43	(7,513,471.15)	203,756.28	681,079.13	(551,674.09)	129,405.04	74,351.24
3.12	Income Tax Seychellois	-	351,076.18	351,076.18	2,054,924.10	(1,664,488.52)	390,435.58	(39,359.40)
3.13	Income Tax Non Seychellois	-	911,440.76	911,440.76	4,797,056.60	(3,885,615.84)	911,440.76	-
3.14	Custom duties	-	-	-	-	-	-	-
3.15	Excise duties	-	-	-	-	-	-	-
3.16	Other material payments to SRC	41,554.44	(33,659.09)	7,895.35	41,554.44	(33,659.09)	7,895.35	-
<b>4- Payments to Registrar General (RG)</b>		-	-	-	-	-	-	-
4.1	Stamp duties	-	-	-	-	-	-	-
4.2	Other material payments to RG	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MoF)</b>		-	-	-	-	-	-	-
5.1	Dividends from State Owned Companies	-	-	-	-	-	-	-
5.2	Exploration fees	-	-	-	-	-	-	-
5.3	Other material payments to MoF	-	-	-	-	-	-	-
<b>Unilateral disclosure by company</b>		<b>215,437.00</b>	<b>(174,503.97)</b>	<b>40,933.03</b>	-	-	-	-
<b>6- Social payments</b>		<b>215,437.00</b>	<b>(174,503.97)</b>	<b>40,933.03</b>	-	-	-	-
6.1	Voluntary Social Responsibility	215,437.00	(174,503.97)	40,933.03	-	-	-	-
6.2	Mandatory Corporate Social Responsibility	-	-	-	-	-	-	-
<b>7- Infrastructure provisions and barter arrangements</b>		-	-	-	-	-	-	-
7.1	Total budget of the Engagement/Project	-	-	-	-	-	-	-
7.2	Value of engagements/project incurred during the year	-	-	-	-	-	-	-
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-	-	-	-	-
<b>8- Payment to State Owned Companies (SOC)</b>		-	-	-	-	-	-	-
8.1	Dividends from Companies	-	-	-	-	-	-	-
8.2	Other payments to SOC	-	-	-	-	-	-	-
<b>Total payments</b>		<b>24,037,001.27</b>	<b>(19,469,971.00)</b>	<b>4,567,030.27</b>	-	-	-	-

Company name: PetroSeychelles Ltd

Reporting period: 2016

N°	Description of Payment	Per Company			Per Government			Final difference	Comment
		Original	Adjust	Final	Original	Adjust	Final		
<b>Payments within the reconciliation scope</b>		<b>448,183.16</b>	<b>(10,377.59)</b>	<b>437,805.57</b>	<b>422,805.57</b>	<b>-</b>	<b>422,805.57</b>	<b>15,000.00</b>	
<b>1- Payments to Ministry of Habitat Investment and Land</b>		-	-	-	-	-	-	-	
1.1	Royalties	-	-	-	-	-	-	-	
1.2	Land Rental	-	-	-	-	-	-	-	
1.3	Other material payments	-	-	-	-	-	-	-	
<b>2-Payments to PetroSeychelles</b>		-	-	-	-	-	-	-	
2.1	Royalties paid	-	-	-	-	-	-	-	
2.2	License Fees	-	-	-	-	-	-	-	
2.3	Application fee	-	-	-	-	-	-	-	
2.4	Annual Rentals	-	-	-	-	-	-	-	
2.5	Annual contributions	-	-	-	-	-	-	-	
2.6	Front commission on sale or data by exploration companies	-	-	-	-	-	-	-	
2.7	Sale of Data Package	-	-	-	-	-	-	-	
2.8	Other material payments to PetroSeychelles	-	-	-	-	-	-	-	
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>448,183.16</b>	<b>(10,377.59)</b>	<b>437,805.57</b>	<b>422,805.57</b>	<b>-</b>	<b>422,805.57</b>	<b>15,000.00</b>	
3.1	Petroleum Income Tax (PTI)	-	-	-	-	-	-	-	
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-	
3.3	Business tax	-	-	-	-	-	-	-	
3.4	PAYG installment	-	-	-	-	-	-	-	
3.5	PAYG Specified Business	-	-	-	-	-	-	-	
3.6	Corporate Social Responsibility Tax (CSR)	-	-	-	-	-	-	-	
3.7	Withholding tax on payments	-	-	-	-	-	-	-	
3.8	Dividend Tax	-	-	-	-	-	-	-	
3.9	Value Added Tax (VAT)	-	-	-	-	-	-	-	
3.10	Penalties	-	-	-	-	-	-	-	
3.11	Income & Non-Monetary Benefits Tax	437,805.57	-	437,805.57	422,805.57	-	422,805.57	15,000.00	Tax not reported by the Govt Body
3.12	Income Tax Seychellois	-	-	-	-	-	-	-	
3.13	Income Tax Non Seychellois	-	-	-	-	-	-	-	
3.14	Custom duties	-	-	-	-	-	-	-	
3.15	Excise duties	-	-	-	-	-	-	-	
3.16	Other material payments to SRC	10,377.59	(10,377.59)	-	-	-	-	-	
<b>4- Payments to Registrar General (RG)</b>		-	-	-	-	-	-	-	
4.1	Stamp duties	-	-	-	-	-	-	-	
4.2	Other material payments to RG	-	-	-	-	-	-	-	
<b>5- Payments to Ministry of Finance (MoF)</b>		-	-	-	-	-	-	-	
5.1	Dividends from State Owned Companies	-	-	-	-	-	-	-	
5.2	Exploration fees	-	-	-	-	-	-	-	
5.3	Other material payments to MoF	-	-	-	-	-	-	-	
<b>Unilateral disclosure by company</b>		-	-	-					
<b>6- Social payments</b>		-	-	-					
6.1	Voluntary Social Responsibility	-	-	-					
6.2	Mandatory Corporate Social Responsibility	-	-	-					
<b>7- Infrastructure provisions and barter arrangements</b>		-	-	-					
7.1	Total budget of the Engagement/Project	-	-	-					
7.2	Value of engagements/project incurred during the year	-	-	-					
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-					
<b>8- Payment to State Owned Companies (SOC)</b>		-	-	-					
8.1	Dividends from Companies	-	-	-					
8.2	Other payments to SOC	-	-	-					
<b>Total payments</b>		<b>448,183.16</b>	<b>(10,377.59)</b>	<b>437,805.57</b>					

Company name: Seychelles Petroleum Company Ltd (SEYPEC)

Reporting period: 2016

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
<b>Payments within the reconciliation scope</b>		<b>298,218,710.00</b>	<b>(297,018,710.00)</b>	<b>1,200,000.00</b>	<b>760,266,190.37</b>	<b>(760,266,190.37)</b>	<b>-</b>	<b>1,200,000.00</b>
<b>1- Payments to Ministry of Habitat Investment and Land</b>		<b>683,600.00</b>	<b>(683,600.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1.1	Royalties	-	-	-	-	-	-	-
1.2	Land Rental	683,600.00	(683,600.00)	-	-	-	-	-
<b>2-Payments to PetroSeychelles</b>		<b>1,200,000.00</b>	<b>-</b>	<b>1,200,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,200,000.00</b>
2.1	Royalties paid	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-
2.4	Annual Rentals	-	-	-	-	-	-	-
2.5	Annual contributions	-	-	-	-	-	-	-
2.6	Profit commission on sale of data by exploration companies	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	1,200,000.00	-	1,200,000.00	-	-	-	1,200,000.00
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>296,335,110.00</b>	<b>(296,335,110.00)</b>	<b>-</b>	<b>713,766,190.37</b>	<b>(713,766,190.37)</b>	<b>-</b>	<b>-</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-
3.3	Business tax	103,375,470.00	(103,375,470.00)	-	76,920,678.00	(76,920,678.00)	-	-
3.4	PAYG installment	-	-	-	-	-	-	-
3.5	PAYG Specified Business	-	-	-	-	-	-	-
3.6	Corporate Social Responsibility Tax (CSR)	18,742,306.00	(18,742,306.00)	-	9,344,546.48	(9,344,546.48)	-	-
3.7	Withholding tax on payments	-	-	-	692,445.18	(692,445.18)	-	-
3.8	Dividend Tax	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	-	-	-	-	-	-	-
3.10	Penalties	-	-	-	-	-	-	-
3.11	Income & Non-Monetary Benefits Tax	15,732,599.00	(15,732,599.00)	-	5,671,580.21	(5,671,580.21)	-	-
3.12	Income Tax Seychellois	-	-	-	-	-	-	-
3.13	Income Tax Non Seychellois	-	-	-	-	-	-	-
3.14	Custom duties	-	-	-	-	-	-	-
3.15	Excise duties	158,484,735.00	(158,484,735.00)	-	621,136,940.50	(621,136,940.50)	-	-
<b>4- Payments to Registrar General (RG)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1	Stamp duties	-	-	-	-	-	-	-
4.2	Other material payments to RG	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MoF)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>46,500,000.00</b>	<b>(46,500,000.00)</b>	<b>-</b>	<b>-</b>
5.1	Dividends from State Owned Companies	-	-	-	46,500,000.00	(46,500,000.00)	-	-
5.2	Exploration fees	-	-	-	-	-	-	-
5.3	Other material payments to MoF	-	-	-	-	-	-	-
<b>Unilateral disclosure by company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6- Social payments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1	Voluntary Social Responsibility	-	-	-	-	-	-	-
6.2	Mandatory Corporate Social Responsibility	-	-	-	-	-	-	-
<b>7- Infrastructure provisions and barter arrangements</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
7.1	Total budget of the Engagement/Project	-	-	-	-	-	-	-
7.2	Value of engagements/project incurred during the year	-	-	-	-	-	-	-
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-	-	-	-	-
<b>8- Payment to State Owned Companies (SOC)</b>		<b>90,000,000.00</b>	<b>(90,000,000.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
8.1	Dividends from Companies	90,000,000.00	(90,000,000.00)	-	-	-	-	-
8.2	Other payments to SOC	-	-	-	-	-	-	-
<b>Total payments</b>		<b>298,218,710.00</b>	<b>(297,018,710.00)</b>	<b>1,200,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Company name: SSI

Reporting period: 2016

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
<b>Payments within the reconciliation scope</b>		<b>81,946,523.89</b>	<b>(81,946,523.89)</b>	<b>-</b>	<b>9,908,941.33</b>	<b>(9,908,941.33)</b>	<b>-</b>	<b>-</b>
<b>1- Payments to Ministry of Habitat Investment and</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1.1	Royalties	-	-	-	-	-	-	-
1.2	Land Rental	-	-	-	-	-	-	-
<b>2-Payments to PetroSeychelles</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1	Royalties paid	-	-	-	-	-	-	-
2.2	License Fees	-	-	-	-	-	-	-
2.3	Application fee	-	-	-	-	-	-	-
2.4	Annual Rentals	-	-	-	-	-	-	-
2.5	Annual contributions	-	-	-	-	-	-	-
2.6	Front commission on sale of data by exploration companies	-	-	-	-	-	-	-
2.7	Sale of Data Package	-	-	-	-	-	-	-
2.8	Other material payments to PetroSeychelles	-	-	-	-	-	-	-
<b>3- Payments to Seychelles Revenue Commission (SRC)</b>		<b>10,446,523.89</b>	<b>(10,446,523.89)</b>	<b>-</b>	<b>9,908,941.33</b>	<b>(9,908,941.33)</b>	<b>-</b>	<b>-</b>
3.1	Petroleum Income Tax (PIT)	-	-	-	-	-	-	-
3.2	Petroleum Additional Profits Tax (PAPT)	-	-	-	-	-	-	-
3.3	Business tax	8,729,951.00	(8,729,951.00)	-	8,757,174.33	(8,757,174.33)	-	-
3.4	PAYG installment	-	-	-	-	-	-	-
3.5	PAYG Specified Business	-	-	-	-	-	-	-
3.6	Corporate Social Responsibility Tax (CSR)	1,056,982.65	(1,056,982.65)	-	804,937.76	(804,937.76)	-	-
3.7	Withholding tax on payments	-	-	-	-	-	-	-
3.8	Dividend Tax	-	-	-	-	-	-	-
3.9	Value Added Tax (VAT)	-	-	-	-	-	-	-
3.10	Penalties	312,761.00	(312,761.00)	-	-	-	-	-
3.11	Income & Non-Monetary Benefits Tax	346,829.24	(346,829.24)	-	346,829.24	(346,829.24)	-	-
3.12	Income Tax Seychellois	-	-	-	-	-	-	-
3.13	Income Tax Non Seychellois	-	-	-	-	-	-	-
3.14	Custom duties	-	-	-	-	-	-	-
3.15	Excise duties	-	-	-	-	-	-	-
<b>4- Payments to Registrar General (RG)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1	Stamp duties	-	-	-	-	-	-	-
4.2	Other material payments to RG	-	-	-	-	-	-	-
<b>5- Payments to Ministry of Finance (MoF)</b>		<b>71,500,000.00</b>	<b>(71,500,000.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1	Dividends from State Owned Companies	71,500,000.00	(71,500,000.00)	-	-	-	-	-
5.2	Exploration fees	-	-	-	-	-	-	-
5.3	Other material payments to MoF	-	-	-	-	-	-	-
<b>Unilateral disclosure by company</b>		<b>158,335.00</b>	<b>(158,335.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6- Social payments</b>		<b>158,335.00</b>	<b>(158,335.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1	Voluntary Social Responsibility	-	-	-	-	-	-	-
6.2	Mandatory Corporate Social Responsibility	158,335.00	(158,335.00)	-	-	-	-	-
<b>7- Infrastructure provisions and barter arrangements</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
7.1	Total budget of the Engagement/Project	-	-	-	-	-	-	-
7.2	Value of engagements/project incurred during the year	-	-	-	-	-	-	-
7.3	Cumulated value of engagements/project incurred until the end of 2013	-	-	-	-	-	-	-
<b>8- Payment to State Owned Companies (SOC)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
8.1	Dividends from Companies	-	-	-	-	-	-	-
8.2	Other payments to SOC	-	-	-	-	-	-	-
<b>Total payments</b>		<b>81,946,523.89</b>	<b>(81,946,523.89)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Annex 3: Payments Flow definition

Payment flows		Description
<b>Payments/revenues in cash</b>		
<b>Payments to the Ministry for Land Use and Housing (MLUH)</b>		
1.1	Royalties	The mining companies should pay royalties to the Ministry for Land Use and Housing (MLUH) in respect of minerals won or obtained by quarrying activities.
1.2	Land Rental	The mining companies shall pay to the MLUH an amount of rental in regard of the use of the land during the period of which the extractive activity is undertaken.
1.3	Other material payments	Any other payment made in kind to the MLUH or to the Government
<b>Payments to PetroSeychelles</b>		
2.1	Royalty	A royalty of 10% is levied on the market value of oil produced and stored each month. In the event of a discovery of a marginal field, the royalty may be reduced to 5%. The Royalty for Gas is 5%. Where the Company is constituted by more than one company, the liability for the payment is joint and several. The Government may choose to accept payment of the Royalty in kind (including Natural Gas Liquids or Condensate).
2.2	Licence Fees	This payment is made for the issuance, renewal and transfer of licences.
2.3	Application fee	A processing fee paid when applying for a licence
2.4	Annual Rentals	These are US\$10 during the first period; US\$15 during the second period; and US\$20 in the third period for each square kilometer of the Contract Area adjusted for the U.S. Industrial Goods Producer Price Index. The Rental during the Development Phase shall be US\$1000 for each square kilometer of the Development Area adjusted for the said index.
2.5	Annual contributions	These contributions include training fees and all contributions set in the Petroleum Agreement to paid during the exploration period as well as during the development phase. These contributions are paid for the purpose of: (i) training of nationals in colleges and universities; (ii) purchasing of professional publications, scientific instruments and other equipment required by PetroSeychelles to implement the Agreement; and (iii) monitoring of Petroleum Operations.
2.6	Profit Commission on Sale of Data by Exploration Companies	Once Multi-client data have been acquired, the service company is given a fixed period within which it can commercially sell the data which it has gathered during the survey, the service company must remit specific commission on future sales of these data. The factors considered to arrive at the profit commission are detailed per individual contracts. Once the fixed period is over the service company can no longer market the data.
2.7	Sale of Data Package	Payment made by extractive company to the PetroSeychelles in exchange with data package that PetroSeychelles will share with the extractive company.
2.8	Other material payments to PetroSeychelles	Any other payment made to PetroSeychelles and that exceeds USD 1,000.
<b>Payments to Seychelles Revenue Commission (SRC)</b>		
3.1	Petroleum Income Tax (PIT)	In accordance with the Petroleum Taxation Act, the PIT rate is 35% on profits, which will be calculated for the purposes of the petroleum agreements according to the schedule of Allowed and Disallowed Petroleum Costs given in the Accounting Procedures attached to the Petroleum Agreement and consistent with the Petroleum Tax Act.
3.2	Petroleum Additional Profits Tax (PAPT)	This tax is paid on each separate Petroleum Field, on the basis of the rate of return (ROR) that the Company achieves. PAPT consists of a two-tier tax imposed at different rates and triggered by distinct ROR Thresholds. The liability is joint and several in the case of a Company consisting of more than one company. The tax is determined for each Field (ring fenced). The Company's ROR is calculated on the basis of Net Cash Receipts (NCR) of the company. The PAPT is a resource rent tax levied on cash flows.

Payment flows		Description
3.3	Business tax	Business tax paid on the basis of the annual profit
3.4	PAYG instalment	According to the Business Act 2009 - Division III, A business shall pay instalments of business tax for a tax year on the twenty-first day after the end of each month. The amount of each instalment is one twelfth of the amount of business tax estimated by the Revenue Commissioner to be payable for the tax year.
3.5	PAYG Specified Business	Specified business means a business listed in the Fourth Schedule of the Business Act, 2009. A person making payment to a specified business shall withhold tax from the gross payment at the rate specified in the First Schedule of the Business Act, 2009.
3.6	Corporate Social Responsibility Tax (CSR)	The CSR is widely understood to entail compliance with ethical and regulatory standards, promoting accountability for businesses' actions that can lead to a positive impact on the communities and markets in which it operates. As per SI 16 of 2013, the CSR is payable at 0.5% of monthly turnover
3.7	Withholding tax on payments	At a rate of 7% on the gross amount of fees payable in respect of services performed in Seychelles or overseas by a non-resident contractor or subcontractor in connection with petroleum operations related to a petroleum agreement. The tax is payable to the Controller by an operator, who must retain the tax from the services provided. Where the withholding tax has been paid, the non-resident contractor or sub-contractor shall not be liable for any other withholding tax or business tax in Seychelles
3.8	Dividend Tax	These payments are relating to taxes on dividends and that are paid by the State-Owned Companies to the SRC in accordance to the Business Income (Taxation) Act.
3.9	Value Added Tax (VAT)	Payments made in accordance to the Value Added Tax Act, 2010. The VAT is charged on the supply of goods and services by registered persons.
3.1	Penalties	This payment is made by any companies that contravene or fail to comply with any provision or conditions of the tax regulation
3.11	Income & Non-Monetary Benefits Tax	These payments are made by the companies based on the emoluments paid to these employees and in accordance to the Income & Non-Monetary Benefits Tax Act, 2010.
3.12	Income Tax Seychellois	In accordance to the Income & Non-Monetary Benefits Tax Act, 2010 (First schedule- Section 1) the rate of income tax payable by an employed person (other than an employed person who is not a citizen of Seychelles) in respect of emoluments shall be 15% of the gross amount of emoluments paid after 1st January 2011.
3.13	Income Tax Non-Seychellois	In accordance to the Income & Non-Monetary Benefits Tax Act, 2010 (First schedule- Section 3) the rate of income tax payable by an employed person who is not a citizen of Seychelles in respect of emoluments shall be 15% of the gross amount of emoluments paid after 1st January 2011.
3.14	Custom duties	Customs are paid on importations
3.15	Excise duties	Excise tax are paid on importations
3.16	Other material payments to SRC	Any other payment made to SRC and that exceeds USD 1,000.
<b>Payments to Registrar General (RG)</b>		
4.1	Stamp duties	This payment is levied on documents to denote that stamp duty had been paid before the document is legally effective in accordance to the Stamp Duty Act.
4.2	Other material payments to RG	Any other payment made to RG and that exceeds USD 1,000.
<b>Payments to Ministry of Finance (MoF)</b>		
5.1	Dividends from State-Owned Companies	These are the proceeds of various investments of the Ministry in the State-Owned Companies (SOC). The amount received by the Ministry of Finance is dependent on its shareholding in the paying entity
5.2	Exploration fees	Fees that are paid to the Ministry when applying for Exploration right
5.3	Other material payments to MFTEP	Any other payment made to the MoF and that exceeds USD 1,000.
<b>Social Payments</b>		

Payment flows		Description
6.1	Voluntary Social Responsibility	These contributions are voluntary and can be made in cash or in kind depending on individual contracts. It includes all voluntary contributions made by extractive companies to promote local development and to finance social projects such as inter alia: health infrastructure, school infrastructure, road infrastructure, market gardening infrastructure, projects related to the promotion of the agriculture and the grants provided to the population
6.2	Mandatory Corporate Social Responsibility	These contributions are mandatory and can be made in cash or in kind depending on individual contracts. It includes all voluntary contributions made by extractive companies to promote local development and to finance social projects such as inter alia: health infrastructure, school infrastructure, road infrastructure, market gardening infrastructure, projects related to the promotion of the agriculture and the grants provided to the population
<b>Infrastructure provisions and barter arrangements</b>		
7.1	Total budget of the Engagement/Project	Total budgeted amount of the entire project within the infrastructure provisions and barter arrangements. Infrastructure provisions and barter arrangements" include any agreements, or sets of agreements between the extractive company and the government (Federal or Regional State), involving the provision of goods and services, including loans, grants and infrastructure works, in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities
7.2	Value of engagements/project incurred during the year	Total amount of all costs incurred for all Project under any infrastructure provisions or barter arrangements during the reconciliation period
7.3	Cumulated value of engagements/project incurred until the end of 2015 and 2016	Total amount of all costs incurred for all Project under any infrastructure provisions or barter arrangements during the reconciliation period starting from the beginning of the Project until the end of the reconciliation period
<b>Payment to State-Owned Companies (SOC)</b>		
8.1	Dividends from Extractive Companies	These are the proceeds of various investments of the State-Owned Companies (SOC) in the extractive companies. The amount received by SOC is dependent on its shareholding in the paying entity.
8.2	Other payments to SOC	Any other payment made to the SOC and that exceeds USD 1,000.



## Annex 4: Persons contacted

### Moore Stephens LLP

Tim Woodward	Partner
Ben Toorabally	Head of office MS IFI Madagascar
Rached Maalej	Manager
Housseem Delly	Senior

### Ministry of Finance Trade and Economic Planning/ Blue Economy/ Multi-Stakeholder Group(MSG)

Patrick Payet	Principal Secretary of Finance /MSG Member
Rose-Mary Bargain	Principal Secretary for the Blue Economy
Rebecca Loustau-Lalanne	Adviser to the Vice-President/MSG Member
Dominique Benzaken	Senior Ocean Governance Advisor, Commonwealth
Fatime Kante	Economist (Seychelles Extractive Industries Transparency Initiative National Coordinator)
Aurore Arcambal	MSG Member
Giovana Neves	MSG Member
Dr. Marie-Thérèse Purvis	MSG Member
Rose-Mary Elizabeth	MSG Member
Ron Roucou	MSG Member
Sharon Gerry	MSG Member
Oliver Bastienne	MSG Member
Vivienne Confiance	MSG Member
Judith Louis	MSG Member

### PetroSeychelles

Patrick Joseph	Chief Executive Officer/MSG Member
Lawson Ally	Accountant
Patrick Samson	Senior Geologist

### SEYPEC

Conrad Benoiton	Chief Executive Officer
Paul Mondon	Chief Financial Officer

### Société Seychelloise d'Investissement (SSI)

Rupert Simeon	Chief Executive Officer
Wilfred Fremino	Financial Controller
David Jean-Baptiste	Investment and Compliance Manager

### Seychelles Revenues Commission

Nadia Jeremie	Revenue Manager
Ronald Cafrine	Commissioner of Taxes

### Auditor General

Gamini Herath	Auditor General
Premilaben Bhrasadiya	Senior Auditor

Chouhan Rajinder	Deputy Auditor General
Nathalie Houarau	Audit Manager
<b>Central Bank of Seychelles</b>	
Caroline Abel	Governor of Central Bank/MSG Member
<b>Ministry of Habitat, Infrastructure &amp; Land Transport (MHILT)</b>	
Denis Barbe	Principal Secretary (Habitat)
Sabrina Zoe	Director of Property Management & Policy Planning
<b>Registrar General</b>	
Wendy Pierre	Registrar General
Fred Hoareau	Deputy Registrar General
Willy Mahoune	Senior System Support Officer
<b>Ophir Energy Plc</b>	
Alice England	Representative of Ophir Energy Plc
<b>UCPS</b>	
Gregory Albert	Chief Executive Officer
Brian Loveday	Finance consultant
Rizni Jiffry	Senior Accountant
<b>CCCL</b>	
Dina Gappy	General Manager
Sudaraka Wijavasooriya	Finance Controller