

British Virgin Islands TAX GUIDE

Article Courtesy of:

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INVESTMENT BASICS

Currency

The British Virgin Islands currency is in US Dollar (USD).

Accounting Principles/ financial statement

IFRS, US, UK and Canadian GAAP are accepted.

Other international recognized GAAP also are accepted but these must be approved by the local regulators.

Foreign Exchange Control

The British Virgin Islands does not have a foreign exchange control number.

Principal Business Entities

These are a company, partnership and trust.

Zero-rated income taxes:

Taxable Income	NO
Taxation of Dividends	NO
Capital Gains	NO
Losses	NO
Rate	NO
Surtax	NO
Alternative minimum tax	NO
Foreign tax Credit	NO
Participation Exemption	NO
Holding Company regime	NO
Incentives	NO

WITHHOLDING TAX

The BVI Business Companies Act 2004 provides a general exemption from the requirements of the British Virgin Income Tax Act. This encompasses: Dividends, Interest, Royalties, Technical service fees and Branch remittance tax.

OTHERS TAXES ON CORPORATION

The British Virgin Islands does not levy tax on Capital duty' and Transfer of ownerships or titles. However, there is a taxable amount or percentage that is payable for Payroll tax, Real property tax and social security.

ANTI- AVOIDANCE RULES

Anti-avoidance rules are measures that are implemented to prevent the practice of using legal means to reduce the amount of tax imposed. There are no anti- avoidance rules on Transfer pricing, Thin capitalization, Controlled foreign companies and Disclosure requirements in the British Virgin Islands.

COMPLIANCE FOR OTHER CORPORATIONS

Tax Year

The British Virgin Islands tax year is the same as the calendar year.

Consolidated Returns

This is not applicable in the British Virgin Islands.

Penalties

There are some penalties for failure to comply with the law.

Rulings

There are no rulings in the British Virgin Islands.

<u>Tax Type</u>	<u>Tax Rate/Tax Amount</u>	<u>Who Pays</u>	
Payroll	2% or 6% Employer matching 8% Employee (wages > \$10,000)	Employee and Employer	
Social Security	4.5% Employer matching 4% Employee withholding[both are subject to a cap] Both the employee and the employer must pay 3.75% on national security. [both are subject to a cap]	Employee and Employer	
Stamp Duty	Stamp duty is imposed on the transfer of real estate. 12% stamp duty for persons who are not from the BVI. 4% for BVI Islanders. Minimal duty which ranges from (0.2% to 5%) is levied on other instruments and transfers.	Transferee	
Real Property Tax	<u>Land tax for Non -Belongers</u>	Owner of the property	
	Land size in acres		Rate/amount
	Up to ½ acre		US\$50
	½ acre -1 acre		US\$150
	Over 1 acre		US\$50 for each additional
	Lower tax rates are levied if the land is owned by a BVI Islander or a BVI company.		

PERSONAL TAXATION:

Basis

There is a zero- rated income tax regime for all BVI individuals and domiciled in incorporated entities. In addition, there are no tax on Filing status, Taxable income, Capital gains, Deductions and allowances and Rates.

Residence

An individual that is domiciled in the BVI is deemed to be resident.

OTHER TAXES ON INDIVIDUALS

There are no taxes on capital duty, net wealth/net worth or Inheritance/estate in the British Virgin Islands. Stamp Duty, Social Security and Real Property Tax
The tax rates that are applied to stamp duty, social security and real property for corporations are the same when considering personal taxation. Building tax is also the same for both on individuals at a rate of 1.5% of the annual rental value.

Compliance for individuals

The tax year for individuals is also the same as the calendar year.

Filing and payment

There is no income tax filing obligation, but returns have to be filed for stamp duty.

Penalties

There are some penalties for failure to comply with the law.

Value Added tax

The BVI does not levy sales tax or VAT. In addition, there are no rates, Registration nor filing and payment for Value added tax in the British Virgin Islands.

Source of tax Law

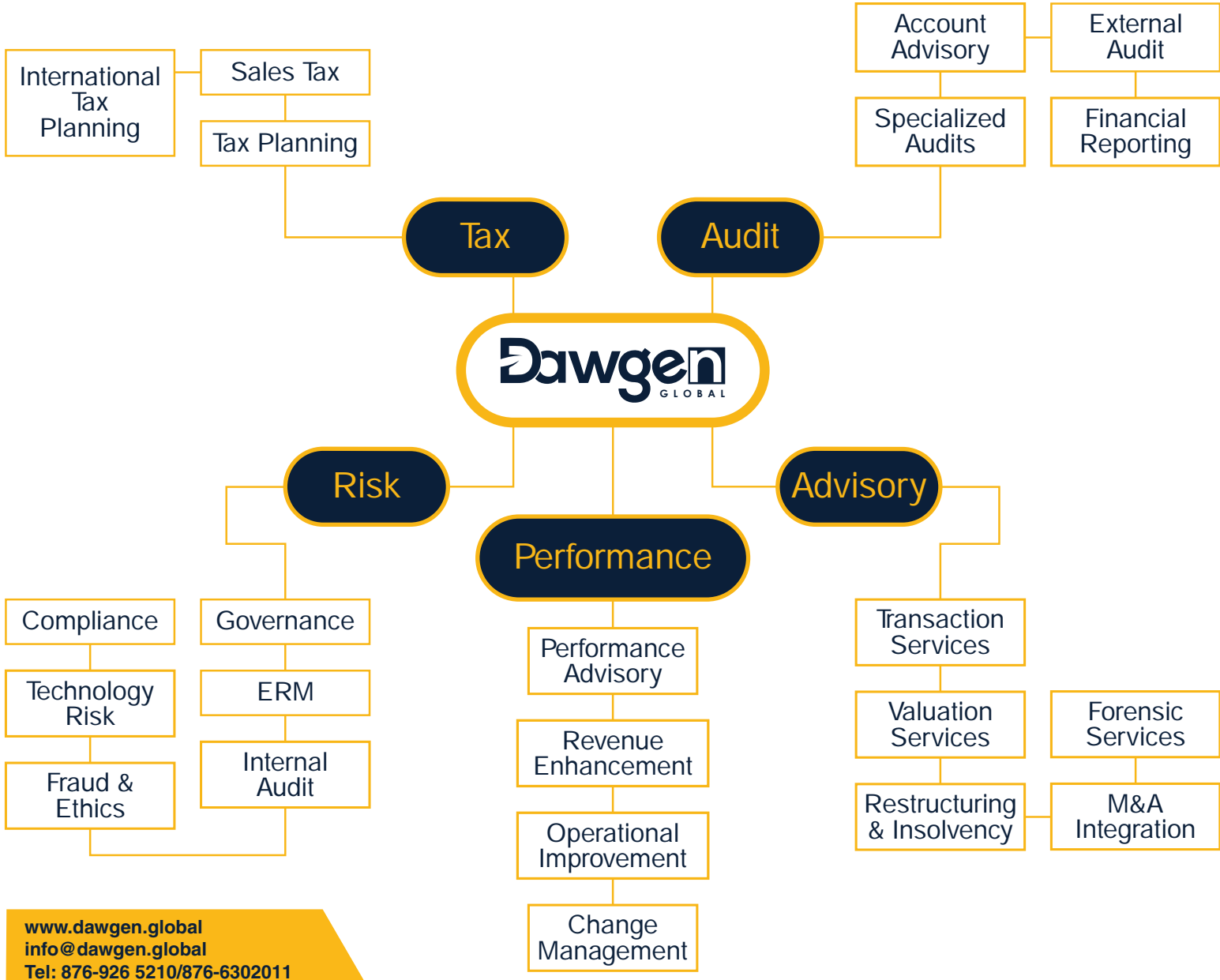
Land and House Tax Ordinance, Income Tax Act, Stamp Act, Payroll Taxes Act, Social Security Ordinance, Mutual Legal Assistance (Tax Matters) Act, 2003 (including amendments) .

Tax treaties

None, but the BVI has concluded and signed 28 tax information exchange arrangements.

Tax Authorities

Inland Revenue, Department, International Tax Authority (ITA).



ABOUT DAWGEN GLOBAL

Dawgen Global is an integrated multidisciplinary professional service firm in the Caribbean Region. We are integrated as one Regional firm and provide several professional services including: audit, accounting, tax, Information Technology, Risk, HR Solution, Performance, M&A, corporate finance and other advisory services.

Our Caribbean regional network covers Jamaica, Trinidad and Tobago, Bahamas, Bermuda, the Cayman Islands, the Eastern Caribbean (Barbados, Antigua, St Lucia, Grenada, and St Kitts & Nevis), the Netherlands Antilles (Bonaire, Curacao, and St Maarten) and Aruba and the Turks and Caicos Islands.

Our regional focus is to improve services to local, regional and international clients. Through our affiliation and membership in other Global Networks and Associations, we offer a global perspective while maintaining our regional insight by seeking alternatives for you – we tap the power of both.

Our multidisciplinary teams of professionals leverage a wealth of industry-tailored, practical approaches to help you discover opportunities for your business. Whether your organization is strong and healthy, under stress or facing difficult choices, we work with you to find financial, strategic and operational solutions that improve your liquidity, financial flexibility and stakeholder returns. We're here to help you build a sustainable business – in the short and long-term.

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