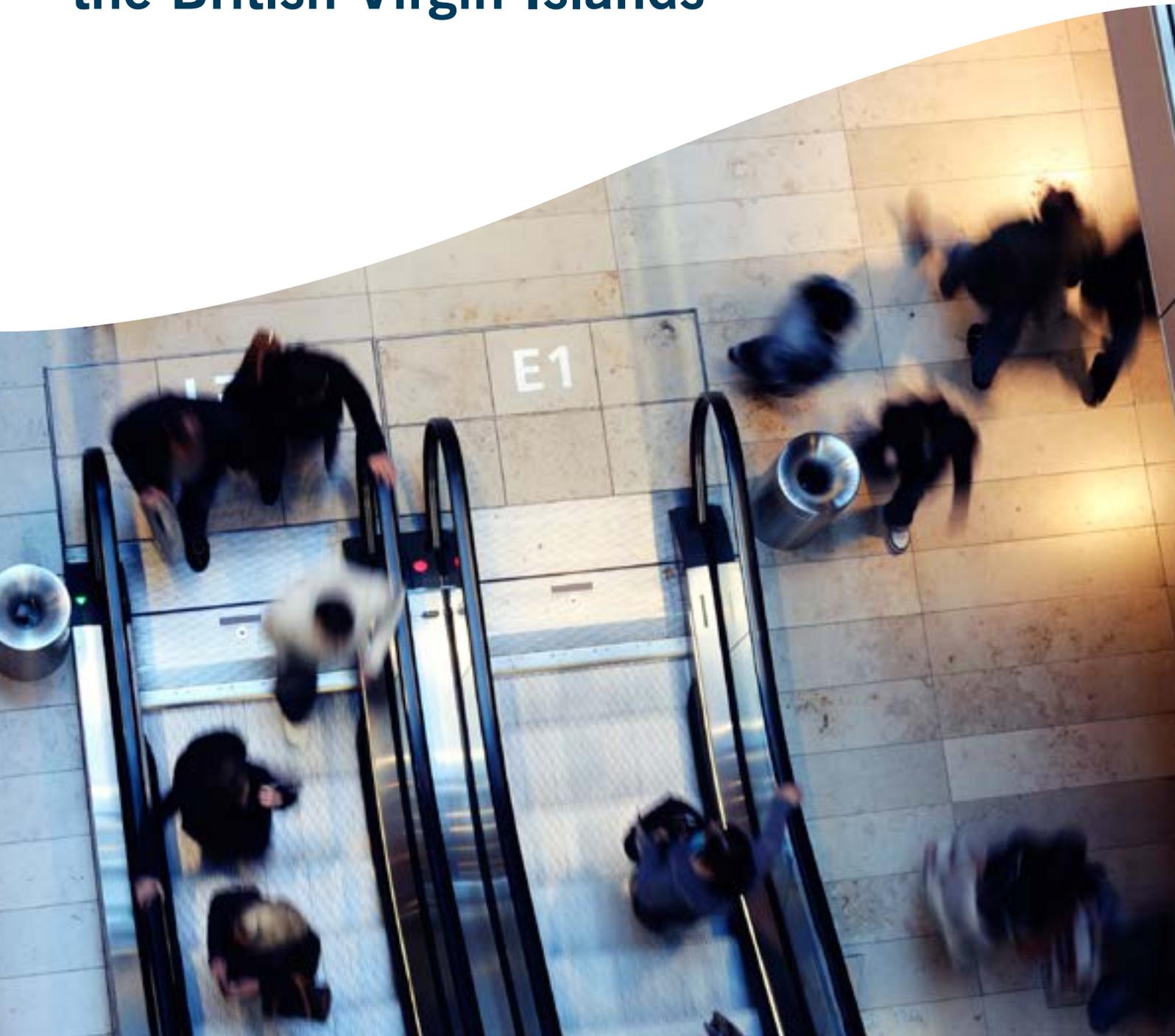


Doing Business in the British Virgin Islands





Preface

This guide has been prepared by Baker Tilly, an independent member of Baker Tilly International. It is designed to provide information on a number of subjects important to those considering investing or doing business in the British Virgin Islands (BVI).

Baker Tilly International is the world's 8th largest network of independent accounting and business advisory firms by combined fee income, and is represented by 154 firms in 133 countries and 27,000 people worldwide. Its members provide high quality accounting, assurance, tax and specialist business advice to privately held businesses and public interest entities.

This guide is one of a series of country profiles compiled for use by Baker Tilly International member firms' clients and professional staff. Copies may be downloaded from www.bakertillyinternational.com.

Doing Business in the BVI has been designed for the information of readers. Whilst every effort has been made to ensure accuracy, information contained in this guide may not be comprehensive and recipients should not act upon it without seeking professional advice. Facts and figures as presented are correct at the time of writing.

Up-to-date advice and general assistance on BVI matters can be obtained from Baker Tilly, contact details can be found at the end of this guide.

September 2015

Baker Tilly is the trading name of Baker Tilly (BVI) Limited



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1 Fact Sheet

Facts and figures as presented in sections 1 through 4 are correct as at 6 July 2015.

Geography

- Location: Caribbean
- Area: 151km²
- Land boundaries: None
- Coastline: Caribbean Sea and the North Atlantic Ocean
- Climate: Subtropical; humid; the temperatures are moderated by trade winds
- Terrain: Coral islands relatively flat, volcanic islands steep and hilly
- Time zone: GMT -4

People

- Population: 28,054 (2010 census)
- Religion: Protestant 72.2%, Roman Catholic 9.5%, Jehovah’s Witness 2.2%, Hindu 2%, other 5.2%, none 6.4%, unspecified 2.7%
- Language: English is the official language

Government

- Country name: British Virgin Islands
- Government type: Overseas territory of the United Kingdom; internal self-governing
- Capital: Road Town
- Administrative divisions: None

Political situation

The unicameral House of Assembly has 13 seats. The Head of State is the monarch of the United Kingdom, who is represented by the Governor. The Head of Government is the Premier, who is generally the leader of the party or coalition with majority support and is appointed by the Governor.

Economy

GDP – per capita:	US\$32,375.2 (2012)
GDP – real growth rate:	-4.5% (2012)
Labour force:	12,770 (2004); labour force survey taking place in 2015
Unemployment:	8.7% (2010 estimate)
Currency (code):	US dollar (USD)

2 Business Entities and Accounting

2.1 Companies

A company in the British Virgin Islands is required to have one or more members and may be:

- Limited by shares
- Limited by guarantee and not be authorised to issue shares
- Limited by guarantee and be authorised to issue shares
- Unlimited and not be authorised to issue shares, or
- Unlimited and be authorised to issue shares.

The following companies limited by shares may be incorporated or registered as a segregated portfolio company if written approval is given by the Financial Services Commission:

- Companies limited by shares that are or will be licensed as an insurer under relevant legislation
- Companies limited by shares that are or will be recognised as a professional or private fund or registered as a public fund under relevant legislation, and
- Companies limited by shares that are or will be of a class or description as prescribed by regulations.

Companies limited by shares may also be registered as a restricted purposes company.

Companies are required to have a registered office in the British Virgin Islands at all times. Companies that are not in liquidation are also required to have a registered agent in the British Virgin Islands. Registered agents are required to hold a licence under relevant legislation and be approved by the Financial Services Commission to provide registered agent services.

Companies are managed by one or more directors.

The company name is required to include its organisational form or relevant abbreviation. The name must not be the same as the name of another company already registered or a name already reserved, nor so similar that the name is likely to confuse or mislead. The name must not include restricted words or phrases unless written consent has been obtained, and the name must not be offensive, objectionable or contrary to public policy or public interest.

An application for incorporation of a company must be made to the Registrar of Companies.

2.2 Partnerships

A partnership may be undertaken by persons carrying on a business in common with a view to making a profit.

2.2.1 General partnerships

Under a general partnership, the partners are jointly and severally liable to an unlimited extent for the debts and obligations of the partnership.

2.2.2 Limited partnerships

A limited partnership may be formed by two or more partners. There must be at least one general partner and at least one limited partner. General partners are jointly and severally liable to an unlimited extent for the debts and obligations of the partnership. The liability of limited partners is generally limited to their unpaid contribution to the partnership. Limited partners are not liable for the obligations of the limited partnership unless the limited partner is also a general partner or participates in the control of the partnership business (as defined).

A limited partnership may be a local limited partnership or an international limited partnership. Limited partnerships may not undertake certain business activities, including banking, trusts, insurance/ reinsurance, or company management (unless it is licensed or exempt from licence requirements). An international limited partnership may not carry on business with persons resident in the British Virgin Islands nor own an interest in real property in the British Virgin Islands (except certain leases).

Limited partnerships are required to have a registered office in the British Virgin Islands at all times and a registered agent in the British Virgin Islands that meets legislative requirements.

Limited partnerships are required to submit their articles of partnership with the registered agent. The memorandum of partnership is required to be submitted to the Registrar of Limited Partnerships.

2.3 Foreign Companies

A foreign company may generally carry on business in the British Virgin Islands by establishing or having a place of business in the British Virgin Islands.

The foreign company is required to file an application for registration in the Register of Foreign Companies in order to carry on business in the British Virgin Islands. The application must include (amongst others):

- Evidence of its incorporation
- A certified copy of the instrument constituting or defining its constitution
- A list of directors, including nationality, address and date of appointment, and
- A notice containing the name of the appointed registered agent of the foreign company in the British Virgin Islands.

The registered agent is required to hold a licence under relevant legislation and be approved by the Financial Services Commission to provide registered agent services.

2.4 Trusts

Trusts in the British Virgin Islands are governed by the Trustee Act 2003 and the Virgin Islands Special Trusts Act 2003. BVI Companies that provide trustee services are governed by the Banks and Trust Companies Act 1990 or the Financial Services (Exemptions) Regulations 2007.

2.5 Mutual Funds

Private, professional and public funds in the British Virgin Islands are regulated by various laws and regulations, including the Securities and Investment Business Act 2010 and the Mutual Funds Regulations 2010.

2.6 Audit and Accounting Requirements

Companies and limited partnerships are required to keep records that sufficiently show and explain the company's or limited partnership's transactions and enable the financial position of the company or limited partnership to be determined with reasonable accuracy. The financial statements of segregated portfolio companies are subject to additional requirements, including explanations of:

- The nature of the company
- How the segregation of the company's assets/liabilities affects the company members and persons that the company transacts with, and
- The effect that any existing deficit in the assets of one or more segregated company portfolios has on the company's general assets.

Financial statements may generally be prepared in accordance with the International Financial Reporting Standards (IFRS), US GAAP, UK GAAP, or Canadian GAAP. Other accounting standards may also be permitted.

Relevant licensees (as defined) and public funds are required to have their financial statements audited. Private funds and professional funds are generally required to have their financial statements audited. However, on written application, the Financial Services Commission may exempt a private fund or professional fund from the requirement to appoint an auditor.

Companies and limited partnerships are generally required to keep records for a period of at least five years from the date of completion of the transaction to which the records relate, or the date that the business relationship to which the records relate is terminated.

2.7 Filing Requirements

Foreign companies and unlimited companies that are not authorised to issue shares are required to file an annual return before 31 March of each year.

Relevant licensees (as defined), public funds, private funds, and professional funds are required to submit certain documentation (including financial statements and an auditor's report, if applicable) to the Financial Services Commission within six months of the end of the financial year.

3 Finance and Investment

3.1 Exchange Control

There are no exchange controls.

Anti-money laundering regulations require regulated persons who are licensed or registered to carry on a relevant business, including banking, insurance, trusts, company management, and mutual funds, to undertake and maintain identification procedures and to report transactions suspected of involving money laundering to the Money Laundering Reporting Officer.

3.2 Banking and Sources of Finance

The British Virgin Islands Financial Services Commission (BVI FSC) regulates financial services in the British Virgin Islands.

A small number of entities have been granted a general banking licence by the Financial Services Commission which permits those entities to undertake the business of banking in and outside the British Virgin Islands.

There are generally no restrictions on foreigners opening bank accounts in the British Virgin Islands (certain documentation and minimum deposit may be required), or on accounts containing foreign currency.

There is no stock exchange in the British Virgin Islands.

3.3 Investment Incentives and Restrictions

For business related incentives, see 5.7.

There are generally no restrictions on foreign business investment in the British Virgin Islands.



4 Employment Regulations

For employment tax considerations, see 5.3.

4.1 General Employment Matters

4.1.1 National employment standards

Legislation provides minimum rights and conditions of employment in the British Virgin Islands (certain exclusions apply), including maximum daily and weekly working hours, rest periods, paid vacation leave entitlement, paid public holiday entitlement, paid sick leave entitlement, and maternity leave rights.

A contract of employment may be concluded orally or in writing. An employer is required to provide an employee with a written statement of working conditions within 10 days of engagement if the period of employment exceeds four months in duration. The written statement must include:

- Name and address of the employer and the employee
- General responsibilities and related duties for which the employee is employed
- Pay and methods for determining pay
- Wage payment intervals
- Length of employment (for fixed term contracts)
- Probationary period (if applicable), and
- Employee leave and vacation entitlement.

A contract of employment may include a probationary period of employment not exceeding six months for employees at the rank of supervisor or above, and not exceeding four months for other employees. An employer may terminate a contract of employment during the probationary period for a valid and fair reason by providing 24 hours' notice.

An employer may terminate a contract of employment for a valid and fair reason, such as due to the capacity or conduct of the employee or due to the operational requirements of the business. The contract may be terminated with notice, or with payment in lieu of notice. The notice period required depends on the employee's length of continuous employment, but does not apply where the employee is summarily dismissed in accordance with legislation. An employee may terminate a contract of employment by providing the relevant notice period. In such cases, an employer may pay the employee wages and request that the employee cease work. An employee may be entitled to severance pay upon the termination of a contract of employment if the period of continuous employment was at least 12 months.

Employers are required to seek to employ qualified British Virgin Islanders or belongers in preference to non-British Virgin Islanders or non-belongers. An individual may apply for belonger status if they have been ordinarily resident in the British Virgin Islands for a period of not less than 10 years prior to application and if certain other conditions are satisfied.

The statutory minimum wage in the British Virgin Islands is USD4 per hour.

4.1.2 Pensions and other benefits

Social security contributions (see 5.3.3) generally provide benefits for sickness, maternity, employment injuries, invalidity, old age, funerals and survivors.

4.2 Visas

Visas available for entry into the British Virgin Islands include:

- Tourist visa
- Resident visa
- Student visa
- Business visa, and
- Employment visa.

For further information on visa requirements, visit www.bviimmigration.gov.vg.

Non-British Virgin Islanders and non-belongers require a work permit in order to work in the British Virgin Islands (certain exceptions apply).

Non-British Virgin Islanders and non-belongers require a Non-Belongers Land Holding Licence (NBLHL) in order to acquire property in the British Virgin Islands.

4.3 Collective Agreements

Two or more employees or their representatives may negotiate and conclude a written collective agreement with an employer or group of employers.



5 Taxation

Facts and figures as presented in section 5 are correct as at 6 July 2015.

5.1 Corporate Income Taxes

There are no direct taxes on corporate income in the British Virgin Islands.

5.2 Personal Taxes

There are no direct taxes on personal income in the British Virgin Islands.

5.3 Employment Related Costs and Taxes

5.3.1 Fringe benefits

There is no fringe benefits tax.

5.3.2 Payroll tax

Employers are generally subject to payroll tax on the remuneration or deemed remuneration paid to employees exceeding USD10,000 per year. The rate for employers is 10% or 14% depending on their class. The employer may deduct 8% of their payroll tax liability from the employee's remuneration/deemed remuneration, making effective employer rates of 2% or 6%.

5.3.3 Social security costs

Employers and employees are generally required to make social security contributions (subject to salary ceilings). The rate for private employers is 4.5%. The rate for private employees is 4%.

5.4 Withholding Taxes on Payments Abroad

There are no withholding taxes on dividends, interest or royalties paid abroad.

5.5 Value Added Tax (VAT)

There is no VAT or sales tax in the British Virgin Islands.

5.6 Other Taxes

5.6.1 Stamp duty

Stamp duty is levied on certain documents and transfers at varying rates.

5.6.2 Property taxes

Owners of land and/or property in the British Virgin Islands are subject to an annual land tax and/or house tax, subject to exemptions.

Land tax is levied at the rate of USD10 on the first acre and USD3 on each acre or part acre thereafter for land owned by British Virgin Islanders or British Virgin Islander companies. For land owned by expatriates, the rate is USD50 for half an acre or less, USD150 for land exceeding half an acre up to one acre, and USD50 for each acre or part acre thereafter.

House tax is levied at the rate of 1.5% of the annual income value of the property.

5.6.3 Customs duties

Customs duties are generally levied on goods imported into the British Virgin Islands at varying rates, subject to exemptions.

5.6.4 Other taxes

Other taxes in the British Virgin Islands include hotel accommodation tax and self-drive motor vehicle rental tax.

5.7 Tax Incentives for Businesses

5.7.1 Industries Encouragement Act

Manufacturers approved under the Industries Encouragement Act benefit from customs duty exemptions in respect of qualifying imports.

5.7.2 Pioneer Services and Enterprises Act

Qualifying pioneer enterprises or pioneer services benefit from customs duty exemptions in respect of qualifying imports.

5.7.3 Hotel aid

Qualifying hotels (as defined) may be granted one or more licences which provide customs duty exemptions in respect of qualifying imports.

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