MUTUAL LEGAL ASSISTANCE (TAX MATTERS) ACT, 2003 (as amended)

VIRGIN ISLANDS
INTERNATIONAL
TAX AUTHORITY

GUIDANCE NOTES ON THE COMMON REPORTING STANDARDS AND REQUIREMENTS OF THE LEGISLATION IMPLEMENTING THE COMMON REPORTING STANDARDS IN THE VIRGIN ISLANDS

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It should be noted that the Guidance Notes do not have the force of law. If you are in any doubt as to your obligations under the law you should seek independent professional advice.

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1. Introduction and Domestic Law

The Common Reporting Standard ("CRS") was developed by the Organisation for Economic Co-Operation and Development ("OECD") and was approved by the G20 as the global standard for Automatic Exchange of Information ("AEOI"). Under CRS jurisdictions are required to obtain financial account information from their Financial Institutions ("FIs") and exchange this information on an automatic annual basis with partner jurisdictions.

A joint statement was issued in October 2014 by the 50 members of the early adopters group (of which the Virgin Islands is a member) committing to the early adoption of the CRS. In total (as of November, 2018), 153 jurisdictions have now formally committed to implementing the CRS. The list of these jurisdictions can be found using the following link:

https://www.oecd.org/tax/transparency/AEOI-commitments.pdf

The Standard for Automatic Exchange of Financial Information in Tax Matters (Second Edition) was published by the OECD in 2017 (the "handbook for AEOI"). The handbook for AEOI contains 4 parts:

- A model Competent Authority Agreement ("CAA") for the automatic exchange of information;
- The CRS;
- The Commentaries on the CAA and the CRS; and
- The CRS XML Schema User Guide.

The Convention on Mutual Administrative Assistance in Tax Matters (the "Convention") was extended to the Virgin Islands on 4th November, 2013 by the United Kingdom and came into force in the Virgin Islands on the 1st March, 2014. The Virgin Islands has decided to incorporate CRS on a multilateral basis and subsequently became a signatory to the Multilateral Competent Authorities Agreement (the "MCAA"). Article 6 of the Convention is the legal basis for the MCAA.

For technical constitutional reasons it has been considered that it is not possible for the Virgin Islands, the UK, the Crown Dependencies and other Overseas Territories to enter into Exchange of Information Agreements under the Convention, any such equivalent arrangements with these territories will require a relevant Bilateral Competent Authority Agreement ("BCAA"). To date the Virgin Islands has signed non-reciprocal BCAAs with Guernsey and the Isle of Man (under which the Competent Authority of the Virgin Islands will annually exchange information in respect of Financial Accounts held by Guernsey and Isle of Man residents with each jurisdiction respectively). The TIEAs with those respective jurisdictions has also been extended to allow for automatic exchange of information and form the legal basis for the BCAAs. The Virgin Islands is also continuing the process of discussing other non-reciprocal BCAAs with other relevant territories and those jurisdictions that have decided to implement the Standard of AEOI on a bilateral basis.

The MCAA and BCAAs signed by the Virgin Islands can be found under the Agreements Tab in the legislation section of the library using the following link to the International Tax Authority's website: https://bviita.vg/library/

The OECD provides comprehensive commentary and examples for CRS, this guidance is only to be considered supplementary to the OECD commentary and covering those aspects where it is necessary to assist with the practical aspects of CRS that are specific to implementation by Virgin Islands Financial Institutions (VIFIs) (see annex 1).

The text of the CRS Commentary has been incorporated into Schedule 4 of the Mutual Legal Assistance (Tax Matters) Act, 2003 via the amendment made to the Act in 2015, titled "Mutual Legal Assistance (Tax Matters) (Amendment) Act, 2015" (the "CRS law") and further amendments can be found in the Act of 2018, titled "Mutual Legal Assistance (Tax Matters) (Amendment) Act, 2018", copies of which can be found under the CRS tab in legislation section of the Library on the website: https://bviita.vg/library/

The CRS law in the definitions section provides that the Common Reporting Standard means the standard for automatic exchange of financial account information developed by the OECD as set out in Schedule 4 of the CRS law but, if that standard is subsequently amended (which it was in 2018) by any modification made to it and published by the OECD, it means that standard as amended.

These guidance notes must be read as supplementary to the core guidance provided in the OECD publication. VIFIs are encouraged to take independent professional advice if they are at all unsure with any of their obligations under CRS or any other AEOI agreement. The OECD has established the AEOI portal which provides a comprehensive overview of the work of the OECD and the Global Forum on Transparency and Exchange of Information for Tax Purposes in the area of the automatic exchange of information, in particular with respect to CRS at http://www.oecd.org/tax/automatic-exchange/. VIFIs are encouraged to consult with these resources including the FAQs which are usually issued by the OECD and can be found at http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/CRS-related-FAQs.pdf

CRS has been effective since 1 January 2016, with minor changes made by the 2018 amendment and 2022 amendment. A further amendment has been made to the Common reporting standards in 2026 following the changes made by the OECD. These changes have an effective date of 1 January, 2026.

2. Operation of CRS in the Virgin Islands

2.1 International Tax Authority ("ITA")

For the purposes of the CRS law the ITA has been designated to perform the functions of the Competent Authority. All VIFIs are required to register and report information under CRS to the ITA via BVIFARs (please see further guidance at 2.3 below).

The direct link for BVIFARs is: https://bvifars.bviita.vg/

A VIFI may also enroll or login to the portal via the website: https://bviita.vg/bvifars/ and clicking on sign up or login on the BVIFARS page.

The ITA will then exchange this information with the relevant partners that have satisfied the confidentiality and data safeguards standard, and have the appropriate legal instruments and legislative frameworks in place.

2.2 Wider Approach

CRS in the Virgin Islands is implemented using the wider approach which means that due diligence procedures must be applied by all VIFIs beyond the current list of Reportable Jurisdictions.

Although, due diligence is independent from the list of Reportable Jurisdictions, a VIFI must only file a return with the ITA in respect of each Reportable Account maintained by the VIFI, and where there are no reportable accounts the VIFI is required to file a NIL return.

A Reportable Account means an account held by one or more Reportable Persons or by a Passive NFE with one or more Controlling Persons that is a Reportable Person, provided it has been identified as such pursuant to the due diligence procedures described in Section II through VII of the standard.

A Reportable Person means a Reportable Jurisdiction Person (ie an individual or person that is resident in a Reportable Jurisdiction etc. (see definition in section VII: Defined terms (D)(3) of the CRS.)) A Reportable Jurisdiction being a jurisdiction identified on the list of Reportable Jurisdictions issued by the ITA by *Gazette.*

2.3 Virgin Islands Financial Institutions

The amended CRS law introduces the term VIFI which captures all Financial Institutions resident in the Virgin Islands (including Reporting and Non-Reporting Financial Institutions) but excludes any branch of that Financial Institution that is located outside of the Virgin Islands and any branch of a Financial Institution that is not resident in the Virgin Islands, if that branch is located in the Virgin Islands.

A Financial Institution means:

1. a Custodial Institution,
2. a Depository Institution,
3. an Investment Entity, or
4. a Specified Insurance Company.

The definition of depository institution and its related commentary have been amended to include e-money providers that are not already depository institutions under the old CRS definition at which accounts holding specific electronic money products or Central bank Digital Currencies (CBDCs) are maintained. Additionally, amendments include indirect investments in crypto-assets through derivatives and investment vehicles, ensuring that such holdings are captured under CRS 2.0.

It is important to note that the Virgin Islands will be implementing the Crypto Asset Reporting Framework (CARF) in 2027/2028, CARF specifically addresses transactions in crypto-assets, however, this new amendment to CRS covers holdings of financial instruments linked to crypto-assets, thereby closing any potential reporting gaps.

There are also Financial Institutions (which are Non-Reporting Financial Institutions (NRFIs)) that include:

5. a Government Entity, International Organisation or Central Bank, other than with respect to payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in by a Specified Insurance Company, Custodial Institution, or Depository Institution;

6. a Broad Participation Retirement Fund; a Narrow Participation Retirement Fund; a Pension Fund of a Governmental Entity, International Organisation or Central Bank; or a Qualified Credit Card Issuer;

7. any other Entity that presents a low risk of being used to evade tax, has substantially similar characteristics to any of the Entities described in 1 and 2 above, and is defined in domestic law as a NRFI, provided that the status of such Entity as a NRFI does not frustrate the purposes of CRS;

8. an Exempt Collective Investment Vehicle; or

9. a trust to the extent that the trustee of the trust is a RFI and reports all information required to be reported pursuant to Section I with respect to all Reportable Accounts of the trust.

The amendment to CRS has additional wording included in the definition of non-reporting financial institutions to clarify that a central Bank is not considered a NRFI when it holds CBCDs on behalf of non-financial entities or individuals. Any Central Bank that has declared that they are a NRFI must conduct a review to ensure that they still are an NRFI.

Under CRS the residence of an Entity (other than Trusts) is primarily where the Entity is resident for tax purposes. However, there are special rules in CRS where an Entity does not have a residence for tax purposes (i.e. if they are located in a jurisdiction that does not have income tax or the entity is treated as fiscally transparent). In those cases the Entity is treated as resident in the jurisdiction in which it is incorporated, has its place of management, or where it is subject to financial supervision. Where an Entity is resident in two or more Participating Jurisdictions, it is required to report the Financial Account(s) it maintains to the tax authorities in each of the Jurisdictions in which it maintains them. If the Entity is resident in a jurisdiction that has not implemented CRS, the rules of the jurisdiction in which the account is maintain determines such Entity's status as a Financial Institution or NFE.

In the case of a Trust, it is considered to be resident in the Virgin Islands if one or more of its trustees are resident in the Virgin Islands, unless all information required to be reported in relation to the trust is reported to another Participating Jurisdiction's tax authority because it is treated as resident for tax purposes there.

The Mutual Legal Assistance (Tax Matters) Act, Revised Edition 2020 has been amended in 2026 and now has a definition of Resident in the Virgin Islands. A Financial Institution is resident in the Virgin Islands ifif:

(a) It was incorporated or established in the Virgin Islands, including but not limited to
    a. A Company established under the provisions of the BVI Business Companies Act, 2004, as amended;
    b. A Limited Partnership, established under the provisions of the Partnership Act, 1996 or Limited Partnership Act, 2017.

(b) It has a place of effective management as defined under paragraph 109 of the commentary to the CRS; or

(c) It is subject to the Financial Supervision in the Virgin Islands. This includes all entities or legal arrangements licensed, regulated or supervised by the BVI Financial Services Commission.

For those BVI entities that are Financial Institution under CRS that are tax resident in another jurisdiction please note this amendment to the law. You are required tonow

register in the BVIFARs portal and provide additional information to the ITA of your jurisdiction of tax resident. This can be done in the authorization letter that is requiredwhen any VIFI is registering in BVIFARs. Please include details of the name of the jurisdiction in which they are tax resident and if the Financial Institution is a reporting Financial Institution is fulfilling its CRS obligations (i.e. filings its accounts) in that jurisdiction. Please also provide evidence of such filings to the ITA. Where you are already filing in another jurisdiction the ITA will not require you to make duplicate filings in the Virgin Islands. However, you may be subject to spot checks to ensure that you continue to meet your CRS obligations.

There are different categories of Financial Accounts:

Accounts	Description of Account
Depository Accounts	Generally includes checking and savings accounts. The definition of depository account is amended to include accounts that hold specified electronic money products and CBDCs for customers, whether they are held in a centralized manner via an issuer or where the digital money can be held without the issuer's intermediation, in a decentralized manner.
Custodial Accounts	An account (other than an Insurance Contract or Annuity Contract) for the benefit of another person that holds Financial Assets.
Equity and Debt Interest in certain Investment Entities	Includes Debt and Equity Interests and their equivalents, such as interests in partnerships and trusts.
Cash Value Insurance Contracts and Annuity Contracts	Generally contracts; insuring against mortality, morbidity, accident, liability, or property risk that has a cash value; and contracts where payments are made for a period of time determined in whole or part by life expectancy.

The following table identifies which Financial Institution is considered to maintain each type of Financial Account.

Accounts	Which Financial Institution is generally considered to maintain them
Depository Accounts	The Financial Institution that is obligated to make payments with respect to the account (excluding an agent of a Financial Institution).
Custodial Accounts	The Financial Institution that holds custody over the assets in the account.

Equity and Debt Interest in certain Investment Entities	The equity or debt interest in a Financial Institution is maintained by that Financial Institution.
Cash Value Insurance Contracts	The Financial Institution that is obligated to make payments with respect to the contract.
Annuity Contracts	The Financial Institution that is obligated to make payments with respect to the contract.

New Terms:

CRS 2.0 has included the following new terms:

1) Specified electronic money product which covers digital representations of a single fiat currency that are issued on receipt of funds for the purposes of making payment transactions. They are redeemable at par for the same fiat currency upon request; and
2) Central Bank Digital Currency (CBDC)which is any official currency of a jurisdiction, issued in digital form by a central bank.

2.4 Registration **and Reporting to the ITA**

2.4.1 Registration

Section 28(1) of the CRS Law requires all VIFIs to register with the ITA.

Section 28(3) of the CRS Law requires existing VIFIs (i.e. those in existence as at 17th September, 2018) to register with the ITA by the 30th April, 2019, unless they have previously registered with the ITA on BVIFARs.

For all other VIFIs who became a VIFI after the 17th September, 2018 registration is required by the 30th April in the first calendar year following which it became a VIFI, for e.g. If a VIFI became a VIFI on 18th October, 2018, then that VIFI must register with the ITA by the 30th April, 2019. If the VIFI became a VIFI on the 1st May, 2019, then it must register with the ITA by the 30th April, 2020. All VIFIs are required to register with the ITA by 30th April in the first calendar year following which it became a VIFI. For example, the BVI Entity became a VIFI after 30th April, 2019, then it must register with the ITA by 30th April, 2020.

All registrations (including both RFIs and NRFIs) must be made through BVIFARS. For more information on how to register see link BVIFARS User Guide: https://bviita.vg/blog/tag/user-guide/

2.4.2 Appointment of Primary Users and Third Parties

Section 28(2)(c) of the MLA requires a VIFI to provide the name, address etc. of their principal point of contact for all purposes of compliance with the standard. This person is identified as the "Primary User" within the BVIFARs portal. It is expected that the primary user does not change and has a permanent position within the VIFI.

Section 31 of the MLA allows a VIFI to appoint an agent to carry out their duties and obligations imposed on the VIFI by MLA. Since, these duties and obligations will remain the responsibility of the VIFI, this person cannot be the Primary User within the BVIFARs portal. This person must be given "Secondary User" access on behalf of the VIFI. The Secondary User does not have to be appointed by the ITA, this person can be appointed by the Primary user within the portal.

2.4.3 Deregistration

A VIFI that is seeking to be deregistered with the ITA, must submit a deactivation Notification via BVIFARS. For information on how to submit the Notification please see link to BVIFARS User Guide https://bviita.vg/blog/tag/user-guide/. A VIFI may only be deregistered from the system if they no longer meet the definition of a VIFI or if they are no longer in existence (for example, by means of liquidation); no longer resident in the Virgin Islands and they have met all reporting obligations for years prior to which they cease to be a VIFI. A VIFI that has been struck off may not be deregistered from BVIFARs (unless it no longer meets the definition of a VIFI) as that VIFI still exists by law until it is statutorily dissolved[1]. An entity that is requesting deregistration because it no longer meets the definition of a VIFI should clearly explain its change in circumstances.

A deregistration request will trigger further compliance action in some cases. The VIFI will be asked to provide information to the Compliance team before final approval of the deactivation. This process can likely take more than 60 days to complete depending on the change of circumstances of the VIFI.

2.4.4 Reporting

Section 29(1) of the CRS Law requires all VIFIs to file a report annually to the ITA. This annual filing is ONLY applicable to those VIFIs that are considered to be RFIs under CRS.

Where a VIFI has Reportable Accounts, they must file a return in line with section 29(1)(a) of the CRS law **ANNUALLY**. In addition to the name, address and jurisdiction of residence of the account holder, accounts that are reported must have the following details:

Under the 2023 amendments to the BVI Business Companies Act an entity that is struck off will be dissolved on the date the Registrar publishes a Notice of the striking off in the Gazette. As such an entity that has been notified that it will be struck off 90 days after the date of notice from the Registrar and has no intention to show cause to the contrary to the Registry, then at entity will have 90 days to submit all necessary filings the ITA.

- TINs (where applicable)
- Date and place of birth
- Account number (or functional equivalent in the absence of an account number)

For information on which jurisdiction requires TINs, please see link to the OECD's website: https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/

Where the VIFI maintains no reportable accounts it must file a NIL return as outlined in 29(1)(b) of the CRS law.

Under CRS a Trustee Document trust has due diligence and reporting obligations, however, these obligations are transferred to the Trustee of the Trustee Document Trust (TDT). The trustee must NOT report the information with respect to a Reportable Account of the Trustee-Documented Trust as if it were a Reportable Account of the Trustee. The Trustee must report such information as the Trustee-Documented Trust would have reported (e.g. to the same jurisdiction) and identify the TDT with respect to which it fulfills the reporting and due diligence obligations.

A TDT therefore needs to be registered as a VIFI in the BVIFARs portal. For information how to register a TDT please see link to BVIFARS User Guide:

The reporting schema to be used is available on the OECD Automatic Exchange Portal and the website of the ITA at https://bviita.vg/automatic-exchange-of-information-aeoi/common-reporting-standard-crs/

2.5 Important Dates

The following are the effective dates for the implementation of CRS in the Virgin Islands:

- Pre-existing Accounts subject to due diligence procedures are those in existence as at 31 December, 2015;

- New Accounts requiring self-certification by the customer are those opened on or after 1 January, 2016;

- The review of Pre-existing High Value Individual Accounts at 31 December, 2015;

- The first CRS reporting period ends on 31 December 2016;

- All VIFIs must report to the ITA by 31 May of each calendar year to which the return relates;

- The review of Pre-existing Lower Value Individual Accounts at 31 December 2015 must be completed by 31 December 2017

2.6 Participating Jurisdictions

Under the CRS law (Schedule 4; Section VIII; D(5)) the term "Participating Jurisdiction" means a jurisdiction:

(i) with which an agreement is in place pursuant to which it will provide the information specified in Section I, and

(ii) which is identified in a published list.

In line with the options provided in the CRS handbook, the Virgin Islands has specified all committed jurisdiction as Participating Jurisdictions.

The list of Virgin Islands Participating Jurisdictions can be found in the official Gazette of the Virgin Islands and also on our website at: https://bviita.vg/automatic-exchange-of-information-aeoi/common-reporting-standard-crs/

Under section 25(3) the ITA must at least once every calendar year publish in the *Gazette* a list of Participating Jurisdictions for the purposes of the CRS. Therefore, if any changes are made the list will be updated and published in the *Gazette.*

2.7 Reportable Jurisdictions

Under the CRS law (Schedule 4; Section VIII; D(4)) the term **"Reportable Jurisdiction"** means a jurisdiction:

(iii) with which an agreement is in place pursuant to which there is an obligation in place to provide the information specified in Section I, and

(iv) which is identified in a published list.

Under section 25(3) the ITA must at least once every calendar year publish in the *Gazette* a list of Reportable Jurisdictions. Therefore, if any changes are made the list will be updated and published in the *Gazette.*

The list of Reportable Jurisdictions can be found at the Official Gazette of the Virgin Islands or on our website at: https://bviita.vg/automatic-exchange-of-information-aeoi/common-reporting-standard-crs/

2.8 Confidentiality

The Virgin Islands will not exchange information under the CRS until it is satisfied that a partner jurisdiction has in place adequate measures to ensure the required confidentiality and data safeguards are met. These confidentiality obligations are evaluated by the Global Forum on Transparency and Exchange of Information for Tax Purposes through its implementation monitoring programme. Confidentiality and data safeguard questionnaires for all CRS jurisdictions (Annex 4 of the CRS) are filed with the OECD Co-ordinating Body Secretariat.

3. Written Policies and Procedures

The CRS law requires all VIFIs to establish, implement and maintain written policies and procedures to comply with this Act.

A Reporting Financial Institution must ensure that its policies and procedures meet the requirements outlined in section 27(2) of the CRS Law.

Written Policies and Procedures will be reviewed by the Compliance Unit within the ITA to ensure such requirement are met.

However, for those VIFIs that are considered Non-Reporting Financial Institutions (except for TDTs or other NRFIs to which a reporting obligation is extended under CRS) it would be sufficient for the purposes of section 27(2) of the CRS Law to outline the facts and analysis leading to the conclusion that the NRFI meets the definition of a NRFI, and the policies for regularly reviewing the entity's circumstances to ensure that status still applies.

The written policies and procedures of a VIFI that is considered to be a Reporting Financial Institution that is a trustee of a Trustee Documented Trust should include policies and procedures which apply to all of its TDTs since the trustee is responsible for all due diligence and reporting obligations of its TDT. Those TDTs would not be expected to have their own written policies and procedures.

VIFIs that have applied any threshold exemptions must keep an internal record of the application of the exemptions as part of the policies and procedures which they are required to have in place in accordance with the CRS Law.

4. Optional Approaches

CRS offered a number of "optional approaches" for jurisdictions to implement into their domestic legislation where it was considered to be more appropriate, or of greater assistance to FIs in implementing the CRS regime and/or conducting their due diligence requirements.

Outlined below are the 16 options available in the CRS implementation handbook and where they have been incorporated in the Virgin Islands reference is made to where these options can be found in the CRS law.

Reporting Requirement	Description	Section of CRS Law
Alternative approach to calculating account balances	A jurisdiction that already requires Financial Institutions to report the average balance or value of the account may provide for the reporting of average balance or value during the calendar year or other appropriate reporting period instead of the reporting of the account balance or value as of the end of the calendar year or other reporting period. This option is likely only desirable to a jurisdiction that has provided for the reporting of average balance or value in its FATCA IGA.	N/A
Use of reporting period other than calendar year	A jurisdiction that already requires Financial Institutions to report information based on a designated reporting period other than the calendar year may provide for the reporting based on such reporting period. This option is likely only desirable to a jurisdiction that includes (or will include) a reporting period other than a calendar year in its FATCA implementing legislation.	N/A
Phasing in the requirements to report gross proceeds	A jurisdiction may provide for the reporting of gross proceeds to begin in a later year (as was the case in FATCA). If this option is provided a Reporting Financial Institution would report all the information required with respect to a Reportable Account. This will allow Reporting Financial Institutions additional time to implement systems and procedures to capture gross proceeds for the sale or redemption of Financial Assets. This option is contained in the FATCA IGAs, with reporting required beginning in 2016 and thus Financial Institutions may not need additional time for reporting of gross proceeds for the CRS. The	N/A

	Multilateral Competent Authority Agreement does not provide this option.	
Filing of Nil Returns	A jurisdiction may require the filing of a nil return by a Reporting Financial Institution to indicate that it did not maintain any Reportable Accounts during the calendar year or other reporting period. NOTE: Under section 29 of the CRS law the filing of nil returns is mandatory.	Section 29
Third Party Service Providers to fulfil reporting obligations for FIs	A jurisdiction may allow Reporting Financial Institutions to use service providers to fulfil the Reporting Financial Institution's reporting and due diligence obligations. (Without these difficulties could occur due to the interactions between various counter-parties.) The Reporting Financial Institution remains responsible for fulfilling these requirements and the accounts of the service provider are imputed to the Reporting Financial Institution. This option is available for FATCA. NOTE: Under section 31 of the CRS law Financial Institutions may rely on a third-party service provider to fulfill due diligence and reporting obligations. However, the Financial Institution remains ultimately responsible for fulfilling these obligations and any failures on the part of the service provider are imputed to the Financial Institution.	Section 31
Allowing due diligence procedures for New Accounts to be used for Preexisting Accounts	A jurisdiction may allow a Financial Institution to apply the due diligence procedures for New Accounts to Preexisting Accounts. This means, for example, a Financial Institution may elect to obtain a self-certification for all Preexisting accounts held by individuals consistent with the due diligence procedures for New Individual Accounts. If a jurisdiction allows a Financial Institution to apply the due diligence procedures for New Accounts to Preexisting Accounts, a jurisdiction may allow a Reporting Financial Institution to make an election to apply such exclusion with respect to (1) all Preexisting Accounts; or (2) with respect to any clearly identified group of such accounts (such as by line of business or location where the account is maintained).	Section 32A(1)(a)
Allowing due diligence procedures for High Value	A jurisdiction may allow a Financial Institution to apply the due diligence procedures for High Value Accounts to Lower Value Accounts. A Financial Institution may wish to make such election because	Section 32A(1)(b)

Accounts to be used for Low Value Accounts	otherwise they must apply the due diligence procedure for Lower Value Accounts and then at the end of a subsequent calendar year when the account balance of value exceeds $1 million, apply the due diligence procedures for High Value Accounts.	
Residence address test for Lower Value Accounts	A jurisdiction may allow Financial Institutions to determine an Account Holder's residence based on the residence address provided by the account holder so long as the address is current and based on Documentary Evidence. The residence address test may apply to Preexisting Lower Value Accounts (less than $1 million) held by Individual Account Holders. NOTE: In respect of Lower Value Accounts only, the CRS law allows Financial Institutions to determine an Account Holder's residence based on the residence address provided by the account holder so long as that address is current and based on Documentary Evidence. This residence test may apply to Pre-existing Lower Value Accounts held by Individual Account Holders, *see commentary of the CRS at commentary on section III, paragraph 9*. The test is an alternative to the electronic indicia search for establishing residence. If the residence address test cannot be applied, because for example, the only address on file is an "in care of" address, the Financial Institution must perform the electronic indicia search.	Section 32A(4)
Optional Exclusion from Due Diligence for Preexisting Entity Accounts of less than $250,000	A jurisdiction may allow Financial Institutions to exclude from its due diligence procedures pre-existing Entity Accounts with an aggregate account balance or value of $250,000 or less as of a specified date. If, at the end of a subsequent calendar year, the aggregate account balance or value exceeds $250,000, the Financial Institution must apply the due diligence procedures to identify whether the account is a Reportable Account. If this option is not adopted, a Financial Institution must apply the due diligence procedures to all Preexisting Entity Accounts. NOTE: Schedule 4; Section 32A(7) of the CRS LAW allows Financial Institutions to apply a threshold exemption for the review, identification and reporting	Section 32A(7)

	of Pre-existing Entity Accounts. For Financial Institutions applying the threshold exemption, accounts with a balance or value not exceeding $250,000 at 31 December of a subsequent calendar year. Financial Institutions applying the threshold exemption must keep an internal record of the application of the exemption as part of the policies and procedures which they are required to have in place in accordance with the CRS LAW.	
Simplified due diligence rules for Group Cash Value Insurance Contracts and Group Annuity Contracts	With respect to a group cash value insurance contract or annuity contract that is issued to an employer or individual employees, a jurisdiction may allow a Reporting Financial Institution to treat such contract as a Financial Account that is not a Reportable Account until the date on which an amount is payable to an employee/certificate holder or beneficiary provided that certain conditions are met. These conditions are: (1) the group cash value insurance contract or group annuity contract is issued to an employer and covers twenty-five or more employees/certificate holders; (2) The employees/certificate holders are entitled to receive any contract value related to their interest and to name beneficiaries for the benefit payable upon the employee's death; and (3) the aggregate amount payable to any employee/certificate holder or beneficiary does not exceed $1 million. This provision is provided because the Financial Institution does not have a direct relationship with the employee/certificate holder at inception of the contract and thus may not be able to obtain documentation regarding their residence. NOTE: In section 32A(8) of the CRS law Financial Institution may treat an account that is a Group Cash Value Insurance Contract or a Group Annuity Contract, as a non-reportable account until the date on which an amount is payable to an employee/certificate holder or beneficiary, if the Financial Account that is a member's interest in a Group Cash Value Insurance Contract or Group Annuity Contract meets the following requirements:	Section 32A(8)

	The Group Cash Value Insurance Contract or Group Annuity Contract is issued to an employer and covers 25 or more employees/certificate holders. The employees/certificate holders are entitled to receive any contract value related to their interests and to name beneficiaries for the benefit payable upon the employee's death; and The aggregate amount payable to any employee/certificate holder or beneficiary does not exceed $1,000,000.	
Allowing greater use of existing standardised industry coding systems for the due diligence process	A jurisdiction may define documentary evidence to include any classification in the Reporting Financial Institution's records based on a standard industry coding system provided that certain conditions are met (making it easier to identify types of account holders). With respect to a pre- existing entity account, when a Financial Institution is applying its due diligence procedures and accordingly required to maintain a record of documentary evidence, this option would permit the Financial Institution to rely on the standard industry code contained in its records.	See "Standardised Industry Coding System" definition in Section 2
Currency Translation	All amounts in the Standard are stated in US dollars and the Standard provides for the use of equivalent amounts in other currencies as provided by domestic law. For example, a lower value account is an account with an aggregate account balance or value of less than $1 million. The Standard permits jurisdictions to include amounts that are equivalent (or approximately equivalent) in their currency to the US dollars amounts as part of their domestic legislation. Further, a jurisdiction may allow a Financial Institution to apply the US dollar amount or the equivalent amounts. This allows a multinational Financial Institution to apply the amounts in the same currency in all jurisdictions in which they operate.	Section 24(2)
Expanded definition of Preexisting Account when pre-existing customers open a new account	A jurisdiction may, by modifying the definition of Preexisting Account, allow a Financial Institution to treat certain new accounts held by preexisting customers as a Preexisting Account for due diligence purposes. A customer is treated as pre-existing if it holds a Financial Account with the Reporting Financial Institution or a Related Entity. Thus, if a preexisting customer opens a new account, the Financial	See "Pre-existing Account" definition at Section 2

	Institution may rely on the due diligence procedures it (or its Related Entity) applied to the customer's Preexisting Account to determine whether the account is a Reportable Account. A requirement for applying this rule is that the Reporting Financial Institution must be permitted to satisfy its AML/KYC procedures for such account by relying on the AML/KYC performed for the Preexisting Account and the opening of the account does not require new, additional, or amended customer information.	
Expanded definition of Related Entity	Related Entities are generally defined as one entity that controls another entity or two or more entities that are under common control. Control is defined to include direct or indirect ownership of more than 50 percent of the vote and value in an Entity. As provided in the Commentary, most funds will likely not qualify as a Related Entity of another fund, and thus will not be able to apply the rules described above for treating certain New Accounts as Preexisting Accounts or apply the account aggregation rules to Financial Accounts maintained by Related Entities. A jurisdiction may modify the definition of Related Entity so that a fund will qualify as a Related Entity of another fund by providing that control includes, with respect to Investment Entities described in subparagraph (A)(6)(b), two entities under common management, and such management fulfils the due diligence obligations of such Investment Entities	See "Related Entity" definition in Section 2
Grandfathering rule for bearer shares issued by Exempt Collective Investment Vehicle	With respect to an Exempt Collective Investment Vehicle, a jurisdiction may provide a grandfathering rule if the jurisdiction previously allowed collective investment vehicles to issue bearer shares. The Standard provides that a collective investment vehicle that has issued physical shares in bearer form will not fail to qualify as an Exempt Collective Investment Vehicle provide that: (1) it has not issued and does not issue any physical shares in bearer form after the date provided by the jurisdiction; (2) it retires all such shares upon surrender; (3) it performs the due diligence procedures and reports with respect to such shares when presented for redemption or payment; and (4) it has in place policies and procedures to ensure the shares are redeemed or immobilized as	N/A

	soon as possible and in any event prior to the date provided by the jurisdiction.	
Controlling Persons of Trusts	The definition of Controlling Person of a trust includes the settlor(s), trustee(s), beneficiary(ies), protector(s) and any other natural person exercising ultimate effective control over the trust. A jurisdiction may however allow Reporting Financial Institutions to align the scope of beneficiaries of a trust, who are treated as Controlling Persons of that trust, with the scope of the beneficiaries who are treated as Reportable Persons of a trust that is a Financial Institution. In such cases, a Reporting Financial Institution would only need to report discretionary beneficiaries as Controlling Persons in the year they receive distributions from the Passive NFE trust. Jurisdictions allowing their Financial Institutions to make use of this option must ensure that such Financial Institutions have appropriate procedures in place to identify when a distribution is made to a discretionary beneficiary of the trust in a given year that enables the trust to report such beneficiary as a Controlling Person. For instance, the Reporting Financial Institution would require notification from the trustee that a distribution has been made to that discretionary beneficiary.	Section 32A(10)&(11)

5. Financial Accounts of Investment Managers and Advisers

Investment managers are treated differently under CRS than under FATCA. Therefore, debt and equity interests of Investment Managers or Advisors will ONLY be treated as a "Financial Account" if the class of interests was established with a purpose of avoiding the reporting obligations. Entities which provide investment advisory or management services that meet the "solely because" test in the definition of Financial Account in Schedule 4; Section VIII (C) (1) of the CRS law will be regarded as not having any financial accounts, and therefore will only be required to file a NIL return with the ITA.

6. Treatment of Trusts

Under CRS a Trust may be a Financial Institution or a Passive NFE.

6.1 Controlling Persons of a Trust that is a Passive NFE

CRS defines the Controlling Persons of a Passive NFE that is a trust to include:

a) the settlor(s);
b) the trustee(s);
c) the protector(s) (if any);
d) the beneficiary(ies) or class of beneficiary(ies); and
e) any other natural person(s) exercising ultimate control over the trust.

It is necessary to "look through" any Entity with a controlling interest in such a trust for the natural person(s) exercising ultimate effective control over the trust even if that Entity is a Financial Institution or an Active NFE. This is subject to the exception in the above section headed "Identification of Controlling Persons of Passive NFEs with Financial Institutions in the chain of legal ownership".

As noted above the Virgin Islands has allowed a VIFI to align the scope of beneficiaries of a trust treated as Controlling Persons with the scope of beneficiaries treated as Reportable Persons where the trust itself is a Financial Institution. Therefore, VIFIs would only need to report discretionary beneficiaries of Passive NFE trusts for the reporting period in which they receive a distribution from the trust.

For a VIFI to apply this option, it must ensure that it has appropriate procedures in place to identify whether a distribution is made by the trust to a discretionary beneficiary in the reporting period. VIFIs may, for example, receive certifications from the trustees of the trust as to whether distributions have been made and, if so, to whom.

Where no such procedures are in place to identify distributions to discretionary beneficiaries, the VIFI must continue to treat the discretionary beneficiary as a Controlling Person and report accordingly if that person is a Reportable Person.

6.2 Equity Interest of natural persons exercising ultimate effective control of a trust that is a VIFI

In the case of a trust that is a VIFI, an Equity Interest is considered to be held by any person treated as a settlor or beneficiary of all or a portion of the trust, or any other natural person exercising ultimate effective control over the trust.

In order to determine whether there is any other natural person exercising ultimate effective control, it will be necessary to look through any entity exercising such control (such as a corporate protector or enforcer). This is subject to the exception in the above section headed "Identification of Controlling Persons of Passive NFEs with Financial Institutions in the chain of legal ownership".

As noted in the OECD's CRS FAQs, the protector(s) of a trust that is a VIFI must be treated as an Account Holder irrespective of whether it has effective control over the trust.

7. Template CRS Self-certification Forms

The CRS Self-certification forms have been circulated and are available on the website of the ITA via https://bviita.vg/automatic-exchange-of-information-aeoi/common-reporting-standard-crs/.These forms as a basis for self-certification may be adapted or modified necessary to suit the needs of the relevant Virgin Islands Financial Institutions.

Self-certifications should be obtained and validated as part of a Virgin Islands Financial Institution's account opening procedures in line with the CRS Law. Where it is not possible to obtain a self-certification on 'day one' of the account opening process, one should be obtained and validated as soon as practicable, and in any event, no later than 90 days after the account has been opened. If the self-certification is not obtained within 90 days then the account should be closed.

For the purposes of determining the Controlling Persons of an Account Holder the AML laws of the Virgin Islands must be applied. That means that there is a 10% threshold for a controlling ownership interest of a legal person (NOT 25%). This change is in line with the OECD's CRS FAQ found here: http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/CRS-related-FAQs.pdf

The amended CRS law requires a VIFI to establish, implement and maintain written policies and procedures to comply with the CRS law. One important change relates to self-certification and a VIFI would be in contravention of the policies and procedures relating to self-certification if the VIFI has reason to believe that a self-certification or documentary evidence is inaccurate and if they continue to rely on that inaccurate self-certification to file a return. This means that VIFIs have a duty to confirm the reasonableness of self-certifications obtained from their Account Holders based on other documentation that may have been collected pursuant to the AML laws of the Virgin Islands. A VIFI must take the

necessary steps to validate the self-certification (for example by obtaining a reasonable explanation from the Account Holder) and in cases where the self-certification cannot be validated the self-certification must not be relied upon and a new self-certificate must be obtained.

Additionally, the amended CRS law has made it an offence for any person to sign (or otherwise positively affirm) a false self-certification willfully or knowingly.

8. Non-Participating Jurisdiction Investment Entities

Under Schedule 4; Section VIII (D) (8)] of the CRS law, VIFIs are required to treat 'managed' Investment Entities, (or branches thereof) that are resident in (or located in) any Non-Participating Jurisdiction, as Passive NFEs and therefore report on the Controlling Persons of such entities that are Reportable Persons as defined in Schedule 4 Section VIII (D) (2) of the CRS law.
'Managed' Investment Entities are those that meet the definition of an Investment Entity as per the Schedule 4; Section VIII (A)(6)(b) of the CRS law. Any Jurisdiction that is not listed as a Participating Jurisdiction is therefore a Non-Participating Jurisdiction.

In line with the CRS related FAQs published by the OECD as reflected in Annex 5 of the CRS Standard, if a controlling person is not a Reportable Jurisdiction Person, the TIN and date of birth is not required to be collected from such Controlling Persons.

8.1. Determination of CRS Status of Entities

The CRS commentary provides that an Entity's status as a Financial Institution or Non-Financial Entity (NFE) should be resolved under the laws of the participating jurisdiction in which the Entity is resident. If an Entity is resident in a Non-Participating Jurisdiction, the rules of the jurisdiction in which the account is maintained determines the Entity's status as a Financial Institution or NFE since there are no other rules available.

Therefore, when determining an Entity's status as an active or passive NFE, the rules of the jurisdiction in which the account is maintained determine the Entity's status. For example, a Financial Institution resident in a Non-Participating Jurisdiction with accounts maintained in the Virgin Islands may apply the active NFE definition in Schedule 4; Section VIII (D) (9) of the CRS law.

A VIFI must determine its own "Entity Status" under the CRS Law.

9. Non-Reporting Financial Institutions

The rules regarding Non-Reporting Financial Institutions are in Schedule 4; Section VIII (B) of the CRS law. Non- Reporting Financial Institutions include:

1. Government Entities, and their pension funds
2. International Organisations
3. Central Banks
4. Certain Retirement Funds
5. Qualified Credit Card Issuers
6. Exempt Collective Investment Vehicles
7. Trustee Documented Trusts
8. Other Low-Risk Financial Institutions

BVIFARs is currently being updated to the make the above options available for NRFIs. The registration details for NRFIs falling in the above categories will be detailed in the BVIFARs portal guidance document.

9.1 Retirement and Pension Funds

Pension funds that meet the definitions of Broad Participation Retirement Fund or Narrow Participation Retirement Fund under Section VIII paragraph B will be Non-Reporting Financial Institutions under CRS.

Pension funds availing themselves of the Non-Reporting Financial Institution Broad and Narrow Participation Retirement Fund definitions must submit an annual declaration to the ITA in order to satisfy the requirements under CRS.

9.2 Excluded Accounts

Schedule 6 of the CRS law has been amended to remove references to the Dormant Accounts Act and makes it clear that for CRS purposes dormant accounts should be treated consistently with the definition of dormant account found in the CRS Commentary on Section III paragraph 9. In addition to the excluded accounts found in the CRS law the following are also Non-Reportable Accounts under CRS:

1. Retirement and Pension accounts
2. Non-retirement tax-favoured accounts
3. Term Life Insurance Contracts
4. Estate Accounts
5. Escrow Accounts
6. Depositary Account due to not-returned overpayments
7. Other Low-risk excluded accounts

CRS has been updated to introduce two new categories of excluded accounts, so that certain low-risk digital money products do not fall within the scope of CRS. Such excluded accounts include:

1) Specified electronic money products whose value does not exceed a de-minimis amount; and
2) Specified electronic money products that are created solely to facilitate the transfer, pursuant to the instructions of a customer, and that cannot be used to store value.

10. Undocumented accounts

CRS has outlined a special procedure for cases where the VIFI is unable to identify the residence of the account holder through its indicia search as the only indicia found was a "hold-mail" or "in-care-of" address. In the order most appropriate to the circumstances, the VIFI must complete a paper record search, obtain documentary evidence, or obtain a self-certification from the Account Holder to confirm its residence. If the VIFI is not successful in confirming the residence of the account holder, then the FI most report the account as an undocumented account.

The reporting of accounts as undocumented accounts only applies to Pre-existing Individual Accounts. For Pre-existing Individual Accounts that are classified as lower value accounts, the VIFI must report the lower value account as an undocumented account until there is a change in circumstance to the account or it becomes a High Value Account. For Pre-existing Individual Account that are classified as higher value accounts and are reported as undocumented accounts, the VIFI should apply the enhanced review procedures required for such accounts until they cease to be undocumented.

The Virgin Islands does not require local filing i.e. where an account is determined to be held by a person tax resident in the Virgin Islands this account is not reportable to the ITA. Therefore, there are only two circumstances where a VIFI is required to choose the Virgin Islands as the receiving jurisdictions, those are:

1) Where the VIFI is reporting a NIL filing; and
2) Where the RFI is reporting an undocumented account.

Where a filing is made to the ITA that has the BVI as a receiving jurisdiction and contains data it will be treated as an undocumented account until confirmation can be received from the RFI. The ITA has published a user guide for the BVIFARs portal that can be found here: https://bviita.vg/blog/tag/user-guide/

Please consult the user guide for step-by-step instructions on creating and submitting filings within the BVIFARs portal.

The ITA is in the progress of completing a compliance manual which will consider all compliance procedures with regard to AEOI. Further information with regard to the Compliance procedures and the due diligence procedures can be found here: https://bviita.vg/automatic-exchange-of-information-aeoi/common-reporting-standard-crs/

11. CRS Additional Information Form

All Virgin Islands Financial Institutions are required to file a CRS additional information form that assist the ITA in completing its compliance obligations. These forms are a filing within the BVIFARs portal and further information concerning completing these forms can be found on our website. https://bviita.vg/blog/2025/04/07/guide-to-completing-the-additional-information-form/

The deadline for completion of the form is within 9 months following the end of the relevant financial year. Under CRS, the financial year runs from 1 January – 31 December. The first additional information file was due in September 2025.