

No. 30 of 2021

VIRGIN ISLANDS

**ECONOMIC SUBSTANCE (COMPANIES AND LIMITED
PARTNERSHIPS) (AMENDMENT) ACT, 2021**

ARRANGEMENT OF SECTIONS

Section

1. Short title.
2. Section 2 amended.
3. Section 4 amended.
4. Section 6 repealed and replaced.
5. Section 7 amended.
6. Section 9 amended.
7. Section 12 amended.

**I Assent
(Sgd.) John Rankin CMG
Governor.
28th June, 2021**

VIRGIN ISLANDS

No. 30 of 2021

An Act to amend the Economic Substance (Companies and Limited Partnerships) Act, 2018 (No. 12 of 2018).

[Gazetted 29th June, 2021]

ENACTED by the Legislature of the Virgin Islands as follows:

Short title.

1. This Act may be cited as the Economic Substance (Companies and Limited Partnerships) (Amendment) Act, 2021.

Section 2
amended.
No. 12 of 2018

2. The Economic Substance (Companies and Limited Partnerships) Act, 2018 (hereinafter referred to as the principal Act) is amended in section 2 as follows:

(a) by deleting the definition of “distribution and service centre business” and substituting it with the following:

““distribution and service centre business” means the business of either or both of the following:

(a) purchasing from foreign affiliates

(i) component parts or materials for goods; or

(ii) goods ready for sale,

and reselling such component parts, materials or goods;

- (b) providing consulting or administrative services to foreign affiliates,

but does not include any activity included in any other relevant activity except holding business;”

- (b) by inserting the following definitions in their correct alphabetical order:

““investment fund” means an entity whose principal business is the issuing of investment interests to raise funds or pool investor funds with the aim of enabling a holder of such an investment interest to benefit from the profits or gains from the entity’s acquisition, holding, management or disposal of investments and includes any entity through which an investment fund directly or indirectly invests or operates (but not an entity that is itself the ultimate investment held), but does not include a person licenced under the Banks and Trust Companies Act, 1990 or the Insurance Act, 2008, or a person registered under the Cooperatives Societies Act 1979 or the Friendly Societies Act 1928;

“investment fund business” means the business of operating an investment fund;”

- (c) in the definition of “limited partnership” by deleting the words “or a limited partnership where the general partners have elected pursuant to either section 8(2)(b) or section 67(1)(c) of the Limited Partnership Act, 2017 that the limited partnership shall not have legal personality, or where the limited partnership does not have legal personality for any other reason”.

3. Section 4 of the principal Act is amended as follows:

Section 4 amended.

- (a) by inserting the number “(1)” after the number “4.”
- (b) in subsection (1)
 - (i) in paragraph (b) by inserting the words “with legal personality” after the words “a limited partnership”;

- (ii) in paragraph (c) by inserting the words “subject to paragraphs (d) and (e),” at the beginning, and replacing the period at the end with a semi-colon;
- (iii) by inserting after paragraph (c) the following new paragraphs:
 - “(d) in the case of a limited partnership without legal personality formed prior to 1 July 2021, such period of one year commencing on a date no later than 1 January, 2022 as the limited partnership without legal personality shall notify to the competent authority and thereafter each successive period of one year running from the end of that period;
 - (e) in the case of a limited partnership without legal personality formed on or after 1 July, 2021, such period of not more than one year from the date of formation as the limited partnership without legal personality shall notify to the competent authority and thereafter each successive period of one year running from the end of that period.”

Section 6
repealed and
replaced.

4. Section 6 of the principal Act is repealed and replaced with the following:

“6. In this Act, unless the context otherwise requires, “relevant activities” mean any of the following activities:

- (a) banking business;
- (b) insurance business;
- (c) fund management business;
- (d) finance and leasing business;
- (e) headquarters business;
- (f) shipping business;
- (g) holding business;

- (h) intellectual property business; and
- (i) distribution and service centre business,

but does not include investment fund business.”.

Section 7
amended.

5. Section 7 of the principal Act is amended by inserting the words “means activities that are of central importance to a relevant entity in terms of generating relevant income and must be carried on in the Virgin Islands and” before the words “includes, in relation to relevant activities”.

Section 9
amended.

6. Section 9 of the principal Act is amended by inserting after subsection (4) the following new subsection:

“(5) The requirements imposed by subsection (4) on a high risk IP legal entity in order for it to rebut the presumption set out in subsection (2) must be satisfied not only at the point in time at which the legal entity seeks to rebut the presumption but also during any historic periods when the legal entity was carrying on the intellectual property business in question.”

Section 12
amended.

7. Section 12 of the principal Act is amended as follows:

- (a) in subsection (7) by deleting the words “to strike the legal entity off the Register of Companies or Register of Limited Partnerships, as appropriate” and substituting with the words “that the legal entity be wound up”; and
- (b) in subsection (8) by deleting the words “requiring it to strike the legal entity off the Register of Companies or the Register of Limited Partnerships, as appropriate” and substituting with the words “requiring it to wind up the legal entity”.

Passed by the House of Assembly this 17th day of June, 2021.

(Sgd.) Julian Willock,
Speaker.

(Sgd.) Phyllis Evans,
Clerk of the House of Assembly.