



Setting Up a Business in the British Virgin Islands

The foreign investor's guide to
navigating complexity in this
exciting jurisdiction



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Country profile

Over the past half-century, the British Virgin Islands (BVI) has established itself as a world-leading financial center, thanks to its innovative and transparent regulatory system and its focus on creating a very business-friendly environment.

More than 140 major companies listed on stock markets in London, New York, and Hong Kong use investment vehicles incorporated in BVI to support their international operations. The islands are a base for around 375,000 entities set up by businesses from all over the globe.

BVI drives investment flows across the world. It has been estimated that, as an international business and finance center, BVI structures underpin some USD1.5trn in cross-border investment flows, supporting more than two million jobs worldwide.

Located in the Caribbean Sea 100km (63 miles) east of Puerto Rico, the British Virgin Islands (BVI) is a British overseas territory. As such, the UK has responsibility for its defence and foreign affairs, and the head of state is King Charles III.

BVI consists of four main islands—Tortola, Virgin Gorda, Anegada, and Jost Van Dyke—and more than 50 additional smaller islands and islets. Road Town, BVI's capital, is located on Tortola, which is home to around 24,000 of the BVI's total population of 32,000.

The islands were first settled between 100 BC and AD 200 by the Arawak people. They were displaced by the Caribs from the Lesser Antilles in the 15th century—shortly before the islands were sighted by Christopher Columbus on his second voyage to the Americas in 1493.

Although the Spanish laid claim to the islands, they were not permanently settled by Europeans until the arrival of Dutch privateer Joost Van Dyke in the mid-17th century. The English captured Tortola from the

Dutch in 1672 and added Anegada and Virgin Gorda by annexation a few years later. The Dutch retained control of the neighboring islands, which later became the United States Virgin Islands.

Sugar cane was introduced as a crop by the British and became the main source of trade, although this declined in the early 19th century. BVI adopted the U.S. dollar as its currency in 1959, in large part due to its close connections with the U.S. Virgin Islands.

The territory was awarded colony status in 1960 and became autonomous in 1967. Since the 1960s, the BVI economy has pivoted towards financial services, and to a lesser extent, tourism.

In the 1980s, the territory's government started to provide offshore registration to companies from all corners of the globe. This was a hugely successful move and by 2000, it was estimated that nearly half of all the offshore companies in the world had been formed in BVI.

Today, the islands remain one of the most important and attractive offshore financial centers.



Why invest in the BVI?

Over recent decades, BVI has carefully and effectively built a reputation as a leading offshore financial center on the global stage. According to the organization BVI Finance, there were more than 375,000 active BVI business companies registered at the start of 2022.

A responsive, transparent regulatory regime

As the signatory to a number of global tax initiatives over the past 20 years, BVI is one of the world's most tax-transparent jurisdictions.

Simple corporate structures

BVI business company legislation means a single corporate structure can be tailored to a wide range of purposes—from investment funds and segregated portfolio companies (SPCs) to simple holding companies. As a result, there's no need to deal with multiple pieces of legislation or legal entities. Trusts and partnerships can also be set up in the territory with the minimum of hassle.

An efficient incorporation process

BVI's incorporation regime is designed to be as quick and straightforward as possible. This means companies can be incorporated within a matter of hours in some cases, once due diligence and initial checks have been conducted. Incorporation fees and annual registration costs, meanwhile, are very competitive by international standards.

Expertise in financial services

The territory's financial services sector—a cluster of specialist financial, legal, and accounting businesses—has the expertise and experience that come from working with companies and individuals from a range of countries, sectors, and backgrounds over many years.

Political stability and a dependable legal system

BVI has a stable political climate, providing investors with the certainty they need when setting up offshore companies. The territory's legal system is based in English law, and BVI has a dedicated commercial court available to entities that are incorporated there.

Zero-tax regime

The corporate tax rate in BVI is zero and there are no capital gains taxes or other wealth taxes for companies that incorporate in the territory.

BVI is a member of the Financial Action Task Force, an intergovernmental organization set up to fight money laundering, as well as the Inclusion Framework for Base Erosion and Profit Shifting set up by the Organization for Economic Cooperation and Development (OECD) to tackle tax avoidance.

The OECD has also judged BVI to be “largely compliant” in terms of tax transparency. This means that companies and individuals from around the world can invest via BVI with confidence that they are complying with the highest international standards.

BVI at a glance

-  **Capital**
Road Town
-  **Official languages**
English
-  **Currency**
U.S. Dollar (USD)
-  **Population**
32,000
-  **GDP**
USD 1.092bn (2020)
-  **Area**
153 sq km
-  **GDP per capita**
USD 36,107 (2020)
-  **Atlantic Standard Time**
GMT -04:00
-  **Telephone country code**
+1 284

BVI is one of the world's most tax-transparent jurisdictions.



How to do business in BVI?

Entry options for foreign investors

By far the most common way for foreign investors to do business in BVI is by setting up a BVI business companies. BVI law also allows for the formation of trusts and limited partnerships under similarly flexible structures.

Foreign investors incorporate offshore companies in BVI using the services of a registered agent based in the territory. There is no requirement to have a physical presence in BVI to incorporate or maintain a company and the overwhelming majority of investors do not physically visit the territory. Given the small size of the domestic market in BVI, few foreign companies opt to locate to, or trade within, the territory.

BVI business company

This structure is based on legislation in the BVI Business Companies Act, which was first passed in 2004.

There is considerable flexibility in terms of the type of business that can be set up as a BVI business company: this structure is used by offshore investment funds, holding companies, and segregated portfolio companies (SPCs). This last is a type of company in which assets and liabilities are separated according to share classes to limit potential liability to creditors.

BVI business company generally have great freedom in terms of the activities they can participate in and their legal ownership structure.

At the same time, the reporting requirements for ordinary business company are less onerous than in many other jurisdictions. There are no mandatory requirements for such companies to file regular audits or financial disclosures to BVI authorities unless regulated or licensed to carry on certain businesses, although they will need to report on any changes to the ownership structure of the company.

It should also be noted that investment companies that are regulated by the BVI Financial Services Commission have separate requirements and do need to submit annual reports.

BVI business companies also provide a high level of privacy in that there is no requirement for details of directors or shareholders to be filed publicly. Companies wishing to make these filings public may elect to do so.

How to set up a BVI business companies

A BVI business companies must be set up by a registered agent based in the territory. The agent is required to carry out due diligence on any person or entity involved in the formation of a business companies.

Once this process has been completed and the registration fee paid, the company can be incorporated through the BVI Registrar of Corporate Affairs' online portal.

The agent will record the type of business the company will be engaged in, as well as the ownership structure—for example, the number of shareholders involved and the size of each shareholding.

Under beneficial ownership rules, the agent is obliged to collect and verify details of the individual or individuals who will ultimately benefit financially from the company, although under current legislation, these details are not required to go on public record.

The agent's address will typically also be used as the company's registered office in BVI.

Limited partnership

In 2017, the territory updated its legislation governing limited partnerships with a new Limited Partnership Act. This enables partnerships to be set up with or without a legal personality which is separate from its partners.

Limited partnerships must be set up with a written agreement in advance of registration. This agreement should set out the rights and responsibilities of the respective partners, while also explaining the partnership's business activities.

The process for setting up a limited partnership in BVI is very similar to forming a BVI business company (see above).



BVI business company are not subject to the territory's tax regime, and there is no tax to pay in the jurisdiction on the profits they make.

Taxation

BVI business company are not subject to the territory's tax regime, and there is no tax to pay in the jurisdiction on the profits they make.

BVI business company and other legal entities that are not operating from within the BVI are not liable for capital gains tax, stamp duty or other wealth taxes including inheritance or succession tax. There are no withholding taxes applied when profits are sent to overseas jurisdictions.

This zero-tax status continues to apply provided the company does not own land or carry out business within the territory.

Payroll tax

For companies directly employing local staff in BVI a payroll tax is levied at a rate of 10% for small employers and 14% for large employers. In addition, employees must also pay payroll tax of up to 8%, although the first USD 10,000 of employees' annual earnings are exempt from this tax.

There is also a social security contribution of 4% for workers and 4.5% for employers.

Tax treaties

BVI has a number of tax-related information-sharing treaties with other jurisdictions. These mean that the territory may provide information about the operations and beneficial owners of BVI business company following requests from tax authorities in other countries, providing such requests meet certain thresholds in terms of evidence.

Employment and labor regulation

Labor regulation in BVI is based on the 2010 Labor Code. This legislation details the rights of workers employed in the territory and does not apply to staff of BVI business company elsewhere in the world.

The code also sets out limits for the length of the working week and overtime, as well as details of statutory holiday entitlement, rights to maternity leave and redundancy pay, and disciplinary procedures.

How CSC can help you invest in BVI

Before setting up a BVI company, foreign investors would benefit from professional advice to ensure they choose the most appropriate course of action. Therefore, working with a trusted partner is essential.

Who we are

CSC provides knowledge-based solutions for every phase of the business life cycle, helping businesses form entities, maintain compliance, execute transaction work, and support real estate, M&A, and other corporate transactions in hundreds of U.S. and international jurisdictions.

We work with some of the world's largest banks and commercial lenders to reduce risk in their lien portfolios, improve their transaction speeds, and create a secure environment for their financial processing needs. We also provide solutions for secure real estate document preparation and recording.

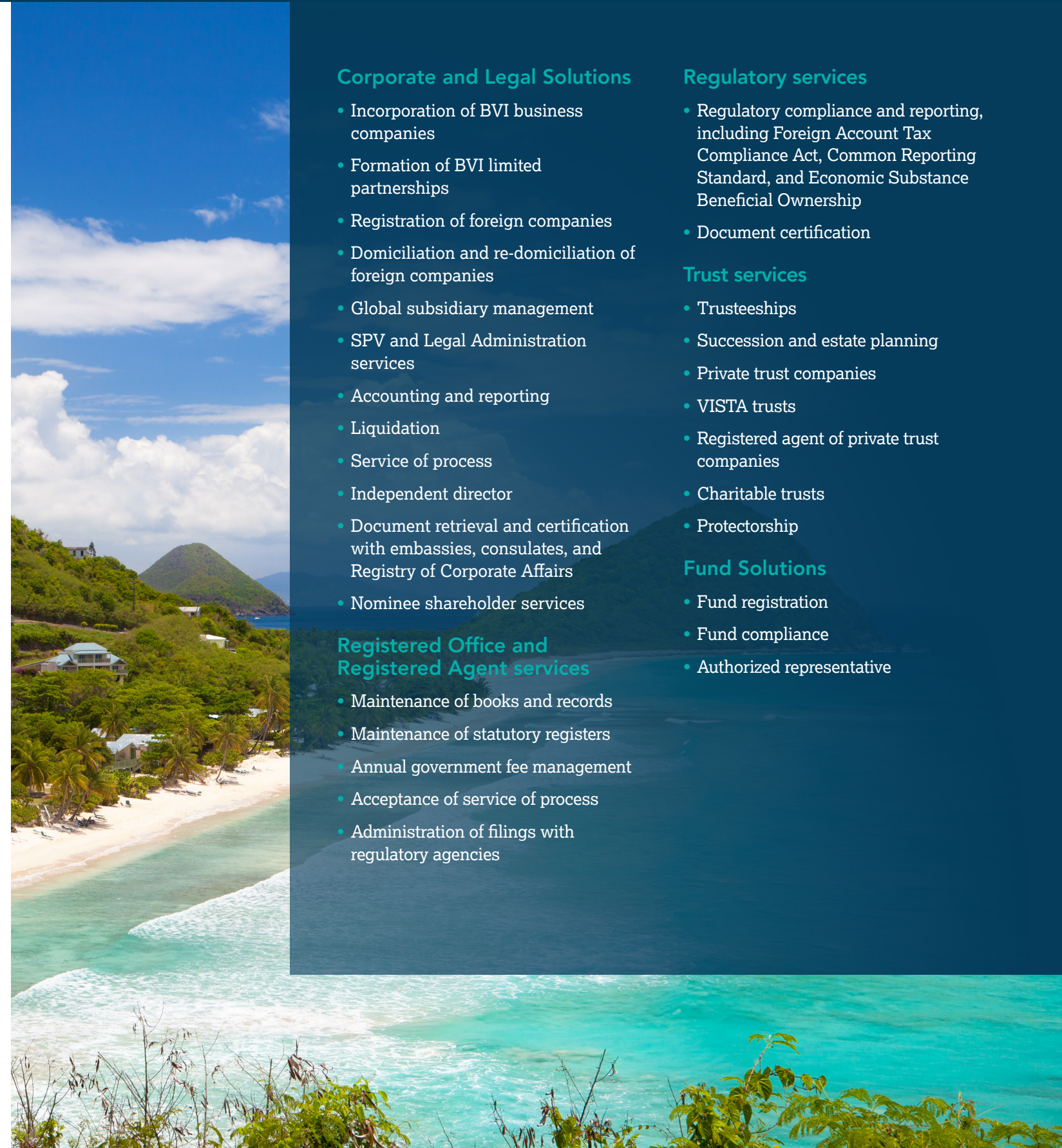
We are the trusted partner for 90% of the Fortune 500®, nearly 10,000 law firms, and more than 3,000 financial organizations. Headquartered in Wilmington, Delaware, USA, since 1899, we are a global company capable of doing business wherever our clients are—and we accomplish that by employing experts in every business we serve.

What we can do

CSC provides a wide range of financial, fiduciary, and administrative services to clients operating and investing in the international business environment.

We help companies expand globally, offering support with restructuring, outsourcing, and further developments. We're experts in management and administration services to operational companies and holding structures across the globe.

In BVI, we offer comprehensive solutions for corporate clients, fund services, and support for high-net-worth individuals.



Corporate and Legal Solutions

- Incorporation of BVI business companies
- Formation of BVI limited partnerships
- Registration of foreign companies
- Domiciliation and re-domiciliation of foreign companies
- Global subsidiary management
- SPV and Legal Administration services
- Accounting and reporting
- Liquidation
- Service of process
- Independent director
- Document retrieval and certification with embassies, consulates, and Registry of Corporate Affairs
- Nominee shareholder services

Registered Office and Registered Agent services

- Maintenance of books and records
- Maintenance of statutory registers
- Annual government fee management
- Acceptance of service of process
- Administration of filings with regulatory agencies

Regulatory services

- Regulatory compliance and reporting, including Foreign Account Tax Compliance Act, Common Reporting Standard, and Economic Substance Beneficial Ownership
- Document certification

Trust services

- Trusteeships
- Succession and estate planning
- Private trust companies
- VISTA trusts
- Registered agent of private trust companies
- Charitable trusts
- Protectorship

Fund Solutions

- Fund registration
- Fund compliance
- Authorized representative

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 cscglobal.com

251 Little Falls Drive, Wilmington DE 19808

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