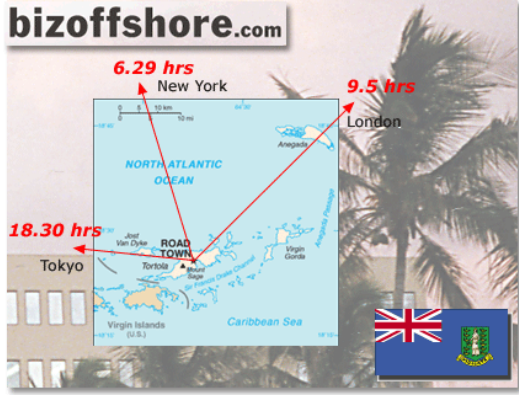


British Virgin Islands

<p>Overview</p> <p>The British Virgin Islands (or BVI) is an overseas territory of the United Kingdom consisting of roughly 50 small islands in the Caribbean of which around 16 are inhabited. They are located a few miles east of the U.S. Virgin Islands. The population of 22,000 is of mixed European and Caribbean origin. The economy is highly dependent on tourism which accounts for 45% of national income. Substantial revenues are also generated by the registration of offshore companies, with Hong Kong and Latin America the main source of clients. The BVI has significant mutual fund and captive insurance sectors but banking activity is quite minor.</p>	
<p><u>Current Time</u> (World Time Server)</p>	<p>Motto</p> <p>The Land, The People, The Light</p>

Online News Sources

Virgin Islands Newspaper: www.virginislanddailynews.com

Platinum News Online: www.bviplatinum.com

Business Environment

British Virgin Islands legislation allows international business companies, banking and trust business, Insurance or re-insurance business, partnerships, and company management.

Under the International Business Corporations Act 1984, international companies are authorised to reacquire and reissue their own share; issue shares for consideration other than cash, with or without par value, denominated in any currency; have only one subscriber and only one shareholder; have a single directorate; have corporate directors or shareholders; hold shareholders' or directors' meetings, and maintain books of account, records and minutes outside the jurisdiction. There is no statutory requirement to hold annual general meetings.

There are no requirements to file organisational or accounting information with the Registrar of Companies. A memorandum of articles of association must be filed with the registrar. Share registers are available for inspection only by registered shareholders or by order of a British Virgin Islands court. There are no disclosure rules or minimum capital requirements. International business companies are not authorised to conduct business with residents, or local companies, or own land. Registration must be done through a local registration agent.

General and limited partnerships are registered under the Limited Partnership Act, 1996 and regulations. The act contains many of the provisions of the UK Partnership Act, 1980. However, in some parts addressing limited partnerships, the act follows to a large extent the American pattern of modern limited partnership legislation, specifically that enacted in Delaware. The limited partnership regulations cover general partnerships, including citation clauses, rules for partnerships, a partners' company code of conduct with clients, partners conduct amongst themselves, dissolution of a partnership, provisions for limited partnerships and legal assistance from the courts. Limited partnerships are classified into local limited partnerships and international limited partnerships. Limited

partnerships are prohibited from carrying on banking business, insurance business or the business of company management unless licensed or exempted from being licensed as such. International limited partnerships are subject to requirements similar to those of international business companies.

The Banks and Trust Companies Act of 1990 defines three categories of bank licenses: General, Class I restricted, and Class II restricted. Holders of general banking licenses must have a minimum paid up capital of US\$2 million and must deposit the sum of US\$500,000. The annual fee is US\$20,000. Holders of Class I restricted licenses may not take deposits from or make investments in or with any British Virgin Islands resident except with another licensee or with an international business company. The minimum paid up capital requirement is US\$1 million and the minimum deposit requirement is US\$500,000. The annual fee is US\$16,000. Holders of Class II restricted licenses have the same restrictions as a Class I restricted licence, but can only receive funds from undertakings named in the license. The minimum paid up capital requirement is US\$1 million and the minimum deposit requirement is US\$500,000. The annual fee is US\$16,000.

The Mutual Funds Act 1997 requires that all mutual funds must be either a registered public fund or recognised non-public fund. Any person who provides management or administrative services to a mutual fund must be licensed. The act applies to all British Virgin Islands incorporated entities and includes mutual funds formed as trusts and partnerships. The act defines mutual funds as public funds (further classified as 'ordinary, or 'selective' public funds), private funds (funds sold to no more than 50 investors or offered for sale on a private basis), or professional funds (funds sold to professionals or individuals with a net worth over US\$1 million).

Insurance companies are governed by the Insurance Act 1994 the Insurance Regulations 1995.

Government has passed legislation restricting the transferability of bearer shares by mandating that they must be held by an approved custodian within a licensed financial institution and be subject to anti-money laundering and customer due diligence. The jurisdiction is classified as a British port of registry and any vessel registered in the jurisdiction has the right to fly the British flag. For a vessel to qualify to be flagged under the British flag, the owner of the vessel must be either a British subject or a British entity. Registration of an international business company in the jurisdiction allows a non-British subject to register a vessel under the British flag.

The British Virgin Islands was not on the Financial Action Task Force's blacklist as 'non-cooperative' in preventing money laundering. In February 2002 the jurisdiction signed a letter of commitment with the Organisation for Economic Co-operation and Development agreeing to exchange information with overseas authorities in criminal tax matters by 31 December 2003 and in civil tax matters by 31 December 2005.

Taxes

Corporations registered under the IBC Ordinance are exempt from all local taxes and stamp duty asset security. There are no inheritance taxes, death duties, capital gains, capital transfer, or estate taxes. Dividends are neither subject to withholding, or income tax requirements. Interest is also exempt from tax when paid to non-residents, provided the rate of interest is considered reasonable. Where applicable a company's tax rate is 15% of income. Resident companies are subject to tax on their worldwide income less deductions. Non-resident companies are subject to tax only on income remitted to, or derived from the jurisdiction. The tax rate is reduced to 1% on profits for resident companies that obtain 90% or more of profits from trading outside the jurisdiction. Companies are taxed at 1% on foreign investment income if the income is exempt from tax in the jurisdiction in which it arises. Customs duties varies from 5% to 20%. For individuals gross income is taxed on a scale graduated from 3% to 20%.

Key Contacts

Registry of Companies, Trademarks & Patents

Government of the British Virgin Islands
PO Box 418
Road Town, Tortola
British Virgin Islands
Tel: 284 494 5355 or 284 494 5356
Fax: 284 494 6331
Email: compreg@fsdbvi.org

Director of Financial Services
Ministry of Finance
Pasea Estate, Road Town, Tortola
British Virgin Islands
Tel: (284) 494 6430
Fax: (284) 494 5016

Financial Services Commission
Haycraft Building, Pasea Estate
Road Town, Tortola
British Virgin Islands
Tel: 284 494 1324
Fax: 284 494 9399
Email: commissioner@bvifsc.vg
Website: www.bvi.org

Inspector of Banks, Trusts & Company Managers
Financial Services Department
Government of the British Virgin Islands
Pasea Estate Road Town, Tortola
British Virgin Islands
Tel: 284 494 6430
Fax: 284 494 5016
E-mail: commissioner@bvifsc.vg

Registrar of Mutual Funds
Financial Services Department
Government of the British Virgin Islands
Pasea Estate
Road Town, Tortola
British Virgin Islands
Tel: 284 494 6430
Fax: 284 494 5016
E-mail: finsvs@candwbvi.net

Key Stats

Status: The British Virgin Islands is a British overseas territory.
Population (July 2005 estimated): 22,643 (of which 51% are non-nationals)
Capital: Road Town
Currency: The US dollar is the official currency

Legal System

Based on the British common law system with local variations. Justice is administered by the Eastern Caribbean Supreme Court. A resident puisne judge presides over the High Court, Admiralty, and associated courts. There is a Court of Appeal. Final appeals go to the Privy Council in the UK.

Government

British overseas territory. Representative democracy with internal self-government. The British monarch is the head of state represented by a UK-appointed governor who is responsible for the courts, the public service, the police, and foreign affairs. Parliament is made up of an Executive Council and

the 15-member Legislative Council. The Legislative Council is made up of 13 elected members, an appointed ex officio member, and a speaker chosen from outside the council. Members of the Legislative Council are elected for a maximum of four years via a mixed system of nine districts and four country-wide districts. The governor presides over the Executive Council, made up of the chief minister who is appointed by the governor from the majority party, three ministers appointed from the Legislative Council by the advice of the chief minister, and the Attorney-general (ex officio).

Executive

The Head of State is Queen Elizabeth II represented by the UK-appointed governor.

Governor Thomas Macan

Chief minister: Orlando D. Smith (since June 2003)

Politics: The National Democratic Party won the May 2003 elections, taking eight seats. The Virgin Islands' Party won five seats.

Political Parties: National Democratic Party (leader Orlando Smith); The Virgin Islands' Party (leader Ralph O'Neal); Concerned Citizens' Movement (leader Ethlyn Smith); United Party (leader Gregory Maduro).

Economy: The economy, one of the most stable and prosperous in the Caribbean, is highly dependent on tourism, generating an estimated 45% of the national income. An estimated 350,000 tourists, mainly from the US, visited the islands in 1998. Tourism suffered in 2002 because of the lackluster US economy. In the mid-1980s, the government began offering offshore registration to companies wishing to incorporate in the islands, and incorporation fees now generate substantial revenues. Roughly 400,000 companies were on the offshore registry by year end 2000. The adoption of a comprehensive insurance law in late 1994, which provides a blanket of confidentiality with regulated statutory gateways for investigation of criminal offenses, is expected to make the British Virgin Islands even more attractive to international business. Livestock raising is the most important agricultural activity; poor soils limit the islands' ability to meet domestic food requirements. Because of traditionally close links with the US Virgin Islands, the British Virgin Islands has used the dollar as its currency since 1959

Gross Domestic Product: US\$2.498billion (2004 est)

Inflation: (2003) 2.5%

International Organisation Participation: Caricom (associate), CDB, Interpol (subbureau), IOC, OECS (associate), UNESCO (associate), UPU

Public holidays (2005)

1 January (New Year), 3 January (New Years Holiday) 14 March (Commonwealth Day), 25 March (Good Friday), 28 March (Easter Monday), 16 May (Whit Monday), 11 June (Queen's birthday), 1 July (Territory Day), 1 August (August Festival), 21 October (St. Ursula's Day), 25 December (Christmas), 26 December (Boxing Day).

Time zone

GMT minus 4 hours. There is no summer time clock change.

Financial year: 1 April – 31 March

Restaurant Guide

We recommend:

Brandywine Bay

Sir Francis Drake Hwy

East of Road Town
Brandywine Bay, Tortola
Ph: 284 495 2301