

Let us help you  
find your feet  
offshore



Financial Services  
in the  
British Virgin Islands

The British Virgin Islands (BVI) is an international financial services centre and premium tourist destination. For those who wish to take advantage of the attractive legal framework and competitive advantages, the jurisdiction offers an unparalleled environment in which to do business.

The BVI is the world leader in offshore company incorporations, and one that is committed to fighting financial crime. The BVI's International Business Company is renowned for its flexibility and offers the greatest confidentiality available in a regulated but non-bureaucratic jurisdiction.

Baker Tilly (BVI) Limited, an independent member of Baker Tilly International, is the oldest and largest accounting firm in the British Virgin Islands. We provide audit, accounting, business advisory, corporate finance, corporate recovery and assistance with the implementation of international tax planning to clients worldwide. Baker Tilly (BVI) Limited is the natural choice to help you set up and do business in the British Virgin Islands.

# The British Virgin Islands as an offshore centre

Success has come as a result of prudent regulatory policies, developed through the Government's partnership with the private sector...



## Financial services

The British Virgin Islands is arguably the world leader in offshore company incorporations. Flexibility has been a critical factor in explaining this phenomenal success. BVI Companies can be used for a wide range of purposes, including acting as a holding company for multinational and global corporations, by trusts for asset protection, collective investment and holding intellectual property. These companies offer the maximum privacy and confidentiality available in a jurisdiction that is regulated, but not bureaucratic and is committed to assist the international community fight against money laundering.

### COMPANIES

Both service providers and the British Virgin Islands Government recognise that this success has evolved through prudent regulatory policies developed through the Government's partnership with the private sector. Given the limited manpower and a shortage of natural resources, the Territory's leaders of the 1960s decided that the British Virgin Islands should focus on servicing the requirements of people of high net worth. This translated to up-market tourism and offshore financial services. The International Business Companies Act was introduced in 1984 and since then more than 600,000 Companies have been incorporated in the Territory. The BVI Business Companies Act further enhances the reputation of the BVI as a leading offshore corporate domicile.

### TRUSTS

In 1993 the Trustee (Amendment) Act was passed. It updated BVI statute law by including certain provisions that had previously been effective only if included in the trust instrument. It gives greater flexibility in respect of perpetuities and provides for the establishment of purpose trusts. Additional amendments were brought into force in 2004, to further enhance the reputation of the BVI as an international trust jurisdiction.

The Virgin Islands Special Trusts Act (VISTA) was brought into force on 1 March 2004. The intention of this innovative piece of legislation is to create a trust vehicle to hold shares in corporate businesses, without the obligation on trustees imposed by the "prudent man of business rule". This rule, which is designed to help preserve the value of trust assets, has made the trust an unattractive vehicle for holding assets that the settlor



Legislative Council building

would want the trustee to retain. In addition, this rule imposes an obligation on the trustee to monitor the conduct of the business and intervene as necessary. This conflicts with the wishes of the typical owner of a family business and renders the family business an unattractive asset for the trustee to consider accepting as an asset to be held on trust. The shareholder now is able to create a trust that specifically excludes the trustee from management responsibility and permits the business to be retained as long as the directors consider appropriate. Not all BVI trusts are subject to the VISTA trust regime, there must be specific provision in the trust instrument for VISTA to apply.

## **INSURANCE**

The Insurance Act strikes a balance between the need for a firm, but flexible, regulatory system which protects the established image of the BVI as a respectable jurisdiction and avoids unnecessary bureaucracy. The legislation is similar to that in force in many other offshore jurisdictions, with Government fees and management charges being considerably less than in Bermuda and Cayman.

## **MUTUAL FUNDS**

The Mutual Funds Act 1996 regulates the operation of mutual funds and their managers and administrators that carry on business either in or from within the Territory. It also covers funds which are domiciled in the Territory that operate elsewhere and funds which are domiciled elsewhere that are sold in the Territory. The Mutual Funds Act provides for three types of mutual funds – private, professional and public funds.

## **INSOLVENCY ACT**

The Insolvency Act provides a framework to deal with corporate and personal insolvencies and to better serve the international finance and business community in a rapidly-changing and diverse global business environment. As the BVI continues to develop as an international finance centre, corporate group structures that include BVI entities as part of the structure are becoming ever more complex. The introduction of the Insolvency Act will ensure the BVI is well placed to deal with the needs of complex groups and their stakeholders. The Insolvency Act will allow cross border restructuring and insolvency solutions to be carried out efficiently and professionally, providing a better return to stakeholders than may have been achievable up until now.

## Effective supervision

The BVI has demonstrated its commitment to helping shape international standards through, for example, its participation as part of a select working group set up under the auspices of the Offshore Group of Banking Supervisors (OGBS) to help develop a statement of international best practice for the regulation of trust and corporate services providers. As co-chair of the Ad Hoc Group of Accounts set up by the OECD, the BVI argued successfully against unreasonable demands, such as auditing and filing of accounts by all offshore companies. The BVI also participates actively in the Caribbean Financial Action Task Force (CFATF), the Egmont Group of Financial Intelligence Units and the Offshore Group of Collective Investment Scheme Supervisors.

The IMF's positive assessment of regulation in the BVI is one of many favourable assessments in recent years, including the KPMG Report, the Financial Action Task Force (FATF), the CFATF and even the OECD. The international community has taken the view that the BVI financial services sector is prudent, pragmatic and compliant with – or in some cases exceeds – the relevant international standards.

The Government responded to the suggestion in the KPMG report that a Financial Services Commission – independent of the Ministry of Finance – be formed, and the BVI Financial Services Commission Act of 2001 established the Commission as an autonomous authority, with the task of regulating insurance, banking, trustee, company management, mutual funds businesses, as well as insolvency practitioners, the registration of companies, limited partnerships, intellectual property and ships.



## A commitment to combat money laundering

5

The ease, flexibility and confidentiality of investment in offshore territories has increased the risk of exposure of these jurisdictions to tax evasion and money laundering. Ultimately, this adversely affects all bona fide investors in these territories.

In the British Virgin Islands there are a number of mechanisms in place to assist the international community in the investigation and prosecution of crime, including two pieces of legislation – the Mutual Legal Assistance (United States of America) Act and the Proceeds of Criminal Conduct Act 1997. This legislation creates money laundering offences which range from assisting in the retention of the benefit of criminal conduct to the acquisition, possession or use of proceeds of criminal conduct and concealing or transferring such proceeds.

The underlying goal of the legislation is reciprocity between judicial and law enforcement agencies worldwide, with the aim of curbing the increasing level of illegal transactions that seek to legitimise the proceeds of crime.



## The BVI advantage

Since the introduction of the International Business Companies Act in 1984, successive governments have made significant progress in developing the British Virgin Islands as an international financial services centre. For those who wish to take advantage of the attractive legal framework and competitive advantage, the British Virgin Islands offers the following:

- political and economic stability
- strong and stable currency (US dollar)
- no exchange controls
- no death duties
- legal system based on English law
- freedom from restrictions and over regulation
- excellent pool of professional service providers
- good communications worldwide
- no direct corporate or personal income tax.



# About Baker Tilly International

Dedicated to the highest standards of professionalism and first-class advice, Baker Tilly International has adopted a global strategy to enhance further the level of service to clients...

## Baker Tilly International

Baker Tilly International is a network of high quality, independent accountancy and business services firms, all of whom are committed to providing the best possible service to their clients, in their own marketplaces, and across the world, wherever the client needs help.

Baker Tilly International offers you the knowledge and experience of 18,600 personnel operating from 507 locations in 75 countries.

Through our international network, our professionals share their knowledge of business practices and the legislative intricacies of the global marketplace. Dedicated to the highest standards of professionalism and first-class advice, we have adopted a global strategy to enhance further the level of service to clients and turn this knowledge into value.

This is achieved by developing the ability to mobilise multi-disciplinary teams of professionals, combining the required competencies with specialised industry experience. Such teams are equipped to provide the most cost-effective solutions to clients with the widest range of business challenges.



Necker Island



Government House

## Baker Tilly (BVI) Limited

Baker Tilly (BVI) Limited is an independent member of Baker Tilly International. We, and our predecessor firms, have been serving clients in the territory since 1969. We are the oldest and largest firm of chartered accountants in the British Virgin Islands.

We provide a comprehensive range of audit and accounting, advisory, financial advisory and corporate recovery services to a wide variety of clients.

### AUDIT AND ACCOUNTANCY

We perform audits, install and review accounting and management information systems, business advisory services and undertake special accounting assignments for clients in many countries. On this broad base of accounting, the firm has built a range of services which is both comprehensive and relevant to the many business needs of clients today.

### INTERNATIONAL TAX SERVICES

Our worldwide tax practice has a reputation for excellence in seeking and developing tax planning opportunities and solutions. This emphasis on tax planning has as its objective the minimisation or deferral of tax liabilities on a worldwide basis. Experienced international tax personnel are available in all the major financial centres of the world and taxation advice is available on all aspects of tax planning, including company and personal tax, capital and indirect taxation.

Often, tax planning solutions are implemented in conjunction with the services of our licensed affiliates Belmont Trust Limited and Belmont Insurance Management Limited. Such arrangements offer a seamless interface for the establishment of your structure and the high standards you expect from a leading international financial services provider.



BVI offices

## **BUSINESS ADVISORY**

The needs of business operations extend considerably beyond basic accounting and auditing functions, and the firm offers a wide range of services and specialist skills in the area of business and financial advice.

Through our subsidiary, Caribbean Business Solutions Limited we provide assistance with the implementation of management information systems, technical support and staff training.

## **CORPORATE RECOVERY**

We have extensive experience in corporate recovery work and we are able to use this experience in undertaking specific insolvency assignments and in advising clients on insolvency-related problems.



## Belmont Trust Limited

11

Belmont Trust Limited was established to provide the full range of corporate and trustee services. Belmont Trust Limited holds a general trust licence under the Banks and Trust Companies Act and is regulated by the BVI Financial Services Commission.

After establishing the structure we will provide full administration services, including registered office facilities, compliance support, annual accounts and bank relationship management. We will administer your affairs to the highest possible standards of discretion and prudence to meet the needs of each particular situation. We can offer:

### CORPORATE SERVICES

- company information
- corporate secretarial services
- limited partnership formation
- providing registered office and registered agent
- accounting and re-invoicing services
- establishing bank and investment accounts
- dissolution and liquidation services.

### TRUSTEE SERVICES

- establishing trusts
- trustee services
- trust accounting and portfolio valuation services
- safe custody of trust documentation and records.

## Belmont Insurance Management Limited

Belmont Insurance Management Limited is licensed under the Insurance Act to provide insurance management services. Services provided include:

[advice](#) on establishing offshore captive and credit life insurance companies

[completion](#) of the licensing application process for insurance companies

[providing](#) a resident Insurance Manager

[providing](#) a principal office of insurer in the British Virgin Islands

[establishing](#) reinsurance programmes for the captive insurance company

[advice](#) on policy rating and issuance

[claims](#) administration and loss control

[accounting](#) services and maintenance of proper books and records as prescribed by the Insurance Regulations 1995

[liaison](#) with actuaries and auditors.

# The British Virgin Islands at a glance

The climate and natural beauty of the islands, together with their hotels and yacht chartering facilities, attract many visitors...

## Geography and climate

The British Virgin Islands is a group of approximately 40 islands and islets, of which about 10 have permanent residents, situated in the eastern Caribbean, 60 miles east of Puerto Rico and 180 miles north-west of Antigua. The two largest islands are Tortola (21 square miles) and Virgin Gorda (eight square miles). Road Town, the capital, main port, administrative and business centre is located on Tortola.

The islands lie some 1,100 miles north of the equator and 300 miles south of the Tropic of Cancer, the tropical climate being tempered by a south-easterly breeze. At sea level, the temperature rarely drops below 70°F (21°C) and the maximum temperature in the summer is in the low nineties Fahrenheit (low thirties Celsius). The climate and natural beauty of the islands, together with established hotels and yacht chartering facilities, attract many visitors and make tourism a major industry.

There are daily flights to San Juan, Puerto Rico, the US Virgin Islands, St Maarten, St Kitts and Antigua, with onward connections to North and South America, Europe and the rest of the Caribbean.



## History and government

It is reported that Christopher Columbus sighted the islands on his second expedition in 1493. Overwhelmed by the sheer number of islands and cays he christened the archipelago 'Las Once Mil Virgienes' in honour of St Ursula and the 11,000 maidens who sacrificed themselves in 4th Century Cologne. St Ursula is the national symbol of the British Virgin Islands today.

There is evidence of early inhabitation by Caribs and Arawaks. The Dutch established the first permanent European community in 1648. In 1666 British planters took control of the island group from the Dutch settlers.

The islands attained the status of a British Colony and were part of the Leeward Islands from 1872 until 1956, when they became a separately administered entity. To preserve its close economic ties with the US Virgin Islands, the group did not join the 1958-1962 West Indies Federation of British Islands.

Today the British Virgin Islands is a British Overseas Territory with a long history of political stability. The Governor is the Queen's representative and, under the 1967 constitution, is responsible for external affairs, defence, the judicial and legal departments of government, internal security and the civil service. There is an Executive Council, with the Governor as chairman, which includes the Attorney-General, the Chief Minister and three other ministers appointed by the Governor on the advice of the Chief Minister. Elections are held every four years to elect 13 members to the Legislative Council.

The judicial system is under the direction of the Eastern Caribbean Supreme Court, which includes the High Court of Justice and the Court of Appeal. It is based on English law and the ultimate appellate court is the Privy Council in London.

## Currency and the economy

In 1959 the US dollar was introduced as legal tender in the territory and in 1967 was adopted as the sole legal currency. There are no exchange controls or restrictions on the movement of funds or goods into or out of the territory or on their conversion into other currencies.

The British Virgin Islands economy is dominated by the two pillars of financial services and tourism. Today, because of their success, the BVI enjoys a high standard of living, with no unemployment and low inflation. The economy is growing at a rapid pace.

The British Virgin Islands is a natural choice of offshore centre for the full range of services for anyone looking for offshore solutions – from private clients to multinational corporations. Choosing the right service provider is one of the most important decisions you will ever make.

Baker Tilly (BVI) Limited is the largest accounting firm in the British Virgin Islands. Our reputation, professionalism and quality of service are second to none. Our licensed affiliates in the Belmont group provide the full range of corporate, trustee and insurance management services. We provide the confidence that your affairs are being administered to the highest possible standards.

Our vision is global, yet based firmly in the local business environment. Let us help you make the best of the unmatched opportunities available in the British Virgin Islands.





Baker Tilly (BVI) Limited  
Tropic Isle Building  
PO Box 650  
Road Town Tortola  
British Virgin Islands

Tel + 1 284 494 5800  
Fax + 1 284 494 6565  
Email [info@bakertillybvi.com](mailto:info@bakertillybvi.com)  
Website: [www.bakertillybvi.com](http://www.bakertillybvi.com)