#### PROCEDURES FOR APPLICATION AND DISBURSEMENT OF VEHICLE LOAN

#### A APPLICATION

- 1 All full-time employee in government are eligible for vehicle loans.
- 2 All loan applications must be completed by the employee and endorsed by a person not below the rank of a Head of Division.
- The loan amount shall be restricted to the **LOWER** of the following:-

a. Purchase Price: - Invoice or other document evidencing cost.

b. Latest Insurance valuation:

c. Vehicle Imported through an Agent - Quotation

d. Vehicle imported directly by applicant - Landed cost (i.e. Quoted CIF Mahe price + Handling Charges + Trades Tax

payable).

4 Vehicle loans shall attract a simple interest of 3.75% per annum on outstanding balance.

5 For Seychellois employees whether under a contract or otherwise, the loan will normally be deductible from the monthly salary in 48 instalments commencing from the month following the month of the disbursement.

For expatriates on contract service the loan shall be repayable over the remaining period of the contract. The last instalment must end <u>AT LEASE ONE MONTH</u> prior to the end of the contract. For expatriate employed on local terms, without a fixed term contract, the loan will normally be deductible from the monthly salary in 48 installments commencing from the month following the month of disbursement.

6 Notwithstanding 3 above, loans approved are subject to an overriding ceiling of 75% of **Gross Earnings per annum i.e. Personal Salary and Allowances**. The take home pay of the employee after this loan (including other repayments) should NOT BE LESS THAN SR 2.000 PER MONTH.

**Example:** 

Personal Salary 4,800.00 per month Allowances 1,000.00 per month Total earnings 5,800.00 per month 69,600.00 per annum

Maximum Loan eligibility 75% 52,200.00

If the loan is repayable in 48 instalments the monthly repayable amount including

Interest SR 1,172.80 per month

7 The deductions from the employees salary are as follows:

Social Security290.00 per monthSHDC Loan repayments1,200.00 per monthBank Loan850.00 per monthThis loan1,172.80 per monthTotal deductions3,512.80 per month

Take home pay 2,287.20 per month

**THIS EMPLOYEE IS ELIGIBLE FOR A VEHICLE LOAN OF SR 52,200**. If the employee proposes to buy a vehicle costing SR55,000 he/she will be eligible for a maximum of SR 52,200 only.

- 8 The applicant should do this calculation before applying for a vehicle loan.
- The loan application duly signed by the applicant and endorsed by the authorized person should be forwarded to the Principal Secretary (Finance), P O Box 313, to the employee through the authorized person.

## **B DISBURSEMENT OF LOAN**

# a For local purchases:

If approval is conveyed, the employee has to produce a copy of the approval letter to the Chief Accountant – Treasury.

Т

The Treasury will issue an account payee cheque favouring the SELLER to him/her or his/her duly authorized representative. CHEQUES WILL NOT NORMALLY BE ISSUED TO THE APPLICANT EXCEPT AS SPECIFIED IN © BELOW.

#### b For imports through a local agent

Where a vehicle is imported through an agent in Seychelles, a Seychelles Rupee cheque will be forwarded directly to the agent on production of the invoice.

### c Direct import of vehicle by applicant

Where an applicant imports a vehicle DIRECTLY a Seychelles Rupees cheque for Trades Tax will be payable directly to the Controller of Taxes on production of a certified bill of entry.

## C <u>DOCUMENTATION</u>

The applicant has to complete all necessary documentation at the TREASURY before the funds are disbursed

- i Receipt for **COMPREHENSIVE** insurance. (Jointly with Government of Seychelles)
- ii Valuation of vehicle
- iii. Registered copy of the hypothecation agreement.

## **D** OTHERS

- i Employees are required to have the vehicle comprehensively insured until the loan is fully repaid.
- ii The vehicle cannot be sold or otherwise transferred without the prior approval of the Ministry of Finance.