

National AML/CFT Committee recommends reforms to ensure Seychelles' continued compliance with global fiscal transparency standards

December 11, 2019

Tuesday 10th December 2019: The National Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Committee - (NAC), has stressed on the importance for Seychelles to maintain its commitment and remain steadfast in its endeavour to adhere to the international standards on transparency and exchange of information for tax purposes.

This was during discussions on Tuesday 3rd December 2019 regarding France's decision to add Seychelles to its blacklist of tax havens, claiming that the country has not been cooperative enough on issues of fiscal transparency.

It is to be noted that Seychelles is a signatory to the *Multilateral Convention on Mutual Administrative Assistance for Tax Matters*, which entered into force on 1st October 2015. Since then, the country has made every effort to positively respond to requests for information submitted by countries that are a party to this convention, including the French authorities.

Nevertheless, Seychelles recognises that while steps have been taken to improve upon frameworks in place and ensure robust regulations and legislations, there are still some challenges posed by the current systems that remain to be addressed. One of the key challenges is the fact that the tax laws of Seychelles and the International Business Companies (IBC) Act do not oblige IBCs to have their accounts audited. Additionally, while IBCs are required to keep reliable accounting records, as per the IBC Act, these may be kept outside of Seychelles, and there is currently no mechanism in the IBC Act stipulating that information maintained outside of Seychelles should be sent to the Registered Agent or Supervisory Authority in Seychelles when an entity is to be struck off the register.

The NAC is spearheading efforts to address the identified challenges and has highlighted the following reforms that need to be undertaken:

- strengthening of the supervisory activity on the requirement to keep appropriate accounting records for all legal entities and legal arrangements;
- ensuring that the definition of beneficial owners for legal entities and legal arrangements is fully in line with international standards;
- strengthening of the requirement on obtaining information from foreign third parties, to ensure that the information conforms with international standards;
- ensuring that the law requires for accounting records to be kept for a minimum of five years in cases where the entity is liquidated and that the requirements are supported by dissuasive and proportionate sanctions in case of non-compliance.

The NAC has started to discuss the recent draft *Peer Review Report on the Exchange of Information on Request of the Seychelles from the Organisation for Economic Co-operation and Development (OECD)*, which will be finalised this year and discussed at the Global Forum in February 2020.

Emphasis is also being placed on the need for collaboration between the relevant industry stakeholders to ensure that all sectors fully understand the risks and repercussions that Seychelles could face should it not meet its obligations, as per the international standards. In this regard, the NAC members have agreed that there is an urgent need to amend or draft new legislation to ensure compliance with global norms.

The NAC has equally recommended that the Government requests further assistance from its bilateral partners to build the capacity of employees working on these crucial matters and assist Seychelles to implement these international standards effectively.

Seychelles remains committed to meeting its international obligations and looks forward to continuing a collaborative partnership with its international partners.