



PORTCULLIS NOTICES

MCI (P) 070/07/2021

7 September 2021

SEYCHELLES LEGISLATION AMENDMENTS

We would like to inform you that the following legislations have been enacted as of 6 August 2021:

1. [International Business Companies \(Amendment\) Act, 2021](#)
2. [Foundations \(Amendment\) Act, 2021](#)
3. [Limited Partnerships \(Amendment\) Act, 2021](#)
4. [Companies \(Special Licences\) \(Amendment\) Act, 2021](#)
5. [International Corporate Service Providers \(Amendment\) Act, 2021](#)
6. [Trusts Act, 2021](#)

You may access the aforementioned legislations from the links provided for your reference.

The Seychelles Financial Services Authority (the "FSA") conducted a virtual meeting with the industry on 17 August 2021 to present the new amendments. A copy of the PowerPoint slides from the presentation is available [here](#) for your reference.

The FSA is in the midst of finalizing/reviewing:

- (a) the Penalty Table highlighting the different levels of penalties to be imposed by the FSA in cases of non-compliance;
- (a) the Circular on Implementation of Accounting Records Keeping Obligations; and
- (a) the sample Financial Summary,

and we will circulate the same to you once it is made available to us.

New Requirements to Keep Accounting Records in Seychelles

The International Business Companies Act, Foundations Act, Limited Partnerships Act and Trusts Act require every legal person and legal arrangement to keep reliable accounting records that are sufficient to show and explain the legal person's or legal arrangement's transactions, enable the financial position of the legal person or legal arrangement to be determined with reasonable accuracy at any time and allow for financial statements of the legal person or legal arrangement to be prepared.



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For such purposes, accounting records shall be deemed not to be kept if they do not give a true and fair view of the legal person's and legal arrangement's financial position and explain its transactions.

In terms of the preservation of records, every legal person and legal arrangement shall preserve its accounting records for at least 7 years from the date of completion of the transactions or operations to which they each relate.

The 2021 amendments require every legal person and legal arrangement to keep their accounting records at their registered office in Seychelles, or in the case of a trust, at its trustee's principal place of business in Seychelles. The accounting records may either be kept in their original form or in electronic form. However, where a legal person and legal arrangement's original accounting records are kept at a place other than in Seychelles, the legal person and legal arrangement must inform its Registered Agent in writing of the physical address of that place. It is important to note that the Seychelles' authorities maintain the right to request for the original records.

The 2021 amendments provide that the accounting records should be kept at the registered office in Seychelles on a bi-annual basis, that is, at an interval of 2 times per year. In enforcing compliance with the accounting records keeping requirement, the Registrar will allow a delay for the records to be kept in Seychelles as follows:

- (a) Accounting records relating to transactions or operations in the first half (January to June) of a calendar year must be kept in Seychelles by July of that year; and
- (a) Accounting records relating to transactions or operations in the second half (July to December) of a calendar year must be kept in Seychelles by January of the following year.

The following will apply in respect of existing accounting records (i.e. accounting records relating to the years prior to year 2022) and accounting records relating to year 2022 for companies on the Register:



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- (a) Accounting records relating to transactions or operations in the past 7 years to 31st December, 2021 must be kept in Seychelles by 6th February, 2022;
- (a) Accounting records relating to transactions or operations in the first half (January to June) of 2022 must be kept in Seychelles by July 2022; and
- (a) Accounting records relating to transactions or operations in the second half (July to December) of 2022 must be kept in Seychelles by January 2023.

Although the 2021 Amendments require a legal person or legal arrangement to keep its accounting records in Seychelles at least 2 times per year, it is important to note that the law requires a legal person or legal arrangement to keep its accounting records on a continuous basis (i.e. at all times) and therefore, any accounting record, either being kept in Seychelles or yet to be kept in Seychelles, should be provided to the Seychelles' authorities upon request.

A legal person or legal arrangement that is struck-off, dissolved or deregistered must ensure that any outstanding accounting records are lodged at its registered office in Seychelles by January or July, following the date that it is struck-off, dissolved or deregistered, or within 3 months of the date of striking-off or dissolution, whichever is earlier.

Grace Period

The Act provides a grace period for every legal person and legal arrangement to keep their accounting records in Seychelles within 6 months from the date of enactment of the 2021 Amendments (i.e. by 6th February 2022).

It is important to note that this grace period applies only in relation to the location of where the accounting records are to be kept and not in relation to the obligation to keep accounting records. Therefore, during the grace period, the Registrar may still request for the accounting records for compliance inspection purposes and if the accounting records are not provided, the Registrar will take enforcement action against the legal person and legal arrangement.



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Similarly, a competent authority (e.g. Seychelles Revenue Commission) may request for the accounting records to be provided by the legal person and legal arrangement during the grace period and if the legal person or legal arrangement fails to comply, the relevant enforcement action may be taken by the competent authority against the legal person or legal arrangement.

Compliance Inspections

As of February 2022, the Registrar expects to initiate its on-site compliance inspections to ensure that reliable accounting records are being kept by legal persons and legal arrangements in Seychelles, and where non-compliance is identified, relevant sanctions will be applied.

Financial Summary

The 2021 Amendments also require certain legal persons and legal arrangements (with the exception IBCs which are small (non-large) holding companies where “small” means an annual turnover equal to or less than **annual turnover of SCR 50,000,000**) to annually prepare a Financial Summary to be kept in Seychelles (together with the other accounting records and underlying documents) within 6 months from the financial year end of the legal person or legal arrangement. The financial year is defined as the calendar year, unless it is changed by the legal person or legal arrangement.

In view that the obligation for Financial Summary came into effect as of 6th August 2021, the first Financial Summary of a company should cover, at a minimum, the period from **6th August 2021** onwards.

Where a company prepares and keeps its annual financial statements (audited or unaudited) at its registered office in Seychelles, the Registrar will not expect the IBC to also keep a Financial Summary, provided that the financial statements are kept for the relevant financial year and include all relevant material financial information detailed in Financial Summary.

Other Amendments

In addition to the amendments relating to the keeping of accounting records and the financial summary, there are also other substantial legislative amendments.



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Details on the other legislative amendments can be found in the legislation and PowerPoint slides.

How Portcullis can help

Portcullis will be able to help with preparation of financial statements or the financial summary (if required). Fees for preparation are based the frequency and size of transactions undertaken by the company.

Please do not hesitate to contact your relationship manager on the above matters if you have any queries.

Thank you for your attention to these matters.

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