



British Virgin
Islands
Tax Guide
2013

FOREWORD

A country's tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions. This handy reference guide provides clients and professional practitioners with comprehensive tax and business information for over 90 countries throughout the world.

As you will appreciate, the production of the WWTG is a huge team effort and I would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country's taxes that forms the heart of this publication.

I hope that the combination of the WWTG and assistance from your local PKF member firm will provide you with the advice you need to make the right decisions for your international business.

Richard Sackin

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PREFACE

The PKF Worldwide Tax Guide 2013 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world's most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 1 January 2013, while also noting imminent changes where necessary.

On a country-by-country basis, each summary addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country's personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

In addition to the printed version of the WWTG, individual country taxation guides are available in PDF format which can be downloaded from the PKF website at www.pkf.com

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ABOUT PKF INTERNATIONAL LIMITED

PKF International Limited (PKFI) administers the PKF network of legally independent member firms. There are around 300 member firms and correspondents in 440 locations in around 125 countries providing accounting and business advisory services. PKFI member firms employ around 2,270 partners and more than 22,000 staff. PKFI is the 11th largest global accountancy network and its member firms have \$2.68 billion aggregate fee income (year end June 2012). The network is a member of the Forum of Firms, an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

Services provided by member firms include:

- Assurance & Advisory
- Insolvency – Corporate & Personal
- Financial Planning/Wealth management
- Taxation
- Corporate Finance
- Forensic Accounting
- Management Consultancy
- Hotel Consultancy
- IT Consultancy

PKF member firms are organised into five geographical regions covering Africa; Latin America; Asia Pacific; Europe, the Middle East & India (EMEI); and North America & the Caribbean. Each region elects representatives to the board of PKF International Limited which administers the network. While the member firms remain separate and independent, international tax, corporate finance, professional standards, audit, hotel consultancy and business development committees work together to improve quality standards, develop initiatives and share knowledge and best practice cross the network.

Please visit www.pkf.com for more information.

STRUCTURE OF COUNTRY DESCRIPTIONS

A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES
COMPANY TAX
CAPITAL GAINS TAX
BRANCH PROFITS TAX
SALES TAX/VALUE ADDED TAX
FRINGE BENEFITS TAX
LOCAL TAXES
OTHER TAXES

B. DETERMINATION OF TAXABLE INCOME

CAPITAL ALLOWANCES
DEPRECIATION
STOCK/INVENTORY
CAPITAL GAINS AND LOSSES
DIVIDENDS
INTEREST DEDUCTIONS
LOSSES
FOREIGN SOURCED INCOME
INCENTIVES

C. FOREIGN TAX RELIEF

D. CORPORATE GROUPS

E. RELATED PARTY TRANSACTIONS

F. WITHHOLDING TAX

G. EXCHANGE CONTROL

H. PERSONAL TAX

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

INTERNATIONAL TIME ZONES

AT 12 NOON, GREENWICH MEAN TIME, THE STANDARD TIME ELSEWHERE IS:

A

Algeria	1 pm
Angola	1 pm
Argentina	9 am
Australia -	
Melbourne	10 pm
Sydney	10 pm
Adelaide	9.30 pm
Perth	8 pm
Austria	1 pm

B

Bahamas	7 am
Bahrain	3 pm
Belgium	1 pm
Belize	6 am
Bermuda	8 am
Brazil	7 am
British Virgin Islands	8 am

C

Canada -	
Toronto	7 am
Winnipeg	6 am
Calgary	5 am
Vancouver	4 am
Cayman Islands	7 am
Chile	8 am
China - Beijing	10 pm
Colombia	7 am
Cyprus	2 pm
Czech Republic	1 pm

D

Denmark	1 pm
Dominican Republic	7 am

E

Ecuador	7 am
Egypt	2 pm
El Salvador	6 am
Estonia	2 pm

F

Fiji	12 midnight
Finland	2 pm
France	1 pm

G

Gambia (The)	12 noon
Germany	1 pm
Ghana	12 noon
Greece	2 pm
Grenada	8 am
Guatemala	6 am

VI

Guernsey	12 noon
Guyana	7 am

H

Hong Kong	8 pm
Hungary	1 pm

I

India	5.30 pm
Indonesia	7 pm
Ireland	12 noon
Isle of Man	12 noon
Israel	2 pm
Italy	1 pm

J

Jamaica	7 am
Japan	9 pm
Jordan	2 pm

K

Kenya	3 pm
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L

Latvia	2 pm
Lebanon	2 pm
Luxembourg	1 pm

M

Malaysia	8 pm
Malta	1 pm
Mexico	6 am
Morocco	12 noon

N

Namibia	2 pm
Netherlands (The)	1 pm
New Zealand	12 midnight
Nigeria	1 pm
Norway	1 pm

O

Oman	4 pm
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P

Panama	7 am
Papua New Guinea	10 pm
Peru	7 am
Philippines	8 pm
Poland	1 pm
Portugal	1 pm

Q

Qatar	8 am
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R

Romania	2 pm
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Russia -	
Moscow	3 pm
St Petersburg.	3 pm

S

Singapore	7 pm
Slovak Republic	1 pm
Slovenia	1 pm
South Africa.	2 pm
Spain	1 pm
Sweden.	1 pm
Switzerland	1 pm

T

Taiwan	8 pm
Thailand	8 pm
Tunisia	12 noon
Turkey.	2 pm
Turks and Caicos Islands	7 am

U

Uganda	3 pm
Ukraine	2 pm
United Arab Emirates	4 pm
United Kingdom	(GMT) 12 noon
United States of America -	
New York City.	7 am
Washington, D.C.	7 am
Chicago.	6 am
Houston.	6 am
Denver	5 am
Los Angeles.	4 am
San Francisco	4 am
Uruguay	9 am

V

Venezuela	8 am
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Z

Zimbabwe	2 pm
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BRITISH VIRGIN ISLANDS

Currency: US Dollars

Dial Code To: 1284

Dial Code Out: 011

Member Firm:

City:
Road Town, TortolaName:
Meade MaloneContact Information:
284 494 2240**A. TAXES PAYABLE****COMPANY TAX**

All companies incorporated in the British Virgin Islands (BVI) or managed and controlled in the British Virgin Islands are treated as resident and, therefore potentially chargeable to income tax under the British Virgin Islands Income Tax Act, Chapter 206. However the BVI Business Companies Act 2004 provides a general exemption from the requirements of the British Virgin Income Tax Act, Chapter 206 for:

- All BVI business companies
- All dividend, interest, rental, royalties, compensation and other amounts paid by a company
- All capital gains realised with respect to any shares, debt obligations of a business company.

In addition, the Business Companies Act provides that no estate, inheritance, succession or gift tax rate, levy, duty or other charge is payable with respect to any shares, debt obligations or other securities of a business company. A company is exempt from stamp duty except where the instrument relates to the transfer of an interest in land in the BVI or the transfer of securities of a land owning company (the land situated in the BVI).

Also, since 1 January 2005, the British Virgin Islands have adopted a zero-rated income tax regime for all corporate entities.

Companies must, however, pay an initial registration fee and an annual licence fee to the BVI Financial Services Commission. The current registration fee is US\$350 (US\$1,100 if the company is authorised to issue more than 50,000 shares) and the annual licence fee is \$350 or US\$1,100 if the company is authorised to issue more than 50,000 shares.

The initial registration fee and annual licence fee for a restricted purpose company is US\$5,000

CAPITAL GAINS TAXES

There is no capital gains tax in the BVI.

BRANCH PROFIT TAX

There is no branch profit tax in the BVI.

SALES TAX/VALUE ADDED TAX

There are no sales taxes or value added taxes in the BVI.

OTHER TAXES

In the BVI, stamp duty is imposed on transfer of real estate and the transfer of shares in a BVI company owning real estate in the BVI. The rate of stamp duty is 4% for belongers and 12% for non-belongers. The stamp duty on other instruments and transfers range from 0.2% to 5%.

Import duties are levied on goods imported into the BVI at rates up to 20%.

The following table summarises other fees payable:

Annual licence fees by BVI Business Companies with authorised share capital of:

Up to US\$50,000 or foreign currency equivalent or authorised to issue up to 50,000 shares	US\$350
Exceeding US\$50,000 or foreign currency equivalent or authorised to issue more than 50,000 shares	US\$1,100
General banking licence	US\$50,000
Restricted Class I banking licence	US\$32,000
Restricted Class II banking licence	US\$32,000

Insurance company licence	up to US\$10,000
Class I trust licence	US\$16,000
Class II trust licence	US\$14,000
Class III trust licence	US\$12,000
Restricted trust licence	US\$500

B. DETERMINATION OF TAXABLE INCOME

There are no taxes on income or capital gains. There are no death duties, inheritance taxes or gift taxes.

C. FOREIGN TAX RELIEF

This is not applicable as there are no double tax arrangements because there is no taxation on income in the BVI.

D. CORPORATE GROUPS

There is no group tax relief legislation as there are no taxes on income or capital gains.

E. RELATED PARTY TRANSACTION

There is no transfer pricing or related party legislation in the BVI.

F. WITHHOLDING TAX

There is no withholding tax on interest, dividends or royalties paid by BVI business companies. However, the BVI (like other dependent territories) has applied the European Union (EU) Savings Directive since 1 July 2005. A withholding tax (initially 15%, rising to 20% from 1 July 2008) has been applied to interest payments to natural persons resident within the EU. The withholding tax is not compulsory in that a depositor can avoid paying the tax by instead providing full information about their account to the authorities within their country of residence.

G. EXCHANGE CONTROL

The US dollar is legal tender in the BVI. There is no exchange control or restriction on the movement of US dollar funds into or out of the BVI or on their conversion to other currencies.

H. PERSONAL TAX

Since 1 January 2005, income tax has been zero-rated following the introduction of the BVI Payroll Taxes Act 2004.

PAYROLL TAX

Every employer who carries on business in the BVI is liable to pay payroll tax in respect of:

- (i) Remuneration paid by them to every employee
- (ii) Deemed remuneration paid by them to every deemed employee for services rendered by the employee or deemed employee wholly or mainly in the BVI whether or not the remuneration is paid in the BVI.

A self-employed person is also liable to payroll tax on their deemed remuneration. A partner in a partnership carrying on business in the BVI is a deemed employee of that partnership if he renders services to the partnership and participates, otherwise than as employee, in the income of the partnership. Likewise, a shareholder in a company carrying on business in the BVI is a deemed employee of that company if he renders services to the company and participates, otherwise than as employee, in the income of the company.

Remuneration is defined to include wages, salaries, money paid through a profit-sharing scheme, bonuses, gratuities, severance pay, residential rent and other benefits-in-kind.

The rate of payroll tax depends on whether the employer is a Class 1 Employer or a Class 2 Employer. Class 1 employees are smaller entities which does not exceed the following thresholds in the relevant financial year.

Employer category	Class 1	Class 2
Payroll	US\$150,000 or less	More than US\$150,000
Annual turnover	US\$300,000 or less	More than US\$300,000
Number of employees (including part-time and deemed)	1 to 7	8 and more
Total percentage applied to remuneration liable to payroll tax	10%	14%
Percentage applied to remuneration due by employer	2%	6%
Percentage applied to remuneration due by employee	8%	8%

The first US\$10,000 of actual remuneration paid to an employee, deemed employee or self-employed person is tax-exempt.

I. TREATY AND NON-TREATY WITHHOLDING TAXES

The United Kingdom's double tax treaties (DTAs) with Japan and Switzerland have been extended to the BVI, although these treaties are not used in practice. The priority of the BVI has been to enter into Tax Information Exchange Agreements or TIEAs rather than DTAs. The BVI has entered into TIEAs with the following jurisdictions: Aruba, Australia, China, Curacao, Czech Republic, Denmark, Faroe Islands, Finland, France, Germany, Greenland, Iceland, India, Ireland, Netherlands, New Zealand, Norway, Portugal, St Maarten, Sweden, United Kingdom and the United States.

