BRITISH VIRGIN ISLAND (BVI) COMPANIES

The British Virgin Islands ("BVI") is recognized as one of the main international financial centres in the world, in particular through the business of company incorporations.

Formerly under the auspice of the International Business Companies Act, 1984 (as amended), incorporations are now conducted pursuant to the BVI Business Companies Act, 2004 (as amended).

In summary the requirements and benefits of a BVI Business Company are:-

Required to incorporate

- Company name;
- Director(s); names and details[1];
- Shareholder(s) names, details[1] and intended shareholding;
- The maximum number of shares the company is permitted to issue and par value. Standard is 50,000 of USD1.00 each;
- Source of funds and identity of ownership.

Note: By default the shares will be valued in US dollars but can be in another currency if so required.

Private Information (held at office and agent but not disclosed under general course of events[1])

- Directors and officers;
- Shareholders;
- Any due diligence documentation on the directors, shareholders and beneficial owners;
- Minutes of meetings and resolutions;
- Financial records.

[1] Including due diligence information

[1] Including due diligence information

[1] This may have to be disclosed if ordered by a statutory body such as the BVI Financial Investigations Agency, the BVI Regulator, a TIEA or under a (BVI) court order.

BRITISH VIRGIN ISLAND (BVI) COMPANIES

Public Information (filed at the Registry of Corporate Affairs)

- The name of the Company;
- The Registered Agent and Registered Office;
- The Memorandum and Articles of Association (and any amendments);
- Any other voluntarily filed documentation.

Advantages

- Tax neutral;
- Ease and speed of formation;
- Company names can have an additional (non-English) name in another language and/or script;
- No requirement for local resident directors;
- No requirement for the auditing of financial accounts;
- No requirement for an Annual General Meeting;
- Can be listed on foreign exchanges;
- Modern, clear and precise legislation.

Additional Services

- Directorship services;
- Shareholder services;
- Day to day administration;
- Secretarial services;
- Accounting.

BRITISH VIRGIN ISLAND (BVI) COMPANIES

Benefits of the BVI

The BVI is an Overseas Territory of the United Kingdom, with a judiciary (the Eastern Caribbean Supreme Court) independent from its executive and legislature. It is a politically stable, well known and competent jurisdiction with a long-established track record as a leader in the field of company incorporation. Furthermore, the BVI:

- Is a common law jurisdiction;
- Has a dedicated Commercial Court;
- Has its highest court as the Privy Council;
- Is supported by a network of BVI qualified lawyers worldwide;
- Has a strong history of public and private sector co-operation in legislation innovative Products;
- Has a very comprehensive legal infrastructure and world class resident legal firms;
- Has an experienced and effective insolvency regime;
- Uses the US dollar as its currency;

NEW AMENDMENTS UNDER BVI LAWS:

Annual Financial Return (AFR)

Since 1 January 2023, most BVI companies are required to prepare and file an Annual Financial Return (AFR) with their registered agent. The AFR:

- is filed only with the registered agent, not with the Registrar;
- is not publicly available;
- does not need to be audited;
- follows a prescribed template containing balance sheet and profit and loss information.

BRITISH VIRGIN ISLAND (BVI) COMPANIES

Filing deadline

The AFR must generally be submitted to the registered agent within 9 months after the end of the company's financial year. For example, if the financial year ends on 31 December, the filing deadline is usually 30 September of the following year. Recent transitional extensions expired during 2025.

A. Economic Substance (Companies and Limited Partnerships) Act

The legislation applies to BVI companies and certain limited partnerships carrying on one or more of the following "relevant activities":

- Banking business;
- Insurance business;
- Fund management business;
- Finance and leasing business;
- Headquarters business;
- Shipping business;
- Holding business;
- Intellectual property business; and
- Distribution and service centre business.

A legal entity carrying on a relevant activity must generally demonstrate that:

1. it is directed and managed in the BVI;
2. it has adequate employees in the BVI;
3. it incurs adequate expenditure in the BVI; and
4. its core income-generating activities are conducted in the BVI.

BRITISH VIRGIN ISLAND (BVI) COMPANIES

Please note that a pure equity holding company is subject to a reduced substance test compared to other relevant activities.

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained.