GLOBAL FORUM ON
TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request

SEYCHELLES

2023 (Second Round, Supplementary Report)

OECD

Global Forum on Transparency and Exchange of Information for Tax Purposes: Seychelles 2023 (Second Round, Supplementary Report)

PEER REVIEW REPORT ON THE EXCHANGE OF INFORMATION ON REQUEST

OECD

BETTER POLICIES FOR BETTER LIVES

This peer review report was approved by the Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes on 15 June 2023 and adopted by the Global Forum members on 14 July 2023. The report was prepared for publication by the Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

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Reader's guide

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

Consideration of the Financial Action Task Force Evaluations and Ratings

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.

The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to www.oecd.org/tax/transparency and http://dx.doi.org/10.1787/2219469x.

Abbreviations and acronyms

2016 TOR	Terms of Reference related to EOIR, as approved by the Global Forum on 29-30 October 2015.
AML	Anti-Money Laundering
AML/CFT Act	Anti-Money Laundering and Countering the Financing of Terrorism Act of 2020
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
BO Act	Beneficial Ownership Act of 2020
BO database	Central beneficial ownership database
BO Guidelines	Beneficial Ownership FIU/FSA Guidelines
BO Regulations	Beneficial Ownership Regulations
CA	Companies Act
CBS	Central Bank of Seychelles
CDD	Customer Due Diligence
CSL	Company Special Licensee
CSL Act	Companies (Special Licences) Act of 2003
DTC	Double Taxation Convention
EOI	Exchange of Information
EOIR	Exchange of Information on Request
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
EUR	Euro, the official currency of the 20 Member States of the European Union that are part of the Economic and Monetary Union

FIA	Financial Institutions Act of 2003
FIU	Financial Intelligence Unit
FSA	Financial Services Authority
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
IBC	International Business Company
IBCA or IBC Act	International Business Company Act, 2016
ICSP	International Corporate Service Provider
ICSP Act	International Corporate Service Providers Act
ITU	International Tax Unit
LP	Limited Partnership
LP Act	Limited Partnership Act
Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010
PCC	Protected Cell Company
PCC Act	Protected Cell Companies Act of 2003
RAA	Revenue Administration Act
ROC	Registrar of Companies
SADCA	Southern African Development Community's Agreement on Assistance in Tax Matters
SCR	Seychellois Rupees
SRC	Seychelles Revenue Commission
TCSP	Trust and Company Service Provider
TIEA	Tax Information Exchange Agreement
Trusts Act	Trusts Act, 2021
USD	United States Dollar, the official currency of the United States of America
VAT	Value Added Tax

Executive summary

1. This report analyses the implementation of the standard of transparency and exchange of information on request in the Seychelles on the second round of reviews conducted by the Global Forum. It assesses both the legal and regulatory framework in force as at 28 April 2023 and the practical implementation of this framework against the 2016 Terms of Reference, including in respect of EOI requests received and sent during the review period from 1 April 2019 to 31 March 2022. This report concludes that the Seychelles continues to be rated overall Partially Compliant with the standard.

2. This report supplements the 2020 Report which assessed the legal and regulatory framework and its practical implementation and rated the Seychelles as overall Partially Compliant with the standard. Since then, the Seychelles has made progress in both its legislation and implementation of the standard in practice, which led the Seychelles to request a supplementary review in August 2021. The request was acceded to by the Peer Review Group of the Global Forum and has resulted in the present supplementary report. Despite progress on the individual rating of some elements of the standard, the progress achieved is not sufficient to lead to an upgrade of the overall rating.

Comparison of ratings for Second Round Report and Supplementary Report

Element	Second Round Report (2020)	Supplementary Report (2023)
A.1 Availability of ownership and identity information	Partially Compliant	Partially Compliant
A.2 Availability of accounting information	Non-Compliant	Partially Compliant
A.3 Availability of banking information	Largely Compliant	Largely Compliant
B.1 Access to information	Partially Compliant	Largely Compliant
B.2 Rights and Safeguards	Compliant	Compliant
C.1 EOIR Mechanisms	Largely Compliant	Compliant
C.2 Network of EOIR Mechanisms	Compliant	Compliant
C.3 Confidentiality	Compliant	Compliant
C.4 Rights and safeguards	Compliant	Compliant
C.5 Quality and timeliness of responses	Partially Compliant	Partially Compliant
OVERALL RATING	**PARTIALLY COMPLIANT**	**PARTIALLY COMPLIANT**

Note: the four-scale ratings are Compliant, Largely Compliant, Partially Compliant and Non-Compliant.

Progress made since previous review

3. The 2020 Report identified deficiencies in the legal and regulatory framework of the Seychelles on the availability of beneficial ownership and accounting information. It also noted gaps in the implementation of this framework in practice, mainly due to a lack of supervision or of enforcement measures in case of non-compliance, resulting in many cases of failure to provide the information in response to EOI requests.

4. The Seychelles implemented the recommendations related to the beneficial ownership information by introducing in 2020 a Beneficial Ownership Act and a new Anti-Money Laundering Act. The legal and regulatory framework in this respect now requires all the relevant entities and arrangements to keep a register of beneficial owners and to populate a central beneficial ownership database, and broadly aligns the definition of beneficial owners with the standard. The AML-obliged persons continue to be subject to the obligation to identify the beneficial owners of their clients.

5. Regarding the effectiveness of the procedure to strike-off international business companies (IBCs) that do not comply with their obligation to keep ownership and accounting information, the Seychelles has changed its law to reduce the period between the striking-off and the dissolution of the IBC and to require the availability of all the relevant records in case of restoration. This change should strengthen the effectiveness of the striking off procedure as enforcement measure while ensuring the availability of the ownership and accounting information for restored IBCs.

6. The Seychelles also introduced a series of legal changes to require that the legal and beneficial ownership as well as accounting information is kept in its territory through an obligation on registered agents to keep for seven years the records of their clients (either in activity or after they ceased to exist). To face the potential difficulties in the availability of the information in the case of a registered agent that itself ceases to operate in the Seychelles, such a registered agent has now the obligation to hand over the records to its supervisory authority, i.e. the Financial Services Authority, or to any other person authorised by this authority. This new process is being implemented in practice.

7. In addition to the legal changes, the Seychelles' authorities have also strengthened their supervision activity, which now includes checks on the accuracy of the records kept by all relevant legal entities and arrangements and their registered agents, while the 2020 Report noted that the supervision was limited to checking the presence of the records and that no enforcement measure was applied for foundations and trusts. The Central Bank of Seychelles, which is now in charge of supervising the financial institutions, has also a supervision programme that ensures the availability of banking information.

8. In terms of access to information by the competent authority, since the 2020 Report, which recommended the application of compulsory powers to compel the production of the information, the Seychelles has initiated procedures of sanctions against the IBCs that failed to provide the information. These procedures were sufficiently deterrent to obtain the information requested.

9. The organisation and resources allocated to the exchange of information in practice have improved through the creation of the International Tax Unit, within the tax administration. This unit is well staffed and has the appropriate resources to handle exchange of information in practice while the volume of requests for information received by the Seychelles keeps increasing.

10. The Seychelles also addressed the recommendation to bring its EOI instruments into force as it ratified the Southern African Development Community's Agreement on Assistance in Tax Matters.

11. Despite the progress made, which aimed at addressing the recommendations issued in the 2020 Report, key recommendations still relate to the availability of ownership and accounting information.

Key recommendations on transparency

12. Regarding legal ownership information, although this information is available in most cases, it could be hidden by nominee arrangements, in particular if they relate to less than 10% of the shares of an entity, as there is no obligation for the nominee to disclose such an arrangement to the legal entity or to the Registrar. In addition, the recent amendments to the beneficial ownership framework broadly address the recommendation issued in the previous review, but they still do not cover relevant foreign partnerships. Moreover, the beneficial ownership information held by banks may not always be up to date as its availability relies on the AML requirements, which do not foresee a specified frequency of updating beneficial ownership information in the legal and regulatory framework in case the updating of the information is not triggered by any particular event. In addition, the implementation in practice of some recent changes in the beneficial ownership framework must be monitored and enforced by the Seychelles to give comfort that the standard is fully implemented.

13. The supervision and enforcement activities on the availability of the ownership and accounting information have been strengthened since the 2020 Report, in terms of both coverage of the types of legal entities and arrangements and depth of the inspections. Nevertheless, the efficiency of the sanctions recently applied in the framework of this supervision remains to be tested as for some legal requirements, in particular accounting requirements, the overall compliance rate noted during the oversight activities is low.

14. During the period under review, the legal ownership information, beneficial ownership information and accounting information was not provided respectively in around 26%, 35% and 63% of cases where it was requested by EOI partners, due to a lack of availability of this information. Nevertheless, this proportion of non-responded cases is heavily influenced by 2019 requests and has reduced in the subsequent years. Therefore, the supervision activities and enforcement measures should continue to improve the level of compliance with the legal and regulatory requirements and should ensure the availability of ownership and accounting information.

Exchange of information in practice and related recommendations

15. The number of requests received and sent by the Seychelles has continued to increase since the last review, from 162 to 204 requests received and from 3 to 8 requests sent. Most of the requests received aimed at obtaining legal and beneficial ownership information and accounting information on IBCs. The peers are generally satisfied with the quality of the information received, but they also indicated that the Seychelles provided only partial replies in some cases. This difficulty is confirmed by the statistics provided by the Seychelles which show a failure to provide a full response in 55% of cases, for which partial answers were nevertheless always provided. This proportion of failure to provide all the information requested remains too significant, although success rate in replying to EOI requests has improved since the last review, from 25% to 45%, as well as during the period under review, from 23% in 2019 to 71% in 2021 and in the first quarter of 2022.

16. The Seychelles used its access powers to obtain the information, generally from the registered agent who now has to keep the relevant records in the Seychelles. The procedures initiated to issue a sanction against the information holders who initially refused to provide the requested information were efficient to compel the production of the information and the Seychelles should continue to apply such compulsory powers where appropriate.

17. The reasons of inability of the Seychelles to provide full responses is that the ownership and accounting information was often not available in the Seychelles. Although the legal changes introduced to address the recommendation issued in the last review has improved the situation, as the success rate in replying the EOI requests reached 71% at the end of the period under review, these legal changes were not fully effective during that period. Confirmation of the recent positive results is expected in the coming years.

18. In addition, some communications issues affected the effectiveness of the exchange of information in practice, mainly due to cases closed without informing the EOI partner and the lack of status update on the treatment of the requests received. The Seychelles should improve its communication with its EOI partners.

Overall rating

19. The Seychelles has been assigned a rating for each of the ten essential elements as well as an overall rating. The ratings for the essential elements are based on the analysis in the text of the report, in view of recommendations made in respect legal and regulatory framework and its practical implementation. On this basis, the Seychelles has been assigned the following ratings: Compliant for Elements B.2, C.1, C.2, C.3 and C.4, Largely Compliant for Elements A.3 and B.1 and Partially Compliant for Elements A.1, A.2 and C.5 and an overall rating of Partially Compliant.

20. This report was approved at the Peer Review Group of the Global Forum on 15 June 2023 and was adopted by the Global Forum on 14 July 2023. A follow up report on the steps undertaken by the Seychelles to address the recommendations made in this report should be provided to the Peer Review Group no later than 30 June 2024 and thereafter in accordance with the procedure set out under the 2016 Methodology.

Summary of determinations, ratings and recommendations

Determinations and ratings	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their competent authorities *(ToR A.1)*		
The legal and regulatory framework is in place but needs improvement	Beneficial ownership information may not be available in respect of relevant foreign partnerships if they do not engage an AML-obliged person in the Seychelles on an on-going basis.	The Seychelles should ensure that beneficial ownership information is available for foreign partnerships.
	For the nominee shareholding arrangements related to less than 10% of the shares in a company, the information on the identity of the nominator may not be available as the nominees are recorded in the register of members as any other shareholder, without indication of their nominee status.	The Seychelles should ensure that the information on the nominator is available to the relevant company, including when the nominee shareholding arrangement relates to less than 10% of the shares.
Partially Compliant	The Seychelles authorities have started implementing a supervision programme through onsite inspections of all types of legal entities and arrangements in respect of their obligation to keep a register of their beneficial owners. The onsite inspections include checks on the accuracy of the data entered in the record. The Seychelles authorities also monitor the population of the new central beneficial ownership database. Nevertheless, the results of the supervision and monitoring activities reflect an uneven level of compliance among the different types of legal entities and arrangements. In addition, the sanctions in case of non-compliance have been applied only since 2022.	The Seychelles should continue to monitor and to enforce the obligations of all legal entities and arrangements to keep the information on their beneficial owners and to populate the central beneficial ownership database.

Determinations and ratings	Factors underlying recommendations	Recommendations
	Changes in the beneficial ownership framework, such as the specified frequency of update of the register of beneficial owners, the obligation for the legal entities and arrangements to take actions in case of non-co-operation of the beneficial owner or any other person, and the revised guidance provided for the identification of beneficial owners of protected cell companies are recent and their implementation could not be assessed.	The Seychelles should monitor the application of the changes introduced in the beneficial ownership framework in 2022 and 2023 to ensure that adequate, accurate and up-to-date beneficial ownership information of legal entities and arrangements is available.
	The Seychelles amended its law in 2021 to ensure that the ownership information is available in the territory of the Seychelles when a registered agent leaves the jurisdiction or otherwise ceases carrying on business or when the IBC is struck off the Register, dissolved or re-domiciled abroad. Nevertheless, during the period under review, legal and beneficial ownership information has not been provided in response respectively to approximately 26% and 35% of the EOI requests for this type of information due to situations of struck-off or dissolved companies or cessation of activity of a registered agent that occurred before the introduction of those legal changes.	The Seychelles should effectively monitor and enforce the requirements to keep the legal and beneficial ownership information in the Seychelles in the cases of a struck-off, dissolved or re-domiciled IBC or cessation of activity of the registered agent in the Seychelles.
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements *(ToR A.2)*		
The legal and regulatory framework is in place		

Determinations and ratings	Factors underlying recommendations	Recommendations
Partially Compliant	The Seychelles authorities have implemented supervisory activities on the availability of the accounting records, including onsite inspections to check the accuracy and comprehensiveness of the accounting records of IBCs, limited partnerships, trusts and foundations. Nevertheless, the overall compliance level of these legal entities and arrangements is low and the effectiveness of the enforcement measures remains to be tested.	The Seychelles is recommended to continue its supervisory and enforcement activity to ensure that all legal entities and arrangements maintain accounting records and underlying documentation in line with the standard.
	The Seychelles amended its law in 2021 to ensure that the accounting information is available in the territory of the Seychelles when a registered agent leaves the jurisdiction or otherwise ceases carrying on business or when the IBC is struck off the Register, dissolved or re-domiciled abroad. Nevertheless, during the period under review, accounting information has not been provided in 63% of the cases when requested for EOI. In most instances this has been due to issues concerning the availability of such information.	The Seychelles should continue to effectively monitor and enforce the requirement to keep accounting information in the Seychelles in the cases of a struck-off, dissolved or re-domiciled IBC, or cessation of activity of the registered agent in the Seychelles to ensure that accounting information is available in line with the standard in practice.
Banking information and beneficial ownership information should be available for all account-holders *(ToR A.3)*		
The legal and regulatory framework is in place but needs improvement	The banks must conduct ongoing monitoring of a business relationship, which implies keeping the documents, data or information obtained for the purpose of applying CDD measures up to date. Nevertheless, there is no specified frequency in the legal and regulatory framework to update the beneficial ownership information of account holders in the absence of any event triggering an update.	The Seychelles should ensure that the beneficial ownership information of account holders be up to date in accordance with the standard.

Determinations and ratings	Factors underlying recommendations	Recommendations
Largely Compliant	The guidance provided for the identification of beneficial owners of protected cell companies has been revised recently to require the identification of the natural person with shareholding interest of at least 10% at the level of the companies or of each cell, as required by the standard.	The Seychelles should monitor the application of the revised guidance for the identification of the beneficial owners of protected cell companies.
Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) *(ToR B.1)*		
The legal and regulatory framework is in place		
Largely Compliant	The Seychelles initiated prosecution procedures to apply sanctions on the registered agent or the directors of the IBCs that did not comply with notices to provide information in three cases during the period under review. The three cases were eventually withdrawn as the launch of prosecution was deterrent enough to compel the production of the requested information. The tax administration is also reviewing initiation of prosecution procedures for two other cases. Nevertheless, the competent authority failed to obtain the information in a significant number of cases due to lack of availability, for which no enforcement measures could be applied as the relevant persons ceased to exist.	The Seychelles should continue to apply compulsory powers where appropriate to compel the production of the requested information and should monitor that the prosecution procedure does not delay the exchange of information.
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information *(ToR B.2)*		
The legal and regulatory framework is in place		
Compliant		

Determinations and ratings	Factors underlying recommendations	Recommendations
Exchange of information mechanisms should provide for effective exchange of information *(ToR C.1)*		
The legal and regulatory framework is in place		
Compliant		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners *(ToR C.2)*		
The legal and regulatory framework is in place		
Compliant		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received *(ToR C.3)*		
The legal and regulatory framework is in place		
Compliant		
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties *(ToR C.4)*		
The legal and regulatory framework is in place		
Compliant		
The jurisdiction should request and provide information under its network of agreements in an effective manner *(ToR C.5)*		
Legal and regulatory framework:	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	

Determinations and ratings	Factors underlying recommendations	Recommendations
Partially Compliant	During the period under review, 55% of the EOI requests received have not been fully replied to by the Seychelles, although in all these cases part of the information was provided.	The Seychelles should provide complete responses to its EOI partners in a timely manner.
	During the review period, status updates were not regularly provided by the Seychelles. Moreover, EOI requests sent by regular post in the beginning of the period under review were not always received by the Seychelles, although the creation of an EOI Unit and of a corresponding generic email address, as well as systematic updates of the contact details of the Competent Authority helped to address this problem during this period. In addition, the Seychelles did not always inform its partner when it closed an EOI case, but it has changed this practice after the period under review. Finally, the Seychelles declined EOI requests while a mutual understanding on the validity of such requests was already found.	The Seychelles is recommended to continue its efforts to ensure an appropriate handling of cases and communication with its EOI partners and to provide status updates to its EOI partners within 90 days where it is not able to provide a final response within that time period.

Overview of the Seychelles

21. This overview provides some basic information about the Seychelles that serves as context for understanding the analysis in the main body of the report.

22. The Seychelles is an archipelago of 115 islands in the Indian Ocean with an estimated population of around 99 000 inhabitants. Creole, English and French are the three official languages of the Seychelles. The economy of the Seychelles is mainly based on tourism and fisheries. The currency of the Seychelles is Seychellois Rupees (SCR).[1] The capital city of the Seychelles is Victoria.

Legal system

23. The Seychelles has a hybrid legal system, where its civil law is inspired by French law and its criminal and commercial laws are inspired by British law. Public law areas, including taxation, are governed by statutes based on common law principles. The Constitution of the Seychelles comes first in terms of legislative supremacy, followed by the acts and codes approved by the National Assembly (the Parliament) and assented to by the President of the Republic. Under them are regulations and policies issued by government ministers. International treaties have the same legal value as domestic laws approved by the Parliament. In case of conflict with any other law, the international treaty will prevail as far as the Republic is concerned but will not bind the public in general. According to the legal opinion of the Attorney General, international tax treaties will always prevail over domestic law.

24. The Judiciary power consists of the Court of Appeal of the Seychelles, which is the highest and most superior court in Seychelles, followed by the Supreme Court and thereafter by other subordinate courts, as the Magistrates' court, and tribunals. Taxpayers in the Seychelles may lodge an appeal against decisions by the revenue authority by order of precedence, to the Revenue Tribunal, followed by the Supreme Court and lastly to the Court of Appeal.

1. The exchange rate used in this report is SCR 1 for approximately EUR 0.0755.

Tax system

25. The Seychelles adopts a territorial tax system whereby an amount derived by a resident person in carrying on a business is considered to be generated in Seychelles, if derived from activities conducted, goods situated or rights used in the Seychelles regardless of the residence of the parties participating in the transaction and regardless of the place where the agreements are executed. An amount derived by a non-resident person in carrying on a business is also derived from sources in the Seychelles to the extent that it is attributable to a business carried on through a permanent establishment of the person in Seychelles. As from 1 January 2019, offshore entities, including IBCs, are allowed to carry on business or hold property in the Seychelles and, if they do, they will be liable to tax and subject to the requirements of the Business Tax Act. As Seychelles business tax system is generally based on a territoriality principle, offshore entities will have a tax liability only to the extent they have Seychelles-source income. However, where a Seychelles' company (including an IBC) is a member of a multi-national group, any active income that is not attributable to a permanent establishment outside Seychelles is taxed in Seychelles and, in the case where such a company does not have adequate economic substance in Seychelles, any passive income of the company is taxed in Seychelles.

26. Business tax is levied on the taxable income of a business which is computed by deducting all allowable deductions from the assessable income of the business for the year. In the case of an entity, government body or a trustee, the tax rates are 15% on the first Seychellois Rupees (SCR) 1 000 000 (EUR 75 500) of taxable income and 25% on the remainder. In the case of individuals, the tax rate is 0% on the first SCR 102 666 (EUR 7 750) of taxable income, 15% between SCR 102 666 to 1 000 000 (EUR 7 750 to 75 500) of the taxable income, and 25% on the remainder. Income and Non-Monetary Benefits Tax is levied in the remuneration of individuals (e.g. income from employment) at progressive rates. There also exists the Tourism Marketing Tax, levied at a rate of 0.5% on the turnover of tourism operators, construction companies, banks, insurance companies, and casino operators when that turnover exceeds SCR 1 000 000 (EUR 75 500).

27. Value added tax (VAT) is a consumption tax levied on the sales of goods and provision of services. VAT is levied at the point of entry and charged at the point of sale, except on goods and services exempted in the Value Added Tax Act, 2010. VAT came into effect on 1 January 2013 and replaced the goods and services tax (GST) which had been in existence since 2001. The current VAT rate is 15%.

Financial services sector

28. The Seychelles is a well-known international financial centre. The financial services sector in the Seychelles is regulated by the Central Bank of Seychelles (CBS), which licenses and regulates the banking sector, and the Financial Services Authority (FSA), which licenses and regulates the non-banking financial service providers, i.e. Fiduciary Services (63 International Corporate Service Providers (ICSPs), 20 Trustee Service Providers and 21 Foundation Service Providers), Capital Market, Insurance and Gambling. The FSA is the autonomous regulatory body responsible for the non-bank financial services in Seychelles and is established under the Financial Services Authority Act, 2013. Importantly for this report, the FSA is also the Registrar for International Business Companies, Foundations, Limited Partnerships and Trusts in the Seychelles. The FSA co-ordinates closely with the Ministry of Finance with regards to relevant policies that have an impact on the financial services industry in the country.

29. The CBS supervises 47 regulated entities: 21 Bureaux De Change, 1 Credit Union, 14 Payment Service Providers, 1 Payment System Operator, 2 Non-Bank Credit granting Institutions and 8 commercial banks (including 1 not yet in operation). On 30 September 2022, the banking sector total assets stood at SCR 32 193 million (EUR 2 430 million), total liabilities at SCR 29 363 million (EUR 2 200 million) and equity capital at SCR 2 830 million (EUR 213 million). The percentage of the financial sector's activities against real GDP for the year 2021 was 5.8%.

Anti-money laundering framework

30. The 2020 Report analysed the 2006 Anti-Money Laundering Act, which was repealed by the new AML/CFT Act enacted in 2020 (the AML/CFT Act) and applicable since 28 August 2020. One of the purposes of the adoption of the AML/CFT Act was to address the deficiencies noted in respect of the FATF and EOIR standards. The supervisory authorities responsible for supervising and ensuring compliance with the provisions of the AML/CFT Act by the reporting entities are the CBS and the FSA in respect of the institutions under their regulatory control (see above) and the Financial Intelligence Unit (FIU) in respect of the entities not covered by the CBS and the FSA (for instance lawyers, auditors).

31. The Seychelles is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). The Seychelles' most recent Mutual Evaluation Report was adopted by the ESAAMLG in September 2018.[2] The report concluded that the AML/CFT competent authorities in the Seychelles

2. https://www.esaamlg.org/index.php/Countries/readmore_members/Seychelles.

demonstrated a fairly good understanding of ML/TF risks. However, it was also found that the FIU had inadequate resources to effectively supervise or monitor compliance with AML/CFT requirements by reporting entities. Whilst the inspections conducted by the FIU on commercial banks and corporate service providers were of a reasonable quality, the lack of sanctions where it appeared warranted has reduced effectiveness. Immediate Outcome 5 concerning the implementation of rules ensuring availability of beneficial ownership information in respect of legal persons and arrangements was rated Low. Technical compliance with FATF's Recommendations 10 (Financial Institutions: Customer Due-Diligence), 22 (Designated Non-Financial Businesses and Professions: Customer due diligence) and 24 (Transparency and Beneficial Ownership of Legal Person) were rated Largely Compliant and Recommendation 25 (Transparency and Beneficial Ownership of Legal Arrangements) Partially Compliant. Following this exercise, ESAAMLG directed that the Seychelles will be under the enhanced follow-up process.

32. The deficiencies leading to the rating of Partially Compliant for Recommendation 25 were deemed to have been sufficiently addressed in the 7th Follow-up report adopted in April 2022, which noted the requirement, under the Beneficial Ownership Act of 2020 (BO Act), for all legal arrangements to maintain accurate and up-to-date information of their beneficial owners, at the principal place of business of their resident agent and the requirement, under the Trusts Act, for trustees to disclose their status to Financial Institutions and Designated Non-Financial Businesses and Professions when forming a business relationship or carrying out an occasional transaction falling under the obligations of the AML/CFT Act. The rating for Recommendation 25 was consequently upgraded from "Partially Compliant" to "Largely Compliant" in the 8th Enhanced Follow-up Report and 3rd Request for Re-Rating Report adopted in April 2023.

Recent developments

33. Since the 2020 Report, the Seychelles enacted significant legislative changes to require the availability of the beneficial ownership and reliable accounting information onshore, including in the situation of an entity or legal arrangement that ceases to exist. These changes are analysed in the report.

34. The Seychelles has also set up an Action Plan to monitor the availability of the beneficial ownership information and accounting records for the offshore sector.

35. The Seychelles' authorities informed that further legislative changes on the availability of beneficial ownership information, in both the BO Act and the AML/CFT Act, are being prepared to adjust the legal framework to the recent revision of the FATF Recommendation 24 and to the findings of the compliance activities.

Part A: Availability of information

36. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of banking information.

A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

37. The 2020 Report did not identify major issues in the legal and regulatory framework of the Seychelles in respect of the availability of identity and legal ownership information of relevant entities and arrangements. The combination of company, tax and AML Laws still requires the availability of this information, except where the nominee shareholding arrangements relate to less than 10% of the shares of the relevant company, considering the absence of obligation for the nominee to disclose its status to the company.

38. Shortly after the publication of the 2020 Report, the Seychelles made significant legislative changes to require the availability of beneficial ownership information. The Beneficial Ownership Act introduced in 2020 a new definition of beneficial owner and an obligation for relevant entities and arrangements to maintain a register of beneficial owners, and provided for the creation of the central beneficial ownership database. The new AML/CFT Act, also adopted in 2020, has addressed the issues noted in the 2020 Report in the AML framework, in particular in respect of the determination of the beneficial owners. These changes permit the availability of the beneficial ownership information in accordance with the standard, except that the foreign partnerships that do not have a business relationship with an AML-obliged person are still not covered by any obligation in the Seychelles to maintain the information on their beneficial owners. In addition, further legal aspects of the beneficial ownership framework have been introduced very recently, in particular the annual frequency of updating the registers of

beneficial owners, the obligation to take actions against a non-co-operative beneficial or legal owner, and the revised guidance to identify the beneficial owners of protected cell companies.

39. Since the adoption of the 2020 Report, the Seychelles authorities have started implementing a supervision programme through onsite inspections of all types of legal entities and arrangements in respect of their obligation to keep a register of members and a register of their beneficial owners. The onsite inspections include checks on the accuracy of the data entered in the record. The population of the new central beneficial ownership database is also monitored. Nevertheless, the results of the supervision and monitoring activities reflect an uneven level of compliance among the different types of legal entities and arrangements and sanctions in case of non-compliance have been applied only since 2022.

40. Finally, the Seychelles continues to face difficulties to obtain and provide legal and beneficial ownership information to its EOI partners, due to the lack of availability of this information.

41. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
Beneficial ownership information may not be available in respect of relevant foreign partnerships if they do not engage an AML-obliged person in the Seychelles on an on-going basis.	The Seychelles should ensure that beneficial ownership information is available for foreign partnerships.
For the nominee shareholding arrangements related to less than 10% of the shares in a company, the information on the identity of the nominator may not be available as the nominees are recorded in the register of members as any other shareholder, without indication of their nominee status.	The Seychelles should ensure that the information on the nominator is available to the relevant company, including when the nominee shareholding arrangement relates to less than 10% of the shares.

Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/Underlying factor	Recommendations
The Seychelles authorities have started implementing a supervision programme through onsite inspections of all types of legal entities and arrangements in respect of their obligation to keep a register of their beneficial owners. The onsite inspections include checks on the accuracy of the data entered in the record. The Seychelles authorities also monitor the population of the new central beneficial ownership database. Nevertheless, the results of the supervision and monitoring activities reflect an uneven level of compliance among the different types of legal entities and arrangements. In addition, the sanctions in case of non-compliance have been applied only since 2022.	The Seychelles should continue to monitor and to enforce the obligations of all legal entities and arrangements to keep the information on their beneficial owners and to populate the central beneficial ownership database.
Changes in the beneficial ownership framework, such as the specified frequency of update of the register of beneficial owners, the obligation for the legal entities and arrangements to take actions in case of non-co-operation of the beneficial owner or any other person, and the revised guidance provided for the identification of beneficial owners of protected cell companies are recent and their implementation could not be assessed.	The Seychelles should monitor the application of the changes introduced in the beneficial ownership framework in 2022 and 2023 to ensure that adequate, accurate and up-to-date beneficial ownership information of legal entities and arrangements is available.
The Seychelles amended its law in 2021 to ensure that the ownership information is available in the territory of the Seychelles when a registered agent leaves the jurisdiction or otherwise ceases carrying on business or when the IBC is struck off the Register, dissolved or re-domiciled abroad. Nevertheless, during the period under review, legal and beneficial ownership information has not been provided in response respectively to approximately 26% and 35% of the EOI requests for this type of information due to situations of struck-off or dissolved companies or cessation of activity of a registered agent that occurred before the introduction of those legal changes.	The Seychelles should effectively monitor and enforce the requirements to keep the legal and beneficial ownership information in the Seychelles in the cases of a struck-off, dissolved or re-domiciled IBC or cessation of activity of the registered agent in the Seychelles.

A.1.1. Availability of legal and beneficial ownership information for companies

42. The Seychelles' law provides for the creation of several types of companies:

- **Limited** and **Proprietary Companies** (together hereinafter **Domestic companies**) which are regulated by the Companies Act, 1972 (CA).[3] As of 31 March 2022, there were 3 066 Limited and 4 264 Proprietary companies registered in the Seychelles.
- **Protected Cell Companies** (**PCC**), registered under the CA or the International Business Company Act, 2016 (IBC Act) and the Protected Cell Companies Act, 2003 (PCC Act) which allows for the creation of one or more cells for the purpose of segregating and protecting cellular assets (for example, different classes of insurance), without the need to set up different legal entities. As of 5 June 2023, there were 26 PCCs registered, representing a total of 1 938 cells.
- **Companies Special Licensee** (**CSL**) incorporated under the CA and licensed under the Companies (Special Licences) Act, 2003 (CSL Act). As of 28 February 2023, there were 339 CSLs registered, out of which 91 (26%) were active, i.e. have paid their licence fees.
- **International Business Companies** (**IBC**), incorporated under the International Business Company Act, 2016 (IBC Act),[4] can be companies limited by shares, guarantees or both shares and guarantees. As of 28 February 2023, there were 235 926 IBCs registered in the Seychelles, of which 46 396 (20%) were active and 173 642 (74%) were dissolved, the 15 888 (6%) remaining IBCs being not in good standing, i.e. struck off or in a process of being struck off. The number of active IBCs has continued to decrease since the 2020 Report (in July 2019, there were 80 500 active IBCs, representing 39% of the total number of IBCs). All IBCs must at all times have a registered agent in the Seychelles and their registered office is located at the same address as this registered agent (Sections 161 and 164, IBC Act).

3. In the first case (Limited Companies), the liability of a member of the company is limited to the nominal value of the shares registered in its name while in the second case (Proprietary Companies) at least three quarters of the issued shares are held by the directors, and where neither members (which cannot be more than 50) nor directors are corporations, and where the proprietary company has no holding company.
4. The IBCA 2016 repealed and replaced the International Business Companies Act 1994. All IBCs incorporated under the 1994 Act were deemed to be automatically re-registered as IBCs under the IBCA 2016.

- **Overseas Companies** are foreign incorporated companies which establish a place of business in the Seychelles or commence to carry on business there. They are regulated by the CA (s. 310). As of 31 March 2022, there were 73 overseas companies registered.

43. The domestic and overseas companies are the domestic sector while the other entities are the non-domestic sector. The number of each type of companies has remained stable since the 2020 Report.

Legal ownership and identity information requirements

44. The legal ownership and identity requirements for companies result from a combination of company, tax and AML Laws, as noted in the 2020 Report (see paragraphs 35 to 42). The following table shows a summary of the legal requirements to maintain legal ownership information in respect of companies:

Companies covered by legislation regulating legal ownership information[5]

Type	Company Law	Tax Law	AML Law
Domestic Company	All	All	All
Protected Cell Company	All	All	All
Company Special Licence	All	All	All
International Business Company	All	Some	All
Foreign (overseas) companies (tax resident)	All	All	All

General legal requirements

45. The analysis in the 2020 Report is still valid, so the present report summarises the analysis.

46. All companies must register with the Registrar of Companies (ROC), except the IBCs which must register with the Registrar of IBCs, i.e. the FSA. The registration of PCCs and CSLs with the ROC is carried out through the FSA.

47. All companies must keep an up-to-date register of members at their registered office in the Seychelles, i.e. with the registered agent for

5. The table shows each type of entity and whether the various rules applicable require availability of information for “all” such entities, “some” or “none”. “All” means that the legislation, whether or not it meets the standard, contains requirements on the availability of ownership information for every entity of this type. “Some” means that an entity will be covered by these requirements if certain conditions are met.

the IBCs.[6] For the specific case of PCCs, the references to "shares" in the CA include references to cell shares (Section 8, PCC Act). Therefore, the register of members, containing the information on the owners of each cell shares, must be maintained by the PCC.

48. Companies (except for IBCs which do not derive assessable income in the Seychelles) must also file an annual return with the names and addresses of all their members to the ROC (Section 114 and Schedule 5(5), CA) and to the FSA for CSLs and IBCs which derive assessable income in the Seychelles (Section 15(1), CSL Act and Section 361, IBC Act).

49. All companies are liable to tax in the Seychelles, although IBCs would be subject to tax requirements only if they carry on business in the Seychelles or derive assessable income in the Seychelles. Legal ownership information must be provided to the tax administration upon registration and updated within 28 days of a change (Statutory Instrument 138 of 2022).

50. All companies are required to have a business relationship with an AML-obliged persons (see paragraph 128) responsible for applying the customer due diligence (CDD). Nevertheless, although the AML/CFT Act requires that the AML-obliged persons identify the beneficial owners of their customers (see below the section Anti-Money laundering Law requirements), it does not clearly impose the obligation to obtain and maintain the legal ownership information on their customers in all cases.

Companies that cease to exist

51. In the case where a company ceases to exist, the legal ownership information will be indefinitely available with the ROC and the FSA due to the annual filling requirements, except for IBCs which do not derive assessable income in the Seychelles and therefore are not subject to such requirements. The legal ownership information held by the SRC is also kept for at least seven years after an entity ceases to exist.

52. For an IBC, since the amendment introduced in the IBC Act in August 2021, the information must be available with its registered agent for 7 years after the IBC ceases to exist, is struck off the register or continues abroad[7] (Section 169A, IBC Act).

6. Section 102(1), CA for all companies, except IBCs, and Section 104(1) and (2), IBC Act for IBCs. The register of members must contain the names and addresses of the members and a statement of the shares held by each member.
7. Section 217 of the IBC Act permits an IBC incorporated in the Seychelles to continue as a company incorporated under the laws of another jurisdiction, subject to a certificate of good standing.

53. If the registered agent ceases to hold a licence, that person must hand over the IBC's records, including the register of members, to the supervisory authority or any other person authorised by the supervisory authority. In practice, the FSA has already taken over the records of the five registered agents whose licence has been revoked or surrendered since the entry into force of this provision. The FSA explained that it carries out checks on the comprehensiveness and accuracy of the records handed over by the registered agent. Although those cases often relate to sensitive cases of revocation of licence of the registered agent, in which a lack of co-operation and of compliance from the registered agent could be observed, the records handed over were usually complete but not necessarily in line with the current prescribed format. To prevent situations where the complete or accurate records may not be available in the Seychelles, the IBC Act requires that the relevant active IBCs choose another registered agent before the dissolution or revocation of licence of their current registered agent.[8]

Improvements of the regime of struck-off companies

54. The 2020 Report noted that the Seychelles uses the striking off procedure as an enforcement measure against companies that fail to comply with their obligations, notably against IBCs. Once an IBC is struck off the register, this IBC, its directors and members are prohibited from carrying on business, dealing with the assets of the IBC, making any claim or claim any right for the IBC or acting in any way with respect to the affairs of the company (Section 274, IBC Act). However, this procedure was not fully effective as enforcement measure due to the 7-year period before the dissolution of the company, during which the struck-off IBCs maintain their legal personality and their assets, followed by a 5-year period during which the dissolved IBC could be restored, as well as the absence of requirement to comply with the record-keeping obligation at the time of the restoration. Therefore, the Seychelles was recommended to ensure that enforcement measures be effective to support the availability of ownership information to the standard in practice.

55. To address this issue, the Seychelles introduced in 2021 various measures in the IBC Act. First, the period during which the IBC can remain struck off before its dissolution was reduced from 7 years to 1 year (Section 275), thus reducing the maximum period between the striking off

8. In accordance with the IBC Act (Section 168), where a person ceases to be eligible to act as a registered agent, that person must, with respect to each company of which it was the registered agent immediately before ceasing to be eligible to act, give notice to the company within 30 days of the person ceasing to be eligible to act as a registered agent. Then, the IBC must change its registered agent within 90 days of the date of the notice.

and the restoration from 12 to 6 years. This should limit the risk that an IBC continue its operations, while struck-off and without complying with its records-keeping requirements. In addition, the Registrar and the Court can restore a company only if they are satisfied that the company complies with its record-keeping obligations relating to accounting records, register of members, register of directors and register of beneficial owners (Sections 276(1B) and 277(4A)).

56. The struck-off IBCs having accumulated at least one year of striking-off period on 31 December 2021 were deemed dissolved on 1 January 2022. This automatic dissolution was effectively implemented in practice and a significant increase of the number of dissolved IBCs occurred in 2022, as reflected in the following table:

	2019	2020	2021	2022	28 February 2023
Total number IBCs (cumulative)	216 673	224 374	231 357	235 346	235 926
Dissolved IBCs (cumulative)	10 586	11 612	12 776	165 835	173 642
% dissolved (as % of Cumulative Total)	**5%**	**5.2%**	**5.5%**	**70.5%**	**73.6%**
Struck-off (but not dissolved)	130 704	146 138	156 421	12 678	8 472
% struck-off but not dissolved (as % of Cumulative Total)	60.3%	65.1%	67.6%	5.4%	3.6%

57. Moreover, since early 2021, the information on the striking off or the dissolution of an IBC is published in the Gazette, easily accessible online.[9] This public information helps limiting the risk of illegal use of assets, in particular abroad, as it enables the economic partners of the IBC to check the status of the company.

58. In practice, compliance with the record-keeping requirements prior to the restoration is effectively and systematically monitored by the FSA, responsible for verifying the comprehensiveness and accuracy of the records. As noted above, around 74% of the registered IBCs are currently dissolved. Among the 173 642 dissolved IBCs, more than 7 000 (around 4% of the dissolved IBCs) cannot be restored as the period of 5 years after their dissolution has elapsed. Since the amendments to the IBC Act, 254 IBCs have applied for a restoration and 24 of them were not restored due to their inability to prove compliance with their recordkeeping requirements.

59. Considering the positive legal changes described above and their implementation in practice, the deficiency identified in the 2020 Report in respect of the effectiveness of the striking-off of IBCs as enforcement measures is addressed and the related recommendation is removed.

9. https://www.gazette.sc/.

60. The process of striking off, dissolution and restoration remains the same for the domestic companies incorporated under the CA (Section 305).[10] Considering that other and more efficient enforcement measures are available for companies of the domestic sector and that the last available information is expected to be available with the ROC or FSA, no specific risk is identified in respect of the process for companies other than IBCs.

Nominees

61. Nominee arrangements are frequently used in the Seychelles. Nominee ownership is regulated by the International Corporate Service Providers Act (ICSP Act) of 2003, which includes among the international corporate services "serving as a nominee shareholder in a specified entity" (Section 2). In addition, the AML-obliged persons covered by the AML/CFT Act includes the Trust and Company Service Providers (TCSP) which provide the service of acting as a nominee shareholder for another person (First Schedule, Part C (8)). While only ICSP/TCSP can act as nominee for the non-domestic sector (IBCs, PCCs, CSLs and Limited Partnerships – LPs), nothing prevents non-professional nominees to act for companies of the domestic sector.

62. As described below under the section on availability of beneficial ownership information, the Beneficial Ownership Regulations (BO Regulations) require that shares held by a nominee on behalf of a nominator be treated as shares held by the nominator. The register of beneficial owners of the legal persons contains the information on the identity of both the nominee and the nominator (see paragraph 89) as far as the nominee shareholding arrangement relates to shares that equal to or exceed the 10% threshold qualifying the ownership control of beneficial ownership information (see paragraph 79). The beneficial owners must inform the legal person of their status of beneficial owner,[11] including if they hold shares through a nominee. These provisions require the availability of the information on the nominator holding more than 10% of the shares, with the companies and in the central BO database.

10. The filing of annual returns is closely monitored by the ROC as a fee must be paid along with the submission of the annual return. In the event that no answer is received in response to a notice, the company is included in a list of non-compliant companies, which is published in the official gazette. If within three months of publication in the official gazette returns are still not lodged, companies are struck off from the register and dissolved. The company could then be restored within 12 years from the publication of the name of the company in the official gazette.
11. See Section on Verification and update of the register of beneficial owners.

63. For the nominee shareholding arrangements related to less than 10% of the shares in a company, the information on the identity of the nominator may not be available as the nominees are recorded in the register of members as any other shareholder, without indication of their nominee status. Although the nominees of non-domestic companies, as AML-obliged persons, must identify their customers including the nominators they act on behalf of, they do not have any obligation to disclose their nominee status, which may trigger difficulties for the company to understand that the nominee acts on behalf of a nominator. Therefore, to ensure the availability of the accurate legal ownership information of legal persons with shareholdings involving nominee arrangements, **the Seychelles is recommended to ensure that the information on the nominator is available to the relevant company, including when the nominee shareholding arrangement relates to less than 10% of the shares**.

Legal ownership information – Enforcement measures and oversight

64. Appropriate sanctions are available in case of non-compliance with the record-keeping or annual filing requirements. The authorities responsible for supervising the availability of legal ownership information are, for the domestic sector, the ROC and the SRC and, for the non-domestic sector, the FSA. The supervision activities ensure the availability of the legal ownership information in practice.

65. For the domestic sector and PCCs, the ROC monitors the obligation of the companies to file the annual return as this latter must be submitted with the payment of a fee. Increasing penalties, from SCR 5 000 to 15 000 (EUR 378 to 1 132) can be applied by the ROC if a company fails to submit its annual return and after 4 months, the company can be struck off the Register (Section 114(3), CA).[12] The tax authority has also continued its inspections for identifying companies that failed to register for tax purposes.

66. For the non-domestic sector (except the PCCs), the FSA has supervised the obligation of the IBCs to keep their register of members. IBCs which are non-compliant with the obligation under the IBC Act to keep a register of members, are liable to a penalty not exceeding USD 10 000 (Section 104(5)).[13] The supervision by FSA is carried out mainly through the onsite inspections for verifying whether the register is kept at their registered office, i.e. with their registered agent, for the appropriate retention

12. From October 2022 to March 2023, this sanction was applied in 115 cases. Until 30 September 2022, a moratorium stage suspended the administrative penalties for filling requirement.
13. The amount of the penalty is quoted in USD in the legislation. It is tantamount to SCR 123 700 (EUR 9 340).

period as well as the accuracy of the data entered in the register. The table below shows the compliance of IBCs in relation to the availability of register of members for the four last years, taking into consideration that no onsite inspection was carried out in 2020 due to the COVID-19 pandemic.

Inspection year	Number of IBCs inspected	Number of non-compliant IBCs	Number of IBCs sanctioned	Amount of sanctions imposed (USD)	Number of IBCs brought into compliance after sanctions
2019	301	2	1	4 950	0
2020	n/a	n/a	n/a	n/a	n/a
2021	267	0	0	0	0
2022	176	3	1	5 400	1
Total	744	5	2	10 350	1

67. These figures show a high level of compliance with the obligation to keep the register of members among the IBCs inspected. Where non-compliance was noted, a sanction was issued on the company, except if the IBC was already struck off the register[14] or if it resolved its non-compliance before the imposition of sanctions. This explains the difference between the number of IBCs non-compliant and the number of IBCs sanctioned. The two IBCs sanctioned in 2019 and 2022 failed to make their register of members available to the FSA. In comparison with the statistics presented in the 2020 Report, the coverage of the inspections significantly reduced as 18 392 IBCs were inspected during the previous period under review while 744 were inspected during the last 4 years. This is partly due to the COVID 19 pandemic but also mainly to the depth of the inspection, which now covers the accuracy of the registers, in particular of accounting records, while the previous inspections focused only on the location of the accounting records. Therefore, this decrease in the number of IBCs inspected is not a negative evolution as it allows the inspection teams to better focus on the accuracy of records. The registered agents inspected are also selected on a set of criteria, taking into consideration their level of risk, as described in Section A.2 (see paragraph 196).

68. From 2019 to 2022, the FSA also issued administrative penalties against the 79 CSLs that failed to submit or submitted late their annual return and audited account, which should have contained the legal ownership information. In the 38 cases where the administrative penalty was issued for the non-submission of the annual return and audited account in 2022, 14 have complied with their obligations following the issuance of the sanction.

14. For IBCs already struck off the register, the enforcement measures would consist in their dissolution and in the requirement to provide the relevant records at the time of their restoration (see paragraph 54 and seq.).

69. The FSA conducted, jointly with the SRC, a round of inspections in February-March 2023, which covers 14 ICSPs selected and 1 866 IBCs inspected. The Seychelles' authorities indicated that very few cases of non-compliance with the obligation to keep the register of members were noted during this round of inspections.

Availability of legal ownership information in EOIR practice

70. The Seychelles received 156 requests on legal ownership information during the period under review. It failed to provide legal ownership information in 41 cases, i.e. in 26% of cases.[15] The predominant reason for failure to provide legal ownership information was for cases involving IBCs related to one single registered agent. This registered agent ceased operations in the Seychelles in 2018, prior to the coming into effect of amendments to legislation requiring such records to be handed over to the supervisory authority, described in paragraph 52 (such cases represent 40 cases, i.e. 98% of failures to provide legal ownership information). The other case of failure, received in 2022, relates to an IBC which has been stuck-off since 2012. If cases relating to this one registered agent are excluded, the Seychelles would have replied to almost all cases requesting legal ownership information. The peer input received in preparation of this review confirmed that ownership information was not provided in some cases during the period under review, in particular for cases that involved struck-off or dissolved companies. The peers nevertheless indicated that they were generally satisfied with this information when it was provided.

71. The legal requirements introduced in 2021 and described in paragraph 52 to maintain in the Seychelles the records of a struck-off, dissolved or re-domiciled entity and of a registered agent that leaves the territory should reduce the number of cases where the legal ownership information cannot be provided as not available in the Seychelles.[16] This decreasing trend was already noted during the period under review as the cases in relation to the registered agent that had closed operations in the Seychelles were less frequent in the more recent years of this period. Nevertheless, considering the significant proportion in which the Seychelles failed to provide legal ownership information, the **Seychelles is recommended to effectively monitor and enforce the requirements to keep the legal**

15. The full statistics of failure to provide the legal ownership information is 29 out of 83 cases in 2019 (35%), 7 out of 28 cases in 2020 (25%), 3 out of 38 cases in 2021 (8%) and 2 out of 7 cases in 2022 (29%).

16. The Seychelles' authorities indicated that for an EOI request received after the period under review, the EOI Unit successfully obtained legal ownership information in relation to an IBC related to a registered agent that ceased operations, through the mechanism under which this registered agent had handed over records to the FSA prior to ceasing operations in the Seychelles.

ownership information in the Seychelles in the cases of a struck-off, dissolved or re-domiciled IBC or cessation of activity of the registered agent in the Seychelles.

Availability of beneficial ownership information

72. The standard was strengthened in 2016 to require that beneficial ownership information be available on companies. The 2020 Report noted that in the Seychelles, this aspect of the standard was met through the AML requirements and, for the IBCs, through their obligation under the IBC Act to maintain this beneficial ownership information at their registered office.

73. Deficiencies were identified in the definition of beneficial owner under the 2006 Anti-Money Laundering Act and in the supervision of the implementation of the legal provisions. To address these deficiencies, the Seychelles enacted the 2020 AML/CFT Act, which repeals the 2006 Anti-Money Laundering Act, and the Beneficial Ownership Act (BO Act) in 2020.[17] Both Acts are complemented by Regulations and Guidelines, in particular the BO Regulations as well as the Beneficial Ownership FIU/FSA Guidelines (BO Guidelines) both issued in 2020 and amended in 2023. These new legal provisions and their implementation in practice are analysed below.

Companies covered by legislation regulating beneficial ownership information

Type	Company Law (BO Act)	Tax Law	AML Law
Domestic Company	All	None	All
Protected Cell Company	All	None	All
Company Special Licence	All	None	All
International Business Company	All	None	All
Foreign (overseas) companies (tax resident)[18]	All	None	All

Definition and methods of identification of beneficial owner

74. The 2020 Report noted that the methods of identification of beneficial owners contained in the 2006 AML Law did not capture control of entities other than through an ownership interest and did not provide for the

17. The BO Act was further amended in 2022.
18. Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with an AML-obligated service provider that is relevant for the purposes of EOIR. (Terms of Reference A.1.1 Footnote 9)

identification of senior management as a backstop option when other beneficial owners cannot be identified. The IBC Act did not contain this backstop option either.

75. The BO Act provides for the following new definition of a beneficial owner:

> "beneficial owner" means one or more natural persons who ultimately own or control a customer or the natural person or persons on whose behalf a transaction is conducted and includes those natural persons who exercise ultimate effective control over a legal person or a legal arrangement.

76. Although this definition refers to "a customer", it is applicable to both the AML requirements, including the CDD, and the requirements of the legal entities and arrangements under the BO Act to identify their beneficial owners and to report this information in a central beneficial ownership database (BO database). The Seychelles' authorities and the representatives of the registered agents did not report any confusion in practice due to this reference to "a customer".

77. The BO Regulations complement this definition and address the main issues raised in the 2020 Report on the methods of identification of beneficial owners. Regarding the method of identification of a legal person (except foundation), the BO Regulations state that (Section 3(1)):

> 3.(1) For the purposes of these regulations, the beneficial owner in relation to a legal person includes but is not limited to –
>
> (a) one or more natural persons who ultimately have a controlling ownership interest in a legal person; and
>
> (b) to the extent that there is doubt under sub-regulation (1)(a), as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interest, the natural person, if any, exercising control of the legal person through other means; or
>
> if no such person exists or no such person may be identified under sub-regulation (1)(a) and (b), the natural person who holds the position of a senior managing official of the legal person.

78. This method applies the "cascade" approach, i.e. each step must be carried out if no beneficial owner meets the situation described in the previous step or there is a doubt that the persons identified are the real beneficial owners. This approach is in line with the standard.

79. The first step of this method, on the controlling ownership interest, covers (except for foundations and partnerships) a natural person who ultimately owns or controls 10% or more of ownership interest including the shares or voting rights of the relevant legal person (Section 3(2)). This lowers the threshold for ownership control, which was previously 25% for both the AML requirements and the obligation of the IBCs to keep their register of beneficial owners. This step explicitly covers the direct and indirect ownership. Moreover, if the ownership interest is held jointly, each joint owner is treated as a beneficial owner (Section 3(8)).

80. The BO Regulations also clarify that exercising control through "other means" can cover, but is not limited to the following situations:

- the right to appoint or remove the majority of the board of directors of a legal person
- the domination of the person with controlling ownership interest because of a familial or employment relationship
- the holding of certain powers in relation to the legal person which are likely to be used in practice to affect the decisions taken by the person with the controlling ownership interest
- the holding of any control over a legal person other than the control by ownership of any interest.

81. These definition and methods provided for by the BO Act and the BO Regulations are in line with the standard. They are elaborated by the BO Guidelines which provide further explanations and examples on the different means of ownership and control, which are in line with the standard.

82. In particular, the section of these BO Guidelines on the identification of beneficial owners of PCCs has been revised in April 2023 to align with the standard. Indeed this section previously explained that all natural persons who hold core shares or cell shares, whether directly or indirectly through nominees, corporate or trust structures were beneficial owners of the PCC, but that only the natural persons with a shareholding (whether core or cellular) that amounts at least 10% of the total issued share capital of the PCC as a whole were identified in the register of beneficial owners of the PCC. The revised BO Guidelines now clearly states that the beneficial ownership of a PCC must be considered both at the core level and separately at cellular level as if each of the cells is being regarded as a separate company. Although this explanation is now in line with the standard, it has been revised recently. Consequently, **the Seychelles is recommended to monitor the application of this change to ensure that adequate, accurate and up-to-date beneficial ownership information of protected cell companies is available**.

83. During the onsite visit, the representatives of both the supervisory authorities and the business sector demonstrated a good knowledge of the concept of beneficial owner for each type of legal person and legal arrangement. They reported that often, and where feasible, all natural persons with a direct or indirect ownership interest, including below the threshold of 10% of shares, are identified as beneficial owners.

84. Consequently, the recommendation in relation with the definition and methods of identification of beneficial owners is no longer relevant for companies in general.

Obligation for legal persons to maintain a register of beneficial owners

85. The BO Act provides for an obligation, for the legal persons and arrangements, to maintain an accurate and up-to-date register of beneficial owners at their registered office in the Seychelles, i.e. the principal place of business of their resident agent (Section 5(1) and (2)). This obligation has applied since 28 August 2020, with a deadline for complying with the provisions of the BO Act on 31 October 2021 for non-domestic entities and 31 January 2022 for the domestic sector. Before this date, only the IBCs had an obligation to maintain a register of beneficial owners with their registered agent (see the 2020 Report, paragraphs 74 to 79).

86. This requirement of the BO Act applies for all domestic entities, overseas companies registered under the Companies Act, PCCs, CSLs, IBCs, foundations, general partnerships (i.e. partnerships established under the Civil Code) and limited partnerships, trusts and other legal arrangements. Listed companies are nevertheless exempted from the obligations of the BO Act, if they are otherwise subject to adequate disclosure requirements in terms of transparency of beneficial ownership. In addition, the struck-off companies at the time of the entry into force of the BO Act (28 August 2020) do not have to maintain a register of beneficial owners but at the time of their restoration, all the requirements are applicable, including for the period during which the companies were struck off (Section 2(2)).

87. The resident agent in charge of keeping the register of beneficial owners on behalf of the entity or legal arrangement must be understood as secretaries of domestic companies, PCCs and CSLS; registered agents of IBCs; limited partnerships and foundations; trustees of trusts and partners of general partnerships (Section 3, BO Act).

88. The information to be maintained in the register of beneficial owners includes, for each beneficial owner:

- the identity: name, addresses, date of birth, nationality, national identification number (if any) and tax identification number (if any)

- the details of the beneficial interest, i.e. the means and mechanisms through which ownership or control is exercised as well as, depending on the situation, the numerical value of interest held, the description of other forms of control or the management position held by the person
- the date on which a person became or ceased to be a beneficial owner.

89. In the case where the controlling interest is held through a nominee arrangement, the register of beneficial owners must contain the identity of the nominee[19] and the details of the interest held by this nominee as well as the identity of the nominator and, if the nominator is a legal person, the identity of its beneficial owners.

90. Although the beneficial owner of a legal person must always be a natural person, as explained above on the definition and method of identification of the beneficial owner, the BO Act permits that the name of a "registrable legal person" be entered in the register of beneficial owners, instead of the name of the corresponding beneficial owners, in the following situations (Section 3):

- This legal person is a ICSP covered by the requirements of the BO Act and its beneficial ownership information is uploaded in the BO database.
- This legal person is a listed company.

91. The name of a registrable legal person can be entered in the register of beneficial owners only if the legal person subject to the obligation to maintain the register of beneficial owners has received sufficient proof that the beneficial owners of the registrable legal person has been entered in the central BO database, or, if the registrable legal person is a listed company, that basic information[20] has been reported in the central BO database (Section 5(1a)). Therefore, the provisions of the BO Act ensure that adequate, accurate and up-to-date beneficial ownership information

19. For the nominee who is a natural person, the identity information includes the name, addresses, date of birth and nationality, national identification number (if any) and tax identification number (if any). For the nominee-legal person, the identity information includes the name, registered address, incorporation or registration number, date of incorporation or registration, jurisdiction of incorporation or registration, tax identification number (if any).

20. The BO Act requires the listed companies to upload in the BO database their name, address, incorporation or registration number, date of incorporation of registration, a mention that it is a listed company, the jurisdiction where the company is listed, a certification that the listed company is subject to adequate disclosure requirements in terms of beneficial ownership in the jurisdiction where it is listed (Section 13(5a)).

would be available in the BO database in all cases as required by the standard. A risk could be that when the Competent Authority asks an entity for its register of beneficial owners, it does not directly obtain the list of all the natural persons who are the beneficial owners of the entity, but only the name of the legal person in the ownership chain. In such a case, the Competent Authority would have to reconstruct the beneficial ownership information by requesting this information in relation to the registrable legal person. Nevertheless, this risk is mitigated by the practice of the Competent Authority since 2022 to double check this information systematically with the Financial Intelligence Unit (FIU), which holds the BO database with all the relevant information (see below, paragraphs 107 and seq.), before sending the information to the EOI partner.

Verification and update of the register of beneficial owners

92. Every legal person or legal arrangement must identify and verify the identity of its beneficial owners and registrable legal persons (Section 9(1), BO Act). The information to be entered in the register of beneficial owners relies on the "declaration of beneficial ownership information" to be submitted by every person within 21 days from the date of becoming a beneficial owner of a legal person (Section 10(1)). This obligation to submit a declaration of beneficial ownership information applies to every person who has become a beneficial owner after the entry into force of the BO Act (28 August 2020). The persons who became beneficial owners before 28 August 2020 do not have the obligation to submit this declaration, but the legal person or legal arrangement, if needed, can require them to provide, confirm or correct the registrable particulars.

93. The beneficial owner must also inform the legal person of any change within 21 days (Section 10(3)). The legal person has then 14 days to enter the relevant information or change in the register of beneficial owners. If the beneficial owner finds that an information in the register of beneficial owners is omitted or inaccurate, or that a change is not reported in the register after a reasonable timeline, he/she can request the legal person to rectify the relevant information within 3 days (Section 12(1) and (3)).

94. The legal persons should enter the information on a beneficial owner only once all the required information has been confirmed by the beneficial owner (Section 5(2a)). Nevertheless, if they do not obtain this confirmation, the BO Guidelines clarify that the legal person must indicate in the register that it has identified a beneficial owner but that all the registrable particulars of the beneficial owners have not yet been confirmed. The Seychelles authorities have indicated that they have not come across such an indication and that all the particulars of the beneficial owners were available in the registers of beneficial owners inspected.

95. The legal persons must verify the information on their beneficial owners (Section 9(1)). To this end, it should obtain and keep documents supporting the verification of the identity and status of the beneficial owner, such as the copy of proof of identity and address, the powers of attorney or any agreements between the legal and beneficial owners. The BO Act also requires the legal person to give written notice to a person whom it knows or has reasonable grounds to believe that he/she is a beneficial owner, for that person to confirm or deny this status and to provide, confirm or correct the information to be registered, within 30 days of the date of the notice (Section 9(2)). This obligation does not apply if the legal person has already obtained in writing the confirmation of the beneficial owner status of the person with all the relevant pieces of information to be entered in the register.

96. If the declaration of a beneficial ownership information is not submitted or a change is not reported by the beneficial owner, the legal person must apply appropriate actions to this beneficial owner and to the relevant legal owners, after they have the opportunity of being heard. These actions can include restrictions on the rights attached to their interest in the legal person (right to transfer or assign shares, voting rights, right to payment, etc.) or the cancellation of their interest (Section 10(4)). The action taken by the legal person must be appropriate and dissuasive enough to compel compliance.

97. The legal person can also give a similar notice to any person if it knows or has reasonable grounds to believe that this person knows the identity of a beneficial owner or knows the identity of someone likely to have that knowledge.

98. If a person fails to provide relevant information on the beneficial owners as requested in a notice of a legal person, the latter must take actions, which could include the same actions as described above (see paragraph 96) and inform in writing the legal or beneficial owner of these actions.

99. The legal person must also inform, within 21 days, the FIU or the FSA of the failure by the beneficial owner to provide the declaration of beneficial ownership information or to report the relevant changes, of the failure of any person to reply to a notice sent by the legal person, and of the relevant action taken. The person who fails to reply to the notice of a legal person is also liable on conviction to imprisonment for 1 year and/or to a fine of SCR 200 000 (EUR 15 100 – Section 9(13)). The beneficial owner who fails to provide the declaration on beneficial ownership information and to report the relevant changes is liable on conviction to imprisonment for 1 year and/or to a fine of SCR 150 000 (EUR 11 320 – Section 10(7a)).

100. The supervisory authorities have not yet received any reporting of failure by the beneficial owner or other person to comply with the obligations described above, as this reporting requirement has been introduced recently, at the end of 2022.[21] They explained that during their onsite inspections, they did not encounter a situation where the legal person had to apply such appropriate measures against the beneficial or legal owners, as the non-compliance does not usually result from a lack of co-operation of the beneficial owners. Nevertheless, the implementation in practice of these new requirements could not be assessed.

101. In addition to the obligation for each beneficial owner to inform the legal person of any relevant change (see paragraph 92), the legal person must periodically review and verify its beneficial owners at specified intervals (Section 9(1a), BO Act). In accordance with this obligation of periodic review, the BO Regulations requires all legal persons to review and verify, within three months before the anniversary of its registration, its beneficial owners (Section 13, BO Regulation). The legal persons must keep at the place of their resident agent, a declaration of compliance with this requirement of periodic review. This ensures that the beneficial ownership information in the registers of beneficial owners is up to date as prescribed by the standard. Nevertheless, the periodic review of beneficial ownership information is a recent requirement applicable from 2023, so its implementation in practice could not be assessed.

102. Considering that the requirements described above are recent (see paragraphs 100 and 101), **the Seychelles is recommended to monitor the application of the changes introduced in 2022 and 2023 to ensure that adequate, accurate and up-to-date beneficial ownership information of legal entities and arrangements is available**.

Period of retention of the register of beneficial owners

103. The legal persons and arrangements keep their registers of beneficial owners for all their lifetime, with all the changes tracked in the register, including when they have been struck off (Section 8(1)(a)). The legal persons and arrangements must also maintain, at the place of business of their resident agent, for at least seven years from the date on which the person ceased to be a beneficial owner of the legal person or legal arrangement, the supporting documents of the register of beneficial owners (Section 8(1)(b)).

21. Prior to this change, the legal persons and legal arrangements could already send written notice to the beneficial owner or other persons and applied appropriate actions in case of non-response, but they were not required to do so.

104. The resident agent of domestic and overseas companies (and general partnerships) must, upon dissolution or cessation of existence of the entity, hand over all the records and documents required to be kept to the FIU or FSA within 30 days (Section 8(3)). For the other relevant companies (i.e. IBCs, CSLs and PCCs), the resident agent must keep this relevant information for seven years after the dissolution or cessation of existence of the legal person (Section 8(4)).

105. In the case of a change of a resident agent, the previous resident agent of a domestic or overseas company must keep all the relevant information until its transfer to a new resident agent (Section 8(2)). For the non-domestic sector, the information must be handed over to the FIU or FSA within 30 days from when the resident agent ceases to hold a licence under the ICSP Act, except if this information has already been handed over to a new resident agent (Section 8(5)).

106. These provisions require that the beneficial ownership information is kept in Seychelles for at least seven years, including when the companies are struck off or cease to exist.

Central beneficial ownership database

107. The BO Act provides for the setting up of a central beneficial ownership database (BO database) maintained by the FIU. It became operational on 5 July 2021. IBCs, PCCs, CSLs, foundations, trusts, limited partnerships, had until 27 December 2021 to populate the BO database whereas domestic legal persons and arrangements had until 31 January 2022 to do so.

108. The BO database must be populated by the resident agents, within 14 days from the establishment of the register of beneficial owners maintained by the legal persons, or from any change in this register (Section 5(6)). The responsibility for the accuracy of the information uploaded in the BO database remains on the legal persons (Section 13(5)).

109. In addition to the awareness-raising activities provided on the implementation of the legal requirements, the FIU has issued a set of guidelines to assist the legal persons and their resident agents in the registration process for accessing the BO Portals[22] and then populating the BO database. Considering the significant amount of data entered in the database, the FIU has not carried out any check on their accuracy at the time of their entrance, although some automatic validation controls are implemented for preventing manifest errors to be entered in the database.

22. Although there is a single central BO database, there are two BO Portals, for domestic (https://www.fiu.sc:4443/bo_domestic/Home) and non-domestic sectors (https://www.fiu.sc:4443/BO_Live/Home), with different registration processes.

110. The table below presents the statistics on the population of the BO database, per the main type of entities and legal arrangements, as at October 2022. It shows various levels of compliance with the obligation to populate the BO database, from 21% to 90%, depending on the type of entity or legal arrangement. This difference is explained by the Seychelles authorities by a better understanding of the requirements by the IBCs as compared to the other entities and legal arrangements, which is most likely due to the pre-existing requirement for IBCs to identify their beneficial owners.[23]

	IBCs	Trusts	Foundations	CSLs	PCCs[24]	Domestic companies[25]
Total entities registered (incl. struck off and dissolved)	233 137	894	1 049	339	26	8 973
Total not in good standing, struck and dissolved	174 022	322	755	248	11	1 192
Total active entities (in good standing)	59 115	572	294	91	15	7 781
Total population in the BO database	53 340	241	201	71	10	2 371
Total non-compliance (on the basis of active companies)	5 775	331	93	19	5	
% population of the BO database (on the basis of active companies)	90.2%	42.1%	68.1%	79%	67%	30%

111. Following a first assessment of the population of the BO database, the FIU issued notices to the domestic companies for them to upload their information, which resulted in a uptake of the population of the database, from 1 075 to more than 2 300 companies.

112. In principle, the BO database is accessible only by some authorities, including the SRC, FIU and FSA, but technically only by the FIU for now. The AML-obliged persons do not have any discrepancy reporting obligation in relation with the accuracy of the information contained in the database and, therefore, they do not have any access to the BO database. The FIU is currently developing a new database to facilitate the direct access by other authorities and to enhance the validation check of the information entered.

23. As described in the 2020 Report, the IBCs had an obligation under the IBC Act, from 2016, to keep at their registered office in the Seychelles a register of beneficial owners.
24. The statistics provided for PCCs are as at June 2023.
25. The statistics provided for domestic companies are as at August 2022, whereas the statistics for other entities and arrangements are as at October 2022. In addition, the statistics on the domestic companies mentioned in this table are not aligned with the information mentioned in paragraph 42, which reflects the statistics as at March 2022.

Sanctions available for breach of the BO Act requirements

113. For each obligation, the BO Act provides for a corresponding sanction. An administrative sanction consisting in a penalty not exceeding SCR 150 000 (EUR 11 320) applies for:

- Failure for the legal persons and legal arrangements to maintain or update their register of beneficial owners. A similar penalty can be applied against the director or councillor of the legal person (Section 5(3) and (4)).
- Failure for the resident agents to upload the beneficial ownership information in the BO database (Section 5(7)).
- Wrong information provided by the resident agents onto the BO database (Section 13(6)). For such failure, the resident agent is also liable on conviction to imprisonment up to 2 years.
- Failure to provide or to update the declaration of beneficial ownership or false or misleading information provided by the beneficial owner (Section 10(7a)). For such failures, the beneficial owner is also liable on conviction to imprisonment up to 1 year.
- Failure by the legal persons or the resident agents to maintain the register of beneficial owners in accordance with the retention periods, or failure to hand over the register (Section 8(8)). This sanction can be applied on the legal person, its resident agent (including the former resident agent), its director (including the former director) or the former director of the resident agent.
- Failure by the legal person to verify the identity of its beneficial owners, to give notice to the relevant persons to obtain confirmation of the BO status of the person, and to take appropriate and dissuasive actions (Section 9(12).
- Failure by the addressee of a notice sent by the legal persons for the identification and verification of the beneficial ownership information (Section 9(13)).

114. In addition, failure by a legal person to carry out the periodic review of the register of beneficial owners can be subject to a penalty of SCR 20 000 (EUR 1 510) (Section 13(4) of the BO Regulations).

115. The FSA can also strike the name of an IBC off the Register if the company has failed to maintain the register of beneficial owners under the BO Act (Section 272(1)(b)(iva)). In such a case, an IBC must comply with the requirements of the BO Act to be restored (see paragraph 55).

Enforcement measures and oversight of the BO Act requirements

116. The BO Act designates the following supervisory authorities for the enforcement of the obligations related to beneficial ownership information (Section 4):

- The FIU is in charge of the supervision of the domestic sector: domestic and overseas companies and the general partnerships.
- The FSA is responsible of the supervision of the non-domestic sector: IBCs, PCCs, CSLs, foundations and legal arrangements (trusts and limited partnerships).

117. In practice and with respect to the **domestic sector**, the Seychelles' authorities carried out awareness activities in relation to the requirements introduced in the BO Act. Since 2021, the FIU has organised sessions with more than 400 stakeholders of the relevant sectors[26] to explain the concept and definition of beneficial ownership, the format and the particulars to be included in the register of the beneficial owners as well as the procedure to upload BO information on the BO database. The FIU also set up a dedicated helpdesk to assist legal persons and resident agents on how to establish their register of beneficial owners and to populate the BO database.[27] Through these activities, the FIU also received feedback on the challenges encountered by the stakeholders in practice and adjusted accordingly the content of the sessions. These awareness activities are continuing in 2023.

118. The FIU also conducted in 2022 compliance testing on a sample of 50 companies of the domestic sector to ascertain the reliability of the information maintained in the BO database and the registers of beneficial owners. The main purpose of the compliance testing was to identify the practical issues and challenges encountered in the implementation of the new requirements of the BO Act and to evaluate the level of compliance with these requirements. This compliance testing consisted of:

- a desktop review, i.e. a check across the BO database, the ROC and other FIU databases
- onsite inspections to verify the accuracy of the register of beneficial owners
- cross-checking the information contained in the registers of beneficial owners with the information held by other sources, including FIU databases and other authorities.

26. The awareness sessions targeted the resident agents of domestic companies and business representatives.
27. The FIU helpdesk is also used by legal arrangements and legal persons under FSA's supervisory purview in relation to any difficulties with the information onto the BO database that is hosted by the FIU.

119. As a result, the FIU identified 2 cases of non-compliance with the obligation to report all the particulars in the register of beneficial owners and 13 cases of non-compliance with the obligation to keep the declaration of beneficial ownership information for each beneficial owner (see paragraphs 92 and 103). As the compliance testing occurred at an early stage of the implementation of the new requirements, the FIU did not issue any sanction but recommendations for improvement to ensure that the companies comply with their obligations in the future.

120. A second phase of this compliance testing, launched early 2023, will also include verification of the BO information held by the AML-obliged person, in particular companies' auditors and financial institutions. As for the first phase, the FIU will not apply sanctions but will issue recommendations if non-compliance is noted.

121. The FIU will then carry out follow-up and monitoring inspections to verify that the entities instructed to take remedial actions under the first phase of the compliance testing have implemented such actions. This should lead to enforcement measures to sanction non-compliance by the end of the second quarter of 2023.

122. For the **non-domestic sector**, the AML/CFT Unit of the FSA has undertaken, since 2021, onsite inspections at the office of resident agents to review the compliance with the requirements of the BO Act and AML/CFT Act. The onsite inspections of 2021, conducted on 14 resident agents, focused mainly on the trusts and foundations, for which the obligation to maintain a register of beneficial owners was new (while the IBCs already had this obligation from 2016). The 2022 onsite inspections, conducted on 35 resident agents, focused more on IBCs but also covered Limited Partnerships, trusts and foundations. The table below presents the figures on the onsite inspections and the compliance level for the relevant obligations.

Year	Entities	Sample size	Availability of the Register of BO	Availability of the declaration of BO information	Availability of the proof of identity	Availability of the proof of address
2021	IBC	31	97%	61%	45%	13%
	Trust	18	33%	6%	44%	17%
	Foundation	17	94%	53%	41%	30%
	Limited partnership	-	-	-	-	-
2022	IBC	1 413	96%	76%	84%	49%
	Trust	12	100%	75%	94%	33%
	Foundation	6	100%	100%	100%	83%
	Limited partnership	12	83%	83%	100%	100%

123. These figures show that active supervision was carried out to verify the availability of the register of beneficial owners and its supporting documents. The FSA confirmed that the accuracy of the data entered in the registers, in respect of the new definition of beneficial owners, was also systematically checked by analysing the ownership structure of the legal person and cross-checking the beneficial ownership information with the supporting documents. No significant non-compliance was noted in this respect. It also confirms that for IBCs, the reduction of the threshold from 25% to 10% for the identification of the controlling ownership interest (see paragraph 79) did not result in difficulties in practice, as the practice was already to identify all the natural persons with an ownership interest as beneficial owners of IBCs.

124. For IBCs, the comparison between the 2021 and 2022 statistics, although they do not relate to a similar sample size, also shows improvement in the compliance with the obligation to obtain the declaration of beneficial ownership information and to maintain the supporting evidence. A similar positive trend is noted for the compliance of trusts and foundations with their obligations on beneficial ownership information. The FSA has clarified that the percentage of availability of the declaration of beneficial ownership information does not necessarily reflect non-compliance with the requirement to obtain this declaration as for existing beneficial owners at the date of entry into force of the BO Act, there was no obligation to submit this declaration (see paragraph 92). It also explained that non-compliance with this requirement did not usually relate to the absence of this declaration, but rather to the fact that the declaration was not signed by the beneficial owner but by his/her proxy or intermediary.

125. The 2021 onsite inspections were part of a testing programme so enforcement actions were not taken against the non-compliant entities and legal arrangements. In 2022, 207 sanctions were imposed on IBCs, trusts and foundations for failure to comply with the obligation on beneficial ownership information.

126. In conclusion, the Seychelles has started a strong programme of supervision of the obligations of the legal entities and arrangements to keep a register of beneficial owners and to populate the central beneficial ownership database, which covers verification of the accuracy of the beneficial ownership information. Nevertheless, considering that the level of compliance varies among the types of legal entities and arrangements and that the sanctions in case of non-compliance have been applied since recently, **the Seychelles is recommended to continue to monitor and to enforce the obligations of all legal entities and arrangements to keep the information on their beneficial owners and to populate the central beneficial ownership database**.

Anti-Money laundering Law requirements

127. The 2020 Report analysed the 2006 Anti-Money Laundering Act, which was repealed by the new AML/CFT Act (the AML/CFT Act) applicable since 28 August 2020. This report analyses this new AML/CFT Act, which is complemented by the 2020 AML Regulations.

128. The scope of AML-obliged persons as defined by the AML/CFT Act is broad and includes financial institutions, company and trust service providers, persons providing by way of business legal or notarial services, auditors and accountants (First Schedule of the AML/CFT Act). All AML-obliged persons must register with the FIU within 60 days from the commencement of business operations (Section 31, AML/CFT Act and Section 7, AML Regulations). All legal persons and legal arrangements must engage in a business relationship with an AML-obliged person. Indeed, domestic and overseas companies registered in the Seychelles, as entities carrying on business in the Seychelles and subject to business tax, are required to have audited financial statements[28] and therefore to engage for this purpose accountants/auditors based in the Seychelles who are AML-obliged persons. CSLs, PCCs and IBCs have an obligation to engage an AML-obliged corporate service provider as their registered agent.

129. In accordance with the AML/CFT Act, the AML-obliged persons must carry out customer due diligence (CDD) before or during the course of establishing a business relationship, which includes the requirement to identify the beneficial owner in accordance with the methods provided for by the BO Regulations (see above: Definition and methods of identification of beneficial owner) and to take reasonable measures, on a risk-sensitive basis, to verify the identity of the beneficial owner (Sections 35(2)(c) and 39). The cross-reference to the BO Regulations ensures that the beneficial owners should be identified in accordance with the standard. The verification measures of the identity of the beneficial owner consist of investigations of corporate ownership and control structure and source of wealth or funds of the customer, as well obtaining the best possible identification documents which must include at the minimum documents issued by reputable government sources.[29]

130. If an AML-obliged person is unable to apply the CDD measures or to undertake ongoing monitoring, it must not establish a business relationship or it must terminate the existing business relationship (Section 43).

131. The AML/CFT Act allows simplified CDD to be carried out, which consists of adjusting, to the lower risk identified, the extent, timing and type

28. Sections 115 and 116, Companies Act.
29. Guidelines on Anti-Money Laundering and Combating the Financing of Terrorism Procedures for Reporting Entities in Seychelles.

of some measures undertaken to comply with the obligation to apply CDD measures (Section 15(3), 2020 AML/CFT Regulations). The simplified CDD measures do not exempt the AML-obliged persons from the obligation to identify the beneficial owner of the customers, but they permit, for instance, the verification of the identity of the customer or the beneficial owner after the establishment of the business relationship but as soon as practicable, and to reduce the frequency of customer identification updates. This does not contradict the requirements of the standard.

132. The AML/CFT Act provides for the possibility for AML-obliged persons to rely on other regulated persons, including foreign regulated persons, to apply CDD (Section 42). The legal conditions for the reliance on third parties are in line with the standard. They include, in particular, the requirements to receive from the third party immediately after the commencement of the business relationship the information on the beneficial owners of each customer, as well as to get the copies of identification evidence and other documents within three days of the request by the relevant AML-obliged person. The responsibility to apply the customer due diligence measures remains with the relevant AML-obliged person.

133. The AML-obliged persons must conduct ongoing monitoring of a business relationship, which implies keeping the documents, data or information obtained for the purpose of applying CDD measures up to date (Section 46). They must apply the CDD measures at appropriate times on a risk-sensitive basis, and at least for every one-off transaction (outside a business relationship) that exceeds SCR 50 000 (EUR 3 775), when the AML-obliged person has doubts on the veracity or adequacy of the information obtained for the identification of a customer and when there is a reasonable suspicion of AML activities or other criminal conduct (Section 49). The AML framework does not further contain any specified frequency required for the renewal of the CDD measures and/or the update of the beneficial ownership information, nor does it require the AML-obliged persons to have such a specified frequency in their internal policy. For the resident agents, this deficiency is partly mitigated by the annual frequency of update, as described in paragraph 101, since the annual declaration provided by the legal entities and arrangements would be an event that triggers the check of the accuracy of the beneficial ownership information that they maintain on their clients. However, the obligation to update annually the information is recent. Therefore, the Seychelles should ensure that the beneficial ownership information gathered under the AML requirement be up to date in accordance with the standard (Annex 1).

134. The AML-obliged persons must maintain records of CDD measures, including all documents evidencing the identities of customers and beneficial owners, for a minimum period of 7 years after the business relationship

ceases. The period of retention is of 30 years for some financial institutions such as banks and insurance companies. If an AML-obliged person ceases to operate in the Seychelles, it must hand over all the required records to its supervisory authority, which will keep them for the remainder of the retention period prescribed by the AML/CFT Act and described above (Section 47).

Implementation in practice, enforcement measures and oversight of the AML requirements

135. The new AML/CFT Act has introduced administrative sanctions for AML-obliged persons that fail to comply with an AML obligation (Section 60(1), AML/CFT Act). The administrative sanctions can be (Section 60(3)):

- restriction or suspension of certain identified business activities
- recommendation that the relevant licencing authority or registration authority withdraw, restrict or suspend the licence or registration to carry on business activities
- a financial penalty, not exceeding SCR 1 000 000 (EUR 75 500).

136. A supervisory authority can also (Section 60(4)):

- in addition to the imposition of an administrative sanction, make recommendations to the AML-obliged person
- direct that a penalty must be paid by a natural person for whose actions the relevant institution is accountable in law, if that person is personally responsible for the non-compliance
- in addition to the imposition of an administrative sanction, impose suspension or withdrawal of the capacity to be fit and proper compliance officer
- publish findings of the non-compliance.

137. Any person that provides false information to the AML-obliged persons, to a supervisory authority or to the FIU is liable on conviction to a fine up to SCR 200 000 (EUR 15 100) and/or to imprisonment up to six months (Section 51 and 52).

138. The authorities responsible for the supervision of the implementation of the requirements under the AML/CFT Act are (Section 55):

- the Central Bank of Seychelles (CBS) for the financial institutions
- the FSA for the professionals in the area of fiduciary services (including the registered agents), capital market, insurance and gambling
- the FIU for the other AML-obliged persons, including the accountants, lawyers and notaries.

139. These supervisory authorities monitor the AML-obliged persons on a risk-sensitive basis and take necessary measure for the purpose of ensuring their compliance. They have relevant powers to exercise their supervision, including the right to access and inspect any relevant documents (Section 57).

140. Since 2020, the supervisory authorities have provided guidance to the AML-obliged persons to assist them in complying with their AML obligations, including the issuance of joint FIU/FSA guidelines, code of practice, frequently asked questions, training videos, webinars and targeted outreach sessions. In practice, the FIU delivered awareness sessions on the AML requirements in 2019 and 2021. In 2020, considering the restrictive measures due to COVID-19 pandemic, only individual support was provided via email, phones or one-to-one meetings. In 2022, the enforcement measures carried out by the FIU focused on the awareness sessions on the BO requirements (see paragraph 117).

141. The enforcement measures carried out by the FSA are the onsite inspections carried out in 2021 and 2022 on respectively 14 and 35 resident agents (see paragraph 122). During these onsite inspections, the FSA checks the compliance of the resident agents with their new AML obligations, including the obligation to maintain information on the beneficial owners of their customers and the accuracy of this information. The supervision carried out by the CBS in respect of the financial institutions is covered under Section A.3.

Availability of beneficial ownership information in EOIR practice

142. The Seychelles received 154 requests on beneficial ownership information during the period under review. It failed to provide beneficial ownership information in 55 cases, i.e. in 35% cases. In most cases of failure to provide beneficial ownership information, the entities subject to the EOI requests were IBCs related to a registered agent that had closed operations in the Seychelles (47 cases, i.e. 85% of failures to provide beneficial ownership information) and/or struck-off or dissolved IBCs. If cases relating to this single registered agent which ceased operations in Seychelles in 2018 are excluded, the Seychelles failed to provide beneficial ownership information in 7% of cases requesting beneficial ownership information (i.e. 8 cases of failure out of 107 cases received). In addition, the failure rate decreased during the period under review from 42% in 2019 and 2020 to 26% in 2021 and 14% in 2022.[30]

30. The only reason of failure to obtain and provide the beneficial ownership information in 2019 and 2020 is that the cases related to the registered agent that ceased to operate in the Seychelles. The only reason of failure in 2022 is that the information from domestic companies could not be obtained.

143. The peer input received in preparation of this review confirmed that ownership information was not provided in all cases during the period under review. The peers nevertheless indicated that they were generally satisfied with this information when it was provided.

144. The legal requirements introduced by the BO Act and described in paragraphs 103 to 106 to maintain in the Seychelles the register of beneficial owners of a struck-off, dissolved or re-domiciled entity and of a registered agent that leaves the territory should reduce the number of cases where the beneficial ownership information cannot be provided as not available in the Seychelles.[31] Nevertheless, considering the significant proportion in which the Seychelles failed to provide beneficial ownership information, the **Seychelles is recommended to effectively monitor and enforce the requirements to keep the beneficial ownership information in the Seychelles in the cases of a struck-off, dissolved or re-domiciled IBC or cessation of activity of the registered agent in the Seychelles**.

A.1.2. Bearer shares

145. As reflected in the 2020 Report, the issuance of bearer shares has been prohibited since 2011 for domestic companies and since 2013 for IBCs. No domestic company issued bearer shares and the IBCs that issued 100% of bearer shares and failed to convert them into nominative shares by the due deadline of June 2014 were all struck off or dissolved.

146. Considering the 12-year period during which the IBCs could be restored, the Seychelles was recommended in the 2020 Report that this enforcement measure be effective to support the availability of ownership information. To address this deficiency, the Seychelles has reduced the period during which an IBC can be restored from 12 to 6 years and allows its restoration only if a full list of registered members is provided, without the possibility to transfer the shares (including bearer shares) during the struck-off and dissolution period, i.e. the new members should be the same as the ones listed in the register of members at the date of striking off (Section 276(1C) and (1D), IBC Act). Therefore, the recommendation in respect of bearer shares is addressed.

147. Regarding the IBC that issued both bearer and registered shares before the prohibition of bearer shares, the non-converted shares as at 1 July 2014 should be considered as null and void. However, the 2020 Report

31. The Seychelles' authorities indicated that for an EOI request received after the period under review, the EOI Unit successfully obtained beneficial ownership information in relation to an IBC related to a registered agent that ceased operations, through the mechanism under which this registered agent had handed over records to the FSA prior to ceasing operations in the Seychelles.

noted that no specific supervisory actions were taken to verify whether those bearer shares were actually converted. Onsite inspections are now carried out to verify the accuracy of the register of members and the register of beneficial owners. The FSA explained that a situation of non-converted shares has never been encountered during these inspections, so it considers that bearer shares no longer exist in the Seychelles in practice. Nevertheless, as there is no certainty on this absence of unconverted bearer shares, the Seychelles should continue to monitor that all bearer shares have been fully cancelled if they have not been converted into nominative shares by 1 July 2014 (Annex 1).

A.1.3. Partnerships

Types of partnerships

148. Two types of partnerships can be incorporated in the Seychelles:

- Partnerships established under the Civil Code, hereinafter general partnerships. As at 31 March 2022, 2 567 general partnerships were registered in the Seychelles.
- Limited partnerships established under the Limited Partnership Act (LP Act), which cannot carry on business in the Seychelles. As at 31 March 2022, 34 limited partnerships were registered in the Seychelles, including 22 that are still active.

Identity information

149. As described in the 2020 Report, the information on the identity of the partners of partnerships, including foreign partnerships carrying on business in the Seychelles, is available through a combination of legal requirements. The general partnerships have the obligation to register with the ROC and the SRC and must submit an annual tax return which contains the identity of each partner and the details of the distribution of profits among them (Section 6, Registration Business Names Act). The foreign partnerships must also register with the SRC, with the associated requirement to identify their partners and the allocation of profit among them.

150. The limited partnerships must register with the FSA and maintain at their registered office in the Seychelles a register containing the identity of their partners. All changes must be reported in this register within 21 days (Section 11, LP Act).

Beneficial ownership

151. All the new requirements of the BO Act, described above in the section A.1.1, apply to both general partnerships and limited partnerships. However, as described in paragraphs 100 and 101, the obligation of partnerships to apply measures against the beneficial or legal owner in case of non-co-operation and the requirement of a periodic review of beneficial ownership information are recent. Therefore, **the Seychelles is recommended to monitor the application of the changes introduced in 2022 and 2023 to ensure that adequate, accurate and up-to-date beneficial ownership information of legal entities and arrangements is available**.

152. The LPs must also engage a licensed corporate service provider to which the AML requirements described in Section A.1.1 apply. However, for the foreign partnerships that are tax resident or carry out business in the Seychelles, the beneficial ownership information is available only if this foreign partnership engages a business relationship with an AML-obliged person in the Seychelles, which is not legally required. Therefore, the recommendation issued in the 2020 Report remains for the foreign partnerships, i.e. **the Seychelles is recommended to ensure that beneficial ownership information is available for all foreign partnerships**.

153. The BO Regulations provide for a specific method for identifying the beneficial owners of both the general and limited partnerships, in addition to the beneficial owners identified under the methods provided for legal persons (see Section A.1.1), which covers the natural person(s) who:

- ultimately owns or controls, whether directly or indirectly, absolute decision or veto rights in the conduct or management of the partnership
- holds the right, directly or indirectly to appoint or remove any partner of the partnership or
- is entitled to the assets of the partnership in the event of the dissolution of the partnership.

154. This method of identification, which is in addition to the other persons identified under the cascade approach applicable for companies, is in line with the standard as it allows the identification of all the partners of the partnerships if their power of control is equivalent, whatever their amount of participation in the capital of the partnerships. Although the LPs are legal arrangements in the Seychelles, the BO Regulations clarify that the method for identifying their beneficial owners should follow the method prescribed for all partnerships, whether they have legal personality or not.

Oversight and enforcement

155. The availability of information on the identity of partners of general and foreign partnerships is mainly supervised and enforced by the SRC, with respect to the obligation to submit annually the tax return. Around 70% of the partnerships registered as taxpayers comply with their obligation to submit their annual return to the SRC. The non-submission of the annual tax return by the other partnerships is subject to enforcement measures.

156. The ROC can also apply a penalty of SCR 10 000 (EUR 755) and, in default of payment, the applicable sanction on conviction is imprisonment up to 6 months for any failure to comply with the Registration of Business Names Act (Section 25).

157. Regarding the beneficial ownership information, the FIU is in charge of supervising the general partnerships while the FSA is in charge of supervising the limited partnerships. The compliance testing carried out by the FIU in 2022 (see paragraph 118) included general partnerships. The onsite inspections of the FSA on the new requirements of the BO Act focused on IBCs, trusts and foundations in 2021 and started covering LPs in 2022. The statistics of the onsite inspections in 2022, reproduced below, show a general good level of compliance by the LPs.

Number of LPs inspected	Availability of the Register of BO	Availability of the declaration of BO information	Availability of the proof of identity	Availability of the proof of address
12	83%	83%	100%	100%

158. In the cases of the 2 LPs (17%) for which the register of beneficial owners or the declaration of beneficial ownership information were not available, the FSA explained that the information on the beneficial owners was actually available but not in the format prescribed by the BO Regulations, which the LPs rectified thereafter. In addition, in these 2 cases, the beneficial owners had no obligation to submit their declaration of beneficial ownership information, as they already had this status when the BO Act entered into force (see paragraph 92). Consequently, no sanction was issued against these two LPs. Regarding the BO database, the authorities of the Seychelles are verifying the entries in relation to partnerships, so no statistics are available yet. Although the compliance level of the partnerships is good, the supervision of their obligations has started only since recently. Moreover, there is no information available on their compliance with the obligation to populate the BO database. Therefore, **the Seychelles is recommended to continue to monitor and to enforce the obligation for partnerships to keep the information on their beneficial owners and to populate the central beneficial ownership database**.

Availability of partnership information in EOI practice

159. The Seychelles did not receive any requests on partnerships during the period under review.

A.1.4. Trusts

160. The 2020 Report explained that the Seychelles law provides for establishment of trusts under the International Trust Act, 1994. This law has been repealed by the new Trusts Act, 2021 (Trusts Act), which provides for the creation of Seychelles trusts (Section 8) and gives powers to the Seychelles' Court to judge cases related to foreign trusts when a trustee is resident in the Seychelles, the assets of the trusts are managed in the Seychelles, an asset of the trust is located in the Seychelles or a beneficiary of the trust is resident in the Seychelles (Section 6). All trustees acting in Seychelles must be approved trustees, i.e. a trustee licensed by the FSA or a private trust company. As at 31 March 2022, 890 trusts were registered in the Seychelles. The Trusts Act, introduced the requirement to inform the FSA of the law of the trust (Section 11) and all the 24 trusts registered since the commencement of the Trusts Act are Seychelles' trusts.

161. The FSA keeps a register of both Seychelles and foreign trusts which contains information on each registered trust, including its name and reference number and the name and address of each approved trustee (Section 13). The information on the other parties to the trust does not have to be provided at the time of the registration. Similarly, the trust register to be kept by the trustee contains the information on enforcer, regulated agent and service provider of the trust (Section 28), but it is not explicitly required that it contains the identification of the other parties to the trusts. All relevant parties to the trust are nonetheless identified under the requirements of the BO Act (see below).

162. The requirements to maintain identity and beneficial ownership information in relation to trusts are found in the BO Act. The obligations described under section A.1.1, in particular the obligation to maintain a register of beneficial owners and to report this information in the BO database, apply to legal arrangements, including trusts. This obligation lies with on the trustee of the legal arrangement. However, as described in paragraphs 100 and 101, the obligation of legal arrangements to apply measures against the beneficial owner in case of non-co-operation and the requirement of a periodic review of beneficial ownership information are recent. Therefore, **the Seychelles is recommended to monitor the application of the changes introduced in 2022 and 2023 to ensure that adequate, accurate and up-to-date beneficial ownership information of legal entities and arrangements is available**.

163. The BO Regulations (Section 3(6)) gives the following method for the identification of the beneficial owners of trusts and other similar legal arrangements:

> (6) Subject to sub-regulation (6a), the beneficial owner in the case of a trust and other similar legal arrangements shall be –
>
> (a) the trustee or, in the case of a legal arrangement other than a trust, any person in an equivalent or similar position of a trustee;
>
> (b) the settlor or in the case of a legal arrangement other than a trust, any person in an equivalent or similar position of a settlor;
>
> (c) the protector, if any or in the case of a legal arrangement other than a trust, any person in an equivalent or similar position of a protector;
>
> (d) the beneficiaries or class of beneficiaries or in the case of a legal arrangement other than a trust, any person in an equivalent or similar position of a beneficiary or class of beneficiaries; and
>
> (e) any other natural person exercising ultimate effective control over the trust or the legal arrangement, including any person who has, under the trust deed of the trust or any similar document, power to –
>
> (i) appoint or remove any of the trustees of the trust;
>
> (ii) direct the distribution of funds or assets of the trust;
>
> (iii) direct investment decisions of the trust;
>
> (iv) amend the trust deed; or
>
> (v) revoke the trust.
>
> (6a) Where a person under sub-regulation (6)(a), (b), (c) or (d) is not a natural person, the beneficial owners of that person shall be the beneficial owners of the trust or the legal arrangement.

164. This method of identification of beneficial owners of legal arrangements is in line with the standard as it covers all the relevant parties of the trust and provides for a “look-through” approach, in the case where one of these parties is not a natural person. Consequently, the Seychelles addressed the recommendation in relation with the definition of beneficial owners for legal arrangements.

165. In addition, the approved trustees must be AML-obliged persons, so they must fulfil AML requirements, including CDD described in Section A.1.1. This requires that the information on the parties of the trust is available with the approved trustee.

Oversight and enforcement

166. The FSA is responsible for the supervision of the availability of identity and beneficial ownership information of the trusts as well as of the AML obligations of trustees. Regarding the supervision of the new obligation under the BO Act to maintain the register of beneficial owners, the enforcement activities carried out by the FSA in 2021 and 2022 highlighted an improvement in the level of compliance by the trustees, in particular in relation to the availability of the register of beneficial owners, as shown by the statistics below.

Year	Number of trusts inspected	Availability of the Register of BO	Availability of the declaration of BO information	Availability of the proof of identity	Availability of the proof of address
2021	18	33%	6%	44%	17%
2022	12	100%	75%	94%	33%

167. The inspections conducted in 2021 were part of a testing programme for which no sanction was issued in case of non-compliance. In 2022, three sanctions were imposed on trusts that failed to maintain the declaration of beneficial owners. Although the compliance level of trusts has improved since 2021, considering that the sanctions for non-compliance have been applied only since recently, **the Seychelles is recommended to continue to monitor and to enforce the obligation for trusts to keep the information on their beneficial owners and to populate the central beneficial ownership database**.

Availability of trust information in EOI practice

168. The Seychelles did not receive any requests on trusts during the period under review.

A.1.5. Foundations

169. The Seychelles law provides for the establishment of foundations under the Foundations Act, 2009. All foundations are required to have a registered agent in Seychelles, licensed under the ICSP Act. The registered agent is an AML-obliged person and therefore should apply the CDD

requirements described under Section A.1.1. Foundations must register with the FSA and the registered agent is required to submit the foundation charter upon registration. The foundation charter includes information on the identity of each founder and foundation's registered agent. As at 31 March 2022, 1 009 foundations were registered in the Seychelles.

170. All foundations must also keep at their registered office in the Seychelles a register containing information on the members of the foundation council, beneficiaries, founders, foundation protector (supervisory person) and any (non-councillor) authorised agent or power of attorney holder (Section 77, Foundations Act). A failure to comply with this requirement is an offence and the foundation is liable upon conviction to a fine not exceeding USD 25 000.

171. The information on the other beneficial owners of the foundation is available under the requirement of the BO Act, which is applicable to foundations. However, as described in paragraphs 100 and 101, the obligation of foundations to apply measures against the beneficial or legal owner in case of non-co-operation and the requirement of a periodic review of beneficial ownership information are recent. Therefore, **the Seychelles is recommended to monitor the application of the changes introduced in 2022 and 2023 to ensure that adequate, accurate and up-to-date beneficial ownership information of legal entities and arrangements is available**.

172. The BO Regulations (Section 3(4)) provide for the following specific method of identification of the beneficial owners of foundation, in line with the standard:

> […] the beneficial owner in the case of a foundation includes, but is not limited to, a natural person
>
> (a) who holds, whether directly or indirectly, absolute decision or veto rights in the conduct and management of the foundation;
>
> (b) who holds the right, directly or indirectly to appoint or remove any of the councillors of the foundation;
>
> (c) who is a beneficiary in whom an interest is vested;
>
> (d) who is the default recipient of the assets of the foundation in the event of its termination; or
>
> (e) any other person, who benefits from the foundation.

173. The FSA started in 2021 its enforcement activities on the requirements for the availability of the registers to be kept under Section 77 of the Foundations Act. The table below shows a good level of compliance of foundations with this obligation. As the 2021 inspections were carried out in the framework of a testing programme, no sanction was issued in case

of non-compliance. Following the 2022 inspections, only two foundations found to be non-compliant were sanctioned as the other non-compliant foundations have already been struck off.

		Number of foundations non-compliant with				
Inspection year	Number of foundations inspected	Register of registered agents	Register of founders	Register of councillors	Register of beneficiaries	Register of supervisory persons
2021	32	0	0	2	1	4
2022	70	2	1	1	7	1

174. The FSA also supervised the implementation by the foundations of the BO requirements in 2021 and 2022. The table below contains the statistics on the supervision activities carried out in this respect.

Year	Number of foundations inspected	Availability of the Register of BO	Availability of the declaration of BO information	Availability of the proof of identity	Availability of the proof of address
2021	17	94%	53%	41%	30%
2022	6	100%	0	100%	83%

175. Those inspections conducted in 2021 found a good level of compliance of the foundations with their obligation to maintain their register of beneficial owners, most likely because most of the beneficial ownership information was already contained in the registers to be kept under Section 77 of the Foundations Act. Nevertheless, the compliance with the obligation to maintain the supporting documentation and evidence was lower. The inspections conducted in 2022 found that all foundations were compliant with their obligation to maintain their register of beneficial owners and availability of proof of identity. The level of compliance for proof of identity has also improved. Following the inspections, sanctions were imposed on the six foundations that failed to maintain the declaration of beneficial owners. Considering that the sanctions for non-compliance were imposed recently, **the Seychelles is recommended to continue to monitor and to enforce the obligation for foundations to keep the information on their beneficial owners and to populate the central beneficial ownership database**.

Availability of foundation information in EOI practice

176. The Seychelles did not receive any request on foundations during the period under review.

A.2. Accounting records

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

177. The 2020 Report noted significant deficiencies in the availability of accounting information. On the legal aspect, there was no clear requirement for ensuring the availability of accounting information in the case where an IBC ceases to exist. On the practical aspect, the supervisory activities were insufficient, in terms of both coverage of entities and legal arrangements and depth of the supervision, which did not include any check on the accuracy of the accounting records. The striking-off measure was also found ineffective as enforcement measure. The Seychelles failed to provide accounting information to its peers in 88% of the cases. Due to those issues, the Seychelles was rated Non-Compliant on Element A.2 of the standard.

178. To address these deficiencies, the Seychelles amended in 2021 its legislation, hereinafter referred as the 2021 amendments, to require the onshoring of accounting records kept by IBCs, LPs, trusts and foundations and to strengthen the obligation of the registered agents to keep these records, including when the entity or legal arrangement ceases to exist. These amendments also require the registered agents to hand over the records once they cease to be licensed.

179. As noted under Element A.1, the Seychelles has also amended the conditions for a struck-off IBC to be dissolved and restored, in order to ensure the compliance of the company with its accounting obligation at the time of its restoration.

180. In 2021 and 2022, the Seychelles' authorities, in particular the FSA and the SRC, undertook compliance inspections at the registered office addresses to verify the compliance of the legal persons and arrangements with the new legal requirements to keep accounting records. These inspections systematically included checks on the accuracy of the accounting records. The results of these inspections highlight a low level of compliance and the effectiveness of the enforcement measures remains to be tested.

181. Finally, as the legal changes were enacted recently, the Seychelles continues to face difficulties to obtain and provide accounting information to its EOI partners, due to the lack of availability of this information. The response rate increased from 12% in the previous review period to 37% in the current review period.

182. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of the Seychelles in relation to the availability of accounting information.

Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/Underlying factor	Recommendations
The Seychelles authorities have implemented supervisory activities on the availability of the accounting records, including onsite inspections to check the accuracy and comprehensiveness of the accounting records of IBCs, limited partnerships, trusts and foundations. Nevertheless, the overall compliance level of these legal entities and arrangements is low and the effectiveness of the enforcement measures remains to be tested.	The Seychelles is recommended to continue its supervisory and enforcement activity to ensure that all legal entities and arrangements maintain accounting records and underlying documentation in line with the standard.
The Seychelles amended its law in 2021 to ensure that the accounting information is available in the territory of the Seychelles when a registered agent leaves the jurisdiction or otherwise ceases carrying on business or when the IBC is struck off the Register, dissolved or re-domiciled abroad. Nevertheless, during the period under review, accounting information has not been provided in 63% of the cases when requested for EOI. In most instances this has been due to issues concerning the availability of such information.	The Seychelles should continue to effectively monitor and enforce the requirement to keep accounting information in the Seychelles in the cases of a struck-off, dissolved or re-domiciled IBC, or cessation of activity of the registered agent in the Seychelles to ensure that accounting information is available in line with the standard in practice.

A.2.1 and A.2.2. General requirements and Underlying documentation

General requirements

183. Domestic and overseas companies established or regulated under the Companies Act (CA) and general partnerships incorporated under the Civil Code are required to maintain accounting records in line with the standard (Section 139-144 and Sixth Schedule of CA and Section 32 of the Revenue Administration Act, the RAA). Companies incorporated under the CA are also required to submit audited accounts to the ROC when filing their annual return (Section 115, CA). In addition, every taxpayer must maintain

accounts, documents and records as may be required under the revenue laws (Section 32(1)(a) of the Revenue Administration Act, 2009 – RAA). All these requirements also apply to CSLs and PCCs.

184. The Companies Act does not provide for any retention period for the accounting records, which is interpreted as an obligation for companies incorporated under this Act (including CSLs and PCCs) to keep these records during all their lifetime. The tax law provides for an obligation for taxpayers to maintain the accounting records for seven years after the end of the revenue period to which they relate. When the company is dissolved, the liquidators must keep all the accounting records for a period of five years (Section 298, CA). The liquidators have no legal obligation to be located in the Seychelles, although the authorities of the Seychelles indicated that it is not common in practice that a liquidator be located abroad.

185. The IBCs, LPs, trusts and foundations must keep reliable accounting records, in compliance with the standard, for at least seven years from the date of completion of the transactions or operations to which they relate.

Location of accounting records

186. The 2021 amendments require that the accounting records kept abroad, including the underlying documentation, be lodged at the place of the registered office in the Seychelles, at least twice a year, and that an annual financial summary be sent to the Seychelles six months after the end of the financial year.[32] It is sufficient that a copy of these accounting records be kept in electronic form at the registered office.

187. In addition, the 2021 amendments introduced new retention requirements on the registered agents to ensure that accounting records are kept when an entity or arrangement ceases to exist. The registered agent of an IBC, including struck-off, dissolved or re-domiciled IBCs, must keep for at least seven years the accounting records of IBCs for which it was or is acting as a registered agent (Section 169(1), IBC Act). In practice, the registered agents met during the onsite visit explained that they liaised with their clients at an early stage, before the entry into force of the 2021 amendments, to obtain the relevant accounting records. They also indicated that they can terminate a relationship with a client if this latter does not provide the records. If a registered agent ceases to hold a licence under ICSP Act, this person must hand over all the accounting records either to the FSA or to another person authorised by

32. Section 175, IBC Act; Section 11A, LP Act; Sections 75 and 76, Foundations Act; Sections 26 and 27, Trusts Act. Holding IBCs (i.e. with no trade or business operations on its own) and IBCs that do not reach the annual turnover threshold for large companies, are not required to prepare the annual financial summary (Section 175(1A)).

the FSA (Section 169A(2), IBC Act), who must keep them for the remainder of the retention period, which is 7 years. Similar requirements apply for the registered agents of LPs (Section 26, LP Act), trusts (Section 30A, Trusts Act) and foundations (Section 30A, Foundations Act). In practice, the FSA has already taken over the records of the five revoked or surrendered registered agents since the commencement of the 2021 amendments.

188. These new obligations on the registered agents require that the accounting records of the relevant entities and arrangements, including IBCs, are kept in the Seychelles, including when the entity or arrangement is struck off, ceases to exist or continues abroad, i.e. is re-domiciled. Therefore, the recommendation related to the availability of accounting records for the IBCs which cease to exist is addressed and removed.

Struck-off entities

189. The Seychelles introduced in 2021 various measures in the IBC Act, as seen under Element A.1. First, the period during which the IBC can remain struck off before its dissolution is reduced from 7 to 1 year (Section 275), thus reducing the maximum period between the striking off and the restoration from 12 to 6 years. This should limit the risk that an IBC continues its operations, while struck-off and without complying with its records-keeping requirements. In addition, the Registrar can restore a company only if it is satisfied that the company complies with its accounting record-keeping obligations (Section 276(1B)).

190. The main concerns identified in the 2020 Report in respect of the struck-off IBCs were addressed. The legal changes have been effectively implemented in practice as the number of dissolved IBCs has significantly increased since 2022 and the proportion of struck-off IBCs lowered to 3.6% (see paragraph 56). In addition, among the 254 IBCs that have applied for restoration since the amendments to the IBC Act, 24 were not restored due to their inability to prove their compliance with their record-keeping requirements.

Oversight and enforcement of requirements to maintain accounting records

191. The enforcement measures for domestic and overseas companies remain the same as described in the 2020 Report. They mainly rely on the tax audits activity of the SRC, which covers around 3 to 4% of the domestic and overseas companies as well as general partnerships, PCCs and CSLs selected based on a tax risk analysis.[33] If a taxpayer does not give a proper set of accounts substantiating its tax base, the SRC levies tax based on

33. The SRC carried out 176 tax audits in 2019, 183 in 2020, 274 in 2021 and 186 in 2022.

estimate, which puts the burden of proof on the taxpayer. According to the Seychelles authorities, this works as an effective deterrent. The ROC also monitors the obligation of the companies of the domestic sectors and the PCCs to file their annual return with audited accounts (see paragraph 65).

192. The supervision of the accounting obligation of the non-domestic sector (except PCCs) is carried out by the FSA. For CSLs, the FSA issues administrative penalties in case of failure to submit or late submission of their annual return and audited account (see paragraph 68 on the statistics of penalties issued). For IBCs, trusts, foundations or LPs, the 2021 amendments have increased the amount of the penalties in case of non-compliance with accounting obligations, previously ranged from USD 25 to USD 500, to an amount of up to USD 10 000 for the following breaches:[34]

- failure to keep accounting records, either fully or partially
- failure to lodge the accounting records at a registered office in the Seychelles or to keep the accounting records for seven years
- failure by a registered agent to keep for seven years the accounting records or to hand over these accounting records when it ceases to be licensed.

193. The FSA carried out two testing programmes in 2019 (mentioned in the 2020 Report) and 2020, for which non-compliance did not result in the issuance of a sanction. As they related to the previous requirements, they focused on the obligation to notify the location of accounting records.

194. After the 2021 amendments, the FSA issued a circular[35] to inform and provide guidance to registered agents and the entities. A "grace period" of six months was given to IBCs, LPs, trusts and foundations to comply with these new requirements, in particular with the obligation to lodge the accounting records in the Seychelles. The grace period ended on 6 February 2022. From this date, the FSA and the SRC started their onsite compliance inspections to ensure that reliable accounting records were kept by legal persons and legal arrangements in the Seychelles and, where non-compliance was identified, the relevant sanctions were applied.

195. The Supervision Unit of the Fiduciary Supervision Section of the FSA conducts the onsite inspections in respect of accounting records. This Unit is assisted by the Financial Analysis Unit of the same section. On the SRC side, the EOI Unit is also involved in the onsite inspections. The joint inspections teams are composed by two officers of the SRC and at least two officers of the Fiduciary Supervision Section. Before each inspection, the FSA team

34. Sections 174(3), 175(5) and 169A(4), IBC Act; Sections 11A(6) and 26(4), LP Act, Section 26(6), Trusts Act; Sections 75(5) and 30A(4), Foundations Act.
35. Circular No. 9 of 2021, 20 August 2021.

internally have a presentation with all staff going onsite to refresh officers on the legislative requirements and reflective sessions are sometimes organised to promote learning from past inspections. The officers must verify whether the accounting records are kept at the registered office of the relevant entities or arrangement, but also the reliability of the accounting records.

196. The FSA selects the registered agents to be audited, taking into consideration several factors, including the size or market share of the licensee, information available in the public domain and information received from other regulatory authorities.

197. The table below contains the statistics on the onsite inspections carried out by the FSA and the SRC, although the 2021 onsite inspections were part of a compliance testing programme, so no sanction was imposed in case of non-compliance.

	Type of entity or legal arrangements	Number of registered agents inspected	Number of entities/legal arrangements inspected	Number fully compliant[36]	Number partially compliant[37]	Number non-compliant	Number of entities/legal arrangements on which sanctions were imposed	Number of entities/legal arrangements brought into compliance after sanctions
2021	**IBCs**	24	267	198 (74%)	4	65	17[38]	3
	Limited Partnerships	-	-	-	-	-	-	-
	Trusts	5	34	24 (71%)	4	6	0	0
	Foundations	6	32	23 (72%)	2	7	0	0
2022	**IBCs**	19	794	322 (41%)	24	448	232	54
	Limited Partnerships	8	16	5 (31%)	7	4	4	0
	Trusts	-	-	-	-	-	-	-
	Foundations	6	70	44 (63%)	7	19	in process	in process

36. Fully compliant entails that the company provided records that were deemed sufficient to show and explain the company's transactions, enable the financial position of the company to be determined with reasonable accuracy at any time and allow for the financial statement of the company to be prepared.
37. Partially compliant means that the company had insufficient records to show and explain the company's transactions, the financial position of the company could not be determined with reasonable accuracy and that there were insufficient records to enable the financial statements of the company to be prepared.
38. Although the 2021 onsite inspections were covered by the grace period for the new requirements, sanctions were applied in cases of non-compliance with the previous requirement, i.e. where the accounting records were not made available (whatever their location).

198. In the cases where the entities or legal arrangements were found non-compliant, they were given an opportunity to be heard before the imposition of penalties and initiation of the striking off or deregistration process. This is a reason why the process of sanctioning the non-compliant foundations is still in process and the statistics not definitive.

199. The statistics on the result of the joint FSA/SRC onsite inspections indicate that an oversight activity on the availability of the accounting records, including checks on the accuracy and comprehensiveness of the records, is implemented in practice. Regarding the checks on the accuracy of the records, the FSA/SRC officers cross check the bulk of information provided, taking into consideration factors such as the nature of the business activity of the entity, the countries in which the entity has declared to be transacting and the owners of the entity. For example, if an IBC has submitted bank statements, receipts, invoices and contracts, the officer would cross check whether the payments, inward and outward, are reflected in the bank statements on or around the dates of the receipts and invoices.

200. For 2023, the objective of the FSA and the SRC is to carry out inspections on more than 5 000 IBCs (i.e. 10% of the active IBCs), 22 LPs (i.e. all active LPs), 300 trusts and 300 foundations. During the onsite visit, the Fiduciary Supervision Section explained that the increasing number of entities and arrangements to be verified will be managed through improvement in the method of verification, in particular in the working papers to collect information onsite.

201. The FSA conducted, jointly with SRC, a round of inspection during the period February-March 2023, which covers 14 licensed ICSPs and 1 866 IBCs. The Seychelles provided an update on the findings of the inspections during this round on 6 of the ICSPs selected, corresponding to 824 IBCs. As reflected in the table below, a progress in the level of compliance with the accounting requirements is noted, from 41% in 2022 to 45% in the 2023 first round.

Number of IBCs inspected	Number of IBCs fully compliant	Number of IBCs partially compliant	Number of IBCs non-compliant	Number of IBCs given opportunity to be heard
824	367 (45%)	231	226	342

202. Despite the intensive supervision activity by the FSA and the SRC and the progress in the compliance rate for IBCs, the current level of compliance for all types of legal persons and arrangements with their accounting obligations does not give the assurance that the accounting information would be available in all cases. For IBCs, the Seychelles' authorities further explained that the level of compliance is better among the active IBCs. In

addition, the 2021 amendments have been recently implemented by the non-domestic sector. Considering the grace period until February 2022, the enforcement measures, in particular sanctions, have not been applied in all cases of non-compliance. Therefore, **the Seychelles is recommended to continue its supervisory and enforcement activity to ensure that all legal entities and arrangements maintain accounting records and underlying documentation in line with the standard**.

Availability of accounting information in EOIR practice

203. The Seychelles received 149 requests on accounting information during the period under review. It failed to provide such information in 94 cases, i.e. 63% of cases. In most cases of failures to provide accounting information, the entities subject to the EOI requests were IBCs struck-off or dissolved before the implementation of the 2021 legal amendments that require the retention of accounting records onshore, and/or IBCs related to one registered agent that had closed its operations in the Seychelles, i.e. before the new legal requirements to hand over the accounting records when the registered agent ceases to be licensed. Therefore, the Seychelles' authorities consider that these failures to provide accounting information should decrease over time, with the implementation of the 2021 amendments.

204. The statistics provided by the Seychelles already show a decreasing trend in these failures to provide accounting information, i.e. 57 cases out of 68 cases (84%) in 2019, 15 cases out of 32 cases (47%) in 2020, 21 cases out of 42 (50%) in 2021 and 1 case in the first quarter of 2022.[39] They also reflect an improvement since the 2020 Report, where it was noted that the Seychelles failed to provide accounting information in 88% of cases.

205. The peer input received in preparation of this review confirmed that accounting information was not provided in many cases during the period under review, although it was sometimes partially provided, for instance for some of the years covered by the EOI request. Some peers also confirmed that in some cases, the IBC subject to the EOI request was struck off or dissolved more than 5 years prior to the sending of the EOI request. The peers nevertheless indicated that they were generally satisfied with this information when it was provided.

39. For the whole of 2022, the Seychelles reporting having failed to provide accounting information in 8 cases out of the 16 EOI requests on accounting information received that year (i.e. in 50% of the cases). The main reason of failure was that the IBCs were struck off or dissolved before the implementation of the 2021 amendments. However, the Seychelles also failed to provide accounting records in 2022 for two domestic companies.

206. Considering the significant proportion of failures to provide accounting information, **the Seychelles is recommended to continue to effectively monitor and enforce the requirement to keep accounting information in the Seychelles in the cases of a struck-off, dissolved or re-domiciled IBC, or cessation of activity of the registered agent in the Seychelles to ensure that accounting information is available in line with the standard in practice**.

A.3. Banking Information

Banking information and beneficial ownership information should be available for all account holders.

207. The 2020 Report found the record-keeping requirements of the banks appropriate, except that the definition of beneficial owners in the Anti-Money Laundering Act, 2006 was not in line with the standard as it envisaged only the control through ownership interest. In addition, the supervision carried out by the FIU on the obligation of the banks to keep the beneficial ownership information on the account holders did not focus on the accurateness of the records and no sanction was applied in the case of non-compliance.

208. To address these shortcomings, the Seychelles repealed the Anti-Money Laundering Act, 2006 and enacted in 2020 the new AML/CFT Act, applicable since 28 August 2020. This new AML/CFT Act aligns the definition of the beneficial owner with the standard, although the guidance to identify the beneficial owners of the protected cell companies has been revised recently. It also allocates the responsibility of the supervision of the banks to the Central Bank of Seychelles (CBS) which has started monitoring the implementation of the AML/CFT requirements, although no sanction has been issued yet.

209. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
The banks must conduct ongoing monitoring of a business relationship, which implies keeping the documents, data or information obtained for the purpose of applying CDD measures up to date. Nevertheless, there is no specified frequency in the legal and regulatory framework to update the beneficial ownership information of account holders in the absence of any event triggering an update.	The Seychelles should ensure that the beneficial ownership information of account holders be up to date in accordance with the standard.

Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
The guidance provided for the identification of beneficial owners of protected cell companies has been revised recently to require the identification of the natural person with shareholding interest of at least 10% at the level of the companies or of each cell, as required by the standard.	The Seychelles should monitor the application of the revised guidance for the identification of the beneficial owners of protected cell companies.

A.3.1. Record-keeping requirements

Availability of banking information

210. As described in the 2020 Report, every bank must maintain in the Seychelles, for a period of at least seven years, records that are necessary to exhibit, clearly and correctly, the state of its business affairs and to explain its transactions and financial position so as to enable the CBS to determine whether the financial institution is complying with the Financial Institutions Act (FIA), 2004.[40] Section 63(n) of FIA provides that a financial institution which contravenes or fails to comply with accounts, audit and information requirements pursuant to section 39 commits an offence and upon conviction is liable to a fine of SCR 400 000 (EUR 30 200).

Beneficial ownership information on account holders

211. Pursuant to the new AML/CFT Act, banks apply CDD measures in respect of their customers before or during the course of establishing a business relationship. All the requirements described in the Section A.1.1 on the anti-money laundering law apply to banks. In particular, banks must identify the beneficial owner in accordance with the methods in the BO Regulations and take reasonable measures, on a risk-sensitive basis, to verify the identity of the beneficial owner (Sections 35(2)(c) and 39). As noted under Section A.1.1, although the definition and the method of identification of the

40. In particular, section 39 of the FIA requires financial institutions to keep: "(a) customer identification records (during and after termination of the customer relationship); (b) transaction records showing, for each customer, at least on a daily basis, particulars of its transactions with or for the account of that customer, and the balance owing to or by that customer; (c) application and contract documents pertaining to a transaction (including credit, guarantee and collateral agreements) and a signed written record of the decision approving the transaction; (d) financial records concerning counterparties (including borrowers and guarantors) and any other documentary evidence on which the financial institution relied in approving the transaction; (e) such other documents as the Central Bank may specify by regulation."

beneficial owners are in line with the standard, the guidance provided for the identification of beneficial owners of PCCs has been recently revised (see paragraph 82). Consequently, **the Seychelles is recommended to monitor the application of the revised guidance for the identification of the beneficial owners of protected cell companies**.

212. The banks can rely on other regulated persons, including the foreign regulated persons, to apply CDD (Section 42). The legal conditions for the reliance on third parties are in line with the standard (see paragraph 132).

213. The banks must also conduct ongoing monitoring of a business relationship, which implies keeping the documents, data or information obtained for the purpose of applying CDD measures up to date (Section 46). They must apply the CDD measures at appropriate times on risk-sensitive basis, when the bank has doubts on the veracity or adequacy of the information obtained for the identification of a customer and when there is a reasonable suspicion of AML activities or other criminal conduct (Section 49). The AML framework does not further contain any specified frequency required for the renewal of the CDD measures and/or the update of the beneficial ownership information, nor does it explicitly require the banks to have such a specified frequency in their internal policy. Nevertheless, based on the internal policies communicated by the seven banks in the Seychelles, the CBS has confirmed that they all have in their internal policies, a specified frequency of update of the CDD of at least one year for high-risk customers, three years for medium-risk customers and five years for low-risk customers. Some banks apply more frequent updates. This approach in practice was also confirmed by the representative of the bank sector present during the onsite visit. Therefore, in practice, all banks ensure that the information in relation to the CDD is up to date through the renewal of the CDD at least every five years. However, this frequency has not been documented explicitly in binding guidance and it is not clear whether the CBS would consider longer specified frequency of updates as appropriate and/or if it would sanction a bank that does not implement such a specified frequency of update of the CDD. Therefore, **the Seychelles is recommended to ensure that the beneficial ownership information of account holders be up to date in accordance with the standard**.

214. The banks must maintain records of CDD measures, including all documents evidencing the identities of customers and beneficial owners, for a minimum period of 30 years after the business relationship has ceased. If a bank ceases to operate in the Seychelles, it must hand over all the required records to its supervisory authority (CBS), which will keep them for the period prescribed by the AML/CFT Act (Section 47).

Oversight and enforcement

215. The CBS, more specifically the Financial Surveillance Division, supervises the implementation of the AML requirements by the financial institutions, including the banks. It issues a number of circulars, directives and guidance to reporting entities to advise them of any new developments and ensure compliance with AML/CFT requirements.

216. It also conducts both onsite and offsite supervision. In terms of onsite inspection, banks are reviewed and assessed against legal requirements, supervisory guidance and international standards. After the onsite inspection, a report is produced and recommendations are issued commending the implementation for remedial measures for all non-compliance identified. During the period 2020-22, the unit conducted a total of 7 onsite reviews, including the review of 4 banks. Beneficial ownership information of sample of client accounts was verified in line with the requirements of the BO Act in the case of 4 banks, which were found generally compliant with this respect except one bank, which entered into remedial agreement with the CBS (see paragraph 219).

217. In terms of offsite monitoring, which covers all the banks every year, the CBS has issued AML/CFT return templates for the purpose of collecting data, including qualitative information relative to governance and controls; staff training; CDD; correspondent banking relationship, home regulatory review and outsourcing. Additionally, banks are required to provide CBS with quantitative data relative to their respective customer base, products and services, alert and suspicious transaction reports, business relationship with high-risk jurisdictions and other information relative to the bank's inherent risk factors and controls. This information is submitted to CBS on a quarterly or annual basis depending on the type of information. The information is reviewed and analysed with the aim of identifying trends/patterns, ML/TF red flags and any divergence which merits further investigation. Additionally, information collected is used to populate the Institutional Risk Assessment template for all reporting entities that allows CBS to assess each institution's money laundering and terrorism financing risk and the effectiveness of measures/controls in place in mitigating the risk identified.

218. CBS further requires that reporting entities submit on a periodic or ad-hoc basis their respective Institutional Risk Assessment, as well as their relevant AML/CFT Customer Due Diligence and related policies and procedures manual. These documents are analysed and assessed for the purpose of identifying any inconsistencies relative to requirements, acquiring information on the AML-obliged persons operations/processes, controls and measures in place and subsequently formulating conclusions on the effectiveness of the institution's AML/CFT regime.

219. The CBS has not applied any administrative or criminal sanctions as on date. However, one financial institution has entered into a remedial agreement with the CBS in respect of both Prudential and AML/CFT matters, including in respect of CDD. The agreement sets out remedial measures to be implemented by the financial institutions.

220. As the supervision of the CBS appears appropriate and comprehensive, the recommendation issued in the 2020 Report in relation with the lack of an effective supervision is removed. Nevertheless, considering that the CBS is responsible for the supervision of the AML/CFT requirements of banks since recently, the Seychelles should continue to implement an effective system of supervision of banks to ensure the availability of beneficial ownership information held by banks (Annex 1).

Availability of banking information in EOIR practice

221. The Seychelles received 147 requests for banking information during the review period.

222. In 36 cases, the information was obtained and sent to the requesting party. The peer input received on the exchange of information held by banks is generally positive, although one peer indicated that supporting documents were missing in the answer. The Seychelles' competent authority clarified that this case was handled before the creation of the International Tax Unit (ITU) and that supporting documents were not gathered at that time for an unknown reason. The peer sent a subsequent request related to the same case, received after the creation of the ITU, to obtain the supporting documents and all the requested information were provided in this second case, except the documents that were beyond the bank retention period and then no longer available. Therefore, except this one-off issue, which is not related to deficiency in the availability of banking information, the EOI practice concerning this element seems to confirm the availability of banking information in the Seychelles.

223. In 111 cases, the Seychelles was not able to retrieve the information and send it to the requesting party as they related to entities which did not have any bank account in Seychelles. As noted in the 2020 Report, it is commonly the case that IBCs will have a bank account in another jurisdiction, given the strict rules on non-face-to-face on-boarding by banks in the Seychelles. The Seychelles' competent authority explained that if the company did not hold a bank account in Seychelles, the information had to be obtained from the company (usually an IBC) or its registered agents. The peer input received is less positive on the information on bank accounts held by the relevant legal persons or arrangements. In some cases, the peers reported that this information was not provided by the Seychelles.

The Seychelles clarified that the cases highlighted by the peers involved struck-off/dissolved IBCs or accounting records kept abroad (before the implementation of the 2021 amendments). As the information on bank accounts held by legal persons or legal arrangement is assimilated to accounting information, these failures to provide the information are covered by the conclusions and recommendations under Element A.2.

Part B: Access to information

224. Sections B.1 and B.2 evaluate whether competent authorities have the power to obtain and provide information that is the subject of a request under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective EOI.

B.1. Competent authority's ability to obtain and provide information

> Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

225. The 2020 Report concluded that although the Seychelles law gave broad access powers to the competent authority, in line with the standard, the practice over the previous review period (July 2015 to June 2018) had showed weaknesses in the way these powers have been used. First there were instances where the Seychelles competent authority's practice was to serve a notice to produce information only to the registered agent of the legal entity, regardless of whether the registered agent was obliged to keep the information sought. This resulted in the competent authority not always obtaining all information. Then, where information was not provided, no effective enforcement measures to compel the production of the information were exercised by the competent authority or other authorities.

226. The legal and regulatory framework for the access to the requested information has not changed since the previous review, so it remains in line with the standard. The practice of the Seychelles has slightly evolved as the competent authority got in touch with the relevant entity in some cases, although the registered agent is still the first contact point for the competent authority to obtain the information. As this practice has become in line with the legal framework that now requires the registered agent to keep the relevant records, the recommendation of the 2020 Report is removed.

227. The procedure to apply sanctions remains the same as described in the 2020 Report, but the SRC initiated such procedure in three cases against registered agents that failed to provide the information. These procedures were deterrent enough, as the registered agents then complied with the SRC's requests. Nevertheless, there are still a number of cases where the Seychelles did not manage to obtain the information due to the lack of availability of this information.

228. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of the Seychelles in relation to access powers of the competent authority.

Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
The Seychelles initiated prosecution procedures to apply sanctions on the registered agent or the directors of the IBCs that did not comply with notices to provide information in three cases during the period under review. The three cases were eventually withdrawn as the launch of prosecution was deterrent enough to compel the production of the requested information. The tax administration is also reviewing initiation of prosecution procedures for two other cases. Nevertheless, the competent authority failed to obtain the information in a significant number of cases due to lack of availability, for which no enforcement measures could be applied as the relevant persons ceased to exist.	The Seychelles should continue to apply compulsory powers where appropriate to compel the production of the requested information and should monitor that the prosecution procedure does not delay the exchange of information.

B.1.1. Ownership, identity and banking information and B.1.2. Accounting records

229. The Minister of Finance of the Seychelles has delegated the power of competent authority to the Commissioner General of the SRC. The Commissioner General relies on an EOI Unit – the International Tax Unit (ITU) – for the daily functioning of the exchange of information (see Section C.5).

Access powers

230. In some cases, the SRC can retrieve information from its internal database, in particular the tax returns of the registered taxpayers. If the requested information must be obtained from other governmental authorities, a formal request is addressed through e-mail and regular post to obtain

it within 14 days, except in cases of urgency or if the authority is the FSA or the Registration Division, for which a 7-day deadline is given.

231. If the information must be obtained from third parties, the competent authority can use its legal access power under the Revenue Administration Act (RAA)[41] to require any person (including offshore entities) to provide all relevant information. This access power can apply to gather information both in criminal and civil tax matters. In practice, a formal request is addressed to the third party (usually the registered agent) or the taxpayer through e-mail and regular post to obtain the requested information within 7 days, except in cases of very complex questions, for which a 14-day deadline is given. This is the main access power used by the Seychelles' competent authority to obtain the requested information as this information is rarely fully retrievable from internal database.

232. For information held by banks, the Seychelles competent authority indicated that it contacts all the seven banks (if the relevant bank is not already identified by the requesting jurisdiction) to ask whether the person subject to the EOI request has a bank account and, if any, to obtain the related information. During the period under review, the competent authority implemented this practice in 141 cases, which resulted in identifying a bank account in the Seychelles in 36 cases while in the 105 other cases no bank account in the Seychelles was identified for the persons subject to the EOI requests, which did not mention any specific bank account either. Both the competent authority and the representative of the bank sector confirmed a good co-operation from banks which usually reply to such requests the day of their receipt.

Changes in gathering information in practice

233. To obtain accounting records or legal and beneficial ownership information, the ITU initiated at the beginning of the period under review the practice of sending out the same notice to both the registered agent and the director of the legal entity at the same time. However, the ITU noted that in practice, the communication with the registered agents were more effective to gather the information in a timely manner. Accordingly, the current practice implemented since 2021 is that the registered agents are first approached for all information that they are required to file or hold. In the

41. Pursuant to section 34(1) of the RAA, the Revenue Commissioner may, for the purpose of administering any revenue law, require any person (including offshore entities) to: furnish such information as the Revenue Commissioner may require; attend and give evidence concerning that person's or any other person's revenue affairs; and produce all accounts, documents and records in the person's custody or under the person's control relating to that person's or any other person's revenue affairs.

instance that the information is not obtained from the registered agent, or only partial information is provided, a notice is sent to the director of the legal entity itself. As the recent amendments to the law now requires that the records be available at the registered office of the company, i.e. with the registered agent who/which must keep those records for at least 7 years, practice has become consistent with the law. Therefore, the recommendation resulting from the practice of the competent authority to contact only the registered agent in the first place, while this person was not required to maintain the relevant records, is removed.

234. Nevertheless, during the period under review (April 2019 to March 2022), the Seychelles failed to obtain and provide information, in particular legal and beneficial ownership information and accounting records, due to the unavailability of the information in 55% of the EOI requests received. These failures related to cases involving struck-off or dissolved IBCs and/or registered agents no longer operating in the Seychelles. They mainly occurred before the full implementation in practice of the recent legal changes requiring onshoring records.

B.1.3. Use of information gathering measures absent domestic tax interest

235. The legal and regulatory framework and the practice of the Seychelles ensure that the domestic powers of the SRC to gather information can be used to answer any incoming EOI requests absent any domestic tax interest (see the 2020 Report, paragraph 169). The Seychelles' competent authority confirmed that most of the requests received relate to IBCs that do not carry on activity in the Seychelles, so for which there is no domestic tax interest.

B.1.4. Effective enforcement provisions to compel the production of information

236. There are no administrative sanctions in case of failure to give the information. However, a person who without reasonable cause fails to comply with a notice under section 34 is guilty of an offence and on conviction is liable to a fine of no less than SCR 50 000 (EUR 3 775; section 47(1) of the RAA).

237. In practice, if a registered agent or company (including an overseas company) does not reply to a request from the SRC, the latter sends a reminder to inform that prosecution will be launched in the absence of reply. If the failure to provide the information persists, the SRC initiates the procedure for prosecuting the registered agent or the company. The ITU officer will seek legal advice form the legal unit of the SRC. Then, the prosecution

officer of the SRC will present the case to the legal counsel of the Attorney General's Office, who will represent the SRC and fill a complaint to the Court on behalf of it. The SRC also informs the FSA of such failures, so the FSA may exercise further sanctions on the company or the registered agent. The SRC initiated a procedure for prosecuting in three cases related to EOI requests received during the period under review:

- One case was initiated in 2020 against a registered agent. Although the registered agent was not legally required to hold the information requested, an onsite inspection carried out by the FSA/SRC detected that the requested accounting records were held by the registered agent which previously declined to provide this information. The SRC could not directly retrieve this information onsite for EOIR as it was not the purpose of the inspection. Consequently, the SRC sent a new formal notice to the registered agent, requesting the accounting records, and after subsequent exchanges, the registered agent provided to the SRC the information before the completion of the procedure of sanctions.
- Two cases were initiated in 2021 against directors of IBCs, who then provided the relevant information at an early stage of the procedure.

238. These three cases of prosecution were withdrawn considering that the registered agent and the directors of IBCs eventually complied with their obligation to provide the relevant information to the SRC, around six months after the receipt of the EOI request. The Seychelles' authorities considered that the cases were no longer robust enough to be presented to the Court, as the information was provided, but. the launch of these prosecutions was efficient in compelling the production of the information. Nevertheless, with the practice to withdraw the case without any sanction on the information holder, while the information is provided late to the SRC, there is a risk that the information holders provide the information only once the prosecution procedure has been launched and, as a result, delay the exchange of information.

239. The SRC is also in the process of initiating two additional cases for prosecution in relation to EOI requests received during the review period (in 2021 and 2022) due to the inability to gather information on domestic companies (see also paragraph 294).

240. The Seychelles' authorities further explained that the prosecution procedure was initiated in these five cases only as the other cases where they did not manage to obtain the information related to situations that pre-dated the legislative amendments, i.e. where the registered agent had no obligation to keep the information or was no longer operating in the Seychelles or where the IBCs were struck off or dissolved. Consequently, the information could not be fully obtained in 112 cases out of the 204 EOI

request received, and no compulsory powers could be envisaged due to the absence of the person responsible for providing the information. Considering that the legal changes described under Part A to enhance the availability of the information in the Seychelles are recent, **the Seychelles is recommended to continue to apply compulsory powers where appropriate to compel the production of the requested information and to monitor that the prosecution procedure does not delay the exchange of information**.

241. The SRC has also power to access premises and documents, take copies and seize accounts, documents and records (s. 33 of the RAA). Nevertheless, the SRC has never used this power in the EOIR context. In the case where the onsite inspection revealed that records were not provided while available in the hands of the registered agent (see paragraph 237), the SRC decided to initiate a prosecution procedure, instead of going back and seizing the documents, because it considered that if the prosecution was successful, it would be a greater deterrent and set a precedent.

B.1.5. Secrecy provisions

242. The power to gather information can be used by the SRC notwithstanding "any contractual duty of confidentiality" or "anything stated to the contrary in any other Act" (see 2020 Report, paragraph 174). The SRC has confirmed that it can request information from registered agents, banks or any other persons irrespective of confidentiality provisions contained in other Acts. The representatives of banks, registered agents and lawyers confirmed this interpretation during the on-site visit. In practice, the SRC has never had to contact a lawyer to obtain the requested information.

B.2. Notification requirements, rights and safeguards

> The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

243. The 2020 Report concluded that rights and safeguards contained in the Seychelles' law were compatible with effective EOI and their application in practice did not unduly prevent or delay EOI. The conclusion remains the same in this report.

244. The Seychelles' law does not provide for prior or post-exchange notification procedure to inform the taxpayers that they are subject to an EOI request or that a third party will be required to provide information related

to them. Further, obtaining the requested information and providing it to the requesting jurisdiction cannot be appealed as these do not include tax assessment decision.

245. In practice, where the information requested by EOI partners is not available with government agencies, it is gathered from the registered agent or, if needed, from the legal entities and arrangements or from any other relevant third parties. The ITU confirmed that the notice to produce the information does not contain any reference to the EOI request and that the access power used is the same for both domestic and EOI purposes.

246. As the notices for EOI purpose always come from the ITU and the domestic interest for IBCs is limited, the registered agent and/or the taxpayer may be aware in practice of the existence of an EOI request. Therefore, the taxpayer under investigation in the requesting jurisdiction may be informed of the existence of the EOI request, because either the information is requested directly from the taxpayer or the third-party which holds the information is not subject to any anti-tipping off obligation. This risk is still mitigated in practice as no other details of the EOI request, such as the name of the requesting jurisdiction, is disclosed. The representative of the banks confirmed that they will never inform their clients that they received a request from the tax administration. On the other hand, the representatives of the registered agents said that they usually inform their client of such request, in most cases because they may need to liaise with them to check the comprehensiveness of the information. They indicated that they would refrain from informing their clients if ITU asked them to do so, but ITU indicated that it usually does not ask it because they disclose only a limited amount of information.

247. In the circumstances where the requesting jurisdiction requests the Seychelles not to notify the taxpayer, the 2020 Report noted that the Seychelles' competent authority liaised with the requesting competent authority to check whether it can proceed with collecting the information from non-governmental sources or whether the requesting competent authority would prefer to withdraw its request. This practice, which was confirmed by a peer, limited the risk of inappropriate indirect notification of the taxpayer. However, the competent authority has changed its practice during the period under review as it no longer contacts the requesting partners to confirm whether it can contact the registered agents (or the taxpayer) to obtain the requested information. The ITU explained that this practice was found time-consuming by both them and their partners, which always confirmed that the taxpayers and/or the registered agent could be contacted as far as the details of the EOI request were not disclosed.

248. Although most of the EOI requests received by the Seychelles during the period under review required that the competent authority

contact non-governmental sources to obtain the requested information, no concerns regarding the application of rights and safeguards that apply to persons in the Seychelles were raised by the Seychelles' EOI partners in their peer input. Therefore, the change of practice by the ITU has not had any impact on the effectiveness of exchange of information. Nevertheless, the Seychelles should continue to ensure that the taxpayer subject to an EOI request is not unduly notified by the information holder (see Annex 1).

249. The conclusions are as follows:

Legal and Regulatory Framework: in place

The rights and safeguards that apply to persons in the Seychelles are compatible with effective exchange of information.

Practical Implementation of the Standard: Compliant

The application of the rights and safeguards in the Seychelles is compatible with effective exchange of information.

Part C: Exchange of information

250. Sections C.1 to C.5 evaluate the effectiveness of the Seychelles' network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all the Seychelles' relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether the Seychelles' network of EOI mechanisms respects the rights and safeguards of taxpayers and whether the Seychelles can provide the information requested in an effective manner.

C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

251. The 2020 Report noted that the Seychelles had an extensive EOI network covering 151 jurisdictions through 33 DTCs, 13 TIEAs, the Southern African Development Community's Agreement on Assistance in Tax Matters (SADCA), and the Multilateral Convention. The Seychelles has not entered into any other EOI instrument since the 2020 Report, but its EOI network comprises now 156 partners due to the increasing number of participating jurisdictions to the Multilateral Convention.

252. Although all EOI relationships[42] were considered in line with the standard, the Seychelles was recommended, in the 2020 Report, to bring its

42. Most of the EOI relationships are covered by the Multilateral Convention or the SADCA, which are in line with the standard. Among the 2 EOI relationships not supplemented by multilateral or regional instruments, the DTC with Ethiopia contains wording akin to paragraphs 4 and 5 of Article 26 of the OECD Model Tax Convention but the DTC with Sri Lanka does not. However, as the Seychelles can gather and exchange bank information or information in which it has no domestic tax interest under these two EOI instruments, regardless of reciprocity, they are considered in line with the standard. In addition, while the DTC with Ethiopia allows for an exchange of the "necessary" information, the Seychelles interprets this term as equivalent of an exchange of "foreseeably relevant" information.

EOI instruments into force expeditiously, as it had not ratified the SADCA, signed in August 2012.

253. The Seychelles ratified the SADCA on 23 June 2021, but this agreement will enter into force only when two thirds of its signatories will have submitted their instrument of ratification. To date, only 6 of the 15 signatories have done so: Botswana, Eswatini, Lesotho, Mauritius, the Seychelles and South Africa.

254. Among the jurisdictions parties to the SADCA:

- 4 EOI relationships are covered only by this instrument (with Angola, Democratic Republic of Congo, Mozambique and Tanzania).
- 3 EOI relationships are covered by other instruments but are not yet in force. Madagascar has not yet ratified the Multilateral Convention; Lesotho and Zimbabwe have not yet ratified the DTCs with the Seychelles.
- 7 other signatories are covered by other EOI instruments in force (Botswana, Eswatini, Malawi, Mauritius, Namibia, South Africa and Zambia).

255. The other EOI instruments have been ratified by the Seychelles. Therefore, the recommendation issued in the 2020 Report is removed as the Seychelles has taken the appropriate steps to address this recommendation.

EOI mechanisms

Total EOI relationships, including bilateral and multilateral or regional mechanisms	156
In force	142
In line with the standard	142
Not in line with the standard	0
Signed but not in force	14[43]
In line with the standard	14
Not in line with the standard	0
Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms	2[44]
In force	2
In line with the standard	2
Not in line with the standard	0
Signed but not in force	0

43. Benin, Angola, Democratic Republic of Congo, Gabon, Honduras, Lesotho, Madagascar, Mozambique, Papua New Guinea, Philippines, Tanzania, Togo, United States and Zimbabwe.
44. Ethiopia, Sri Lanka

Clarifications and foreseeable relevance in practice

256. Regarding the implementation of the concept of foreseeable relevance during the period under review, the Seychelles competent authority did not decline any request on that basis, but it requested clarifications from its partners in 12 cases (out of 204 requests received). The clarifications sought related to two main reasons.

257. First, in cases involving three jurisdictions, the Seychelles requested clarifications on the taxable periods for which the information was requested and their compatibility with the date of effect of the relevant EOI instruments. Two peers agreed that the taxable periods were not covered by the relevant EOI instruments and the Seychelles declined these requests. For the other cases, the peer disagreed with the position of the Seychelles, which considered that the EOI instrument (TIEA) did not permit EOI requests on taxable periods earlier than its entry into force.[45] The TIEA indicates that the Agreement enters into force "on the date of the later of the notifications of ratification and thereupon has effect forthwith". The Seychelles authorities and the peer explained that they had discussed the interpretation of this provision in 2019 and 2020 and they reached a mutual understanding, formalised in 2020 through an exchange of messages, mentioning that the TIEA permits an exchange of information for all taxable periods, including earlier than the entry into force of the TIEA. This mutual understanding was confirmed again more recently. Therefore, there was no reason for the Seychelles to decline the requests on the basis of the lack of coverage of the taxable periods mentioned in the requests. Although the interpretation of the provision of the TIEA on entry into force is a bilateral issue, declining EOI requests on a basis for which a mutual understanding was found reveals a lack of proper communication and of recording of the relevant mutual understanding (see Element C.5).

258. Second, the Seychelles requested clarification on the correctness of the legal instrument used in some EOI requests. In three cases, the requests were made using the wrong legal instrument and as the peers accepted to adjust the international legal basis in new requests, the Seychelles declined the initial requests. Three other cases involved the same peer with which the Seychelles reached a mutual understanding on the entry into force of the TIEA (see above). In these cases, the Seychelles indicated that the requests used two legal instruments and it explained that it requires from its partners that they mention only one EOI instrument in their requests to avoid any wrong transmission of the information that would

45. This peer also mentioned that the Seychelles declined two other requests for the same reason in 2022, but the Seychelles indicated that these requests were received in April 2022, i.e. after the period under review.

not be legally permitted, in particular if the different EOI instruments do not have the same scope. Although the peer agreed that the Seychelles could consider that the requests had been made under one legal basis only, it also informed the Seychelles that it did not identify any reason to submit new EOI requests to modify the legal basis.[46] The Seychelles declined and closed those cases without explaining sufficiently to the peer the reason why they needed resubmission of EOI requests. Nevertheless, the Seychelles indicated that it recently communicated again with the peer on this aspect and that following these additional exchanges, it has agreed to reopen these three cases and to provide the information requested, if available. The Seychelles and the peer are also working on reconciliation of all the cases that should be reopened. As this issue is linked to the interpretation of the EOI mechanisms, including on the applicable taxable periods, the same issue of communication is identified (see Element C.5).

259. Apart from these two main types of clarifications sought, in one case the Seychelles received an EOI request in French and requested clarification to the peer on a French term which was unclear for the Seychelles' competent authority. Once the clarifications were provided, the Seychelles proceeded with the request. In two last cases, the Seychelles requested clarifications on the name of the taxpayer and the type of the entity or legal arrangement subject to the EOI requests. It handled these requests once the clarifications were provided by the peers.

260. In conclusion, the requests for clarifications made by the Seychelles are reasonable as they aimed at confirming the validity of the EOI requests with the relevant EOI instruments or at clarifying the content of the information requested. Except for the cases explained in paragraph 257, the peers did not raise specific issues with the requests of clarifications sent by the Seychelles.

Group requests

261. The procedures to deal with group requests are generally similar to those on individual requests, except concerning the information that must be included in the request, as detailed in the Seychelles' EOI manual, which mirror and makes direct reference to paragraph 5.2 of the Commentary to Article 26 of the OECD Model Convention.

46. In particular, the peer mentioned that, for the cases identified, it considered that two requests were based on an appropriate single legal instrument and that for the remaining case where two legal instruments were mentioned, it was already clarified to the Seychelles that the request may be considered to have been made under the same legal instrument only.

262. The Seychelles did not receive any group requests during the period under review, but the ITU staff was aware of the concept of group requests and the representatives of the registered agents and of the banks met during the onsite visit confirmed that they would reply to a SRC request on a group of non-identified persons.

263. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms of the Seychelles.

Practical Implementation of the Standard: Compliant

No issues have been identified that would affect EOIR in practice.

C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

264. The 2020 Report found that Element C.2 was in place and the Seychelles was rated Compliant. The observations made in the 2020 Report continue to remain applicable. The Seychelles' EOI network comprises 156 partners, 142 for which the EOI relationships is in force.

265. No Global Forum members indicated, in the preparation of this report, that the Seychelles refused to negotiate or sign an EOI instrument with it. As the standard ultimately requires that jurisdictions establish an EOI relationship up to the standard with all partners who are interested in entering into such relationship, the Seychelles should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1).

266. The conclusions are as follows:

Legal and Regulatory Framework: in place

The network of information exchange mechanisms of the Seychelles covers all relevant partners.

Practical Implementation of the Standard: Compliant

The network of information exchange mechanisms of the Seychelles covers all relevant partners.

C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

267. As already noted in the 2020 Report, confidentiality of information and material received is ensured through general confidentiality processes in place at the SRC and other measures applicable specifically to EOI matters.

268. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms and legislation of the Seychelles concerning confidentiality.

Practical Implementation of the Standard: Compliant

No material deficiencies have been identified and the confidentiality of information exchanged is effective.

C.3.1. Information received: disclosure, use and safeguards and C.3.2. Confidentiality of other information

269. The 2020 Report concluded that the international and domestic legal framework in the Seychelles containing the relevant confidentiality requirements was in place. Since then, no change has occurred in this legal framework. In particular, employees of the SRC are subject to confidentiality provisions and these continue post cessation of employment, pursuant to Section 11(2) of SRC Act. An SRC employee who fails to comply with this provision is liable to a fine of not less than SCR 10 000 (EUR 755) and to imprisonment for not more than 1 month (Section 12(2), SRC Act).

270. Confidentiality obligations are also supported by effective enforcement provisions and practices. The notice to the information holder does not include information which goes beyond a description of the requested information and a reference to the domestic legal basis for the issuance of the notice (i.e. to section 34 or 33 of the RAA). Therefore, the name of the requesting jurisdiction or the reason of the notice are not mentioned in the notice. The taxpayer subject to the request or the information holder is not allowed to inspect the EOI request letter, any accompanying documents, the response letter and any document or information accompanying it.

271. Although the domestic law allows tax officials to share information with some other non-tax authorities, the EOI instruments supersede these domestic

provisions and therefore, the disclosure of the exchanged information must comply with the more restrictive provisions of the relevant EOI instrument.

272. The 2016 Terms of Reference clarified that, although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI agreement provides for the authority supplying the information authorise the use of information for purposes other than tax purposes and where tax information may be used for other purposes in accordance with their respective laws. In the period under review, the Seychelles reported that there were no instances where the requesting partner sought its consent to utilise the information for non-tax purposes and similarly the Seychelles did not request its partners to use information received for non-tax purposes.

Confidentiality in practice

273. The confidentiality rules are supported by processes in practice. On the human resources aspects, the hiring process includes several types of clearance on the employees, including from the police and the FIU. The confidentiality requirements are elaborated during the induction training for new SRC employees, which is complemented by a specific integrity and ethics training for new employees. The EOI officers of the ITU also attend the training on EOI organised by the Global Forum Secretariat that contain explanations on the confidentiality requirements on exchanged information. If an employee ceases to work at the SRC, a communication is sent to the IT department on the last day of employment to remove his/her profile and access to the SRC premises and system. The employee also hands over the SRC access and identification card during the exit interview.

274. Regarding the physical security, only the SRC employees can access the main building, secured by a fingerprint and security pass system at the front door. Within the main building, the access to ITU premises is also restricted only to the ITU staff and secured by its own biometric fingerprint lock. The SRC employees apply a Clean Desk Policy and the compliance with this policy by the ITU staff was noted during the onsite visit. Although the SRC has clear procedure for the disposal of confidential information/documents, no specified timeline is prescribed for this disposal, so the manager of the ITU is responsible for deciding of the disposal of exchanged information.

275. Regarding the electronic security, the EOI requests received in hard copy by post are stored in locked cabinets. The EOI requests received through electronic means and the digital copy of the EOI requests received by post are kept on secured servers protected by firewalls and passwords. All electronic messages related to EOI are encrypted with a password.

276. All confidential information is labelled with a "private and confidential" stamp and all information received through EOI are labelled by a tax treaty disclosure stamp, indicating that the information is furnished under the provisions of an agreement with a foreign government and that its use and disclosure must be governed by the provision of this agreement. This tax-treaty stamp should limit the risk of the undue disclosure of the exchanged information, including to a non-tax authority. This risk is also limited by the physical and electronic security described above that similarly applies to the tax auditors, who are the ultimate recipients of the information received in response to an EOI request sent by the Seychelles. The EOI officer also always reminds the confidentiality requirements of the EOI instrument when forwarding the information to the tax auditors.

277. The breaches in confidentiality are prevented by an automatic process of management of unauthorised access. There is no other regular monitoring activity to detect potential breach in the confidentiality. If a person notes a breach, he/she must inform the Commissioner and Deputy Commissioner and an investigation is initiated to gather the relevant evidence of the breach. A committee is then set up to determine the scope of the breach and the appropriate consequences.

278. There has been no case reported by peers or by the Seychelles authorities where exchanged information was unduly disclosed.

C.4. Rights and safeguards of taxpayers and third parties

The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

279. All the Seychelles' EOI mechanisms ensure that rights and safeguards of taxpayers and third parties are protected in line with the standard. Each of the Seychelles' EOI mechanisms ensure that the parties are not obliged to provide information which would disclose any trade, business, industrial, commercial or professional secret or information which is the subject of attorney-client privilege or information the disclosure of which would be contrary to public policy. The Seychelles' access powers for tax purposes can be exercised notwithstanding any confidentiality duty and no issues in this respect have been encountered in practice (see section B.1.5). There has been no change in this area reported since the 2020 Report.

280. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the information exchange mechanisms of the Seychelles in respect of the rights and safeguards of taxpayers and third parties.

Practical Implementation of the Standard: Compliant

No material deficiencies have been identified in respect of the rights and safeguards of taxpayers and third parties.

C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

281. The Seychelles has faced a substantial increase in the number of the EOI requests received in the last ten years. Indeed, the Round 1 assessments of the Seychelles noted a low number of EOI requests received, i.e. only one request during period covered by the 2013 Round 1 Phase 2 Report (July 2009-June 2012) and three more requests in the period covered by the 2015 Round 1 Supplementary Report (July 2012-December 2014). The sharp increase occurred in the period covered by the 2020 Report (July 2015-June 2018) with 162 EOI requests received. Half of those requests were received in 2017, due to the public disclosure in April 2016 of documents linked to the activities of several service providers focusing on offshore transactions.

282. The 2020 Report noted deficiencies in the organisation and resources of the Seychelles to deal with the increasing number of EOI requests received. Since then, the volume of EOI requests received has continued to increase but the Seychelles created in January 2020 the International Tax Unit (ITU) to deal with EOI matters and increased the resources allocated to EOI.

283. Although the Seychelles has changed its law to address the issues in the availability of ownership and accounting information and then to improve the rate of full responses to EOI requests, it failed to provide a full response for around 55% of EOI requests received during the current period under review. In all these cases part of the information was nevertheless provided and the success rate improved during the assessed period, from around 23% in 2019 to 71% in 2022. For the full responses provided, the timeline of response is overall appropriate.

284. Some communications issues were noted during the review. The Seychelles still does not send systematic status updates and it closed some EOI cases without clearly informing its EOI partners. In some cases, the requests sent by regular post were not received. These issues of communication have decreased since the creation of the ITU and a corresponding generic email address as well as changes in its practice which is now to systematically inform the peers when it closes an EOI case. Issues were also noted with a partner on the validity of EOI requests in relation to the relevant legal basis of the requests and the application of a mutual understanding reached with a partner related to the interpretation of the provision of a bilateral EOI instrument. The recommendation is maintained.

285. Overall, the situation concerning Element C.5 has improved, but not sufficiently to trigger an upgrade of the rating, which remains Partially Compliant.

286. The conclusions are as follows:

Legal and Regulatory Framework

This element involves issues of practice. Accordingly, no determination has been made.

Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/Underlying factor	Recommendations
During the period under review, 55% of the EOI requests received have not been fully replied to by the Seychelles, although in all these cases part of the information was provided.	The Seychelles should provide complete responses to its EOI partners in a timely manner.
During the review period, status updates were not regularly provided by the Seychelles. Moreover, EOI requests sent by regular post in the beginning of the period under review were not always received by the Seychelles, although the creation of an EOI Unit and of a corresponding generic email address, as well as systematic updates of the contact details of the Competent Authority helped to address this problem during this period. In addition, the Seychelles did not always inform its partner when it closed an EOI case, but it has changed this practice after the period under review. Finally, the Seychelles declined EOI requests while a mutual understanding on the validity of such requests was already found.	The Seychelles is recommended to continue its efforts to ensure an appropriate handling of cases and communication with its EOI partners and to provide status updates to its EOI partners within 90 days where it is not able to provide a final response within that time period.

C.5.1. Timeliness of responses to requests for information

287. During the period under review, i.e. from 1 April 2019 to 31 March 2022, the Seychelles received 204 requests. The type of requested information is well balanced between ownership, accounting and banking information, and most of the requests relate to IBCs. The main partners of the Seychelles for incoming requests are France, United Kingdom, India, Lithuania and Poland.

288. The following table relates to the requests received during the period under review and gives an overview of response times of the Seychelles in providing a final response to these requests, together with a summary of other relevant factors affecting the effectiveness of the Seychelles' practice during the period reviewed.

Statistics on response time and other relevant factors

		1 April-31 December 2019		2020		2021		1 January-31 March 2022		Total	
		Num.	%	Num.	%	Num.	%	Num.	%	Num.	%
Total number of requests received	[A+B+C+D+E]	77	100	58	100	62	100	7	100	204	100
Full response: ≤ 90 days		8	10.4	22	37.9	40	64.5	5	71.4	75	36.8
≤ 180 days (cumulative)		12	15.6	24	41.4	44	71	5	71.4	85	41.7
≤ 1 year (cumulative)	[A]	12	15.6	24	41.4	44	71	5	71.4	85	41.7
> 1 year	[B]	6	7.8	0	0	0	0	0	0	6	2.9
Declined for valid reasons		2	3	7	12	0	0	0	0	9	4
Requests withdrawn by requesting jurisdiction	[C]	1	1.3	0		0		0		1	0.5
Failure to obtain and provide information requested	[D]	58	75.3	34	58.6	18	29	2	28.6	112	54.9
Requests still pending at date of review	[E]	0		0		0		0		0	
Outstanding cases after 90 days		69	-	36	-	22	-	2	-	129	-
Status update provided within 90 days (for outstanding cases with full information not provided within 90 days, responses provided > 90 days)			-		-		-		-	8*	6

Notes: The Seychelles counts each request with multiple taxpayers as one request, i.e. if a partner jurisdiction is requesting information about 4 persons in one request, the Seychelles count that as 1 request. The time periods in this table are counted from the date of receipt of the request to the date on which the final and complete response was issued.

* The Seychelles does not keep annual statistics on the provision of status updates but it confirmed that such updates were provided in at least 8 cases.

Failure to provide information kept abroad

289. The table shows that a low percentage of requests, i.e. less than 45%, received a full response and consequently, a similar low percentage of requests were responded to within 180 days or even one year. The low success rate of response relates to situations where the information was not or no longer available in the Seychelles. The peer input confirms the issues with receiving information, in particular accounting records or other records kept outside the Seychelles.

290. The Seychelles' competent authority explained that the full response rate is significantly affected by one registered agent that ceased to operate in the Seychelles in 2018, representing at that time around 1 400 IBCs. The EOI requests received in relation with this registered agent related only to struck-off or dissolved IBCs, which were situations where the information, in particular the ownership and accounting information, was no longer available due to the absence of information holders. This reason of failure to provide the information represents half of the cases of failures during the period under review (55 out of 112 cases).

291. The 2020 Report already identified the cessation of activity of that registered agent as one of the main reasons of the failure by the Seychelles to provide full answers to its EOI partners. Although its impact persisted during the period under review, it decreased over this period, as shown by the following table:

	April-December 2019	2020	2021	January-March 2022
Total number of failures	58	34	18	2
Failures due to the registered agent that ceased to operate	36	15	4	0
Failures due to the IBCs struck off or dissolved (other than the ones related to the previous line) prior to the legal changes described in Part A	22	19	12	0
Other type of failure (domestic companies)	0	0	2	2

292. If the cases related to that registered agent are deducted from the statistics of the period under review, the rate of full responses would be 62% (i.e. 57 cases out of 149 requests received). Although better than the overall success rate (44.6%), this would still not be a satisfactory rate.

293. The other failures to provide the information related to IBCs struck off or dissolved prior to the legal changes described in Part A, which require that the relevant information be held in the Seychelles, including after the striking off of the IBC. The competent authority contacted its main EOI partners to explain that for those EOI requests, most of the accounting

information could not be provided. When it identified that accounting records could be accessible in another jurisdiction, the competent authority systematically provided the address where the accounting records were located.

294. In 2021 and 2022, there were also 4 cases where the Seychelles' competent authority failed to obtain and provide the accounting and beneficial ownership information on domestic companies. The competent authority explained that it is still trying to obtain the information which should be available in the Seychelles. The SRC is reviewing initiation of prosecution procedures for two of these cases.

295. The main challenge that the competent authority faced during the period under review remains the difficulty to obtain the accounting information. As described under Element A.2, prior to 2021, IBCs were not required to keep their accounting records in the Seychelles and the registered agent did not maintain the accounting records of their clients, so in most cases it was difficult or impossible to obtain the information.

296. Although these difficulties are not attributable to the organisation processes and resources of the Seychelles and are of a diminishing nature, as reflected by the evolution of the statistics, the Seychelles failed to provide a full response in 55% of the cases. Therefore, the recommendation that **the Seychelles should provide complete responses to its EOI partners in a timely manner** remains.

Overall progress ongoing

297. Although the rate of full responses provided by the Seychelles remains low for the period under review, it is twice better than the rate of full responses noted in the 2020 Report (19%). This rate also improved over the period under review to reach 71% towards the end of this review. Two reasons explain this higher success rate. First a smaller percentage of requests relate to the registered agent that ceased to operate in the Seychelles in 2018 (see paragraph 291). Second, the capacity and staffing in the EOI unit at the SRC increased and the EOI procedures have been streamlined (see below).

Full and partial responses are provided timely

298. Most of the requests relate to different type of information and consequently, the Seychelles has never completely failed to provide the information in response to an EOI request but rather provided, in the 112 cases of failure to obtain and provide the information requested, partial answers for the information that the competent authority managed to collect. In particular, the Seychelles' competent authority emphasised that if legal ownership information is readily available in the databases or if the address

of location of the accounting records were available, they were provided without delay to the requesting jurisdiction.

299. When a full response has been provided, it was in a timely manner as 80% of the full responses were provided within 90 days and more than 90% were provided within 180 days. Therefore, in general, the Seychelles did not experience specific issues in dealing with the EOI requests in a timely manner when the information was kept in the Seychelles, in particular for banking information held by banks in the Seychelles.

300. The following table provides an overview of the timelines for the provision of final partial and full answers, which corresponds to the number of failures to obtain and provide full information requested.

Response time for final partial and full answers

	Partial final responses										Timeliness of **final full response** out of the total number of requests received	**Total timeliness** (full and partial answers)
	1 April-31 December 2019		**2020**		**2021**		**January-March 2022**		Total Timeliness of **final partial response** out of the total number of requests received			
	Num.	**%**	**Num.**	**%**	**Num.**	**%**	**Num.**	**%**	**Num.**	**%**	**%**	**%**
Total number of requests received	77	100	58	100	62	100	7	100	204	100	100	100*
Total number of final partial response [A+B]	58	75.3	34	58.6	18	29	2	28.6	112	54.9	n.a.	n.a.
Final partial response: ≤ 90 days	8	10.4	30	51.7	18	29	2	28.6	58	28.4	36.8	**65.2**
≤ 180 days (cumulative)	16	20.8	32	55.2	18	29	2	28.6	68	33.3	41.7	**75**
≤ 1 year (cumulative) [A]	20	25.9	34	58.6	18	29	2	28.6	74	36.3	41.7	**78**
> 1 year [B]	38	49.4	0	0	0	0	0	0	38	18.6	2.9	**21.5**

* The request withdrawn by the requesting jurisdiction is included in the 100% of the total number of requests received (0.5% of this number), but not reflected in the percentage of the total timeliness, as no final response was provided to this request.

301. When adding partial, but definitive, answers, the statistics on the timeline raise to 65% of the cases responded within 90 days and 75% responded within 180 days. An improvement in the timeline of provision of partial answers is also noted since the creation of the ITU in 2020.

302. Although the ITU had to adjust its activity and functioning during the COVID-19 pandemic, the timeline of the EOI activity of the Seychelles was not significantly affected during this period, mostly because the Competent Authority already used mainly electronic communications with its partners at that time.

303. When the information was received, the peers were generally satisfied. In respect of the timelines, the input received generally reflect the timelines indicated in the tables above. Some peers nonetheless explained that the timeline of the answers was impacted by communication issues (see below).

Status updates and communication with partners

304. During the review period, the Seychelles provided status updates to the requesting party in some instances, but not in a systematic manner. No statistics were kept in this regard, but the Seychelles' authorities indicated that they provided a status update in at least 8 cases during the period under review. The peer input received in preparation of this review confirm this uneven practice in sending the status update, ranging from some peers indicating that a status update has always been provided to some peers that have never received any status update even though they expressly requested it. The provision of partial information to a certain extent served the same purpose as a status update, and that has been done in some cases. This practice was confirmed by the peer input received.

305. The Seychelles' competent authority explained that each ITU officer is currently responsible for maintaining a tracker system for the cases allocated to them. The Seychelles' authorities explained that considering the volume allocated to each officer, the tracking of the timeframe of the answers is still manageable manually. The procedure on status update provides that, if the 90-day timeframe is approaching and the officer has not obtained any information, a status update is sent through an e-mail to inform the jurisdiction of the delay and its reason. In the majority of cases, the Seychelles' authorities explained that there is usually partial information which is at least available when the 90-day timeframe is completed, and the practice is that this information be sent to the requesting jurisdiction, advising that the investigations to gather the remaining information are ongoing. For the future, the ITU is implementing a new EOI tracking system. A function of this system, which should be in place early in 2023, will consist of an alert sent 60 days from the date of acknowledgement. The ITU officer working on the case will then have 30 days left to either draft a partial response or send a status update.

306. Other issues of communication with the EOI partners occurred during the period under review. First, some communications by regular post were not received by the Seychelles' competent authority. Some peers indicated that this issue affected the timeline of answers in at least five cases,

but that once the Seychelles acknowledged receipt of the request, the information was provided in a timely manner. The Seychelles authorities explained that these cases had occurred before the ITU was set up and the generic mailbox was created (see below). The update of the contact details of the Seychelles in the secure competent authority database of the Global Forum were also not systematic before the setting up of the ITU. Since the creation of the ITU, although the regular post was also severely disrupted by the COVID 19 pandemic, these types of issues have decreased. The Seychelles' competent authority is confident that such issues should not happen when the exchanges are made through the generic email address. In this respect, the Seychelles has expressly indicated its preference for email communications in its list of Competent Authority's contact details.

307. Then, when the Seychelles sent a partial reply, it often closed the case afterwards when it did not manage to gather additional information, without informing its EOI partners. This practice resulted in miscommunication with the peers. In particular, some peers indicated that they had to withdraw their requests due to the absence of full responses after several years, while these cases were already closed at the Seychelles' side. In this respect, the 2020 Report already noted that in many instances, it was not clear for the peers whether the reply was a final one, or whether the Seychelles competent authority would continue to try to pursue other ways to collect the information requested. The Seychelles' competent authorities indicated that it changed its practice after the end of the period under review and that it now systematically informs its EOI partner when a case is closed due to the inability to gather additional information. This was confirmed by one of the main partners.

308. Thirdly, as described in paragraph 257, the Seychelles declined EOI requests related to taxable periods earlier than the entry into force of the relevant bilateral instrument, although a mutual understanding on the applicability of the EOI instrument for those taxable periods was previously found with the relevant EOI partner. This mutual understanding has been confirmed more recently again so the concerned EOI requests were declined due to a lack of proper communication and of recording the relevant mutual understanding. In addition, as discussed under paragraph 258, after the mutual understanding was reached, the Seychelles raised the question of the validity of a request with two legal bases with different scopes, in particular on the applicable taxable periods. The Seychelles and the peer agreed on the relevant legal basis to be used. The Seychelles asked the peer to submit requests anew to mention only one legal basis but this peer informed the Seychelles that it should not be necessary to resubmit those requests. The peer indicated that the Seychelles did not sufficiently explain why it required new EOI requests mentioning only one legal basis. The Seychelles declined those EOI requests. In conclusion, due to the lack

of clarity of the reason why EOI requests needed to be resubmitted, an issue of communication is also identified in the handling of these cases. Nevertheless, following recent exchanges with the peer, the Seychelles agreed to reopen the cases initially declined. The Seychelles and the peer are also working on reconciliation of all the cases declined that should be reopened.

309. Therefore, although the Seychelles has improved the communication with its EOI partners towards the end of and after the period under review, **the Seychelles is recommended to continue its efforts to ensure an appropriate handling of cases and communication with its EOI partners and to provide a status update within 90 days where it is not able to provide a final response within that time period**.

310. Despite the issues raised, peers highlighted they had a very positive relationship with the Seychelles competent authority, who was easy to reach and willing to assist.

C.5.2. Organisational processes and resources

Organisation of the competent authority

311. The Minister of Finance of the Seychelles, who is the competent authority in accordance with the EOI instruments, delegated this power to the Commissioner General of the SRC. The International Tax Unit (ITU) of the SRC, created in January 2020, carries out the daily functions of the EOI.

Resources and training

312. The ITU is staffed with 5 officers, one of them having joined the unit in the second half of 2022, and oversees exchange of information, including EOIR and AEOI, as well as the implementation of the actions from the Base Erosion and Profit Shifting Project and substance requirements. It also undertakes the compliance activities, such as onsite inspections with the FSA, to ensure the compliance with the international tax standards. The performance measures of the ITU include the quality of the communication with the international partners and the response time to the EOI requests.

313. Personnel of the SRC, in particular of the ITU, has regularly attended Global Forum seminars and meetings and actively participates in the Global Forum activities. In addition, presentations have been run internally to have new SRC personnel potentially dealing with EOI requests up to date with the processes. An EOI manual detailing the different steps to respond to an incoming request was also disseminated within the Tax Division of the SRC in June 2019 and updated in 2021.

314. In addition, a more sophisticated EOI tracking system is being implemented and will be implemented for both tracking requests and collecting statistics. This system is operational since the end of 2022 but some functions, such as the alerts for the status update (see above) are expected to be in place early 2023.

315. The creation of the ITU has addressed the shortcomings noted in the 2020 Report on the adequacy of resources to the increasing volume of EOI requests. The overall low percentages of full responses, as recorded in the table under C.5.1 above, are mainly due to shortcomings identified under Part A of this report. Therefore, the recommendation issued in the 2020 Report on the organisational processes and the resources committed to EOI is removed.

Incoming requests

316. The incoming requests are usually received in the dedicated generic mailbox, which is accessible only by the Competent Authority and the manager of the ITU. Once successfully decrypted, the manager assigns the request to an officer for its treatment. The officer registers the request and its details[47] in the EOI tracking tool. If the request is received by regular post, the Competent Authority forwards it to the manager of the ITU and then the same process applies.

317. Once the request is registered in the EOI tracking tool, the ITU officer acknowledges receipt of the request and processes it. The ITU officer checks:

- the name of the foreign competent authority on the Global Forum database
- whether the identity of the person under investigation is clearly provided (except if it is a group request)
- the period under investigation and whether it matches with the date of effect of the EOI instrument
- whether the background and the link between the person under investigation and the person in the Seychelles is provided
- whether the grounds to believe that the information is held in Seychelles is sufficient.

318. If the ITU officer considers that clarifications are needed, a formal letter requesting for these clarifications is sent by the Competent Authority

47. Requesting jurisdiction, legal instrument, tax period, type of information requested, etc.

through encrypted emails. A one-week timeline to respond to this request is given to avoid delays. In absence of response by the due date, the request is declined. Although it was clarified that the ITU officer sends a reminder before the end of the one-week period and will work on the case if the clarification is provided after this period, the timeline of treatment of the case is computed with the first date of closure of the case, i.e. when the request is declined after the one-week period, and then would not reflect the actual timeline of treatment of the request if the clarification was sent after the request was declined. This one-week timeline had no adverse impact during the period under review as the partners usually provided the clarifications in this timeframe. In addition, the Seychelles informed that the EOI manual was recently amended to foresee a two-week timeline given to the EOI partners to reply to the requests of clarification. Nevertheless, the Seychelles should monitor that declining the request if the clarifications are not provided in the two-week timeline does not affect the exchange of information with its partners (Annex 1).

319. As explained above, the EOI tracking system does not yet include automatic alert to trigger the procedure for sending status update but the new EOI tracking system should include an automatic alert to the officer and to the manager at the set timeframes for response, including when the 90-day deadline will be approaching.

320. When the information requested is gathered, the ITU officer checks whether it replies to all the questions contained in the request. If the information gathered does not fully satisfy the EOI request, a new notice to produce the information is sent to the information holder. The information is then inserted in the EOI tracking system and sent to the EOI partner by the Competent Authority.

321. In practice, the Seychelles failed to provide comprehensive banking information in one case, as described in paragraph 222. The Seychelles has not identified the reason of this initial failure to provide all the requested information in response to a first request, which was received before the creation of the ITU. Although not directly due to miscommunication with the peer, this failure could be attributed to the lack of staff identified in the 2020 Report since all the information requested was eventually gathered by the ITU and provided to the peer, in response to a second request. The procedure defined for the treatment of the incoming requests by the ITU, which requires in particular that the ITU officer check the comprehensiveness of the replies, should prevent such a situation. The peers did not report any other similar issue.

Outgoing requests

322. The Seychelles sent eight requests during the period under review. The process of sending requests is described in an exhaustive manner in the EOI Manual. The Seychelles' outgoing requests follow the OECD template.

323. If a tax auditor identifies information to be requested to a foreign tax administration, he/she contacts the manager of the ITU by providing a brief explanation of the case. Then, the manager usually organises a meeting with the tax auditor to advise him/her whether, based on the explanations provided, a request can be sent. If approved, the case is assigned to an ITU officer who sends the EOI request template to the tax auditor, along with a guide on how to fill in this template. Upon receipt of the draft EOI request, the ITU officer verifies its foreseeable relevance and whether all the relevant information is provided, based on a checklist that includes the following considerations:

- the legal instrument under which the request is being made
- the tax year and tax types which the request relates to
- the identity of the person under investigation
- the identity of the person said to be in the possession of the requested information
- the detailed background of the case
- the information requested
- the reason to believe that the information is within the requested jurisdiction with supporting document.

324. If needed, the ITU officer reverts to the tax auditor to obtain further details to support the validity of the EOI request. Any other information such as the reference number and the contact details of the foreign competent authority is completed by the ITU officer who also drafts a covering letter to support the request and forwards it to the relevant competent authority through encrypted email. The ITU officer then inserts the details of the outgoing request in the EOI tracking system.

325. One request of clarification was received out of the eight requests sent. This request aimed at obtaining additional information, such as invoices, to support the background of the case. The Seychelles' competent authority did not provide this information in the initial EOI request as it did not consider it needed for the case, but it provided it to the peer three weeks after the request for clarification. Peers did not raise any issue concerning the quality of the Seychelles' outgoing requests.

C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI

326. Other than those matters identified earlier in this report, there are no further conditions that appear to restrict effective exchange of information in Seychelles. There is also no evidence of unreasonable, disproportionate, or unduly restrictive conditions on exchange of information in practice.

Annex 1: List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change, and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- **Element A.1.1**: The Seychelles should ensure that the beneficial ownership information gathered under the AML requirement be up to date in accordance with the standard (paragraph 133).
- **Element A.1.2**: The Seychelles should continue to monitor that all bearer shares have been fully cancelled if they have not been converted into nominative shares by 1 July 2014 (paragraph 147).
- **Element A.3**: The Seychelles should continue to implement an effective system of supervision of banks to ensure the availability of beneficial ownership information held by banks (paragraph 220).
- **Element B.2**: The Seychelles should continue to ensure that the taxpayer subject to an EOI request is not unduly notified by the information holder (paragraph 248).
- **Element C.2**: The Seychelles should continue to conclude EOI agreements with any new relevant partner who would so require (paragraph 265).
- **Element C.5**: The Seychelles should monitor that declining the request if the clarifications are not provided in the two-week timeline does not affect the exchange of information with its partners (paragraph 318).

Annex 2: List of the Seychelles' EOI mechanisms

Bilateral international agreements for the exchange of information

	EOI partner	Type of agreement	Signature	Entry into force
1	Bahrain	DTC	24-Apr-10	08-Feb-12
2	Barbados	DTC	19-Oct-07	28-Feb-08
3	Belgium	DTC	27-Apr-06	10-Sep-15
4	Bermuda	DTC	24-May-12	19-Jul-13
5	Botswana	DTC	26-Aug-04	22-Jun-05
6	Cayman Islands	TIEA	12-Feb-14	22-Sep-16
7	China (People's Republic of)	DTC	26-Aug-99	17-Jan-02
8	Cyprus[48]	DTC	28-Oct-06	02-Nov-06
9	Denmark	TIEA	30-Mar-11	14-May-12
10	Eswatini	DTC	18-Oct-12	11-Feb-15
11	Ethiopia	DTC	14-Jul-12	01-Jan-14
12	Faroe Islands	TIEA	30-Mar-11	14-May-12
13	Finland	TIEA	30-Mar-11	08-Nov-12
14	Georgia	TIEA	29-Oct-15	13-Sept-16
15	Ghana	DTC	20 May-14	Ratified on 22-Dec-14
16	Greenland	TIEA	30-Mar-11	11-Jan-14

48. Note by Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

	EOI partner	Type of agreement	Signature	Entry into force
17	Guernsey	DTC TIEA TIEA Protocol	27-Jan-14 08-Sept-11 12-Sept-16	06-Oct-16 22-Jul-12 14-Jun-17
18	Iceland	TIEA	30-Mar-11	19-Oct-13
19	India	TIEA	26-Aug-15	28-Jun-16
20	Indonesia	DTC	27-Sept-99	16-May-00
21	Isle of Man	DTC	28-Mar-13	16-Dec-13
22	Jersey	DTC	28-Jul-15	05-Jan-17
23	Kenya	DTC	17-Mar-14	09-Apr-15
24	Kuwait	DTC	05-Feb-08	Ratified on 13-Jul-09
25	Lesotho	DTC	05-Sep-11	Ratified on 28-Nov-11
26	Luxembourg	DTC	01-Jun-12	19-Aug-13
27	Malawi	DTC	06-Sep-12	Ratified on 18-Feb-13
28	Malaysia	DTC	03-Dec-03	10-Jul-06
29	Mauritius	DTC	11-Mar-05	22-Jun-05
30	Monaco	DTC	04-Jan-10	01-Jan-13
31	Netherlands	TIEA	04-Aug-10	01-Sep-12
32	Norway	TIEA	30-Mar-11	11-Aug-12
33	Oman	DTC	12-Sep-03	20-Jan-04
34	Qatar	DTC	01-Jul-06	10-Apr-07
35	San Marino	DTC	28-Sep-12	30-May-13
36	Singapore	DTC	09-Jul-14	18-Dec-15
37	South Africa	DTC	26-Oct-98	27-Jul-02
38	Sri Lanka	DTC	23-Sept-11	26-Mar-14
39	Sweden	TIEA	30-Mar-11	06-Oct-13
40	Switzerland	TIEA	26-May-14	10-Aug-15
41	Thailand	DTC	26-Aprl-01	14-Apr-06
42	United Arab Emirates	DTC	18-Sept-06	23-Apr-06
43	Viet Nam	DTC	04-Oct-05	07-Jul-06
44	Zambia	DTC	07-Dec-10	04-Jun-12
45	Zimbabwe	DTC	6-Aug-02	Ratified on 4-May-04

Convention on Mutual Administrative Assistance in Tax Matters (as amended)

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention).[49] The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax co-operation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

The Multilateral Convention was signed by the Seychelles on 24 February 2015 and entered into force on 1 October 2015 in the Seychelles. The Seychelles can exchange information with all other Parties to the Multilateral Convention.

The Multilateral Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Armenia, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Burkina Faso, Cabo Verde, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curaçao (extension by the Netherlands), Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Eswatini, Faroe Islands (extension by Denmark), Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by the United Kingdom), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Jordan, Kazakhstan, Kenya, Korea, Kuwait,

49. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), North Macedonia, Malaysia, Maldives, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom), Morocco, Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Tunisia, Türkiye, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay and Vanuatu.

In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Benin (entry into force on 1 May 2023), Gabon, Honduras, Madagascar, Papua New Guinea, Philippines, Togo, United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010) and Viet Nam.

Southern African Development Community's Agreement on Assistance in Tax Matters (SADCA)

The Southern African Development Community's Agreement on Assistance in Tax Matters was signed on 18 August 2012 by Angola, Botswana, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, and Zimbabwe. It was ratified by the Seychelles on 23 June 2021. It will enter into force 30 days after two thirds of the Southern African Development Community member states submit their instrument of ratification.

Article 4 of this Agreement provides for a framework for exchange of information automatically, spontaneously or upon request between the relevant competent authorities. This provision is in line with the standard as it contains wording equivalent to paragraph 4 and 5 of Article 26 of the OECD Model Tax Convention and, although it provides for an exchange of "relevant" information, this term should be interpreted as providing for an exchange of "foreseeably relevant" information. Article 8 of this Agreement contains the confidentiality requirements, also in line with the standard.

Annex 3: Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and amended in December 2020, and the Schedule of Reviews.

The evaluation is based on information available to the assessment team including the exchange of information arrangements signed, laws and regulations in force or effective as at 28 April 2023, the Seychelles' EOIR practice in respect of EOI requests made and received during the three year period from 1 April 2019 to 31 March 2022, the Seychelles' responses to the EOIR questionnaire, inputs from partner jurisdictions, as well as information provided by the Seychelles' authorities during the on-site visit that took place from 12 to 16 December 2022, in Victoria, Seychelles.

List of laws, regulations and other materials received

Anti-Money Laundering Act, 2020

Beneficial Ownership Act, 2020

Companies Act

International Business Companies Act

Companies (Special License) Act

Protected Cell Companies Act

Limited Partnerships Act

Trusts Act, 2021

Beneficial Ownership Regulation

Beneficial Ownership Guidelines

Beneficial Ownership FAQs

EOI Manual (excerpts)

Revenue Administration Act

Seychelles Revenue Commission Act

Authorities interviewed during on-site visit

Ministry of Finance

Financial Services Authority (FSA)

Financial Intelligence Unit (FIU)

Seychelles Revenue Commission (SRC)

Current and previous reviews

This report provides the outcomes of the sixth peer review of the Seychelles' implementation of the EOIR standard conducted by the Global Forum.

The Seychelles was evaluated in Round 1 across four reports: the 2011 Phase 1 report, the 2012 Supplementary Phase 1 report, the 2013 Phase 2 report and the 2015 Supplementary Phase 2 Report. The Round 1 reviews were conducted according to the terms of reference approved by the Global Forum in February 2010 (2010 ToR) and the Methodology used in the first round of reviews.

The 2020 Report presented the first review of the Seychelles against the 2016 Terms of Reference and concluded that the Seychelles was overall Partially Compliant with the international standard. The present Supplementary Report concludes that the Seychelles is still overall Partially Compliant.

Information on each of the Seychelles' reviews is provided in the table below.

Summary of reviews

Review	Assessment team	Period under review	Legal framework as of	Date of adoption by Global Forum
Round 1 Phase 1	Mr Jose Ivan Cavalcanti, Brazil; Mr Philippe Cahanin, France, and Mr Rémi Verneau from the Global Forum Secretariat	not applicable	July 2010	January 2011
Round 1 Supplementary to Phase 1	Ms Ivonete Souza, Brazil; Mr Philippe Cahanin, France, and Mr Rémi Verneau from the Global Forum Secretariat	not applicable	April 2012	June 2012
Round 1 Phase 2	Ms Ivonete Souza, Brazil; Mr Philippe Cahanin, France; Mr Rémi Verneau and Mr Radovan Zidek from the Global Forum Secretariat	1 July 2009-30 June 2012	August 2013	November 2013

Review	Assessment team	Period under review	Legal framework as of	Date of adoption by Global Forum
Round 1 Supplementary to Phase 2	Ms Ivonete Souza, Brazil; Mr Thierry Glajean, France, and Mr Radovan Zidek from the Global Forum Secretariat	1 July 2012-31 December 2014	August 2015	October 2015
Round 2 combined Phase 1 and Phase 2	Mr Antonio Morales Martín, Spain; Ms Jasmine Wade, Antigua and Barbuda; Mr Francesco Bungaro and Ms Renata Teixeira from the Global Forum Secretariat	1 July 2015-30 June 2018	January 2020	April 2020
Round 2 Supplementary	Ms Jasmine Wade, Antigua and Barbuda; Ms Maria Rosaria La Veglia, Italy; Ms Carine Kokar, Global Forum Secretariat	1 April 2019-31 March 2022	28 April 2023	14 July 2023

Annex 4: The Seychelles' response to the review report[50]

The Government of the Seychelles expresses its gratitude to the assessment team, the Global Forum Secretariat and all members of the Peer Review Group for their guidance and assistance in preparing and finalising our report.

The Seychelles acknowledges the recommendations of the report, and the relevant Authorities remain dedicated to addressing these.

We maintain, that in relation to element A1, the failures to provide information were largely impacted by a legacy matter involving one single registered agent which ceased operations in 2018 and left the jurisdiction with their records. This matter permitted the Seychelles to identify certain deficiencies, which we promptly addressed by requiring that all registered agents which cease operations in the jurisdiction hand over their records to the Financial Services Authority. In practice, since the coming into effect of this legislative amendment in 2021, all five registered agents who have left the jurisdiction have complied, and the Competent Authority has successfully provided information for a request relating to beneficial and legal ownership information utilising this mechanism in practice.

The disproportionate impact of this one registered agent is illustrated in the fact that should the requests relating to this registered agent be excluded, the Seychelles can be seen to have had a success rate of over 99% in requests received for legal ownership information, and over 91% for beneficial ownership information through the review period per tables below.

50. This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

Legal Ownership Information	2019	2020	2021	2022	Success Rate Through the Review Period
Requests	48	18	32	14	
Provided	48	18	32	13	
Not Provided	0	0	0	1	
Success Rate	100%	100%	100%	93%	99%

Note: Availability of Legal Ownership Information in Exchange of Information on Request in practice through the review period (April 2019 to March 2022) excluding cases relating to one single registered agent that ceased operations in Seychelles in 2018

Beneficial Ownership Information	2019	2020	2021	2022	Success Rate Through the Review Period
Requests	37	16	32	14	
Provided	37	16	25	12	
Not Provided	0	0	7	2	
Success Rate	100%	100%	78%	86%	91%

Note: Availability of Beneficial Ownership Information in Exchange of Information on Request in practice through the review period (April 2019 to March 2022) excluding cases relating to one single registered agent that ceased operations in Seychelles in 2018

The case of this same registered agent is not one which is unique to the Seychelles, as it operated in multiple jurisdictions, and it is our understanding that it has or is similarly posing challenges in exchange of information in practice for many of these jurisdictions, leading to the urgency for the revisit of legislations and practices.

The Seychelles remains committed to continuing to monitor and enforce the requirements of the 2021 amendments in cases of cessation of activities of registered agents, as per the recommendation of the report. However, it is regrettable that this monitoring and enforcement will not be an option to remedy the impact of this single registered agent which ceased operations prior to the coming into effect of this change in legislation.

It is unfortunate that cases relating to this single entity have negatively encroached on the great efforts which our country has made, as far as the numerous legislative, regulatory and supervisory efforts, and that it has resulted in a rating of Partially Compliant for Element A.1 and consequently impacted on the overall rating for the Seychelles.

The Seychelles remains committed to promoting tax transparency and to adherence to the global standards on exchange of information for tax purposes.

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request SEYCHELLES 2023 (Second Round, Supplementary Report)

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This publication contains the 2023 Second Round Supplementary Peer Review on the Exchange of Information on Request for the Seychelles.

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