

Introduction

The Commissioner of Inland Revenue is responsible to the Government of the Virgin Islands for the collection of taxes. The Inland Revenue Department (IRD), headed by the Commissioner, is staffed with various units (Administration, Assessment, Collection, Taxpayer Services, Valuation and Audit).

To assist you, our taxpayers, in becoming and remaining in compliance with Section 6 of the Property Tax Act, cap 207 and its various amendments, we have carefully prepared this guide for you.

Question: What is Property Tax?

An annual tax referred to as Land Tax payable on every acre or part of an acre of land in the territory, and an annual House tax payable on the assessed value of every house in the territory liable to pay such tax. Property Tax is simply the combination of Land Tax and House Tax.

Question: What Constitutes Land?

Land means any plantation, estate or other land whatsoever and whether cultivated or uncultivated.

Question: What Constitutes a House?

House means any dwelling house and any out-house or other building used in connection with a dwelling house and any shop, store, shed or any kind of building or tenement whatsoever and any house whether affixed to the soil or not and whether occupied or unoccupied.

NOTE: Every owner who erects any new building or re-constructs, adds to, enlarges or repairs any existing building, shall notify this department so that an assessment can be made prior to taking up occupancy.

Question: When did Property Tax come into effect?

On June 7th 2006 the principal act, i.e. The Land and House Tax Ordinance (cap 207) and the regulations were amended to replace land and house tax with one tax called Property Tax.

Question: How is Property Tax charged?

Property tax is charged in relation to land and house in the same way and at the same rate as land tax and house tax were previously charged, but there will only be one due date for payment of property tax i.e. September 1st yearly.

Question: How is Land Tax and House Tax charged?

Land tax is payable on every acre or part of an acre of land in the territory liable to pay such tax. House tax is payable on the assessed value of every house in the territory liable to pay such tax.

Question: Who pays Property Tax?

Every person who becomes the owner of any land or house or both land and house whether by purchase, lease, gift, devise, bequest, intestacy, or by any other means whatsoever.

Question: Who is exempt from Property Tax?

No Property tax is charged in respect of 1) Crown Property used exclusively for public purposes. 2) Any Hospital, asylum or other institution maintained out of the revenues of the territory. 3) Any property owned by a religious denomination and set apart and used solely for divine service and set apart and used as a residence for ministers of religion. 4) Community Centers. 5) Property used as or in connection with the schoolhouse or any school under the provision of the education act, 2004. 6) Any property lawfully used as a burial ground or cemetery. 7) Any right of way or an easement.

Question: What are the significant amendments to the Land and House Tax Ordinance?

Land tax and house tax are replaced with one tax i.e. "Property tax". Payment of property tax is due in September yearly rather than land tax in May and house tax in September. The grace period within which tax must be paid before penalty can be levied is extended from 60 days i.e. (May 1-31 Land)(September 1-30 house) to 90 days i.e. 1st September – 30th November yearly. Exemptions from property tax extend to burial grounds, cemeteries and right of ways/easements.

After 31st December yearly the Commissioner of Inland Revenue may sue persons in the Magistrate court for arrears of Property tax.

Question: What is the rate of penalty levied for non-compliance?

When Property tax is unpaid at 1st December, an additional sum at the rate of 20 per centum per annual on the amount payable is recovered with the tax payable and unpaid.

Question: Are there any other consequences for non-compliance?

An amendment to the stamp act in 2002 relates - No deed, document or writing which purport to transfer freehold or lease-hold property, or to create any mortgage, charge, Lien or other encumbrance thereon and are required to be stamped with stamp duty shall be stamped unless all property taxes have been paid in respect of the property to which the deed, document or writing relates.

Question: Lease of Crown Property- Who is responsible for the tax?

Where a person holds property under a lease from the government for a period of more than 1 year, the tax chargeable shall be recovered from the lessee i.e. the person who has leased the property from government.

Question: Liability of Co-Owners - What if the land is owned by one person and the house by another?

Where the owner of a building is not the owner of the land on which the building is erected, the tax shall be charged on and paid by the owner of the land in respect of the land and by the owner of the building in respect of the building.

Question: Liability of Co-Owners– Who is responsible in the case of property owned jointly?

Where the owners of property in respect of which tax is due are joint tenants or tenants in common, each of them shall be liable for the full amount of the tax, but the payment of the full tax by any of them discharges the liability of all of them.

Speak to Joint tenancy and co-ownership with expatriates!

Where property is in the ownership of more than one person by virtue of a joint tenancy or tenancy in common and more than 1/3 of the interest in the tenancy is in the ownership of an expatriate of expatriates the land shall be regarded as in the ownership of an expatriate.

Question: How is property ownership classified?

Land is classified and taxed according to the class of ownership to which it belongs, i.e. whether in the ownership of a British Virgin Islander, British Virgin Islands Company or an Expatriate

Definition:

British Virgin Islander means:

- (1) A person who is deemed to belong to the Virgin Islands under the Immigration and Passport Ordinance 1969; or
- (2) A British Virgin Islands company or settlement; or
- (3) A person who has owned land in the British Virgin Islands for a continuous period of not less than 20 years immediately prior to the commencement of the land and house tax ordinance

British Virgin Islands Company means:

- (1) All the directors are British Virgin Islanders; or
- (2) At least 2/3 of the votes exercisable or would be exercisable at any meeting of the company are beneficially vested in persons who are British Virgin Islanders; or
- (3) A company having a share capital, at least 2/3 of the shares are beneficially vested in persons who are British Virgin Islanders; or
- (4) A company not having a share capital, at least 2/3 of the members are British Virgin Islanders.

Expatriate means:

Any person who is not a British Virgin Islander or a non-British Virgin Islands Company

Question: What is the Rate of Property Tax? Land and House

Rate of Land Tax:

(1) *Where the land is in the ownership of a British Virgin Islander or BVI Company:*

On the first acre or part thereof \$10.00 Part acre counting as 1 acre. On each acre thereafter or part thereof \$3.00.

(2) *Where the land is in the ownership of an expatriate:*

Half acre or less \$50.00; greater than half acre but not in excess of 1 acre \$150. Any additional acre of part thereof is an additional \$50.00

Rate of House Tax:

(1) House tax is charged at the rate of one and one half percent per annum on the notional annual income value of the house.

Notional Annual Income Value means:

An amount not in excess of the rent, which that property might be reasonable, expected to yield from year to year.

Question: What factors are considered when fixing the notional annual income value or assessed value of a house?

In fixing the notional annual income value the assessor shall have due regard to the general situation and type of the building, purpose for which it is used, State of repair, locality, size, and such economic factors as the prevailing level of prices in general and rents in particular, the degree of inflation (if any) reflected in current price levels and the comparative values of houses similar in character, use and location. *See Note.*

Question: What is the assessment list, how and when is it prepared?

The assessment list contains all the particulars with reference to the assessment or re-assessment of property and this is a list that is prepared yearly. Such particulars as names, location or place, type of construction, usage, acreage, and tax due form a part of the assessment list. The assessment list provides for notification to all property owners or agents and may be viewed at the 1) Inland Revenue Department at the Central administration Complex on Wickhams Cay II, 2) Inland Revenue Department at the Vanterpool Administration Complex on Virgin Gorda. Lists can also be viewed at the post office and sub post offices throughout the BVI in addition to other public places. The assessment list is prepared yearly approximately two months prior to the collection of the tax.

Question: Who may object to an assessment, when and how is this done?

Any owner of a property or an agent may file an objection against an assessment. The Owner or agent is required to appear before the magistrate at the courthouse in Virgin Gorda in respect of property on Virgin Gorda and surrounding Cays and at the courthouse in Road Town for property on Tortola and other islands. The assessment list states the dates and time of both hearing of objections. At both hearings the magistrate inquires into the assessment, hears and determines objections and confirms, alters or amends the assessment list as is necessary. Any owner who is not in agreement by a determination of the magistrate may appeal to the court of appeal.

The magistrate having approved the assessment list, that assessment/ tax is due and payable.

Question: Property tax payments. Where can payments be made? When should payments be made? How could Payments be made?

All payments may be made at the Inland Revenue Department, Central Administration Complex. Payments with respect to Virgin Gorda may be made at the Inland Revenue Department's office in Virgin Gorda at the Vanterpool Administration Complex. Properties on Anegada and Jost Van Dyke may be made at the respective district offices. During the month of September payments in respect of property on the western end of Tortola i.e West End and Mount Sage sections and East End and Long Look sections may be made at the respective sub post offices.

All Property tax for the current calendar year is due and payable on September 1st. These payments should therefore be made between September 1st and November 30th at which time no penalty will be charged. All property tax in arrears can be made at the Road Town office, Virgin Gorda office, Anegada district office and Jost Van Dyke District office all year round.

Payment can be made in person or post by cheque, cash or credit card.

Enquiries

For more information, please contact the Inland Revenue Department at:

Telephone: 284-468-3701 ext. 2155

Fax: 284-494-6516

Email: bvitaxes@gov.vg

Website: www.ird.gov.vg

Visit the office at:

Central Administration Building

BVI Government

33 Admin Drive

Wickham's Cay I, Tortola

8:30 a.m. to 4:30 p.m.

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Your Guide To Property Tax



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