

FACT SHEET

British Virgin Islands

March 2016

Introduction	
<p>The British Virgin Islands (BVI) has been a British colony in the Caribbean since 1672. Part of the Virgin Islands chain, it primarily consists of the islands of Tortola, Anegada, Virgin Gorda and Jost Van Dyke and 32 smaller, mostly uninhabited islands.</p> <p>BVI has been an international business centre since the 1980s with constant updates to its legislation to ensure it remains on the cutting edge of the international business industry. As such, BVI has been placed on the "whitelist" of those countries that have substantially implemented the internationally agreed tax standards as set by the Organisation for Economic Cooperation and Development (OECD). Also, the Virgin Island's Shipping Registry (VISR) has been upgraded to Category One of the Red Ensign British Registry.</p> <p>The total number of companies registered in the BVI exceeds 700,000 with more than 5,000 new companies registered every month.</p>	

Corporate Requirements	
Minimum Share Capital	One share
Minimum Number of Shareholders	One
Minimum Number of Directors	One
Non-resident Directors	Allowed
Bearer Shares	Allowed
Convertible Shares	Allowed
Corporate Directors Permitted	Yes
Company Secretary	Optional
Shelf Companies Available	Yes
Possible Name Endings	Limited, Unlimited, (SPV) Limited, Corporation, Incorporated, Société Anonyme, Sociedad Anonima, Segregated Portfolio Company or the abbreviations Ltd., Ultd, Corp., Inc., SPC or S.A.

Local Requirements	
Registered Office/Agent	Yes
Local Directors	No
Local Secretary	No
Local Meetings	No
Government Register of Directors	Yes
Government Register of Shareholders	No

Annual Requirements	
Annual Return	No
Submit Audited Accounts	No
Financial records to be kept by the Director	Yes

Time to incorporate	Same day
Shelf companies	Immediate Delivery
Necessary Documents for the Incorporation	A certified true copy of passport and utility bill and an original bank reference in the name of each beneficial owner, director and shareholder

BVI Bearer Shares Conversion

Following an amendment in the relevant British Virgin Island legislation, as from 1 January 2010 all BVI companies incorporated prior to 1 January 2005 and which retain the right to issue bearer shares will be deemed to have amended their Memorandum & Articles to remove this right.

BVI Business Company Act (BVIBCA)

The new BVIBCA which came into effect in October 2012, signals some notable changes for businesses operating in the region. The Amendment Act and the Regulations look to provide clarity on a number of existing provisions, as well as update others in order to meet recent developments and ensure that the British Virgin Islands' corporate statute continues to offer a clear and modern approach to corporate law.

Previously, and as from January 2006 till now, all new companies in the BVI are being formed as BVI Business Companies (IBCs) under the BVIBCA, which has become the sole Business Companies Act in the jurisdiction. The new legislation was drafted to ensure the territory was fully compliant with the EU Savings Tax Directive and the EU Code of Conduct on Business Taxation.

Most overriding features of the 2006 BCA remain unaltered, but there are several key areas that BVI companies and their advisers should be aware of, in 10 points:

- Listed Company Regulations now introduced due to a significant increase of BVI companies listed on international markets
- Convertible Shares now allowed
- Re-use of former company names
- More foreign character names allowed for the benefit of Asian, Middle Eastern and East European markets
- Alternate director removal procedures amended
- Alternate directors may now sign written resolutions
- Limitations for persons with standing charges
- Insulation of the Registrar from IP rights disputes
- Directors and senior management no longer able to act as voluntary liquidators
- Dissolution periods shortened from ten to seven years for non-payment of annual license fee

The 2012 BVIBCA retains many of the benefits of the 2006 BCA, including:

- Same day incorporation
- Exemption from all BVI taxes, including income tax, stamp duties, dividends, interest, rents, royalties, and compensations
- A high degree of confidentiality
- Limited statutory filings
- Ease of administration and operation

The BVIBCA provides for:

- Companies limited by shares
- Companies limited by guarantee not authorised to issue shares \ authorised to issue shares
- Unlimited companies authorised to issue shares not authorised to issue shares
- Restricted purpose companies
- Segregated portfolio companies

The BVIBCA also provides for greater flexibility on the name that can be used by a BVI business company. Amongst others, the company can also have an additional name in foreign characters, making it particularly attractive for investors from the Orient, Middle East and Europe. Re-use of former companies is now also allowed.

Further key amendments have been introduced by the BVI Business Companies (Amendment) Act 2015 and 2016:

The new Act sets out directorship guidelines requiring the filing of the registers of directors (ROD) with the BVI Registrar as follows:

New companies: As from 1/4/2016, new companies must file the ROD with the BVI Registrar within 21 days of the appointment of the first director.

Failure to file the ROD within the specified period carries a penalty of \$100.

Existing companies: Must file the ROD between 1/4/2016 and 31/3/2017. An extension may be given upon justified reasons.

Changes to filed ROD: Must be filed within 30 days of the day of the change.

Failure to file the ROD within the specified period carries a penalty as follows:

Within 1 month \$300

Between 1 and 3 months \$500

Between 3 and 6 months \$750

After 6 months \$1,000 for every month

The filed ROD will only be available to the company, its Registered Agent or to any third party upon the written approval of the company and not to any other third party unless a Court order is obtained or a written request is given by a competent authority.

Changes to Record-Keeping Requirements

The record keeping and record retention obligations of all BVI companies have changed as a result of amendments to the BVI Business Companies Act, 2004 by the BVI Business Companies (Amendment) Act 2015. The amendments are effective immediately.

Records are required to be held for a period of 5 years and the financial documentation to be held should be sufficient to show and explain the financial position of the company at any given time.

Such documentation includes:

- All sums of money received and expended by the company and the matters in respect of which money was spent and receipt obtained;
- All sales and purchases of goods by the company;
- The assets and liabilities of the company.

In addition to the address, where the records and underlying documentation are kept, if this is other than the registered office/agent address, the name of a person who maintains and controls these must be provided.

The penalty for non-compliance to this is \$50,000 and this now applies to both the Registered Agent and the company, as before the obligation was only on the company.

Conclusion

Due to its strategic geographic location, stable economy and UK-based legal and political system, BVI is expected to remain one of the world's most attractive International Business jurisdictions.

NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. Totalserve Management Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.