

Beneficial ownership regime in the British Virgin Islands

28 March 2025

In brief

Beginning 2 January 2025, there are significant updates on the British Virgin Islands (BVI) Beneficial Ownership (BO) regime, aimed at enhancing transparency and compliance with international standards set by the Financial Action Task Force (FATF). The updates are contained in the BVI Business Companies and Limited Partnerships (Beneficial Ownership) Regulations, 2024 (BO Regulations), and the accompanying guidelines (BO Guidelines) issued under Regulation 38 of the BO Regulations by the BVI Registrar of Corporate Affairs.

The BO Regulations set out the framework for the collection and maintenance of BO information for legal persons in the BVI and are aligned with BVI anti-money laundering (AML) legislation and international standards. The BO Guidelines have been developed to assist individuals in understanding the requirements of the BO Regulations, and how the BVI Financial Services Commission (FSC) and the Registrar of Corporate Affairs intend to apply them.

In detail

What are the key changes?

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New framework	<p>All BVI business companies (BVIBCs), limited partnerships, trusts and other legal arrangements, unless exempted, are obliged to collect, keep and maintain adequate, accurate and up-to-date information on their beneficial owners.</p> <p>BO information has to be filed with the BO Unit of the Registrar of Corporate Affairs:</p> <ul style="list-style-type: none">- within 30 days of incorporation, registration or continuation (new entities); or- by the end of 30 June 2025 for entities that were incorporated, registered or continued into the BVI and had not been struck off and dissolved / registered as of 2 January 2025 (existing entities). <p>Any future changes to BO information need to be notified to the BVI registered agent and filed within 30 days via VIRRGIN system (Virtual Integrated Registry and Regulatory General Information Network) which is an online platform managed by the FSC. BO information filed via the BOSS system (Beneficial Ownership Secure Search) under the Beneficial Ownership Secure Search System Act is to be phased out. The BOSS system currently remains as the portal being used for reporting economic substance information by BVI registered agents.</p>

Refined definitions of beneficial owners	<p>Under the BO Regulations, beneficial owners are defined as natural persons who:</p> <ul style="list-style-type: none"> - ultimately own or control, directly or indirectly 10% or more in the legal person; - hold, directly or indirectly, the right to appoint or remove a majority of the directors of the board of the legal person; or - exercise control over the management of the legal person. <p>As the definition of beneficial owners encompasses both ownership and control, it captures legal ownership, economic ownership and voting rights. The 10% threshold is required under the BVI AML legislations.</p>
New notification obligations	<p>Legal entities have a duty to identify beneficial owners by giving each of them a notice requiring them to:</p> <ul style="list-style-type: none"> - confirm, correct and update their information; - indicate if they are a beneficial owner; and - provide any additional information. <p>Legal entities also have a duty to give notice to a person, other than a beneficial owner, who they reasonably believe knows the identity of a beneficial owner.</p> <p>Legal entities are obliged to keep and maintain a record of the necessary steps taken to identify persons who are their beneficial owners and to obtain the BO information of those persons. A record of actions taken must be made available immediately on request by the Registrar of Companies.</p>
New information required from beneficial owners	<p>It is a new requirement for each beneficial owner to confirm one or more of the following categories of ownership and control as follows:</p> <ul style="list-style-type: none"> - Interest by ownership (minimum 10%) - Interest by voting rights (minimum 10%) - Interest by control <ul style="list-style-type: none"> o Power to appoint or remove senior management o Power to appoint or remove directors o Power to appoint or remove partners o Control through debt instruments o Power to direct or veto investments decisions o Power to direct or veto profit share o Power to direct or veto capital return assets o Power to direct amendments to constitutional documents <p>New data points required in relation to each beneficial owner include:</p> <ul style="list-style-type: none"> - Occupation - Gender

Who are exempt from BO regime?

There are some exceptions to the obligation to identify beneficial owners:

- entities whose shares are listed on recognised exchanges (such as the world's leading stock markets, including in the United States, London and Hong Kong);
- regulated fund vehicles (private, professional, public, private investment, incubator and approved funds) provided that (i) the information is maintained by a BVI regulated administrator or an authorised representative or other

person licenced by the FSC with a physical presence in the BVI and (ii) the information can be provided with 24 hours of request;

- legal entities which are subject to disclosure and transparency rules contained in international standards, equivalent to those for listed companies or specified funds;
- companies whose shares are held by trustee licensed under the Banks and Trust Companies Act;
- companies which are 75 per cent or more owned or controlled by another BVI legal entity that itself complies with the BO filing requirements (or is itself exempt). This is intended to prevent duplication where there is a chain of BVI entities.

Legal entities are still required to notify their exemption status and provide certain basic details to the Registrar of Companies.

Who can access to the BO information?

The BO Register maintained by the Registrar of Companies can be inspected by BVI and UK competent authorities and law enforcement agencies for regulatory or investigative purposes. BVI competent authorities include:

- Attorney General;
- Financial Investigation Agency;
- Governor's Office;
- International Tax Authority; and
- Any other authority the Governor may, by an Order published in the BVI Gazette, designate as a competent authority

The inspection of the BO Register in relation to the particulars of BO information of a beneficial owner is restricted to a higher threshold of 25% for ownership or control. This threshold is used for the purposes of inspection and international exchange of beneficial ownership information, aligning with global standards such as those set by FATF.

What are the consequences and penalties for non-compliance?

Failure to comply with the BO Regime may result in potential liability to penalties ranging from US\$10,000 up to US\$75,000 per offence depending on its seriousness. Penalties may also apply for late filing of BO information for registration and for failure to file changes in BO information within the specified period.

Any person knowingly or recklessly makes a false statement in purported compliance with a requirement of the BO Regulations may result in potential liability to penalties of US\$75,000.

Failure to pay any penalty by the due date may result in the entity being struck off the Register of Companies or Register of Limited Partnerships and immediately dissolved or de-registered (as applicable).

What's next?

In light of the recent updates to the BO Regime, BVI legal entities are required to take necessary measures to comply with the BO Regulations. To accommodate these changes, both the BVI registered agents and Registrar of Companies are currently enhancing their systems. Additionally, it is expected that further practical information will be released and clarified in the coming weeks and months.

Endnotes

1. The BVI Business Companies and Limited Partnerships (Beneficial Ownership) Regulations, 2024 can be accessed via this link:
https://www.bvifsc.vg/sites/default/files/bvi_business_companies_and_limited_partnerships_beneficial_ownership_regulations_2024.pdf
2. The Guidance of Filing of Beneficial Ownership Information under the BVI Business Companies and Limited Partnerships (Beneficial Ownership) Regulations, 2024 can be accessed via this link:
https://www.bvifsc.vg/sites/default/files/bo_regulation_guidelines_filing_of_beneficial_ownership_information_final.pdf

Let's talk

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