The Virgin Islands Consortium

Legislators Urged to Act as VI Prepares to Capitalize on Permanent Rum Cover-Over Rate

With the permanent rum cover-over extension set to take effect by December 31, 2025, lawmakers are pushing for a meeting with producers, tourism, and port officials to ensure the Virgin Islands maximizes its long-term return on this federal policy.

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One lawmaker says it's time to have a frank discussion with industry stakeholders about the future of rum production in the Virgin Islands.

On Friday, Senator Carla Joseph called on the Legislature's Committee on Economic Development and Agriculture to convene a meeting with the territory's rum industry at the top of the agenda.

In a letter addressed to Senator Hubert Frederick, the committee's chair, Joseph said that stakeholders should be brought together “to discuss the status, any challenges, and potential opportunities to optimally position the Virgin Islands for a significant return on investment for the industry and the people of the Territory.”

She acknowledges the recent permanent extension of the rum cover-over rate as a “substantial development,” and argues that it is “essential that the Territory's Rum Industry is in optimal condition to capitalize on this opportunity.”

The meeting should seek the perspectives of rum manufacturers, distributors, the territory's Department of Tourism, the VI Port Authority, and the Office of the Governor well in advance of the December 31, 2025 implementation date for the higher cover over rate.

Senator Frederick has responded positively to his colleague's correspondence. “I share your sense of urgency in ensuring that the Virgin Islands is strategically positioned to maximize the benefits of the permanent extension of the rum cover-over tax rate,” he said, confirming that preliminary discussions have been initiated. Formal invitations to a legislative hearing are expected to follow.