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Proposed Global Minimum Tax Not Expected to Significantly Affect BVI, Says Financial Services Minister

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Officials in the British Virgin Islands aren't overly concerned about the global tax that is being proposed for the financial services sector.

That's the word from BVI Financial Services Minister Lorna Smith, who recently spoke to local journalists on the subject, saying that the territory does not have to worry.

"The BVI is the second largest hedge fund jurisdiction in the world – after the Cayman Islands," Ms. Smith explained, noting that investment funds, including hedge funds, were not targeted by the proposed tax. "The global minimum tax applies to only multinational enterprises with a global profit of 750 million euros (\$820 million). We have relatively few such companies," she

continued.

In response to increasing calls for a world-wide system that prevents the ultra-wealthy from sheltering their money in low-or no-tax countries, the Organization for Economic Cooperation and Development (OECD) is proposing a global minimum 15% effective corporate tax rate payable in each jurisdiction a company operates.

BVI Finance CEO Elise Donovan also spoke to the local press, explaining that tax authorities are being asked to individually examine the proposed measures with a goal of finding and adopting a workable solution. “It’s not a one-size-fits-all when it comes to the OECD global minimum tax,” said Ms. Donovan. “But the general consensus is that we all have to do an assessment to determine how we are going to move forward in this area.”

Recently, fellow offshore finance powerhouse Bermuda announced that it had begun the assessment process to ultimately adopt a corporate income tax in line with the OECD proposal. The plan in Bermuda is to mitigate the impact of the new tax with a host of new tax credits, to reduce companies’ net tax burden.

“We must attract and retain business in Bermuda, boost foreign investment, increase employment opportunities while expanding the workforce, and build our local economy to its fullest potential” said Bermuda Premier David Burt, who also holds the Finance portfolio, about the territory’s new tax policies.