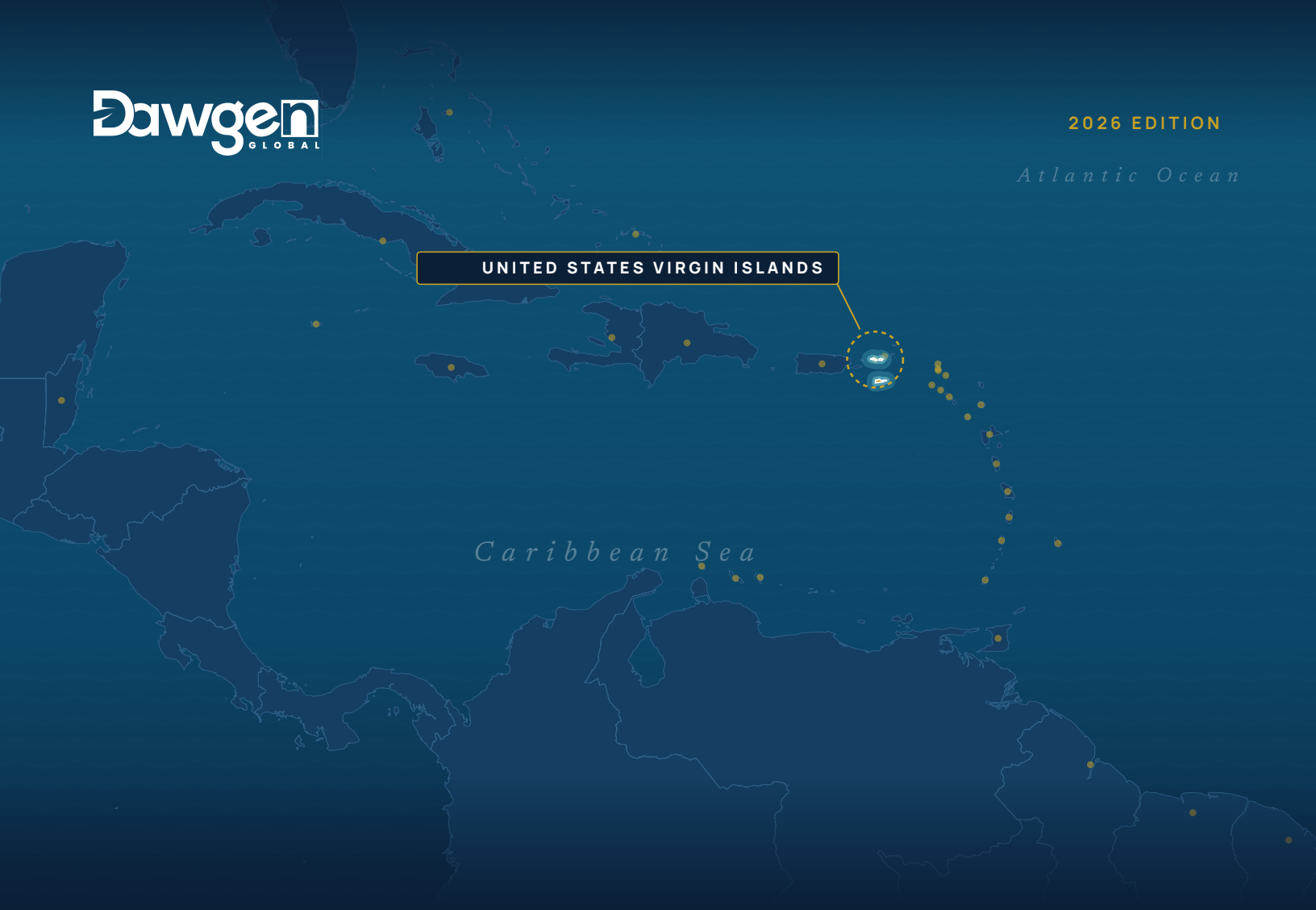
Dawgen GLOBAL

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CARIBBEAN SERVICE DESK · EASTERN CARIBBEAN

Doing Business in the United States Virgin Islands

A practical guide to establishing, operating and growing a business in the United States Virgin Islands

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FOREWORD

The United States Virgin Islands combine the legal certainty of a US jurisdiction with a Caribbean location, and offer one of the region's most substantial investment incentive programmes.

Investors come for good reason: an English-speaking US territory that uses the US dollar, applies US federal law and offers economic development benefits that can reduce income tax by up to 90%. Those benefits come with conditions, and the territory's own taxes, licences and employment rules sit alongside the US federal system. Both need careful handling from the first day.

This guide sets out in plain language how to choose a structure, how set-up works, how the mirror tax system and local taxes operate, how to employ people and how property and incentives work. It is written for investors, entrepreneurs and regional and international groups considering the territory.

We serve the United States Virgin Islands through our Caribbean Service Desk, managed from Kingston, and are ready to help you build a well-run, compliant business.

Dr. Dawkins Brown, Ph.D., MCMI, ACFE

Executive Chairman, Dawgen Global

> **How to use this guide**
>
> This guide gives a practical overview of establishing and running a business in the United States Virgin Islands. It is general information, current to October 2026, and is not a substitute for advice on your circumstances. Rates and rules change; speak to us before you act.

OVERVIEW

01 United States Virgin Islands at a glance

A US territory east of Puerto Rico, made up of St Croix, St Thomas, St John and Water Island, with an economy built on tourism and services.

CAPITAL
Charlotte Amalie
On St Thomas; St Croix is the largest island

POPULATION
About 87,000
2020 US census

LANGUAGE
English
Official language of business and law

CURRENCY
US dollar (USD)
Legal tender; no exchange controls

LEGAL SYSTEM
US law and VI Code
Federal appeals to the US Third Circuit

TIME ZONE
UTC−4
Atlantic Standard Time all year; no daylight saving

CORPORATE INCOME TAX
23.1% effective
21% under the mirror code plus a 10% surtax on the tax

GROSS RECEIPTS TAX
5%
Monthly exclusion for businesses under US$225,000 a year

STATUS
US territory
Unincorporated; residents are US citizens

Leading sectors

Tourism and cruise · Hospitality and villas · Rum distilling · Financial and professional services · Construction and disaster recovery · Real estate · Marine and yachting · Technology and e-commerce · Retail and distribution

Gateways

Cyril E. King Airport (St Thomas) and Henry E. Rohlsen Airport (St Croix) have direct flights to the US mainland. Charlotte Amalie is a major cruise port, and ferries link the islands and the British Virgin Islands.

Public holidays

The territory observes US federal holidays and local ones, including Transfer Day (31 March) and Emancipation Day (3 July), giving more public holidays than most US states.

INVESTMENT CLIMATE

02 Why the United States Virgin Islands

A US legal and financial system, the US dollar and substantial tax incentives make the territory a distinctive base for US-facing and regional business.

A US jurisdiction

US federal law, US courts, the US dollar and FDIC-insured banking give investors a familiar framework. US citizens can move and work freely between the territory and the mainland, and goods of US origin enter without local customs duty.

Generous incentives

The Economic Development Commission can grant approved businesses a 90% income tax credit and exemptions from gross receipts and property taxes, in return for local investment, jobs and community commitments. Smaller zone and technology park programmes add further options.

A separate tax system

The territory administers its own "mirror" of the US Internal Revenue Code through the Bureau of Internal Revenue. Bona fide residents generally file and pay income tax in the territory rather than with the IRS.

A recovering economy

Federally funded disaster recovery after the 2017 hurricanes continues to drive construction and infrastructure spending. The Government is strengthening revenue collection and has raised the minimum wage in stages from April 2026.

The local labour market is small, and energy, freight and housing costs are higher than on the mainland, so careful planning of staffing and costs is important.

Where the opportunities are

Sector	Examples of opportunity
Tourism	Hotels, villas, cruise services, dining, excursions and marine leisure
Services	Financial, consulting and back-office services for clients outside the territory
Construction	Resilient rebuilding, housing and federally funded infrastructure
Manufacturing	Rum, food and beverage, and light assembly for the US market
Energy	Solar generation, storage and energy efficiency

Economic Development Authority

The Virgin Islands Economic Development Authority promotes investment and administers the Economic Development Commission (EDC) benefits programme, which approves and monitors beneficiaries.

LEGAL VEHICLES

03 Choosing a business structure

Most investors use a territory corporation or limited liability company. Companies formed elsewhere may instead qualify to do business. The right choice depends on liability, tax classification, incentives and exit plans.

Vehicle	Key features	Typical use	Main obligations
Corporation	Separate legal entity formed with the Division of Corporations and Trademarks; shareholders' liability limited; resident agent required	Operating businesses and EDC beneficiaries	Annual report and franchise tax by 30 June; income tax returns to the BIR
Limited liability company	Separate legal entity with flexible management; can choose its US tax classification	Operating and holding businesses, joint ventures	Annual report and franchise tax; classification election where needed
Foreign corporation or LLC	Entity formed elsewhere, including on the US mainland, qualified to do business in the territory	Projects, contracts and market entry	Qualification filings and agent; annual report; tax on territory-source income
Partnership	General, limited or limited liability partnership; general partners may be personally liable	Professional practices and investment vehicles	Registration; annual fee; partnership returns
Sole proprietor	Individual trading in their own name or a registered trade name; unlimited liability	Small owner-managed businesses	Trade name registration; business licence; personal income tax
Non-profit corporation	No shareholders; may seek tax-exempt status	Charities and associations	Annual report; exempt organisation filings

Foreign ownership and licensing

Foreign and mainland investors may own all of a territory company. Every business needs a business licence from the Department of Licensing and Consumer Affairs, and banking, insurance and some professions need separate licences.

Beneficial ownership

The US Corporate Transparency Act applies to the territory. Since federal changes in March 2025, reporting to FinCEN applies mainly to companies formed outside the United States that register to do business; check the current rules before filing.

GETTING STARTED

04 Setting up: step by step

Entities are formed online through the Division of Corporations and Trademarks. Formation is quick once documents are ready; the business licence, bank account and any EDC approval usually take longer.

1 **Plan the structure and name** — WEEK 1

Choose the vehicle, ownership and tax classification, check name availability and appoint a resident agent.

2 **Form or qualify the entity** — WEEK 1–2

File articles, or qualification documents for an entity formed elsewhere, with the Division of Corporations and Trademarks through its Catalyst portal.

3 **Obtain tax numbers** — WEEK 2–3

Obtain a federal employer identification number (EIN) from the IRS, register with the Bureau of Internal Revenue and request a tax clearance letter.

4 **Apply for a business licence** — WEEK 2–8

Apply online to the DLCA, with zoning approval from DPNR, a police records check and, where relevant, fire and health inspections and board certification. Allow six to eight weeks.

5 **Open a bank account** — WEEK 2–6

Banks apply full know-your-customer checks on the entity, officers and beneficial owners.

6 **Register as an employer** — BEFORE HIRING

Register for US payroll taxes, territory income tax withholding, unemployment insurance with the Department of Labor and workers' compensation cover.

7 **Apply for permits and incentives** — VARIES

Apply for building, coastal zone and sector permits, and prepare any EDC application before committing to the investment.

Documents you will usually need

Government photo identification for each officer and owner; the resident agent's consent; the EIN confirmation; a trading address or landlord authorisation; and, for an entity formed elsewhere, certified formation documents, a certificate of good standing and a statement of assets and liabilities.

TAXATION

05 Tax at a glance

The territory applies a mirror of the US Internal Revenue Code, administered by the Bureau of Internal Revenue, plus local gross receipts, excise and property taxes. Our separate United States Virgin Islands Tax Guide covers each tax in detail.

Business taxes	
Corporate income tax	21% under the mirror code plus a 10% surtax on the tax, about 23.1% in total; foreign corporations taxed on territory-source and connected income
Gross receipts tax	5% of gross receipts; businesses under US$225,000 a year exclude the first US$9,000 each month
Excise tax	On goods brought in for business use, from 2% to 25% by category, with specific rates on alcohol and tobacco
Hotel room tax	12.5% of room charges for stays under 90 days
Property tax	Annual, on assessed value, at rates set by property class
Stamp tax	2% to 3.5% on transfers of real property, by value band

Individuals	
Income tax	Mirror of US rates, 10% to 37%; bona fide residents file with the BIR on worldwide income
Residence test	Usually 183 days' presence, no tax home elsewhere and no closer connection to another place

Withholding tax (non-residents)	Rate*
Dividends, interest, royalties	Generally 10%
EDC beneficiaries	Reduced rates

*Applies to territory-source income of non-residents not engaged in business in the territory. US tax treaties generally do not apply to the territory.

Recent changes

US federal tax changes in 2025 flow through the mirror code. The same federal act made the rum excise cover-over of US$13.25 per proof gallon permanent. A 90-day amnesty on penalties for overdue property, income and gross receipts taxes was enacted in November 2025.

PEOPLE

06 Employing people

Employers follow both US federal and territory employment law. They must register for payroll taxes and unemployment insurance, carry workers' compensation, and observe local rules on wages, hours and dismissal.

Minimum standards

- **Minimum wage:** US$12.00 an hour from 24 April 2026, rising to US$14.00 in June 2027 and US$15.00 in June 2028
- **Hours:** overtime at time and a half beyond 8 hours a day, 40 hours a week, or on a sixth or seventh consecutive day
- **Leave:** mainly set by contract; US family and medical leave rules apply to larger employers
- **Dismissal:** the Wrongful Discharge Act permits dismissal only on nine listed grounds, or on closure or economic cutback
- **Complaints:** to the Department of Labor within 30 days; remedies include reinstatement and back pay
- **Plant closings:** 90 days' notice, or 180 days for employers with over 1,000 staff, and severance of one week's pay per year of service

Statutory payroll contributions

Contribution	Employee	Employer
Income tax (BIR)	Withheld	—
Social Security	6.2%	6.2%
Medicare	1.45%	1.45%
VI unemployment	—	Experience rate
Federal unemployment	—	FUTA

Social Security and Medicare are paid to the IRS; income tax withheld goes to the BIR. VI unemployment rates ranged from 2.46% to 5.4% in 2025.

Bringing in foreign staff

US immigration rules

Foreign nationals need a US visa or other authorisation to work, usually through an employer petition to US Citizenship and Immigration Services.

US citizens and residents

US citizens and permanent residents may work without a permit. Travellers to the mainland clear US border checks on departure.

Local hiring

EDC beneficiaries must employ mainly territory residents and post vacancies with the Department of Labor.

HR essentials from day one

Give every employee written terms, keep time and pay records for at least three years, document performance issues against the Wrongful Discharge Act grounds, and adopt a handbook covering conduct, grievances and health and safety. Most disputes we see start with missing paperwork, not bad intentions.

MONEY AND ASSETS

07 Banking, currency and property

Banking and finance

A small number of commercial banks, most with US or Puerto Rico parents, serve the territory alongside credit unions and insurers. Banks are subject to US federal supervision and the Division of Banking, Insurance and Financial Regulation.

- **US dollar economy:** no currency conversion risk for US-dollar businesses
- **No exchange controls:** funds, profits and capital move freely
- **FDIC deposit insurance** applies at participating banks
- **US payment systems:** domestic wires and card networks
- **Compliance:** expect full know-your-customer checks under the US Bank Secrecy Act

Financial reporting

Businesses usually prepare accounts under US GAAP. Lenders, regulators and the EDC may require audited financial statements.

Land and property

There are no general restrictions on ownership of land by foreign nationals or foreign-owned companies. Deeds are recorded with the Recorder of Deeds, and title searches and title insurance are commonly used.

Typical costs on a property purchase	
Stamp tax	2% up to US$350,000; 2.5% to US$1 million; 3% to US$5 million; 3.5% above, on the full value
Recording fees	Payable on deeds and mortgages
Legal fees	Agreed with the attorneys for each party
Property tax	Annual, by property class

Before you build

Building needs DPNR permits. Development in the first-tier coastal zone needs a Coastal Zone Management permit; major permits go to public hearing, and permits and leases over submerged land need further approval.

GROWTH LEVERS

08 Incentives, trade and customs

Incentives centre on the Economic Development Commission programme, supported by zone, technology park and film incentives and duty-free access to the US market for qualifying goods.

Key incentive regimes

Regime	What it offers
EDC benefits	90% income tax credit; exemption from gross receipts, excise and business property taxes; customs duty cut from 6% to 1%; 20 years (St Thomas, St John) or 30 years (St Croix)
EDC conditions	At least US$100,000 invested, an EDC-set staff minimum (5 for some service businesses), 80% resident staff, local purchasing and charitable giving
Enterprise zones	90% income tax credit and gross receipts and property tax relief in designated town areas
Technology park	EDC-style benefits for knowledge-based businesses, on negotiated terms
Film production	Tax credits and cash rebates for qualifying spending

Eligibility and conditions apply to each regime, and owners claiming benefits must be bona fide residents. We can assess which incentives fit your project and prepare the applications.

Market access

- **United States:** goods made in the territory may enter duty-free when foreign content limits are met
- **US-origin goods** enter the territory free of local customs duty
- **Puerto Rico and the British Virgin Islands:** close trading and supply links
- **Rum:** federal excise cover-over supports the rum industry

Customs

The territory is outside the US customs area. US Customs and Border Protection operates the ports of entry, and a 6% duty generally applies to goods of non-US origin. The BIR collects excise tax, usually on invoice value plus 5%. Most goods are shipped in, so supply costs and lead times need planning.

COMPLIANCE

09 Regulators and compliance calendar

Who regulates what

Body	Role
Division of Corporations and Trademarks	Entity formation, annual reports, franchise tax
Bureau of Internal Revenue	Income, gross receipts, excise and hotel taxes
Internal Revenue Service	Social Security, Medicare and federal unemployment taxes
Office of the Lieutenant Governor	Property tax, Recorder of Deeds, banking and insurance regulation
Department of Licensing and Consumer Affairs	Business licences and consumer protection
Department of Labor	Labour standards, unemployment insurance, dismissal complaints
Economic Development Authority	EDC benefits and compliance
DPNR	Zoning, building and coastal zone permits
US Customs and Border Protection	Ports of entry and customs
FinCEN	Anti-money laundering and beneficial ownership

Key filing dates

When	What
Within 30 days of each month end	Gross receipts tax return and payment; hotel room tax
Last day of the month after each quarter	Payroll returns to the IRS and the BIR; unemployment insurance report
15 April, 15 June, 15 September, 15 December	Estimated corporate income tax payments
31 January	Wage statements to employees and the BIR
15 April	Corporate income tax return (calendar year-end)
30 June	Annual report and franchise tax
Before expiry	Business licence renewal

Dates shown are for a calendar year-end. Penalties and interest build quickly, and an entity without its annual filing loses good standing.

Anti-money laundering and data

Financial institutions and other covered businesses must meet US Bank Secrecy Act duties. There is no general data protection law; US sectoral rules and a territory breach notification law apply.

ACTION PLAN

10 Your first 90 days: checklist

Use this checklist to track the essential steps from decision to first trading day.

Days 1–30: establish

- [ ] Agree business plan, structure and ownership
- [ ] Assess EDC eligibility before committing
- [ ] Check the name and appoint a resident agent
- [ ] Form or qualify the entity
- [ ] Obtain an EIN and register with the BIR
- [ ] Obtain a tax clearance letter
- [ ] Apply to open business bank accounts

Days 31–60: register and license

- [ ] Apply for the DLCA business licence
- [ ] Obtain zoning approval and inspections
- [ ] Register for payroll taxes and unemployment insurance
- [ ] Arrange workers' compensation cover
- [ ] Start visa petitions for foreign staff
- [ ] Apply for building and coastal zone permits
- [ ] Lease premises and arrange insurance cover

Days 61–90: operate

- [ ] Set up the accounting system and chart of accounts
- [ ] Set up payroll and withholding
- [ ] Issue written employment terms
- [ ] Build the tax and filing calendar
- [ ] Put AML and data security policies in place
- [ ] Agree year-end and audit arrangements

Ongoing

- [ ] Monthly gross receipts tax returns
- [ ] Quarterly payroll and estimated tax payments
- [ ] Annual income tax return
- [ ] Annual report and franchise tax by 30 June
- [ ] Renew licences and meet EDC conditions

YOUR PARTNER

11 How Dawgen Global helps

One Dawgen Global team supports you through our Caribbean Service Desk, managed from our headquarters in Kingston.

Market entry and structuring

Choice of vehicle, structuring, feasibility studies and business plans.

Incorporation and corporate secretarial

Formation, qualification, annual reports and franchise tax.

Tax advisory and compliance

Mirror code, gross receipts tax and residency planning, through our Caribbean Tax Service Desk.

Accounting and payroll outsourcing

Bookkeeping, management accounts, payroll, withholding and a Virtual CFO.

Audit and assurance

Audits, reviews and special-purpose reporting for lenders, regulators and the EDC.

HR, immigration and legal support

Contracts, HR policies, dismissal procedures and legal process support, with our panel of attorneys.

Risk and compliance

AML programmes, data security, internal audit and governance.

Technology and cyber

Systems selection, digital transformation, cybersecurity and AI governance.

Incentive applications

EDC and enterprise zone applications and compliance.

Start with a conversation

Tell us your plans for the United States Virgin Islands, and we will set out the steps, timeline and costs. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request. Fees are tailored to each client's circumstances and set out in an engagement letter. Email **usvirginislands@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

Talk to the United States Virgin Islands Caribbean Service Desk

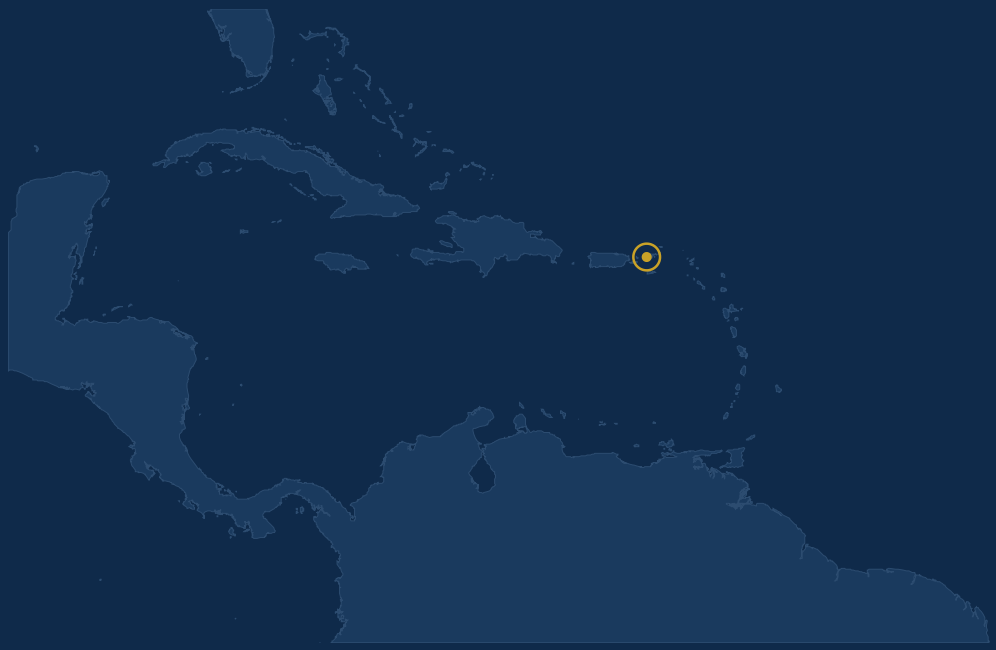
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Key official sources

- Virgin Islands Bureau of Internal Revenue (bir.vi.gov)
- Office of the Lieutenant Governor (ltg.gov.vi)
- Division of Corporations and Trademarks (corporationsandtrademarks.vi.gov)
- Department of Licensing and Consumer Affairs (dlca.vi.gov)
- Virgin Islands Economic Development Authority (usvieda.org)
- Virgin Islands Department of Labor (vidol.gov)
- Department of Planning and Natural Resources (dpnr.vi.gov)
- US Internal Revenue Service (irs.gov)



This publication contains general information only, current to October 2026, and is not professional advice. Tax rates, thresholds, incentive conditions and procedures change frequently, and US federal changes flow through to the territory; confirm the current position with Dawgen Global or the relevant authority before acting. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request.
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