



## Seychelles Transfer Pricing Rules

Changes have been introduced to the Transfer Pricing (“TP”) laws in Seychelles through the enactment of Act 31 of the Business Tax (Amendment) Act, 2022 on 30 December 2022. These changes are effective as from January 2023. A TP Awareness Session was recently conducted by the Seychelles Revenue Commission (“SRC”).

### Overview of the new TP laws

- Applicable to arrangements between associates, different businesses of a person, businesses and other activities of a person, or a person and its permanent establishment.
- A TP benefit should not be obtained from actual conditions that differ from the arm's length conditions and that are inconsistent with the arm's length principle.
- Non-arm's length arrangements can be substituted with arm's length conditions and taxable income or loss adjusted.
- Embeds the OECD TP Guidelines and Model Tax Convention on Income and Capital.

### Reporting\*

- Mandatory reporting to be done as from 2024 in the form of a Related Party Dealings schedule in the business tax return.
- Penalties are applicable for failure to lodge the Related Party Dealings schedule.

### Documentation\*

- TP documentation to be held and provided to SRC upon request for companies having a turnover above SCR 1 million.



- Additional layer of documentation required where total value of controlled arrangements is more than 10% of turnover or total value of controlled arrangements exceed SCR 50 million.
- Requirement to retain and maintain documentation for 7 years.
- Penalties are applicable for failure to keep proper TP documentation.

*\* Rules regarding reporting and documentation are pending Gazetting.*

## Our comments

We expect the SRC to undertake risk reviews across a range of industries in Seychelles. The documents and information that we would expect the SRC to request include group organisational structure, intercompany agreements, any TP adjustments made and any TP documentation available such as master and local file and Country-by-Country report.

## Next Step

We would recommend clients to review their related party dealings and prepare relevant documentation for difference in pricing (if any) while dealing with independent third parties compared to associates.

## How KPMG can assist you

We will be pleased to discuss how the TP laws will impact your business and assist you to be compliant. KPMG can also guide you in preparing the documentation to be held to support the pricing of related party transactions and help you with the reporting requirements.

# Contact Us



**Wasoudeo Balloo**  
**Partner, Head of Tax**

**T:** (+230) 406 9891  
**E:** [wballoo@kpmg.mu](mailto:wballoo@kpmg.mu)



**Joshita Lutchoomun**  
**Manager, Tax**

**T:** (+230) 5833 8346  
**E:** [jlutchoomun@kpmg.mu](mailto:jlutchoomun@kpmg.mu)



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