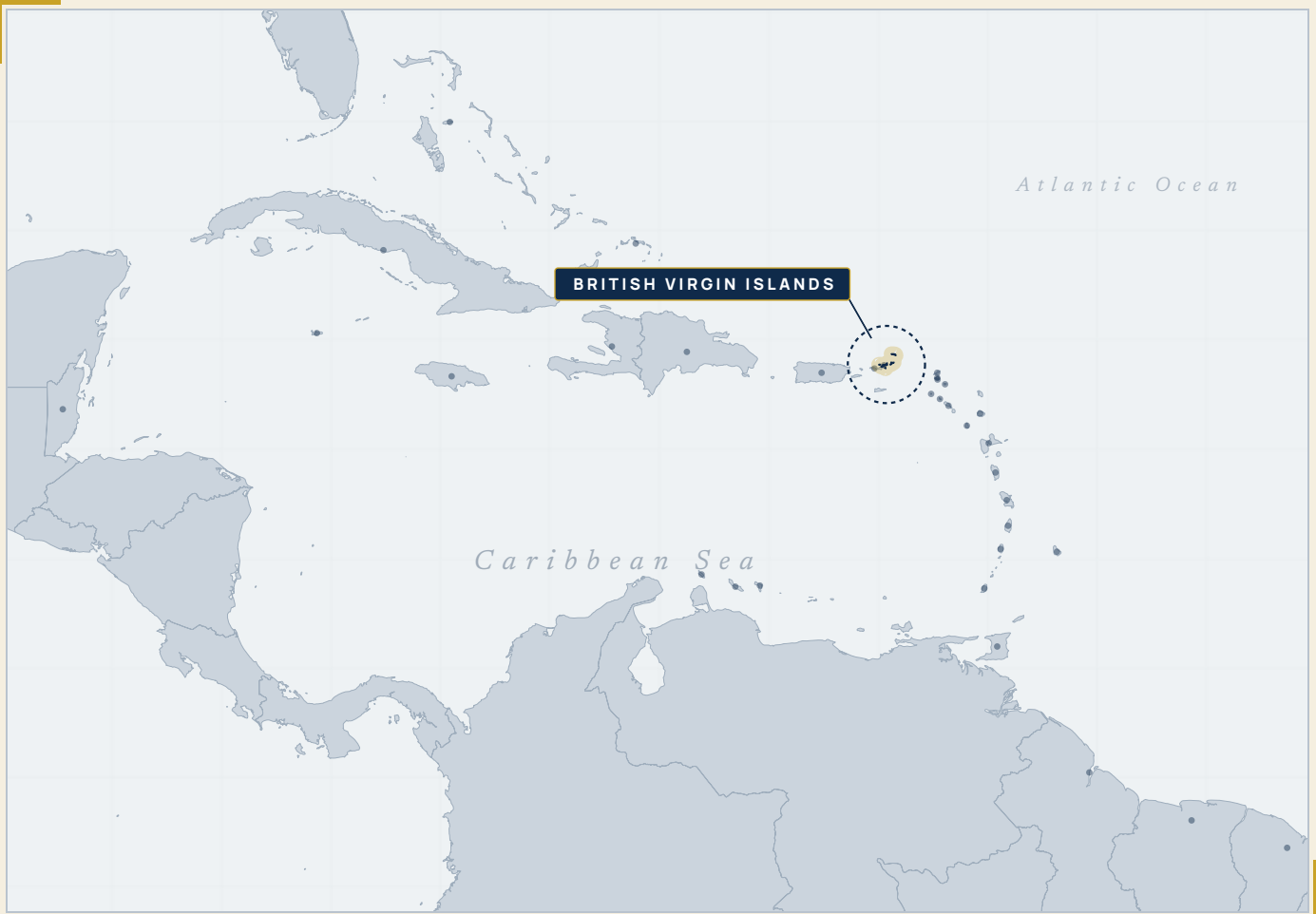




CARIBBEAN TAX SERVICE DESK · EASTERN CARIBBEAN

The British Virgin Islands *Tax Guide*

A guide to corporate, personal and indirect taxes in the British Virgin Islands

CONTENTS

01	Investment basics	3
02	Corporate taxation	4
03	Corporate taxation (continued)	5
04	Withholding taxes and tax treaties	6
05	Anti-avoidance and international rules	7
06	Compliance for corporations	8
07	Other taxes on corporations	9
08	Personal taxation	10
09	Personal taxation (continued)	11
10	Compliance for individuals	12
11	Indirect taxes and customs	13
12	Tax calendar and administration	14
13	How Dawgen Global helps	15

FOREWORD

The British Virgin Islands levy no income, corporate, capital gains, withholding or value added tax. A light tax system still carries real obligations.

Government is funded by payroll tax, stamp duty, property tax, customs duties, tourism taxes and a wide range of company and licence fees. At the same time, BVI entities must meet demanding international rules on economic substance, beneficial ownership and the automatic exchange of tax information, at a time when the Territory is strengthening its financial crime controls.

This guide explains, in plain language and current to October 2026, which taxes do not apply, which charges do, and the reporting obligations that take their place. It is written for investors, finance teams, registered agents' clients and individuals with interests in the British Virgin Islands.

Tax matters are handled by Dawgen Global's Caribbean Tax Service Desk, managed from Kingston. We would be glad to help you plan, comply and resolve issues with confidence.

Dr. Dawkins Brown, Ph.D., MCMI, ACFE

Executive Chairman, Dawgen Global

How to use this guide

This guide summarises the main taxes that apply to companies and individuals in the British Virgin Islands. It is general information, current to October 2026, and is not a substitute for advice on your circumstances. Rates and rules change; speak to us before you act. Our companion Doing Business guide covers set-up, employment and regulation.

FOUNDATIONS

01 Investment basics

The British Virgin Islands use the US dollar, have no exchange controls and levy no income tax. Revenue comes from payroll tax, duties and fees.

CORPORATE INCOME TAX**None**

Income tax is charged at 0%; no corporate returns

PERSONAL INCOME TAX**None**

No tax on salaries, investment income or gains

VAT OR SALES TAX**None**

Customs duty is the main tax on goods

PAYROLL TAX**10% / 14%**

On pay above US\$10,000 a year; up to 8% from the employee

STAMP DUTY ON LAND**12% / 4%**

Non-belongers / belongers; also on shares in land-owning companies

COMPANY ANNUAL FEE**US\$550 / US\$1,350**

By authorised shares, up to or above 50,000

Currency and foreign exchange

The US dollar is legal tender and there is no central bank. There are no exchange controls: profits, dividends and capital move freely, subject to anti-money laundering checks.

Accounting and audit

Companies must keep accounting records and, subject to exemptions, file an annual financial return with their registered agent within nine months of the year end. There is no general audit requirement; banks, insurers, funds and other regulated entities file audited financial statements with the Financial Services Commission (FSC).

Principal business entities

BVI business company

Company limited by guarantee

Segregated portfolio company

Limited partnership

Foreign company

Sole trader or partnership

The revenue system

The Inland Revenue Department collects payroll tax, stamp duty, property tax and hotel accommodation tax. HM Customs collects duties, and the International Tax Authority (ITA) administers economic substance and international tax reporting.

BUSINESS TAX

02 Corporate taxation

No tax is charged on the profits, income or gains of any company, partnership or trust, whether or not it is managed in the Territory.

Residence and basis

There is no concept of corporate residence for BVI tax. Residence matters for economic substance, where an entity resident for tax in an acceptable jurisdiction elsewhere may fall outside the substance test, and for CRS and FATCA classification. Other countries may treat a BVI company as resident there if it is managed from there.

Taxable income

The Income Tax Act remains in force, but income tax is charged at 0%. There is no taxable income computation, no capital allowances and no corporate tax return.

Taxpayer	Rate
BVI business companies	0%
Segregated portfolio and guarantee companies	0%
Limited partnerships and partnerships	0%
Foreign companies registered in the Territory	0%
Banks, insurers and funds	0%; FSC licence fees apply

Minimum tax and surtax

There is no minimum tax, surtax or asset tax. Companies pay an annual government fee instead, set by the number of shares they are authorised to issue: US\$550 up to 50,000 shares and US\$1,350 above, with higher fees for some vehicles.

Where business taxes do bite

Businesses operating locally pay payroll tax and Social Security and National Health Insurance contributions on their staff, stamp duty on land, property tax, customs duty on imports and, in tourism, hotel accommodation tax. These are covered on page 07.

BUSINESS TAX

03 Corporate taxation (continued)

Dividends

Dividends received and paid are not taxed and carry no withholding tax. Distributions are governed by company law, including the solvency test, and the constitutional documents.

Capital gains

There is no capital gains tax. Stamp duty applies to transfers of BVI land and of shares in companies that own BVI land (page 07).

Losses

With no tax base, losses have no tax value in the Territory. They may matter in an owner's home country.

Foreign tax credit

There is no BVI tax against which foreign tax can be credited. Foreign tax on income received is a cost, so the source country's rules matter.

Holding companies and groups

No participation exemption, holding company regime or group relief is needed. Holding companies may still have economic substance duties as pure equity holding entities.

Incentives in brief

Incentive	Main benefit
Project concessions	Duty relief on materials and equipment for approved hotel and development projects
Renewable energy	0% customs duty on qualifying products until August 2030
Investment funds	Incubator and approved fund regimes
Belonger home buyers	Stamp duty relief for first-time buyers

Eligibility and conditions apply to each regime.

CROSS-BORDER PAYMENTS

04 Withholding taxes and tax treaties

No withholding tax is deducted from payments made from the British Virgin Islands to residents or non-residents.

Payment	Resident	Non-resident	Treaty rate
Dividends	None	None	Not applicable
Interest	None	None	Not applicable
Royalties	None	None	Not applicable
Management and service fees	None	None	Not applicable
Branch remittances	None	None	Not applicable

Income flowing into the Territory may suffer withholding tax in the source country without treaty relief. Some countries apply higher rates or other defensive measures to payments to low- or no-tax jurisdictions; check the payer country's rules.

Tax treaties

There are no comprehensive double tax treaties. The British Virgin Islands are an associate member of CARICOM and are not party to the CARICOM tax agreement.

Information exchange agreements

The Territory has more than 25 tax information exchange agreements and takes part in the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The ITA is the competent authority for requests.

Treaty access in practice

Groups wanting treaty relief on income from abroad generally need an entity resident in a treaty country, with real substance there. A BVI company managed elsewhere may be taxed as resident where it is managed.

INTERNATIONAL RULES

05 Anti-avoidance and international rules

Without direct taxes, the Territory's international obligations centre on substance, transparency and the exchange of information.

Transfer pricing, interest and CFCs

There are no transfer pricing, thin capitalisation, CFC or general anti-avoidance rules, as there is no tax to protect. Arm's length pricing still matters to tax authorities abroad, and many countries apply CFC rules to BVI subsidiaries.

Economic substance

Under the Economic Substance (Companies and Limited Partnerships) Act, 2018, entities carrying on banking, distribution and service centre, finance and leasing, fund management, headquarters, holding, insurance, intellectual property or shipping business must show adequate substance in the Territory, unless tax resident in an acceptable jurisdiction elsewhere. Funds are outside the regime. Failing the test costs US\$5,000 to US\$20,000 at first and US\$10,000 to US\$200,000 on a second finding (US\$50,000 and US\$400,000 for high-risk IP), with possible strike-off.

Pillar Two

The Government has assessed the 15% global minimum tax rules but had not enacted a minimum tax or domestic top-up tax at October 2026. BVI entities of large groups may face top-up tax in other countries.

Information exchange and transparency

- ◆ **FATCA:** Model 1 agreement with the United States
- ◆ **CRS:** since 2016; updated rules from 1 January 2026
- ◆ **Country-by-country reports:** filed with the ITA
- ◆ **Beneficial ownership:** filed on VIRRGIN through the registered agent
- ◆ **Lists:** FATF increased monitoring since June 2025

CORPORATE COMPLIANCE

06 Compliance for corporations

There are no corporate tax returns. Compliance is a calendar of registry, substance, information-reporting and payroll filings.

Annual cycle

Each entity files its own returns; there is no group or consolidated filing. Payroll and property taxes follow the calendar year, while substance and financial returns follow each entity's financial year.

1

Company annual fee**31 MAY / 30 NOV**

By half-year of incorporation.

2

Economic substance report**6 MONTHS AFTER
YEAR END**

Through the registered agent on VIRRGIN.

3

Annual financial return**9 MONTHS AFTER
YEAR END**

To the registered agent.

Penalties

A late annual fee attracts a 10% penalty, rising to 50% after two months, and unpaid fees lead to strike-off. A late annual financial return costs US\$300 for the first month and US\$200 a month after, up to US\$5,000. Substance and information reporting failures attract penalties under each law.

Records and rulings

Keep accounting records and underlying documents for at least five years, and tell the registered agent where they are kept. There is no rulings system; the ITA publishes guidance on substance and reporting.

Appeals

Penalty decisions can be challenged as each law provides, with recourse to the High Court and, on appeal, the Court of Appeal and the Privy Council.

Practical points

Classify each entity for economic substance and CRS/FATCA when it is formed and review it each year. Diarise fee dates, keep beneficial ownership details current within 30 days of a change, and keep evidence of board meetings and decision-making in the Territory where substance depends on it.

BEYOND INCOME TAX

07 Other taxes on corporations

Charge	Rate and base	Who pays
Payroll tax	Employer 2% (small employers) or 6% of pay above US\$10,000 a year; employee up to 8%	Employer, plus employee share
Social Security	4.5% employer, 4% employee, on earnings up to US\$53,400 a year (2026)	Employer and employee
National Health Insurance	3.75% each, on earnings up to US\$106,800 a year (2026)	Employer and employee
Stamp duty on land	12% non-belongers, 4% belongers, on the higher of price or market value; also on shares in land-owning companies	Usually the buyer
Stamp duty on leases	1.5% (non-belongers) or 1% (belongers) of premium and up to 20 years' rent	Usually the tenant
Property tax	Land tax at fixed amounts per acre; house tax 1.5% of annual rental value	Owner
Hotel accommodation tax	10% of accommodation charges	Collected by operators
Customs duty	Tariff rates on imported goods, generally on CIF value	Importers
Capital duty	None; annual fees vary with authorised shares	Companies
Registry and FSC fees	Annual fees by entity type and regulated activity	All entities; licensees
Trade licence and work permits	Annual fees; work permits 3% to 7% of salary, capped at US\$10,000	Local businesses; employers
Money services levy	Levy on funds sent abroad through licensed money transfer businesses	Customers, collected by licensees

There is no insurance premium or financial services tax. Nominal duties apply to some other instruments, such as trust deeds.

INDIVIDUALS

08 Personal taxation

Individuals pay no income tax, whatever their residence, nationality or source of income.

Basis of taxation

Income tax for individuals is charged at 0%, so residence, domicile and remittance do not decide a BVI tax charge. Belonger status matters instead: it sets the rate of stamp duty and land tax, and whether a land holding licence is needed.

Residence and immigration

The right to live and work is governed by the Labour and Immigration Departments, through work permits, residence and believer status. There is no citizenship or residence by investment programme.

Home-country tax

Moving to the Territory does not end tax duties elsewhere. US citizens remain taxable on worldwide income, and other countries may tax former residents under their own rules.

Income or gain	BVI tax
Employment income and benefits	None; payroll tax applies
Business and professional profits	None; payroll tax on the self-employed
Dividends, interest and royalties	None
Rental income	None; hotel accommodation tax on short stays
Pensions	None

Filing status and allowances

There are no personal income tax returns, filing status elections or allowances. The only threshold is the US\$10,000 a year of pay exempt from payroll tax.

INDIVIDUALS

09 Personal taxation (continued)

Capital gains

There is no capital gains tax. Stamp duty applies when land, or shares in a land-owning company, change hands.

Pensions

Social Security provides retirement, sickness, maternity and other benefits funded by contributions. There is no mandatory private pension scheme, and employer schemes are not taxed in the Territory.

Employment benefits

Benefits are not taxed as income, but payroll tax applies to remuneration in cash and in kind, including bonuses, allowances and housing. Partners and shareholders who share in business income are treated as deemed employees.

Charge	Position for individuals
Payroll tax (employee)	Up to 8% of pay above US\$10,000 a year
Social Security (employee)	4% of earnings up to US\$53,400 a year
NHI (employee)	3.75% of earnings up to US\$106,800 a year
Stamp duty on land	12% non-belongers; 4% believers
Gifts of land to believers	Nominal duty for gifts of natural love and affection
Property tax	Land tax and 1.5% house tax
Inheritance, estate and gift tax	None; stamp duty on inherited land
Net wealth tax	None
Capital acquisitions tax	None

A BVI grant of probate is usually needed to deal with BVI assets of a deceased person.

INDIVIDUAL COMPLIANCE

10 Compliance for individuals

Individuals file no income tax returns. Their obligations arise through employment, self-employment, property and reporting to financial institutions.

Employees

Employers deduct the employee's payroll tax, Social Security and NHI from pay. Payroll tax is paid within 21 days after each month end, and Social Security and NHI by the 14th of the next month. The employer files the annual payroll tax return by 30 April.

Self-employed persons

When	What
Within 30 days of starting	Register with the Inland Revenue Department
31 March	Notional remuneration and financial statement
30 April	Annual payroll tax return and balance

Late returns cost the greater of US\$50 or 5% of the tax, plus 1% a month while the failure continues; unpaid tax carries interest.

Non-residents and expatriates

- ◆ Pay for work done in the Territory is not taxed as income, but payroll tax and contributions apply
- ◆ Foreign staff need a work permit before starting work
- ◆ Non-belongers need a land holding licence to hold land
- ◆ Banks ask for self-certification of tax residence under CRS and FATCA
- ◆ US persons continue to file US returns and foreign account reports
- ◆ Gifts and inheritances are not taxed locally; check the home country's rules

Plan before you move

Leaving a taxing country can trigger exit or departure rules there. Take advice on timing, residence ties and existing assets before relocating.

INDIRECT TAXES

11 Indirect taxes and customs

There is no VAT, GST or sales tax. Customs duty, collected by HM Customs, is the main tax on goods.

Item	Position
VAT, GST or sales tax	None
Customs duty	Ad valorem rates by tariff heading, generally on CIF value
Nil rate	Renewable energy and energy-efficient products to 31 August 2030
Hotel accommodation tax	10% of charges for hotels, villas, apartments and similar lodging
Visitor charges	Departure tax, environmental and tourism levy, and cruising permits for charter vessels
Services, including digital	No tax on local, imported or digital services

Registration and returns

Without VAT there is no registration threshold or input tax recovery. Accommodation operators register with the Inland Revenue Department within 30 days of opening and file monthly returns.

Duty relief

Government may grant concessions for approved hotel and development projects. A temporary package from 1 May to 31 July 2026 reduced duty on a basket of essential goods and charged duty on free-on-board value; check the current position with HM Customs.

Customs procedure

Imports are declared electronically and duty is charged at the rates in the customs tariff. Duty is a cost to the business, not recoverable.

Excise

There is no separate excise tax; alcohol, tobacco, fuel and vehicles carry their own tariff rates.

Tourism

Short-term rentals through online platforms are within hotel accommodation tax. Vehicle rental and yacht charter carry their own charges.

ADMINISTRATION

12 Tax calendar and administration

Main laws

Payroll Taxes Act, 2004; Income Tax Act; Stamp Act; Social Security Act; National Health Insurance Act; Customs Management and Duties Act, 2010; Economic Substance (Companies and Limited Partnerships) Act, 2018; Mutual Legal Assistance (Tax Matters) Act, 2003; BVI Business Companies and Limited Partnerships Act; Non-Belongers Land Holding Regulation Act; Financing and Money Services Act, 2009.

Authorities

The Inland Revenue Department handles payroll tax, stamp duty, property tax and hotel accommodation tax; the ITA handles substance, CRS, FATCA and country-by-country reporting; HM Customs collects duty; the Social Security Board collects contributions. Disputes go to the High Court.

Recent and upcoming changes

- ◆ **2025:** new beneficial ownership regime; FATF increased monitoring
- ◆ **2026:** higher contribution ceilings; updated CRS rules; substance filings moved to VIRRGIN
- ◆ **Ahead:** crypto-asset reporting planned for 2027–2028; revised Investment Act

When	What
14th monthly	Social Security and NHI contributions
21 days after month end	Payroll tax return and payment
Monthly	Hotel accommodation tax return
31 March	Self-employed notional remuneration statement
30 April	Annual payroll tax return; CRS registration of new institutions
31 May	CRS and FATCA reports; annual fee (January–June companies)
1 September to 30 November	Property tax
30 November	Annual fee (July–December companies)
6 months after year end	Economic substance report
9 months after year end	Annual financial return; CRS additional information form

Check each date with the authority concerned, as dates and procedures may be revised or extended.

YOUR PARTNER

13 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, provides advisory and compliance services for entities and individuals in the British Virgin Islands.

Tax compliance

Payroll tax returns, economic substance reporting and filing calendars.

Corporate tax advisory

Structuring, substance planning and home-country tax for BVI entities.

International tax and transfer pricing

CRS, FATCA, country-by-country reporting, Pillar Two and arm's length pricing.

Indirect taxes (VAT/GST and customs)

Customs duty, concessions and hotel accommodation tax.

Payroll and employment taxes

Payroll tax, Social Security, NHI and work permit fees.

Tax disputes and authority engagement

Inland Revenue and ITA enquiries, penalty reviews and foreign tax authorities.

Incentives and investment planning

Duty concessions, stamp duty and land holding planning.

Private client and expatriate tax

Relocation, home-country tax, US filings, trusts and property.

Tax technology and reporting

Classification records, reporting data and compliance processes.

Start with a conversation

Tell us about your plans or your tax question in the British Virgin Islands, and we will set out the steps and timeline for your situation. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request. Fees are tailored to each client's circumstances and set out in an engagement letter. Email bvi@dawgen.com or info@dawgen.global, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about the British Virgin Islands

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Key official sources

- Inland Revenue Department (bvi.gov.vg)
- International Tax Authority (bviita.vg)
- BVI Financial Services Commission and Registry of Corporate Affairs (bvifsc.vg)
- Government of the Virgin Islands, Ministry of Finance (gov.vg)
- HM Customs (gov.vg)
- Social Security Board (vissb.vg)
- National Health Insurance (vinhi.vg)
- Virgin Islands laws online (laws.gov.vg)

