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DLCA No Longer Requiring Proof of Tax Clearance Before Issuing Business Licenses, in New Policy Aimed at Implementing 2020 Law

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Ernice Gilbert **February 18, 2022**

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A Dept. of Licensing and Consumer Affairs enforcement vehicle. By. V.I. CONSORTIUM

The V.I. Dept. of Licensing and Consumer Affairs, following a meeting last week has decided to commence the implementation of a law sponsored by former Senator Alicia Barnes whose aim is to simplify the process of getting a business license.

As part of the department's effort to achieve this, DLCA has dropped the requirement that businesses provide a tax clearance letter before being issued a business license, the Consortium was told on Feb. 7 by two people with intimate knowledge of the matter. DLCA Commissioner Richard Evangelista has since confirmed the new policy to the Consortium.

During a [Sept. 2019 hearing](#), Ms. Barnes said her goal was to “streamline antiquated government processes thus creating an environment for economic activity, entrepreneurship, and private sector growth.”

[Act 8258](#), signed into law by Governor Albert Bryan in Jan. 2020, amends Virgin Islands code "by requiring that business licenses be issued within ten business days." But the measure also authorizes DLCA to "hold show cause hearings, to refuse to issue, to revoke, or to suspend business licenses when regulatory requirements have not been met."

Prior to the law and up until this year, a business had to either be up to date with its taxes or on a payment plan before the issuance of a renewed license. However, following the meeting last week, DLCA decided to move forward with implementation, which department heads determined would include removing the tax clearance requirement, according one of the two people.

But the law's implementation does not mean that business owners should neglect their tax obligations, and there is clear language in the law that empowers the V.I. Bureau of Internal Revenue and DLCA to take action against delinquent businesses.

For example, a section of the law says the DLCA commissioner shall not issue a license to do business to any entity "where the Virgin Islands Bureau of Internal Revenue notifies the Commissioner that an applicant has failed to file and pay all taxes, penalties and interest applicable to the business or has failed to make an agreement to pay these obligations."

So while a business may be given its license without the need for a tax clearance letter through DLCA's new policy, it by no means gives a business authority to neglect its tax obligations.