

S.I. 15 of 2018**HIRE PURCHASE AND CREDIT SALE ACT, 2013***(Act 21 of 2013)***Hire Purchase and Credit Sale (Charges) Regulations, 2018**

In exercise of the powers conferred by section 29 read with section 12 of the Hire Purchase and Credit Sale Act, the Minister of Finance, Trade and Economic Planning hereby makes the following Regulations —

1. These regulations may be cited as the Hire Purchase and Credit Sale (Charges) Regulations, 2018.

Citation

2. In these regulations —

Interpretation

“Act” means the Hire Purchase and Credit Sale Act, 2013;

“annual percentage rate” means the annual percentage rate of charges referred to in regulation 4;

“cancellation fee” means the fee, payable by the hirer or the buyer upon cancellation, after signature, of the hire purchase agreement or the credit sale agreement within the time period specified in the agreement and shall not apply when the agreement is avoided within 48 hours after signature, in accordance with Article 1583-2 of the Civil Code of Seychelles;

“early settlement fee” means the fee payable by the hirer or the buyer in case of full payment of the chargeable price together with applicable charges prior to the expiry of the repayment period;

“late payment” means payment of an instalment or part thereof after the due date;

“monthly charges” means the charges for any given month within the repayment period;

“total charges” means the total charges payable over the whole of the repayment period.

Method of
payment

3. In every hire purchase or credit sale agreement the payment of the chargeable price together with the total charges shall be made by equal monthly instalments.

Annual
percentage
rate

4.(1) The annual percentage rate shall be not more than 22.50 per cent of the chargeable price.

(2) A dealer shall not claim charges at a rate which exceeds the annual percentage rate specified in paragraph (1).

Monthly
Charges

5.(1) Subject to paragraphs (2) and (3), for the purposes of determining the monthly charges or the total charges for the repayment period, the dealer shall apply the annual percentage rate on the chargeable price on a diminishing balance method.

(2) The total charges shall be computed in accordance with the formula set out in Part I of the First Schedule.

(3) The monthly charges shall be computed in accordance with the formula set out in Part II of the First Schedule.

(4) A dealer shall not claim total charges or monthly charges as the case may be, which exceed the appropriate amounts reached after computation of the respective charges in accordance with paragraphs (2) and (3).

Down
payment and
repayment
period in Hire
purchase
agreement

6. In a hire purchase agreement —

(a) the down payment shall be an amount of not less than 10 per cent of the cash price; and

(b) the repayment period shall not exceed 48 months.

7. In a credit sale agreement—
- (a) the down payment shall be an amount of not less than 50 per cent of the cash price; and
- (b) the repayment period shall be determined by the parties.
8. A dealer shall provide a hirer or buyer together with the hire purchase agreement or the credit sale agreement, as the case may be, with a schedule of payment in the form specified in the Second Schedule, in respect of the goods which is the subject matter of the agreement.
9. The maximum surcharge that a dealer may claim for the late payment of an installment shall not exceed an amount representing a rate of 8 percent per annum above the annual percentage rate, of the amount overdue.
10. The maximum cancellation fee that a dealer may claim shall not exceed an amount representing a rate of 10 per cent of the cash price.
11. The maximum early settlement fee that a dealer may claim shall not exceed an amount equivalent to the sum of the charges applicable for the next 2 months from the time of settlement.
- 12.(1) A dealer shall affix with the goods or display conspicuously at a place on his or her licensed premises, a label stating the annual percentage rate.
- (2) A dealer shall not, in respect of the goods subject matter of the hire purchase or credit sale agreement, claim charges at a rate which exceeds the annual percentage rate stated on the label affixed with the goods or displayed at his or her licensed premises.

Down payment
and repayment
period in Credit
Sale
Agreement

Schedule of
payment

Maximum
surcharge
on late
payment of
instalment

Maximum
cancellation
fee

Maximum
early
settlement
fee

Affixing and
display of
label

FIRST SCHEDULE

(regulation 5)

Part I**Formula for the calculation of total charges**

Total charges: $TC = Nx \left[\frac{PxR(1+R)^N}{(1+R)^N - 1} \right] - P$

whereN = Number of instalmentsP = Chargeable priceR = Monthly rate of the annual percentage rate (APR)

$$= \frac{APR}{12}$$

Part II**Formula for the calculation of monthly charges**

Charges (C) for first month $C_1 = \frac{APR}{12} \times P$

Charges (C) for month m: $C_m = \frac{APR}{12} \times [P - S]$

Chargeable price component (capital) = $I - C$

Instalment $I = \frac{P + TC}{N}$

Where

APR = Annual percentage rate

I = Amount of an instalment

M = Any given month of the repayment period

N = Number of instalments

P = Chargeable price

S = Sum of chargeable price component (capital) from first month to month m

TC = Total Charges

SECOND SCHEDULE

(regulation 8)

SCHEDULE OF PAYMENT

Name of dealer:

Name of hirer/buyer

Particulars of goods:

Annual percentage rate:

No. of instalments: months

Repayment period:

Chargeable price = Cash price less down payment

= Rs -Rs

= Rs

Month	Due Date	Monthly Instalment	Charges for the Month	Chargeable Price Component (capital)	Opening Balance of Chargeable Price (capital)	Closing Balance of Chargeable Price (capital)
1						
2						
3						
4						
5						
6						
...						
...						
...						
...						

The above schedule is valid subject to every payment of instalment being made in full and on due date.

MADE this 23rd day of February, 2018.

PETER LAROSE
MINISTER OF FINANCE, TRADE
AND ECONOMIC PLANNING