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Earning Your Money Back: Easy Way to Pay Less Tax

Taxes, with their long rich history, remain and still play a vital role in modern society. Taxes enable governments to function within their respective budgetary demands.

Every citizen is meant to reap the rewards of these taxes and is expected to understand their essential role in nation building and to endeavour to pay such taxes. However, many believed that they don't need to pay tax, thus have taken wrong paths to evade taxes.

Let's set the records straight, to achieve tax savings is legal and wise if carried out within the bounds of the law while Tax Evasion is a crime. Saving taxes is difficult, but the good news is, we can reduce them a bit via proper tax planning. Tax planning involves conceiving of and implementing various strategies in order to minimize the amount of taxes paid for a given period.

A good tax plan carefully considers the following:

Keeping good tax records

You need receipts for your tax deduction claims that you report to the SRC. The SRC knows, that a service or good cannot be served without incurring expenses essential to the delivery of this work. Taxes are then only charged on your net-income.

Therefore: Do you keep track of every expense you have? After a while, missing bits of your deduction may tantamount to a huge lost opportunity of claiming them. Simply keep track of those receipts so you have ease of remembering them. A good accountant helps you to stay on top of this.

Gifts are tax-deductible

Christmas is near. Giving gifts is a good thing but what makes it even better is that the amount equivalent to the value of the gift given to entities that work in the greater interest of the country is claimable as a tax return. (Business Tax Act, 2009)

- Gifts made to public fund, body, institutions, Charities or Non-Governmental Organisations shall be 100% deductible from their assessable income.

- Gifts made to public fund, body, institutions, Charities, or Non-Governmental Organisation towards the hosting of international sporting events in Seychelles approved by the Minister, shall be 150% deductible from their assessable income. That is definitely a win-win.

Smart Borrowing: the real deal

You may tell me, "Why would I borrow when I do have the Money?". Borrowing funds to finance the acquisition of assets necessary to carry out your business can benefit you by way of claiming the discharged amount for example for a mortgage as a deduction to your assessable income. Talking to a financial advisor for help in planning your mortgage and personal finances is your first step to become a Smart Borrower.

Clifford Badlon
CRESCO Accountant



Spending - not just wisely but smart

Planning ahead the timing of your expenditure can enable you to make most out of the company resources. If you have a large expense that is an allowable deduction and your assessable income is going to push you to the next tax threshold in the same tax year, you may want to consider to do the purchase before the end of the year. It goes by the saying "Planning is bringing the future into the present so that you can do something about it now".

Avoid incurring penalties

Many tax penalties are significant and could dramatically boost the tax bill.

Penalties can be assessed for a variety of reasons. Some may lead from the carelessness or inattention of a taxpayer with regard to tax information. Other penalties are incurred because of excessive deductions, lack of revenue reporting, missing paperwork, negligence or procrastination (i.e Failure to submit return - R5,000).

Taxpayers may also be penalized for filing tax returns that are frivolous, intentional fraud, and/or concealing the commitment of such (not less than R5,000). Not paying such a penalty on time is not even an option as non-compliance will, in addition to any sentence imposed, cost you additionally not less than R5,000 (but not greater than R10,000) and for each day of delay R500 are added to the bill.

As you can see: Proper tax planning offers steps for a better business. If you have the right information and tools, then it is in your hands to lessen your tax bill. As often: The advice of a good accountant may pay off quickly.



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