

No. of 2021

**VIRGIN ISLANDS**

**ECONOMIC SUBSTANCE (COMPANIES AND LIMITED  
PARTNERSHIPS) (AMENDMENT) ACT, 2021**

**ARRANGEMENT OF SECTIONS**

*Section*

1. Short title.
2. Section 2 amended.
3. Section 12 amended.

**I Assent**

**Governor**  
**, 2021**

**VIRGIN ISLANDS**

**No. of 2021**

A Bill for

An Act to amend the Economic Substance (Companies and Limited Partnerships) Act, 2018 (No. 12 of 2018).

[Gazetted , 2021]

ENACTED by the Legislature of the Virgin Islands as follows:

Short title.

**1.** This Act may be cited as the Economic Substance (Companies and Limited Partnerships) (Amendment) Act, 2021.

Section 2  
amended.  
No. 12 of 2018

**2.** The Economic Substance (Companies and Limited Partnerships) Act, 2018 (hereinafter referred to as the principal Act) is amended in section 2 in the definition of “limited partnership” by deleting the words “or a limited partnership where the general partners have elected pursuant to either section 8(2)(b) or section 67(1)(c) of the Limited Partnership Act, 2017 that the limited partnership shall not have legal personality, or where the limited partnership does not have legal personality for any other reason”.

Section 12  
amended.

**3.** Section 12 of the principal Act is amended as follows:

- (a) in subsection (2) by deleting the words “five thousand dollars” and substituting with the words “five hundred dollars”;
- (b) in subsection (7) by deleting the words “to strike the legal entity off the Register of Companies or Register of Limited Partnerships, as appropriate” and substituting with the words “that the legal entity be wound up”; and

- (c) in subsection (8) by deleting the words “requiring it to strike the legal entity off the Register of Companies or the Register of Limited Partnerships, as appropriate” and substituting with the words “requiring it to wind up the legal entity”.

Passed by the House of Assembly this day of \_\_\_\_\_, 2021.

Speaker.

Clerk of the House of Assembly.

## **OBJECTS AND REASONS**

This Bill seeks to amend the Economic Substance (Companies and Limited Partnerships) Act, 2018.

Clause 1 would prescribe the short title of the Act.

Clause 2 would amend the definition of Limited Partnerships in the principal Act. The definition is being amended to reflect the new requirements of the European Union to include Limited Partnerships which are formed and do have legal personality.

Clause 3 would amend section 12 of the principal Act:

- (1) By reducing the minimum penalty applied in section 12(2), currently regardless of the breach the minimum penalty is set to \$5,000.00. Having the penalty set at this level does not give the ITA room to apply a smaller penalty in cases where breach is very minor. This amendment seeks to amend that concern;
- (2) Given the pending changes to the strike off the regime, instead of the ITA seeking for the entity to be struck under section 12(7) and 12(8) the ITA will now be seeking for the entity to be wound up.

Minister of Finance