



UNTITLED

STRATEGIC FIDUCIARY ADVICE

INCORPORATION OF BVI COMPANIES

TYPES OF COMPANIES

There are many types of companies with their own specific characteristics in the BVI as most offshore and onshore jurisdictions do also have. However, in general, when speaking about BVI companies we refer to the so-called **"business companies"**.

Business companies are essentially corporations or joint-stock companies established in the BVI because

this jurisdiction offers many advantages which we will explain in this document.

It is no coincidence that currently the BVI is the jurisdiction with more active companies (nearly 500,000) and it continues to grow year after year.

GENERAL BENEFITS RELATED TO THE INCORPORATION OF A COMPANY

There are different reasons to incorporate a company.

Among them, the most common ones are the need to organize a business activity efficiently and the interest to plan and/or protect the family's wealth.

Incorporating a company offers the following benefits:

- better wealth protection;
- more privacy;
- tax advantages (related to the cases of clients with

fiscal residence in countries which only levy local income or, even if it has a taxing system based on global income may not have the rules known as: "controlled foreign companies rules");

- facilitates property transfer by "*inter vivos*" or "*mortis causa*" acts
- allows to establish corporate governance rules; and
- more legal certainty (when the company in question is established in a country or jurisdiction with this characteristic).

ASPECTS TO CONSIDER WHEN CHOOSING A JURISDICTION

There are multiple jurisdictions (offshore and onshore) to incorporate a company.

In order to choose the most convenient jurisdiction, it is important to analyze -among other aspects- the following:

- the objective (for instance, legal certainty, wealth protection, tax efficiency, etc.);
- tax residence of the participating parties (mainly the shareholders); and
- the place in which the company is going to conduct its business or have its assets.

WHY CHOOSE THE BVI?

- **More legal certainty:** this is an essential aspect for those persons with a domicile in countries that do not offer legal certainty as well as companies interested in investing in those countries under a certain level of foreseeability.

The British Virgin Islands (BVI) are a British Overseas Territory and, therefore, any conflict involving the companies incorporated therein will be resolved ultimately by the Privy Council located in London.

- **Protection:** The BVI, as many other offshore jurisdictions, pay special attention to the protection of property rights and privacy of individuals. Regarding the first point, the BVI assures certain protection against third parties (e.g. creditors, former spouses, etc.) which is not possible when working onshore. Regarding privacy, in the BVI there are not public registries of shareholders, directors and companies' final beneficiaries.

- **Modern legislation related to financial topics and wealth management:** for many decades the BVI offers more flexible laws dealing with investment funds, companies and trusts; furthermore, these laws are updated on a regular basis by means of the contributions made by law firms and trust companies.
- **Providers:** it includes highly specialized service providers (e.g. registered agents, lawyers, CPAs, auditors, trustees, etc.).

BUSINESS COMPANIES MAIN CHARACTERISTICS

A registered agent is required to incorporate a company in the BVI. This agent will have direct contact with the Company Registrar of the jurisdiction and will be in charge –among other things– to request the corresponding incorporation, pay the annual fees, etc.

We fulfill this role by means of **Untitled Fiduciary Services Ltd.**

Main responsibilities of a Registered Agent in the BVI:

- **Incorporate and administer the company**, following the indications of the directors and/or shareholders, acting on behalf of the companies with the Company Registrar.
- **Create and keep the registers of directors and shareholders duly updated** (which as already explained are not public in this jurisdiction).
- **Present all the necessary documentation to the Company Registrar** and maintain all resolutions and amendments made to corporate documents.
- **Comply with the filings provided by the Economic Substance Law.**

BVI business companies are very versatile legal vehicles. Their main features are as follows:

- At least one director and one shareholder may be the same person (individual or legal entity). If it is a regulated company, (for instance, fund investment, investment manager, etc.) then there must be two directors.
- Registered shares and bearer shares may be issued. However, bearer shares must be held by a recognized or authorized custodian.
- Another way of solving the inheritance planning is to issue shares under the joint tenancy with right of

survivorship system. This must be complemented with a will ruled by the BVI laws or the creation of shares of different classes.

- The quantity of shares will depend on the client's needs. The only difference that the law stipulates is that, if the companies are authorized to issue more than 50,000 shares, the annual rate is higher (USD1,200 instead of USD550).
- Companies may purchase and possess their own shares.
- They may have a general purpose.
- No public registry exists regarding the identity of shareholders or directors.
- Board of directors and shareholders meetings may be held in any place around the world and by phone or videoconference, and may also be replaced by written resolutions.
- No tax is paid in the BVI.
- A foreign company may continue as a business company provided that the incorporation laws of the original jurisdiction expressly allows its continuation in another jurisdiction.
- Likewise, the company's domicile of the business company originally incorporated in the BVI may change to another jurisdiction.
- It is not compulsory to present balance sheets. However, it is required to submit all necessary documentation so as to determine its financial standing (several times this is possible to prove only with bank statements).
- The law that rules this type of vehicle is very flexible and allows nearly every term or condition imagined by the shareholders of a business company to be included in its articles of incorporation and/or in a shareholder agreement.

INCORPORATION PROCESS

- MAIN STEPS -

The process to incorporate a business company is very simple and may be completed normally in or two working days.

1. Client request and invoice payment.

2. KYC and forms.

3. Approval of KYC by the Compliance Department.

4. Reservation of company name.

5. Preparation of corporate documents.

6. Incorporation.

7. Submission of the original documents

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Should you require further information, please do not hesitate in contacting us.

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MONTEVIDEO

MIAMI

BRITISH VIRGIN ISLANDS

MADRID

