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EDC Orders Companies to Correct Compliance Failures or Risk Losing Tax Benefits

Octavia Consulting and STL Management were found noncompliant with key terms of their tax benefit agreements, including charitable contributions and employee benefits. Both firms face deadlines to resolve violations or risk suspension of EDC incentives.

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The Economic Development Commission, during its meeting earlier this week, dealt with several companies who were found to be noncompliant with various stipulations of their tax benefit agreements.

Octavia Consulting Group was first granted tax incentives by the EDC in 2022. STL Management, meanwhile, has been receiving tax benefits under the EDC since 2013. During a compliance

review, both companies were found to have failed to meet the requirements for charitable contributions, with STL also found to be deficient in paid medical and life insurance, retirement plans, and other areas not disclosed to the public.

After discussing the matters in executive session, commissioners ruled that Octavia Consulting must remit \$1,856 to the Department of Education this year. This sum would satisfy both their 2024 charitable contributions requirement and the 55% educational assistance requirement that they need to meet. Proof of the contribution, along with proof of the \$38,000 required charitable contribution for 2025, must be submitted to the EDC within 30 working days from December 31. Failure to do so risks fines and potentially the suspension or revocation of the company's tax benefits.

STL Management, meanwhile, was ordered to resolve all non-compliance issues by December 31. Any money owed to former employees who cannot be located and paid before then will be held in escrow by VIEDA. The company will not be able to apply for modification or extension of tax incentives until they come into compliance.

The Enterprise Zone Commission also heard a compliance matter involving the Moravian Church Virgin Islands Conference and DM Hospitality LLC. The entities are engaged in the renovation of property owned by the church at Nos. 4 and 5 Wimmelskafts Gade on St. Thomas. However, the only renovations that have been conducted thus far have been on the structures situated on No. 5. The tax benefits for the project are tied to parcel no. 4, meaning that any future developer wishing to work on that parcel may be denied EZC benefits, according to compliance officer Shayla Anthony, as records would show that those benefits have already been granted.

Commissioners voted to resolve the issue by changing the registered address of DM Hospitality LLC from No. 4 to No. 5 Wimmelskafts Gade on the EDC certificate. The lease between DM Hospitality and the Moravian Church will also be amended to reflect the change, commissioners decided.