

An aerial photograph of a rocky coastline. The water is a vibrant turquoise color, and the rocks are grey and brown. A small boat is visible in the water, moving towards the shore. The sky is a deep blue.

Chandrawat
& Partners

Doing business in
British Virgin Islands

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Introduction

The British Virgin Islands (“BVI”), officially the Virgin Islands, is a British Overseas Territory in the Caribbean, to the east of Puerto Rico and the US Virgin Islands and north-west of Anguilla. The islands are geographically part of the Virgin Islands archipelago and are located in the Leeward Islands of the Lesser Antilles and part of the West Indies.

The British Virgin Islands consist of the main islands of Tortola, Virgin Gorda, Angada and Jost Van Dyke, along with more than 50 other smaller islands and cays. About 16 of the islands are inhabited. The capital, Road Town, is on Tortola, the largest island, which is about 20 km (12 mi) long and 5 km (3 mi) wide. The islands had a population of 28,054 at the 2010 Census, of whom 23,491 lived on Tortola;



The paradisiacal British Virgin Islands (“BVI”) are a group of small islands in the Caribbean, located just east of Puerto Rico. First explored by Christopher Columbus in 1493, the islands reminded him of Saint Ursula and her 11,000 virgins

Economic Overview



The International Business Company (“IBC”) is widely utilized for international trade, investment, and asset protection. IBCs in the British Virgin Islands benefit from tax exemptions, confidentiality, and limited reporting requirements. They can engage in various activities, including holding assets, conducting trading activities, and facilitating investments. The cost of incorporation and the minimum share capital may vary based on the specific requirements of the company. By choosing an IBC, entrepreneurs can enjoy tax advantages and a favourable regulatory environment for their international business endeavours.

The British Virgin Islands does not have a Value Added Tax (“VAT”) system in place. Therefore, VAT is not applicable in the jurisdiction. This absence of VAT provides a competitive advantage to businesses operating in the British Virgin Islands, as it eliminates the administrative burdens associated with VAT compliance and can contribute to cost savings for companies and consumers.

Foreign Direct Investment policy

The BVI has no specific foreign direct investment (“FDI”) regime. However, the BVI welcomes foreign direct investment. The BVI continues to see a high level of investment activity and interest in the FinTech and virtual assets sectors and continued investment activity in traditional markets such as real estate and mutual funds.



Advantages

Global business hub in the Caribbean

The BVI is the Caribbean's global business hub and has long attracted businesses from around the world due to its strategic and administrative benefits.

Tax neutrality

Doing business in the BVI brings significant tax benefits. The BVI is also a tax-neutral territory. There is no income tax, corporate tax, capital gains tax, wealth tax, or similar fiscal laws.

Financial Services

Alongside tourism, financial services are one of the BVI's main economic drivers. There are an estimated 950,000 companies registered in the islands and the BVI is considered one of the major players in this sector.

Close ties to the U.S. Virgin Islands

The BVI has close economic ties to its neighbor islands, the U.S. Virgin Islands, so much so that it has adopted the U.S. dollar as its official currency. This makes it an easy and attractive location for U.S. companies to do business there.

Obtaining work permits

The BVI is very protective of its local workforce. As a result, work permit applications can take anywhere from seven to ten weeks. The requirements for approval are also very specific and ongoing labour-related regulation can mean that permits must be updated frequently.

Business culture

Every culture is different and, as with the rest of the Caribbean, the business climate in the BVI is more relaxed compared to the U.S. This means that U.S. businesses should become accustomed to a different procedural and process pace – in the BVI nothing is rushed and manners and politeness count.



Types of Business

The British Virgin Islands is one of the most desirable places in the Caribbean to work and invest. The twin economic pillars of tourism and international financial services contribute more than 70% of GDP. There is also some limited light industry, agriculture, and fishing.

Estimates for 2006 report GDP per capita at \$38,975. The BVI offers:

- Leading international corporate domicile
- Competitive administration costs
- Tax Exemption for International Business Companies
- No capital gains, gift or wealth taxes and no death duties
- No exchange controls
- An established trust laws
- Good communication worldwide
- Minimum of bureaucracy and red tape.



Minimum Eligibility Criteria for Company Registration

Any entrepreneur looking to BVI company setup must need to meet the following criteria:

Company Classification-

The business can have a company name in any language. However, that name should have Roman characters and its end can carry any suffix.

Directors

A minimum of one company director is needed for company registration in this region which can be a person or entity of any country.

Shareholders

A minimum of 1 shareholder must be there for company registration in the British Virgin Islands (BVI).

Company Secretary

The selection of a minimum company secretary should be done to register a business in BVI.

Paid-up Capital

The minimum paid-up capital of 1 share of par value is a must which can be of any currency or nationality.

Official Address

The Company should have a registered address to perform business activities in the British Virgin Islands. There is no restriction on whether a person hire or purchases the property to set up head offices and branches.

Registered Agent

Regardless of the company type or commercial activity, the company must represent a registered agent in the BVI. Registered agents act as an intermediary for the Registry of Corporate Affairs, the BVI International Tax Authority (ITA), and the business.

Documentation



The following documents are needed to register a company in the British Virgin Islands

- Duly filled Application Form
- A scanned as well as a notarized copy of the passports of the proposed directors and shareholders
- A photocopy of authenticated official Documents like a driving license or photo ID card guarantees the evaluator that both copies and photos are genuine.
- Proof of Residence: Original proof indicating the Individual's name and address. The proof can be any utility bill or bank statement. The documented proof must not be more than three months old.
- Initial letter of Introduction: The letter can be generated from a reputed lawyer or professional accountant
- Each Shareholder and the Company's director must finish, sign, and file a BOD (Beneficial Owners Declaration) with the application.
- Memorandum of Association of the applicant Company
- Articles of Association of the applicant business

How to set up a business

Registration Timeline

Although there is no fixed timeline, the process itself for incorporation is rather straightforward. For preparing the documentation, we will find it a simple and smooth process. Here are the steps to incorporating in the British Virgin Islands:

Step 1: Reserve the Company Name

The first step is to reserve a company name with the BVI Registry. It must be a unique name and the company search will be conducted by the BVI Commercial Registry. One will need to contact the [BVI Commercial Registry](#).

Step 2: Appoint a Registered Agent

It is required by the BVI government to have a registered agent when incorporating the business with the BVI.

Step 3: Open a bank account

Before the company can commence operations is to open a mandatory company bank account. This step must be performed before the company documents are drafted.

Additionally, employers must register for social security payment.

Step 4: Submit all relevant documents

At the same time, we will need to draw up the company's [Articles of Association](#) as well as the details of the registered agent and founders of the business.

Once these documents are prepared, it must be submitted to the Companies Registry for approval.

Once approved, an individual should check for the need to apply for any other relevant licenses to officially commence the business. These licenses can be obtained from the Financial Services Commission.

Taxation

Relatively simple by comparative standards; photocopies of all of the tax laws of the British Virgin Islands (“BVI”) would together amount to about 200 pages of paper.[1]

Among the items in the British Virgin Islands that are not subject to taxation:

- no capital gains tax,
- no gift tax,
- no sales tax or value added tax,
- no profit tax,
- no inheritance tax or estate duty, and
- no wealth tax

There is technically still income tax assessed in the British Virgin Islands for companies and individuals, but the rate of taxation has been set at zero.[2] That means that individuals are not obliged to filling obligations on their income tax. However, individuals are subject to a payroll deduction made of up to 8% for employees with additional 2% up to 6% of employer's gross salary paid by employers depending on the category the individuals fall into. There are two categories of employers: "Class 1" and "Class 2" The payroll tax applies to all remunerations/salaries over US\$10,000 per annum



Accounting standards

BVI accounting standards are based on International Financial Reporting Standards (“IFRS”) and are governed by the BVI Business Companies Act 2004. All companies registered in the BVI must maintain proper accounting records, including details of all financial transactions, assets, liabilities, income, and expenditures.

Professional accounting services are widely available in the BVI, and many qualified accounting professionals can assist with bookkeeping, financial reporting, and tax compliance. Accounting firms in the BVI offer various services, including audit and assurance, tax planning, and consulting.



Regulation Of Accounting Services:

The BVI Financial Services Commission (“FSC”) regulates accounting services in the BVI. The FSC sets the standards and requirements for accounting services in the territory and ensures that accounting firms comply with International Financial Reporting Standards (“IFRS”) and other international accounting standards.

Employment and labour laws

The British Virgin Islands' picturesque beauty masks a complex legal framework governing employer-employee relations. Delving into this terrain reveals crucial aspects guiding rights, obligations, and the evolving landscape of labour law. This comprehensive guide by K.G. Tiger serves as a compass, navigating through the depths of regulations and emerging trends that shape the BVI's workforce dynamics.

Employment Contracts and Conditions:

Employment contracts serve as pivotal documents delineating roles, responsibilities, and expectations between employers and employees. Detailed job descriptions mitigate misunderstandings, ensure clarity in job duties, and foster smoother working relationships.

Minimum Wage and Working Hours Regulation:

Minimum Wage:

·The BVI government periodically reviews and sets a minimum wage, prioritizing workers' financial well-being to maintain a decent standard of living in tandem with economic fluctuations.

Working Hours Regulation:

·Mandated working hours and compensation for overtime aim to prevent exploitation and foster a healthy work-life balance, protecting employees' interests.

Compensation:

·These contracts intricately outline the salary structure, encompassing base pay, bonuses, incentives, and additional benefits, providing a comprehensive view of the employee's remuneration package.

Working Hours and Leave Entitlements:

·Precise specifications concerning regular work hours, breaks, and conditions for overtime are articulated. Furthermore, delineating vacation days, sick leave, and parental absences ensures employees are informed about their entitlements.



Discrimination and Harassment Protections:

Protected Characteristics:

·Stringent laws prohibit discrimination based on diverse characteristics such as race, gender, religion, age, disability, and sexual orientation, ensuring equal opportunities for all individuals.

Harassment Policies:

·Employers are obligated to maintain a harassment-free workplace. Clearly defined policies and prompt resolution mechanisms support a fair and respectful work environment.

Health and Safety Standards:

·Training and equipment:

·Employers shoulder the responsibility of comprehensive safety training and ensuring the availability and proper utilization of safety equipment, mitigating workplace risks.

Regulations Compliance:

·Stricter adherence to health and safety standards, facilitated by regular inspections, prevents accidents, injuries, and occupational hazards



How we can help?

1. Senior Training Specialist

After retirement what comes next? A lot of retired people age fast and get sick because they find themselves living a life that they are not used to; a life of idleness. Good enough, the senior generation are increasingly realizing that they must be more active and keep themselves busy even after retirement, so that they can live happy and healthy lives.

Well, a person can help the senior generation and make money by becoming a senior training specialist. The job would be to develop and execute training programs for the senior generation which they can take from the comfort of their homes.

Starting this business is easy; what a person need is to come up with some unique courses that an individual feel seniors would be interested in and, develop a solid marketing strategy to convince people to enrol in the program.

2. Cruise Promotion and Marketing

We all know that buying a cruise ship or yacht is not cheap but this is one of the businesses that sell in BVI. So how does a person tap into this business without having to break a bank? This is quite easy; the key is becoming a promoter or a marketer of these services and earning commission for it.

It's as simple as approaching cruise companies or yacht owners and strikes a deal with them to market their business and bring them customers in return for commission; when a person found people who are willing to work , they can create a website and start marketing

3. Souvenir Sales

A lot of tourists visit BVI yearly and as it is with tourists, they like to take souvenirs home to show to their friends and families and for keepsakes. A person can tap into this opportunity and start making unique and interesting souvenirs for sale. One can also become a supplier of souvenirs to gift shops and supermarkets around.

4. Real Estate

There is a high level of growth and a lot of business opportunities in the real estate industry. A person can become a contractor who helps people execute construction projects and can sell building materials like cement, nails, sand, irons or roofing materials, and even can also become an HVAC installation and repair or a plumbing expert.

All these businesses are capital intensive but can also find businesses that do not require so much capital like becoming a real estate broker or a property manager.

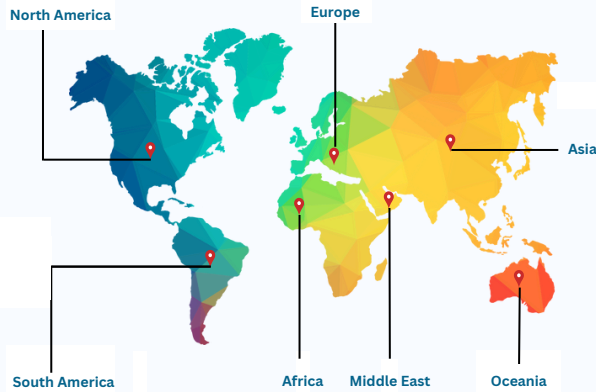
5. Online Business

The good thing about an Online Business is it is not limited by geographical location because a person can get jobs/clients from anywhere in the world. Trending online businesses, any person can do include copywriting, freelance writing, web designing, affiliate marketing, blogging, and SEO marketing to mention a few.

6. Financial Services

The financial sector is very active in the BVI due to its offshore financial services. There are a lot of ways to benefit from this industry like becoming a business registration consultant, offering business advisory services, insurance agent, mortgage consultant, financial accountant and a host of other similar services.

SERVING CLIENTS WORLDWIDE



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