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EDC Board Meeting Yields Key Decisions: Tax Incentives and Compliance Reviewed

YHG Hotel LLC gets extension, several firms awarded decades-long tax benefits

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On Tuesday, the governing board of the V.I. Economic Development Commission continued a meeting that had been recessed on January 24, and made several key decisions regarding matters dealing with applications and compliance.

340 Worldwide LLP, a service business with operations on St. Thomas, received approval to amend its grant of incentives, which will now highlight a tuition reimbursement benefit for the

company's employees. The reimbursement will be for "the completion of courses for an associate or bachelor's degree pertaining to the employee's job duties or for certification course(s) that improve the proficiency or productivity of the workplace," according to the amended grant.

Next, Harborside Corporation, which operates Bolongo Bay Beach Resort, received approval for the addition of real property to its tax incentive certificate, representing the addition of 15 more units as part of its resort offerings.

Lovango Island Holdings LLP's request for retroactive commencement of tax incentives was approved, as was a procurement waiver. The threshold for how many Virgin Islands residents must be hired during the decade the tax incentives are in effect was also lowered to 10 full-time employees over the course of three years. Additionally, Lovango Island must "employ a minimum of 70 full-time employees during its peak season by the fifth year..."

Noting that Lovango had "encountered extraordinary and special circumstances relating to procuring goods and services," the EDC board reaffirmed previous decisions to move the start date for Lovango's tax incentives to January 1, 2023. The procurement waiver's effective dates are from January 1, 2023 to January 31, 2024.

While Lovango's tax incentives are in effect, the company will only have to hire 60% of its employees from the pool of Virgin Islands Residence, as opposed to the standard 80%. This ratio "may be reviewed and reconsidered" by the VIEDC board after the initial 10-year period ends, according to the motion put before the board.

YHG Hotel, LLC also won approval from the board to push back the start of its tax incentive regime, citing the company's imminent sale. The entity's fourth such extension means that incentives will now go into effect from December 31, 2024.

Furthermore, PL Partners LLP and Sail Rock Investment LLC were each awarded 20 years of tax incentive benefits for their service-oriented businesses, with Sail Rock, like Lovango, being granted a waiver of the 80% residence requirement. In Sail Rock's case, need was demonstrated for two pilots and one director of aircraft maintenance to be sourced from non-resident applicants. However, the company must donate \$5,000 to the Territorial Scholarship Fund for each non-resident employed above the 20% maximum threshold, the VIEDC board decided.

Sail Rock owns Standard Aviation, the fixed-base operator in St. Thomas, and the firm is [currently building a Hampton by Hilton hotel in Havensight](#) that is expected to open Q1 2025.

Another new applicant, United Investors, doing business as Concrete Masters LLC, will receive 30 years of tax incentives within which to build and operate a ready-mix concrete plant facility in Christiansted. However, the tax benefits only accrue revenue from the manufacturing, sale and delivery of concrete - all other activities were explicitly excluded from the incentive regime by the EDC.

VI Electron LLC and West Indies Petroleum USVI Limited LLC's also applied for, and received tax incentives - the former for constructing and operating solar farms with battery backups with a minimum investment of \$18 million, and the latter for oil bunkering services with a capital investment of at least \$125,000. VI Electron will receive incentives for 30 years, and West Indies Petroleum for 20.

Meanwhile, the EDC board addressed two matters of compliance. Fintrac Inc. reportedly violated several clauses of its agreement with the EDC: failure to offer leave in accordance with the agreed

framework, and failure to hold a local payroll account among them.

The board accepted Fintrac's voluntary termination of its tax benefits, effective December 31 2022. In exchange, they released the company from all penalty and fines stemming from its failure to comply with EDC's requirements.

Secret Harbour Beach Associates, meanwhile, was able to address the findings stemming from the report. Ultimately, however, the EDC's board acknowledged that the law prevented it from assessing fines "for violations that occurred during the calendar year of the annual compliance review being conducted." Violations which occurred from January 1, 2012 to December 31, 2020, the board added, are not able to have penalties assessed.

Altogether, the EDC processed seven new applications, as well as the compliance matters listed above.

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