



## Alert

# BVI to Charge Annual Fee for Entities Enrolled in the BVIFARS Reporting System

Authors: Robert Briant, Partner | Anton Goldstein, Partner

The British Virgin Islands International Tax Authority (“ITA”) has announced plans to begin charging an annual fee of US\$185 effective 1 September 2022 for each entity enrolled in the BVI Financial Account Reporting System (“BVIFARS”) portal, under the U.S. Foreign Account Tax Compliance Act (“FATCA”) and common reporting standard (“CRS”) regimes and country-by-country (“CbC”) reporting. The annual fee will cover charges for enrolment in the portal, review and transmission of reporting submissions to partner jurisdictions, support and maintenance.

The ITA also reminded entities with reporting obligations that they are required to enrol in the BVIFARS portal to satisfy their respective obligations under FATCA, CRS and CbC.

By way of a reminder, under FATCA, a BVI foreign financial institution is required to report information on U.S. taxpayers’ accounts to the U.S. Internal Revenue Service (“IRS”). Under the intergovernmental agreement dated 30 June 2014 between the U.S. and the BVI, FATCA reporting for the BVI is allowed to be made directly to the ITA, which then passes the information to the IRS. “Foreign financial institution” (“FFI”) is broadly defined and includes investment entities, certain custodial institutions, depository institutions and specified insurance companies. Please refer to our alert of March 2019 entitled “[FATCA: Impact on BVI Entities](#)” for an overview of the categories of BVI entities which may be FFIs.

Under the CRS, all BVI financial institutions are required to identify account holders’ tax residencies and other financial information, and submit reports to the ITA via the BVIFARS portal. This information is automatically exchanged by the ITA with relevant tax authorities in countries that have adopted the CRS. “Financial institution” (“FI”) is a broad concept and, as with FFIs, covers investment entities, custodial institutions, depository institutions and specified insurance companies. Please refer to our alert of May 2019 entitled “[The BVI and the Common Reporting Standard Issued by the OECD](#)” for further information on entities which may be classified as FIs.

In addition, the BVI has implemented CbC reporting as part of the OECD’s base erosion and profit-shifting project, which imposes reporting and registration requirements on multinational enterprise (“MNE”) groups with consolidated group revenues of at least €750 million in the preceding fiscal year. Any business unit or permanent establishment of an MNE group that is tax resident in the BVI will be subject to reporting and registration requirements. The ITA will automatically exchange CbC reports as filed by MNEs in the BVI with the tax authorities of other countries party to information exchange agreements to which the BVI is party. Any BVI constituent entity of an MNE group must register with the ITA no later than the last day of the MNE group’s reporting fiscal year. It will also have to file a CbC report with the ITA by no later than 12 months after the last day of the MNE group’s reporting fiscal year. For further information on CbC reporting, please refer to our alert of December 2018 entitled “[Country-By-Country Reporting in the BVI](#)”.

To learn more or to find out if any entities in your group may be affected by the above reporting and/or registration obligations, please feel free to reach out to your usual Conyers contact or any of the attorneys named below.

**Authors:**

**Robert Briant**  
Partner, Head of BVI Corporate  
robert.briant@conyers.com  
+1 284 852 1100

**Anton Goldstein**  
Partner  
anton.goldstein@conyers.com  
+1 284 852 1119

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For further information please contact: [media@conyers.com](mailto:media@conyers.com)