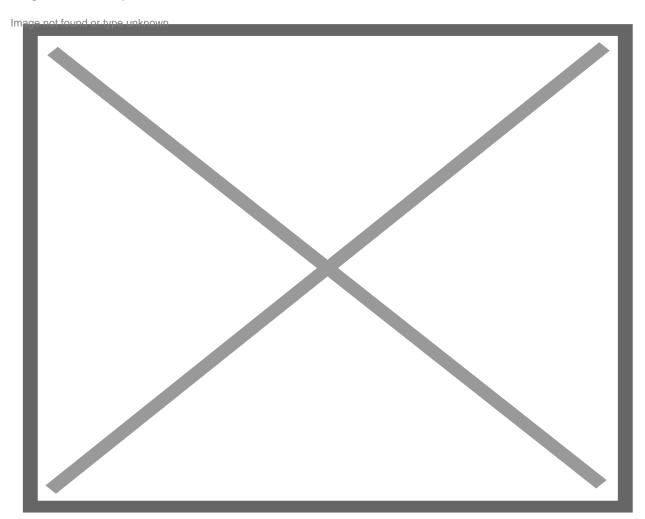
BVI Imposes Landmark 7 Percent Fee On Money Transfer Services; Opposition Says It Will Cripple Working Class

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BVI Prime Minister and Minister of Finance, Andrew Fahie By. BVI NEWS

Tortola, British Virgin Islands – A bill was passed in the British Virgin Islands House of Assembly Friday which imposes a 7 percent transaction fee on every dollar sent out of this territory by licensed money services providers.

This means that persons sending out money via Western Union and MoneyGram will be paying an extra fee to do so.

Premier and Minister of Finance Andrew A. Fahie piloted the Financing and Money Services (Amendment) Act, 2020 through the House and lauded his government for passing this legislation where previous governments failed.

This new measure is expected to come into immediate effect and will affect thousands of residents who generally flock to Western Union and MoneyGram to remit money back home.

The BVI is home to persons from over 100 nationalities and according to the 2010 Population Census, there were a total of 28,054 persons residing in the Virgin Islands — 61 percent of whom were born outside of the territory. That census indicated that the majority of expatriates were from Guyana, St. Vincent and the Grenadines and Jamaica.

Mr. Fahie related that every year, millions of dollars leave these islands by way of money transfer services and government does not benefit financially.

He said in 2019, the figure was close to \$89 million, \$88 million in 2018 and in 2017 — even as the BVI was devastated by Hurricanes Irma and Maria — the approximate figure was close to \$58 million.

"Well, the argument might be well they paid tax, so why tax them twice, but I ask you, is it a tax and I ask of you, how do we know that they paid all their taxes," the Finance Minister posited. "We have a problem in this country right now where persons are working on a work permit and working three or four jobs..which is illegal. How do we know we are getting our fair share as a government?"

He said he does not expect everyone will be eager to pay the fee and as such, to deter persons from engaging in unauthorized money service or financing activities to try and circumvent payment, amendments were made to the bill to enhance administrative penalties.

The BVI leader said as the territory matures, the demands on its social, economic and financial sectors have grown multi fold as it continues to compete in an era of globalization. He said there has long been a need to cushion the BVI's social and economic infrastructure against usual and conventional strains.

The plan is to have these money transfer companies collect from the senders and transfer the money to the Financial Services Commission, which then goes into a special government fund earmarked for various national development initiatives.

"For every dollar that's sent out, we're saying leave 7 cents with us...for every thousand dollars that's sent out, the government is saying...leave \$70 with us," Mr. Fahie said.

Mr. Fahie said this money will be split equally, 20 percent each, to benefit the seniors, educational programs the agriculture industry, fisheries and the land bank and first-time homeowners.

The bill was met with resistance from District 2 Representative Melvin Mitch Turnbull, who sits on the opposition side of the House of Assembly. He said this would cripple these families who already have several fees tacked on in order to send this money.

Mr. Turnbull proposed other revenue generating measures for the government, which would include collecting from persons who owe income taxes, social security and national health insurance and cutting back on hiring external consultants.

"Putting a tax of an additional 7 percent on persons who've already paid their dues, Mr. Speaker, I think we should reconsider this, stand with the people in mind and leave the politics behind," he said.

Leader of the Opposition Marlon Penn said this clearly meets the definition of a tax on these people.

He said he has difficulty with the methodology and timing of this bill, saying the focus should be to address the objective of money leaving the territory as opposed to singling out segments of persons who are now struggling because of COVID-19.

"Mr. Speaker, I put it to you that between \$1.1 and \$1.6 billion leaves this country on an annual basis through the banking system, the trust industry and various means (and) we are here going after working class persons who most of them make \$7 an hour," Mr. Penn argued. "We have to find another way."

He contended that predominantly, it's the working class who will bear the brunt of this legislation.

The bill was examined clause by clause during committee stage and was passed with amendments around 9:50pm.

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