

USVI Visa Waiver Act and Tax Parity Measures Reintroduced by Plaskett to Boost Territory's Economy

Plaskett unveils a seven-bill package to boost the USVI economy, focusing on tax parity, investment incentives, and tourism. Key measures include the USVI Visa Waiver Act and efforts to restore fair tax treatment, tackling long-standing inequities

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As the 119th session of Congress gains momentum, Delegate to Congress Stacey Plaskett has reintroduced a suite of legislation aimed at revitalizing the U.S. Virgin Islands' economy. Among these measures are the Virgin Islands Visa Waiver Act and a host of tax parity initiatives designed to address historical inequities and stimulate economic growth in the territory, according to the congresswoman. This reintroduction follows previous unsuccessful attempts to advance similar measures, which faced significant challenges in earlier sessions of Congress.

“The introduction of these new bills is part of our legislative strategy toward improving the economy of the U.S. Virgin Islands,” said Ms. Plaskett. “These bills, along with others to come, will improve the Virgin Islands’ economic development authorities under the Internal Revenue Code.”

The legislative package includes seven bills, each targeting specific economic challenges faced by the Virgin Islands:

1. **Territorial Economic Recovery Act** – This bill restores favorable tax treatment for investments in U.S. territories, including the Virgin Islands. It redefines such investments as domestic rather than foreign, contingent on active business operations in the territory.
2. **Territorial Tax Parity and Fairness Act** – Designed to amend the Internal Revenue Code, this bill seeks to extend tax exemptions to bona fide residents of the Virgin Islands, akin to existing benefits for residents of Puerto Rico and other U.S. territories.
3. **Territorial Tax Parity Act** – This measure modifies income source rules for resident businesses, aiming to make the Virgin Islands more attractive to investors and job creators.
4. **Territorial Tax Parity and Clarification Act** – By addressing discrepancies in capital gains treatment, this bill ensures that Virgin Islands residents receive parity with Puerto Rico and other territories.
5. **Territorial Tax Equity and Economic Growth Act** – This proposal adjusts residence and income source rules to promote economic recovery across U.S. territories.
6. **Virgin Islands Visa Waiver Act** – The act establishes a program allowing non-immigrant visitors from certain countries to enter the Virgin Islands for up to 45 days without a visa, fostering tourism and regional engagement. Previous efforts to pass similar legislation failed, with Plaskett attributing the lack of progress to partisan disagreements.
7. **Fuel Tax Cover Over Bill** – This bill seeks to allocate U.S. excise tax revenues from fuel produced in the Virgin Islands back to the territory, similar to existing arrangements for distilled spirits.

Plaskett spoke to the importance of these measures in addressing long-standing economic disadvantages. “To compensate for historical disadvantages and to create jobs and middle-class economies, the territories have historically relied on provisions in the U.S. tax code that treat U.S. investment in the territories more favorably than investment in foreign jurisdictions. However, recently, including through new taxes on global intangible low taxed income (GILTI) in the Tax Cuts and Jobs Act of 2017, U.S. territories have been treated the same as foreign countries. This has had a negative impact on private investment and job creation in the Virgin Islands,” she said.

The Territorial Tax Parity and Fairness Act, for instance, addresses inequities by extending tax exemptions to Virgin Islands residents, aligning their treatment with that of other territories. Similarly, the Visa Waiver Act is expected to bolster tourism and regional cooperation. “Additionally, my visa waiver legislation will create a special waiver program for the Virgin Islands to open more opportunities for us to host more participants in regional sporting activities like the ‘Rolex Regatta’ and the St. Croix International Triathlon, as well as opportunities to open our medical facilities to patients in the Caribbean region,” Plaskett noted.

Acknowledging the legislative hurdles, Plaskett stated, “The reintroduction of these bills is just one step. They must pass the House and Senate before being signed into law. My team is committed to working in a bipartisan manner to navigate these challenges.”

Despite her optimism, Plaskett has previously cited Republican opposition as a key obstacle to advancing legislation such as the Visa Waiver Act. “There will be significant challenges during this session of Congress, particularly as the Republican majority has stated that they will provide cuts in corporate taxes by cutting benefits in other areas and clamp down in areas they deem are related to immigration,” she added.

With many temporary provisions of the 2017 Tax Cuts and Jobs Act set to expire in 2025, Plaskett highlighted the urgency of proactive measures. “In 2025, many of the temporary provisions enacted under President Trump’s 2017 Tax Cuts and Jobs Act will expire. As Democrats negotiate with Republicans, we will rely on our proven record of using the tax code to invest in workers, families, and pro-growth policies to place our economy on a sustainable path,” she said.