

Article

Key Advantages of BVI Companies

BVI companies are flexible and low cost vehicles, which can be tailored to meet the specific requirements of their members and their proposed purposes while being internationally recognised and listed on exchanges around the world. Some of the key features of BVI companies include:

Simple and Efficient Incorporation Process

Once the necessary client due diligence (CDD) information has been provided in respect of the proposed company, a new BVI company can be incorporated very quickly, often on a same/next day basis.

Flexible Corporate Regime

- There are no restrictions under BVI law on the objects of a BVI company, which can be unlimited or, in the case of a restricted purpose company, as specified in the memorandum of association of the company. The BVI Business Companies Act allows significant flexibility in how BVI companies are structured in terms of capital structure, management roles and required levels of shareholder involvement.
- Directors of BVI companies have wide discretion and management powers to carry on the business and affairs of the company, subject to their fiduciary duties to the company and its shareholders and the memorandum and articles of association of the company.
- For BVI companies incorporated under the BVI Business Companies Act there is no concept of “share capital” as a matter of BVI law, with companies simply being authorised to issue up to the maximum number of shares specified in their memorandum of association (which may be unlimited), with or without par value. This means that, provided the necessary solvency test is met, distributions, contributions and capital reorganisations can be completed very simply without maintenance of capital requirements.
- There are no financial assistance restrictions or guarantee limitations applicable to BVI companies, with BVI companies having clear statutory power and capacity to grant guarantees regardless of corporate benefit. A BVI company’s memorandum and articles may also provide that, where the BVI company is a wholly owned subsidiary, the directors may act in the best interests of the parent even where that action may not be in the best interests of the BVI company itself. It is however prudent for guarantees to be approved by a shareholder resolution (including guarantees in favour of a parent if the above provisions are not included in the guarantor company’s memorandum and articles).

Low Cost and Reduced Administrative Burden

BVI companies are low cost and efficient vehicles. In particular:

- BVI companies are subject to low annual maintenance costs, with the annual government fees in respect of companies authorised to issue up to 50,000 shares being only US\$550 per year.
- For BVI companies not specifically regulated by the BVI Financial Services Commission, there is no requirement to appoint auditors or accountants, with financial reporting requirements being limited to a simple annual return (essentially a profit and loss statement and balance sheet) to be filed with the company’s registered agent, limiting the administrative burden on the company.

- Subject to the terms of their memorandum and articles of association, BVI companies may execute documents simply by the signature of a single director with no need for the use of seals, apostilles or other time consuming execution requirements. BVI law permits the use of electronic signatures such as DocuSign for all documents other than deeds, wills or other testamentary dispositions and pre-signed signature pages are specifically permitted under the BVI Business Companies Act.

Tax Neutral Jurisdiction

The BVI is a “tax neutral” jurisdiction. There is no income, VAT or other tax imposed on BVI companies by withholding or otherwise. In addition, BVI companies are not subject to stamp duty in the BVI and no registration, documentary, recording, transfer or other similar tax, fee or charge is payable in the BVI in connection with the execution, delivery, filing, registration or performance of transaction documents (other than filing fees in respect of the public registration of security).

Bank Accounts and Exchange Controls

There is no requirement for a BVI company to hold its bank account(s) in the BVI and therefore any accounts (if required) may be opened in the jurisdictions where the proposed investments, business activities or existing banking relationships are based. The official currency of the BVI is the US Dollar and there is no exchange control legislation under British Virgin Islands law.

Privacy Protection

- BVI companies are required to have a registered agent in the BVI at all times who must maintain (or hold copies of) the company’s register of members, register of directors and register of charges. While the registered agent must maintain and submit up-to-date details of the company’s beneficial ownership to regulators through the Beneficial Ownership Secure Search (BOSS) System, details of a BVI company’s shareholders and beneficial owners are not publicly available.
- The names of the current directors of a BVI company can be obtained through a search with the Registry of Corporate Affairs, however further details such as addresses, dates of birth and details of historic directors are not publicly available. BVI companies are also permitted to appoint corporate directors.
- While BVI companies are required to prepare annual returns and provide these to their registered agent (who has an obligation to report any failure to comply with this requirement which will lead to the company no longer being in good standing), annual returns are not filed with any regulator or government agency and will not be publicly available.

We are Here to Help

Tailored professional advice should be sought in respect of individual circumstances. Please feel free to reach out to your usual Conyers contact or one of the individuals listed below with any questions regarding BVI companies.

Author:

Rachael Pape
Partner
rachael.pape@conyers.com
+1 284 852 1114

Other Contacts:

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