

The Virgin Islands Consortium

VI Government Wins Lawsuit Filed By HOVIC In New York

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ST. THOMAS -- The Government of the Virgin Islands (GVI) won an important case levied against it by HESS Oil Virgin Islands Corp. (HOVIC) & Subsidiaries, accusing the government and the Bureau of Internal Revenue (BIR) of seeking to recover overpayments in income taxes to the BIR.

According to the opinion, in April 2011, HOVIC filed amended tax returns for 2006 and 2007, seeking a total refund of approximately \$84 million based on a carryback of tax losses incurred in the 2008 and 2009 years. HOVIC filed one tax refund claim for 2006, and two claims for 2007, however BIR denied all of the claims.

HOVIC filed its action on December 24, 2014, and the GVI filed a motion to dismiss the complaint on March 16, 2015. HOVIC then moved to file a motion to stay the proceedings, along with an opposition to the motion to dismiss, on April 2, 2015.

But the United States Southern Court District of New York, where the case was heard, sided with the GVI's argument that the suit should be heard in the territory, opining that Virgin Islands does not qualify as "the United States" in this particular tax-related matter, as the territory, like Guam, Puerto Rico and others, remains an unincorporated property of the United States, with a "unique taxation scheme."

In responding to the victory, Governor Kenneth Mapp said he was elated by the news, and that he would continue to fight for residents of the territory.

"I will continue to fight on behalf of the people of the Virgin Islands and for the Territory's best interests," he said.

The GVI had sought dismissal of the HOVIC action on four grounds: lack of subject matter jurisdiction, lack of personal jurisdiction, lack of venue, and forum non conveniens, according to the opinion. However, because the Court concluded that it lacks subject matter jurisdiction, it did not reach the remaining grounds for dismissal.

Read the full opinion [here](#).