

BUSINESS TAX (AMENDMENT) BILL, 2024

(Bill No. 21 of 2024)

**EXPLANATORY STATEMENT OF THE OBJECTS AND REASONS
FOR THE BILL**

This Bill seeks to amend sections 14, 15, 17, 54 and the First and Eighth Schedules of the Business Tax Act (*Cap 20*), to —

- (a) allow employers to deduct non-monetary benefit expenses on either the actual cost of the benefits or the taxable value of the benefits;
- (b) include taxes under any revenue law as non-deductible expenses;
- (c) enable taxpayers to self-assess their transfer pricing to be reflected in their business tax return;
- (d) lower the rates for technical services on software development; and
- (e) introduce an accelerated amortisation for software development for a period of three years (2025 to 2029).

Dated this 25th day of November, 2024.

**NAADIR HASSAN
MINISTER OF FINANCE,
NATIONAL PLANNING AND TRADE**

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ARRANGEMENT OF SECTIONS

Sections

1. Short title and commencement
2. Amendment of section 2
3. Amendment of section 14
4. Amendment of section 15
5. Amendment of section 17
6. Amendment of section 54
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8. Amendment of Eighth Schedule

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A BILL

FOR

AN ACT TO AMEND THE BUSINESS TAX ACT, CAP 20.

ENACTED by the President and the National Assembly.

Short title and commencement

1. This Act may be cited as the Business Tax (Amendment) Act, 2024 and shall come into operation on the 1st January, 2025.

Amendment of section 2

2. Section 2 of the Business Tax Act, Cap 20, in this Act referred to as the “principal Act”, is amended by inserting in its proper alphabetical order the following definition —

“ “software” means a program or a collection of programs containing instructions and the computer data that enable an electronic device or computer system to perform specific tasks or functions;”.

Amendment of section 14

3. Section 14 of the principal Act is amended in subsection (3) by repealing paragraph (b) and substituting it with the following paragraph —

“(b) an employer for the non-monetary benefits to an employee shall be based on —

(i) the actual cost of the non-monetary benefits; or

(ii) the taxable value pursuant to the Fourth Schedule of the Income and Non-Monetary Benefit Tax Act, 2010, where the actual cost of the benefit cannot be ascertained by the employer.”.

Amendment of section 15

4. Section 15 of the principal Act is amended in subsection (1) by repealing paragraph (g) and substituting it with the following paragraph —

“(g) any tax, including any additional tax or interest payable under any revenue law;”.

Amendment of section 17

5. Section 17 of the principal Act is amended by inserting after subsection (3), the following subsections —

“(3A) The amortisation deduction allowed to a business for a tax year in respect of amortised software, other than software for gaming, is computed by applying the rate specified in the Eighth Schedule against the cost of the asset.

(3B) The amortisation deduction under subsection (3A) shall have a useful life of three years.”.

Amendment of section 54

6. Section 54 of the principal Act is amended by inserting immediately after subsection (1), the following subsection —

“(1A) A person shall assess that person’s transfer pricing and make any necessary adjustments in accordance with the arm's length principle, so that a measure of taxable income is reported in that person's business tax return.”.

Amendment of First Schedule

7. The First Schedule of the principal Act is amended in item 3 —

(a) by repealing paragraph (c) and substituting it with the following paragraph —

“(c) in the case of technical fees, other than managerial fees payable to a non-resident by a financial institution operating in Seychelles or fees relating to software development payable to a non-resident, is 15%;

(b) in paragraph (d), by inserting the word “or” after the semi colon;

(c) by inserting immediately after paragraph (d) the following paragraph —

“(da) in the case of a technical service fee for software development for services acquired during the period 2025 to 2029, is 0%;

Amendment of Eighth Schedule

8. The Eighth Schedule of the principal Act is amended by inserting after item 3, the following item —

“4. Accelerated Amortisation

Relevant deductions	Year	Rate %
Software cost	1	50
	2	30
	3	20