

Tuesday, 12 October 2021

# Seychelles officially removed from the EU Black List

Dear Client,

In **February 2020**, we had informed you that the **Seychelles** had been placed on the **European Union's (EU) List of Non-cooperative Jurisdictions for Tax Purposes** ('the EU Black List'). We had further illustrated the steps undertaken by the Seychelles Government in **May 2021** to fulfil the EU's requirements to be removed from the Black List.

With effect from **5 October 2021**, we are now pleased to advise that the **Seychelles** has been **officially removed from the EU Black List**, and is now moved to the '**EU Grey List**'.

## What does this mean?

This means that while no sanctions are imposed on the jurisdiction, it will continue to be monitored by the EU for its ongoing efforts in implementing Economic Substance compliance measures.

This is a positive development and demonstrates that the Seychelles remains as an attractive jurisdiction for company structuring and formation.

The decision was made in light of Seychelles' commitments to undergo a supplementary review to improve the availability, access, and exchange of information for tax purposes as required by the Global Forum on Transparency and Exchange of Information for Tax Purposes ('the Global Forum').

As anticipated, and last communicated in **September 2021**, the measures undertaken by the Seychelles to satisfy the Global Forum seemed to have paid off. These involved the passing of a number of items of legislation over the past year, mainly :

1. The **Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020** in an aim to strengthen enforcement of anti-money laundering and terrorism-financing activities in the Seychelles;
2. The **Beneficial Ownership Act, 2020** to establish a secure and centralised (but NOT publicly available) register of beneficial owners (RBO) of entities incorporated or registered in the jurisdiction; and
3. Various amendments to existing Laws regulating all types of entities in the Seychelles (including the **International Business Companies (Amendment) Act, 2021**), requiring all Seychelles entities' to maintain at least a copy of their underlying accounting records in the Seychelles in a view to improve the access to accounting information upon request.

## Next steps

In order to satisfy the EU's requirements on Economic Substance, the Seychelles had updated the **Business Tax Act (under the Business Tax (Amendment) Act ('BTAA'))**. The BTAA came into force on 15 September 2021 in order to bring refinements to the Seychelles' existing territorial tax regime such that foreign sourced income previously exempted from tax, is suitably targeted.

We are waiting for further Guidance from the Seychelles Government and will communicate further as developments arise in this regard.

If you have any questions about this communication, please reach out to your Account Manager or regular Vistra contact.

Thank you for your kind attention.

Best regards,

The Vistra Team



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