

British Virgin Islands Economic Substance Requirements for Legal Entities – October 2019 Update and Deadlines

As previously notified¹, new reporting and (in some cases) economic substance requirements for British Virgin Islands 'legal entities' that conduct certain defined 'relevant activities' are now in effect, under the Economic Substance (Companies and Limited Partnerships) Act, 2018 (the "Economic Substance Act").

The International Tax Authority has now issued the final form Rules on Economic Substance, which supplement the Economic Substance Act (together the "Economic Substance regime").

Actions Now Required

Steps must now be taken by all British Virgin Islands companies, and limited partnerships with legal personality, to assess the impact of the new Economic Substance regime, in order to establish:

- (a) Where the entity is 'tax resident' for the purposes of the legislation;
- (b) Whether the entity is conducting one or more relevant activities (see below);
- (c) The level of economic substance requirements that apply to the entity as a result (if any);

- (d) How the entity can demonstrate that it is meeting the relevant requirements (where applicable);
- (e) What is the entity's financial reporting period for the purposes of the legislation; and
- (f) What reporting obligations will apply to the entity, and when.

Your usual Maples Group contact will be able to assist you in making these determinations.

What is a Relevant Activity?

By way of reminder, the Economic Substance regime applies economic substance requirements to the following categories of activity:

- [Banking](#);
- [Insurance](#);
- [Shipping](#);
- [Fund management](#);
- [Financing and leasing](#);
- [Headquarters](#);
- [Distribution and service centres](#);
- [Holding company](#); and
- [Intellectual property](#).

Please click on any of the relevant activities listed above to view the relevant activity-specific client update.

For details on what it means to be subject to the economic substance requirements of the Economic Substance regime, as well as for information on the potential consequences of

¹ Please see our previous client update [here](#).

breaching these requirements, please contact your usual Maples Group team member.

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October 2019

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