

The Virgin Islands Consortium

Taxpayer Advocacy Group Backs Bill to Boost U.S. Virgin Islands Economy and Fix Tax Code Glitch

The National Taxpayers Union praises H.R. 858, the REVIVE VI Act, introduced by Rep. Ron Estes to fix a Tax Cuts and Jobs Act error that hurt investment in USVI businesses compared to foreign competitors.

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A taxpayer advocacy organization has praised Congressman Ron Estes for introducing legislation they say will boost the economy of the U.S. Virgin Islands.

H.R. 858, the Restore Economic Vitality and Investment in the Virgin Islands Act (REVIVE VI), was introduced to the House of Representatives by Mr. Estes in January, and it now sits with the House Ways and Means committee. The bipartisan bill was co-

sponsored by Virgin Islands Congresswoman Stacey Plaskett, as well as House representatives from Oklahoma, Alabama, Iowa, and Illinois.

The proposed legislation would, according to the National Taxpayers Union, “fix a glitch in the Tax Cuts and Jobs Act.” The so-called glitch meant that residents of the U.S. mainland who hold shares in USVI businesses would be subject to the Global Intangible Low Tax Income taxation framework. Foreign shareholders of companies based in the territory were not subject to those taxes. “This glitch effectively eliminated tax benefits that were previously provided by Congress to the USVI in support of territorial economic development,” the NTU wrote in its letter to Mr. Estes, published April 24.

The NTU says that investment in the territory by American businesses has declined due to this error in the TCJA, “increasing the likelihood that territorial assets will be sold to foreign firms.”

The NTU praised the REVIVE VI Act as being sufficiently narrowly written to rectify the situation while avoiding the potential for abuse by large firms seeking to evade taxes.

With the proposed legislation having sat with the Ways and Means committee for some months now, the NTU has now urged Congress to move the bill forward, in order to “repair this unintended harm to the USVI's economic development policies” caused by the TCJA.

“American businesses operating in U.S. territories need and deserve fair tax treatment that is more competitive than what non-American businesses receive,” argued the NTU. “At the very least, American businesses should not be placed at a comparative disadvantage because of our tax laws.”