

# Paradigm

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# Seychelles International Business Companies Compliance Requirements

Given the latest amendments to the Seychelles International Business Companies Act of 1994, we would like to summarize those requirements, which every international business company (IBC) incorporated in the Republic of Seychelles must comply with.

First, every IBC must have a registered office in Seychelles, according to Section 38 of the IBC Act. Also, in Section 39 the provision indicates that every IBC must have a registered agent in Seychelles, which is licensed to provide international corporate services under the International Corporate Services Act 2003. The agent must have a non-fiduciary role and act as the IBC's point of contact in Seychelles.

According to Section 28 of the IBC Act, an IBC must keep a Share Register (Register of Members), which must contain the following information (at minimum):

- the name and address of each shareholder;
  - the number of each class and series of shares held by each shareholder;
  - the date on which the name of each member was entered in the register; and
  - the date on which any person ceased to be a member.
- This Share Register must be kept at its registered office in Seychelles, and may be in electronic or other data storage form (i.e. a PDF or Microsoft Word copy is sufficient).
- A penalty of US\$100 and an additional penalty of US\$25 for each day that the violation continues may be imposed on those IBCs that do not keep the above-mentioned Share Register, as well as on the IBC's Directors, who knowingly permit these violations.
- Also, Section 65(2)-(7) of the IBC Act establishes that Seychelles IBCs must keep a Register of Directors, which must contain the following information (at minimum):
- the name and address of each director and other officer of the company;
  - the date on which each person whose name is entered in the register was appointed as a director or other officer of the company;
  - the date on which each person named as a director ceased to be a director or other officer of the company.

As well as the Share Register, the Register of Directors must be kept at the IBC's registered office in Seychelles, and may be in electronic or other data storage form (i.e. a PDF or Microsoft Word copy is sufficient).

In addition, the same penalty of US\$100 and an additional penalty of US\$25 for each day that the violation continues may be imposed on those IBCs that do not keep the above-mentioned Share Register, as well as on the IBC's Directors, who knowingly permit these violations.

Furthermore, an IBC is required to keep, inside or outside of Seychelles as the directors shall determine, minutes



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of all meetings and copies of all written consent resolutions of directors and members (“minutes and resolutions”).

When these minutes and resolutions are not kept at its registered office in Seychelles, the Registered Agent must be notified in writing of the physical address where they are; and in case this location changes, the company must inform its Seychelles Registered Agent in writing of the physical address of the new location of the minutes and resolutions within 14 days of the change of location.

For this, a penalty of US\$25 for each day that the violations continues may be imposed on those IBCs that do not keep their minutes and resolutions according to the Act, as well as on the IBC’s Directors, who knowingly permit these violations.

The amendments now also regulate, under Section 65(1) of the IBC Act, the Keeping of Accounting Records while the company is active and seven years from the completion of the transactions or operations to which they each relate (*understanding as accounting records all the documents relating to the company’s assets and liabilities, company receipts and expenditure and sales, purchases and other transactions to which the company is a party – for example, bank statements, receipts, title documents, agreements, vouchers, etc*); and it obliges IBCs to keep or cause to be kept proper accounting records that:

- (a) are sufficient to show and correctly explain the company’s transactions;
- (b) enable the financial position of the company to be determined with reasonable accuracy at any time; and

- (c) allow for accounts of the company to be prepared (notwithstanding that an IBC is not required under the IBC Act to prepare accounts).

As well as the Minutes and Resolutions, the IBC is required to keep, inside or outside of Seychelles, as the directors shall determine, its accounting records. And, when these accounting records are not kept at its registered office in Seychelles, the Registered Agent must be notified in writing of the physical address where they are. In case this location changes, the company must inform its Seychelles Registered Agent in writing of the physical address of the new location of the minutes and resolutions within 14 days of the change of location.

In addition, although these accounting records are permitted to be kept outside of Seychelles, law requires that they can be made available by the IBC on request in Seychelles through the IBC’s Registered Agent. This would apply, for example, if there is a legal request for information made by the Seychelles governmental authorities or courts.

As well as with the Registered Agent and Registered Office in Seychelles provision, an IBC which violates the account record-keeping requirements under the IBC Act is liable to a penalty of US\$100 and an additional penalty of US\$25 for each day during which a violation continues. A director of an IBC who knowingly permits the violation is also liable for a penalty of US\$100 and an additional penalty of US\$25 for each day during which a violation continues.

On the other hand, according to Section 119 of the IBC Act; every IBC

must, by December 31 of every year, furnish only to its Seychelles Registered Agent a return in the form of a written declaration (the “Annual Return”) that provides to the effect that:

- (a) the company is keeping accounting records in accordance with the IBC Act and that such records can be made available through its Registered Agent in Seychelles; and
- (b) the company’s Share Register located at the Seychelles registered office is complete and up-to-date.

This Annual Return, according to the Registrar’s Guidelines, may be made and submitted on the company’s annual renewal date, provided that in every year, the Annual Return is submitted to its Seychelles Registered Agent by no later than December 31.

The same penalty as for the accounting records keeping applies if this requirement is violated.

Finally, pursuant to amendments to the IBC Act made by the International Business Companies (Amendment) Act 2013 (the “Amendments”), IBCs are no longer permitted to issue bearer shares.

In this regard, an IBC that has any issued and outstanding bearer shares is required to recall and cancel such bearer shares by June 16, 2014 (six months after the Amendments went into effect) and to issue registered shares in substitution for the cancelled bearer shares. That being said, any bearer shares that have not been recalled and cancelled by June 16, 2014, will be deemed null and void and have no legal effect. **P**