

BRITISH VIRGIN ISLANDS Jurisdictional Guide



GENERAL INFORMATION

The British Virgin Islands (BVI) comprises of 50 islands in the Caribbean Sea, located approximately 96 km east of Puerto Rico, north of the Leeward Islands, and adjacent to the US Virgin Islands. Its principal Islands are Tortola, Virgin Gorda, Anegada and Jost Van Dyke, spanning a total area of 153 sq.km. The capital is Road Town, Tortola.

The BVI is an economically and politically stable non-sovereign, British Overseas Territory with its legal system being based on English Common Law.

The BVI's economy is dependent mainly on tourism and financial services, with the latter being the largest contributor to its GDP. The BVI is the world's largest offshore corporate domicile with close to 500,000 active companies. It is also the world's second-largest offshore investment funds domicile, with close to 3,000 active investment funds.

BVI Business Companies (BCs) are very popular and widely used offshore vehicles because of their administrative ease, flexibility, taxation exempt status and the fact that they are widely accepted and understood by the international financial community.

The BVI regime offers no controls on the import and export of currency, capital or profits, even though those are subject to Anti-Money Laundering laws and regulations. There are no taxes on profits or dividends, nor is there any capital gains tax, income tax, capital transfer or estate tax.

BVI also boasts one of the largest yachting industries in the Caribbean featuring over 20 yacht harbours and marinas, including an exclusive mega-yacht marina and several annual mega-yacht regattas.

COUNTRY INFORMATION

Population	30,000
Location	Caribbean Sea
Language	English
Time zone	4 hours behind GMT
Currency	US Dollar (\$)

CORPORATE INFORMATION

Basic Characteristics

Legal Form	Business Company (BC)
Legislation	Common Law, based on English Common Law with local modifications and local statutes
Regulatory Authority	BVI Financial Services Commission (FSC)
Types of Companies	<ul style="list-style-type: none">• Companies limited by shares• Companies limited by guarantee not authorised to issue shares• Companies limited by guarantee authorised to issue shares• Unlimited companies authorised to issue shares• Unlimited companies not authorised to issue shares• Restricted purposes companies (or SPVs)• Segregated portfolio companies (or SPCs)
Due Diligence	Certified identification is required for beneficial owners and senior officers

COMPANY INFORMATION

Company Name

Language	Latin Alphabet The use of foreign character names is permitted in appropriate circumstances and should be accompanied by a translation to ensure that the name is not restricted.
Name Endings	Limited, Unlimited, (SPV) Limited, Corporation, Incorporated, Société Anonyme, Sociedad Anonima or the abbreviation "Ltd", "Corp", "Inc" or "S.A."
Name Restrictions	Any name that is identical or similar to an existing company name, or any name that suggests the patronage of the Royal Family or the Government of the BVI (around 217 words and phrases have restricted use in the BVI)
Names Requiring Consent or License	Bank, building society, savings, loans, insurance, assurance, reinsurance, fund management, investment fund, trust, trustees Chamber of Commerce, university, municipal or their foreign language equivalents

Authorised Shares

Standard Currency	US\$
Permitted Currencies	Any
Minimum Share Issue	One
Classes of Shares Permitted	Registered shares, shares of no par value, preference shares, redeemable shares and shares with or without voting rights, bearer shares*

Bearer Shares*	<p>Allowed</p> <ul style="list-style-type: none"> Expressly authorised by the company's memorandum All bearer share certificates are required to be deposited with Authorized or Recognized Custodians Annual government license fees for companies with bearer shares are set to US\$1,100 per year
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Directors

Minimum Number	One (physical or legal)
Register of Directors	Yes
Local Director Required	No
Publicly Accessible Records	No
Location of Meetings	Anywhere
Alternate Directors	Yes (allowed to sign written resolutions)

Shareholders

Minimum Number	One (physical or legal)
Local Required	No
Publicly Accessible Records	No
Location of Meetings	Anywhere

Secretary

Required	Optional (Physical or legal. Any nationality)
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Local Requirements

Registered Office/ Agent	Yes
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Accounts

Required to Prepare	<p>Yes</p> <ul style="list-style-type: none"> Reliable accounting records for a minimum of 5 years sufficient information to explain the company's transactions and determine the financial position of the company with reasonable accuracy The Registered Agent must maintain a written record of the physical address where the accounting records are maintained for each company
Audit Required	No
Required to File Accounts	No
Publicly Accessible Accounts	No

Recurring Government Costs

Annual Tax/ License Fee	Scaled annual government license fees <ul style="list-style-type: none">• Up to 50,000 authorized shares = US\$350• Over 50,000 authorized shares = US\$1,100
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Taxation

Income Tax / Profit	Nil <ul style="list-style-type: none">• Dividends, interest, rent, royalties, compensation and/or other amounts paid by the company• Capital Gains realized with respect to any shares or debt obligations of the company
Stamp Duties on Transactions	Nil Except where an instrument relates to the transfer of an interest in land in the BVI or a transfer of securities of a company owning land in the BVI

BVI Trusts

General

Trust refers to the legal relationship created by a settlor when assets have been placed under the control of a trustee for the benefit of a beneficiary or for a special purpose.

Trusts in the BVI are governed by the Trustee as updated by the Trustee (Amendment) Acts of 1993, 2003 and 2013. Other significant statutes relating to trusts and trustee services in the BVI are the Virgin Islands Special Trusts Act, 2003 (VISTA), the Banks and Trust Companies Act, 1990 and the Financial Services (Exemptions) Regulations, 2007.

BVI trusts achieve a variety of estate, personal, financial, tax or other business planning objectives. They can be used for tax purposes, as an instrument of estate planning, for asset protection and more and enjoy complete confidentiality. A BVI Trust may be formed by declaration (a deed signed only by the trustee) or by settlement (a deed signed by both the trustee and the settlor). There is a fee of US\$200 levied at the time of creation. There are no local taxes on BVI trusts and most BVI trusts now carry a perpetuity period of 360 years.

Types of BVI Trusts

BVI Trusts include Discretionary Trusts, Purpose Trusts, Private Trust Companies (PTCs), Charitable Trusts and VISTA Trusts.

VISTA Trusts	<p>A VISTA trust is a trust of shares of a BVI Business Company under the terms of which the trustee is disengaged from management responsibility. It is governed by the Virgin Islands Special Trusts Act "VISTA", as amended in May 2013, which removes the application of the 'prudent man of business' rule upon the trustees of the Trust.</p> <p>A VISTA trust allows the company to be run by its directors, and limits the intervention of the trustee to the resolution of specified issues. It essentially allows the directors, which may include the owner (settlor), to retain effective management and control of the company even after the owner had divested himself of its ownership. The rationale behind it is that the duty of prudence that is traditionally imposed on trustees may be incompatible with a settlor who believes that risk taking is an integral part of business practice.</p>
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The primary legislation which regulates the BVI Investment Funds industry is the Securities and Investment Business Act, 2010 (SIBA). SIBA regulates both funds and fund functionaries operating in or via the BVI.

Under SIBA, the term “mutual fund” or “fund” is used to refer to what are commonly known as open-ended funds or hedge funds. The latter make up approximately one quarter of all offshore hedge funds established worldwide.

BVI Investment Funds feature no regulatory restrictions on investment policies or strategies or on performance and other fee arrangements and do not require the appointment of local directors or local functionaries including auditors. They also feature low start-up and ongoing fees and costs.

BVI Funds are categorized in Private Funds, Professional Funds and Public Funds.

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NOTE:

The information contained in this publication is accurate as at the date of its publication and is not intended to be exhaustive nor a substitute for proper professional advice. Please contact our company for consultation. We look forward to assessing your individual business plans and requirements and recommending the right solution for your unique needs.