

## POLICY

### DEVELOPMENT OF VILLAS AND HOLIDAY ACCOMMODATION IN TOURISM RESORTS AND OWNERSHIP BY NON- SEYCHELLOIS

- 1.0 This Policy addresses the concept of construction and sale of villas and holiday accommodation by promoters in approved tourism resorts and ownership of such immovable property by Non-Seychellois throughout Seychelles
- 1.1 Subject to certain criteria being met hotel resort developments comprising partly of privately owned villas or self contained units forming part and parcel of a hotel resort or for private owner-occupation are permitted on the basis that this will facilitate equity participation and financing of the resort and attract high net worth individuals as investors and stakeholders in Seychelles.
- 1.2 Alienation of land to Non-Seychellois under this category will be subject to the following:-
  - (1) Sites designated for tourism development should remain **primarily for tourism purposes.**
  - (2) Ownership of land and or residential villas on all islands **other than Mahé, Praslin, La Digue and Cerf Island** will be on a **Leasehold basis only for a maximum term of 99 years with the possibility of a further renegotiated lease thereafter.**
  - (3) The vehicle for ownership will be either
    - natural persons and/or
    - a local company incorporated under the Companies Act 1972 with no corporate shareholding and if with corporate shareholding the shareholders must be readily traceable in

Seychelles to natural persons. However, the hotel resort may be owned by an offshore company but only where the vehicle of ownership is through a local company incorporated under the Companies Act 1972.

- (4) Sanctions granted will be subject to the usual conditions relating to applicable time frames for submission of planning applications and completion of the proposed development. Non compliance thereto will constitute a breach of the Sanction granted.
- (5) The definition of Non -Seychellois in this context will be strictly as per the Immovable Property (transfer Restriction) Act.
- (6) Sanction will not be unreasonably withheld in the case of a Non-Seychellois for both the initial and subsequent purchases or leases of a privately owned villa or self contained unit in the resort.
- (7) An application for Sanction will be processed within 60 days of submission.
- (8) In the case of a villa or self contained unit which forms part and parcel of a hotel resort (ie in the rental pool) an application for Sanction must be accompanied by a copy of the signed management contract and or rental pool agreement between the resort and the owner of the privately owned villa. The management contract/rental pool agreement must include the provision for non-removal of the privately owned villa from the management scheme and or rental pool.
- (9) A privately owned villa or self contained unit cannot be removed from the hotel management scheme and or rental pool without the formal approval of the Ministry of Habitat, Infrastructure And Land Transport in consultation with the Ministry responsible for Tourism.

- (10) Land must not be sold/leased on its own but on the basis that the initial purchaser will be acquiring the finished product i.e land plus villa or self contained unit.
- (11) The Resort will pay full monthly applicable VAT to Government on total revenue derived from a privately owned villa or self contained unit.
- (12) Except where DTA's stipulate otherwise the dividends payable to a Non-Resident shareholder of a villa will be subject to the applicable rate of withholding Tax (currently 15%).
- (13) The owner will be required to register with the Revenue Commission for this purpose and as one of the conditions of Sanction. The owner will also be liable to applicable Business Tax on his share of income.
- (14) The applicable stamp duty (currently 5% of the value of the property) will be payable on all initial and future transfers/lease of the privately owned villas or self contained units or shares in the landowning company.
- (15) The applicable Sanction processing fees (currently a Non-Refundable fee of SR3000/- upon filing of the application plus a fee of 1.5% of the market value of the property upon approval of the application) will be payable on all initial and future applications for sanction in the case of purchase/ lease by a Non-Seychellois.
- (16) Subject to the necessary Sanction in the case of a Non-Seychellois, a privately owned villa or self contained unit which is in the rental pool may change ownership provided it remains in the hotel management scheme/rental pool.
- (17) A privately owned villa or self contained unit which forms part of the rental pool will be licensed as part and parcel of the hotel and will be included in the keys count of the Resort.

- (18) The transfer of any villa back to the owner/developer will be exempted from stamp duty and sanction processing fees (excluding the Non-Refundable fee of SR3000/- upon filing of the application) where documentary proof is provided to the effect that the sale did not go through due to circumstances beyond the control of the owner/developer
- (19) The Resort will continue to be guided by tourism policy on accommodation establishments

## 2.0 **Purchase of Luxury Villas and Self Contained Units By Non-Seychellois**

- 2.1 Only **new stock of stand-alone luxury villas and self-contained units** of an acceptable standard within a hotel resort may be purchased freehold where such land is held in freehold ownership. Where land is held leasehold, titles may be converted into freeholds on Mahe, Praslin, La Digue and Cerf islands only. On all other islands any sale will be on leasehold basis as per paragraph 1.2(2) above.
- 2.2 The percentage of privately owned villas or self-contained units, ranging from individual, syndicated, fractional and club ownership, to the total number of keys of the resort inclusive of the units **should not exceed:**
- 40% where the promoter is a Non-Seychellois
  - 50% where the promoter is a Seychellois

Of which 50% may be utilized for private owner occupation only.

- 2.3 Where a privately owned villa or self-contained unit is to be used for private owner occupation only, a **Sanction duty of 3.5% of the value of the property** will be payable on all

initial and subsequent transfers in the case of purchase or/lease by a Non-Seychellois.

3. Government will continue to promote the development of the other islands and in this respect it will exercise flexibility with regard to different concepts of resort, villas or holiday accommodation projects on these islands. In view of their special characteristics certain of these islands may not be able to sustain conventional hotel development without a high mix of villas or ultimately a 100% villa development.
  - 3.1 Government will consider allowing the development of villas outside a hotel resort development on these islands in which case the villas may be managed by a hotel or a management services company. Hence there will be no limit as to the number of villas that can be privately leased provided that at least 50% of such villas are for rental under an approved rental pool agreement/ management contract. Any sale of a villa which is not pooled for rental under the approved rental pool agreement and or management contract will be subject to a Sanction Duty of 3.5% over and above the applicable Stamp Duty and Sanction Processing fees (ie a total payment of 10% of the market value of the property to GOS) plus a Non-Refundable fee of SR 3000/- upon filing of the application.
  - 3.2 No further taxes other than the applicable Stamp duty (currently 5%) and the Sanction processing fees will be payable on any subsequent transfer to Non-Seychellois in the case of villas which form part of the rental pool. Consequently, villas which do not form part of the rental pool will be liable to a sanction duty of 3.5% on any subsequent transfers.
  - 3.3 No subletting or renting of any villa will be permitted other than those forming part of the rental pool and as per the approved management contract.

