Recent developments:

For the latest tax developments relating to BVI, see Deloitte tax@hand.

Investment basics:

Currency – US Dollar (USD)
Foreign exchange control – No
Accounting principles/financial statements – IFRS, US, UK and Canadian GAAP are accepted. Other internationally recognized GAAP also are accepted but these must be approved by the local regulators.
Principal business entities – These are the company, partnership and trust.

Corporate taxation:

Residence – There is no concept of residence applicable to BVI corporate taxation.
Basis – There is a zero-rated income tax regime for all BVI-domiciled corporate entities.
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:

There is no withholding tax on dividends, interest, royalties or technical service fees in the BVI, and no branch remittance tax.

Other taxes on corporations:

Capital duty – No
Payroll tax – Payroll tax is levied on both the employer and the employee. The employer pays 2% or 6% of the gross salary paid, and the employee 8% (the latter is deducted at source), in excess of USD 10,000 per annum.
Real property tax – Land tax is levied at USD 50 for a half acre or less. For greater than a half an acre, but less than one acre, the tax is USD 150 per year. Any additional acre or part of an acre is taxed at USD 50 per year. Lower fees apply if the land is owned by a BVIslander or a BVI company.
House tax is levied at a rate of 1.5% of the assessed annual rental value.
Social security – The employer must pay 4.5% of the employee’s salary, while 4% is paid by the employee (both are subject to a cap). Both the employer and the employee pay 3.75% of the employee’s salary for national health insurance (subject to a cap).
Stamp duty – A 12% stamp duty (4% if the transferee is a BVIslander) is levied on property transactions; minimal duty is levied on other conveyances.
Transfer tax – No
Anti-avoidance rules:

**Transfer pricing** – No

**Thin capitalization** – No

**Controlled foreign companies** – No

**Disclosure requirements** – Country-by-country (CBC) reporting requirements have been introduced in the BVI as a result of the OECD BEPS project. The rules require certain multinationals to submit a CbC report to the BVI international tax authority.

**Other** – The Economic Substance (Companies and Limited Partnerships) Act 2018 (ESA) was passed into law in December 2018.

The ESA requires all BVI legal entities that carry on a “relevant activity” to comply with the economic substance requirements prescribed by the ESA. Legal entities include BVI companies and limited partnerships with legal personality (LPs) (unless they are considered nonresident for the purposes of the ESA), as well as all foreign companies and LPs doing business in the BVI.

Relevant activities include activities in the following businesses: (a) banking; (b) insurance; (c) fund management; (d) headquarters; (e) shipping; (f) holding; (g) intellectual property; and (h) distribution and service center.

The measures in the ESA apply as from 1 January 2019 with a six-month transitional period for existing legal entities.

Deductions and allowances – No

Rates – No

Other taxes on individuals:

**Capital duty** – No

**Stamp duty** – A 12% stamp duty (4% if the transferee is a BVIslander) is levied on property transactions; minimal duty is levied on other conveyances.

**Capital acquisitions tax** – No

**Real property tax** – Land tax is levied at USD 50 for a half acre or less. The tax is USD 150 where there is more than a half acre, but less than one acre, and any additional acre or part of an acre is taxed at USD 50 per year. Lower fees apply if the land is owned by a BVIslander or a BVI company.

House tax is levied at a rate of 1.5% of the assessed annual rental value.

**Inheritance/estate tax** – No

**Net wealth/net worth tax** – No

**Social security** – The employer must pay 4.5% of the employee’s salary (up to a cap) via withholding from the gross salary. Both the employer and the employee pay 3.75% of the employee’s salary for national health insurance (subject to a cap).

Compliance for individuals:

**Tax year** – 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:

**Taxable transactions** – The BVI does not levy VAT or sales tax.

**Rates** – No

**Registration** – No

**Filing and payment** – No

Tax treaties: None, but the BVI has concluded and signed 28 tax information exchange agreements. BVI is also a signatory to the Convention on Mutual Administrative Assistance in Tax Matters, the Multilateral Competent Authority Agreement on the Exchange of CbC Reports and the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information.
Tax authorities: Inland Revenue Department, International Tax Authority (ITA)

Contact:
Carlene Romney (cromney@deloitte.com)
Aurelie Legangneux (alegangneux@deloitte.com)