

Narrative Report on British Virgin Islands

British Virgin Islands is ranked at 20th position on the 2013 Financial Secrecy Index. This ranking is based on a combination of its secrecy score and a scale weighting based on its share of the global market for offshore financial services.

British Virgin Islands has been assessed with 66 secrecy points out of a potential 100, which places it in the mid-range of the secrecy scale (see chart 1).

British Virgin Islands accounts for less than 1 per cent of the global market for offshore financial services, making it a tiny player compared with other secrecy jurisdictions (see chart 2).

Part 1: Telling the Story

6 September 2013

Overview

The British Virgin Islands, a British Overseas Territory, is the world's leading centre for company incorporation, with a thriving industry selling corporate secrecy and over a million companies incorporated since landmark legislation was introduced in 1984. Of these, 459,000 were still actively trading at the end of 2012: about [40 per cent](#) of all offshore companies around the world according to [local data](#). The BVI is also a leading domicile for offshore trusts, the world's second largest hedge fund domicile after the Cayman Islands, and one of the world's largest domiciles for captive insurance.

The secrecy provided by the BVI is usually obtained through its lax, ask-no-questions regime particularly for company incorporations, where for a small fee it is possible to shield beneficial owners and controllers of assets behind 'nominee' company agents (for more information, see [here](#)). The IMF [estimated in 2010](#) that BVI companies hold \$615 billion in assets, but because of tight secrecy the true figure is unknowable and is likely to be much higher¹. The BVI has almost no tax: no effective income tax, no capital gains tax, no inheritance taxes, no gift taxes, sales taxes or even value added taxes. It raises income mainly through payroll taxes, land taxes and various fees. This is a classic 'tax haven' pattern: put crudely, it means exempting foreign capital from tax, and taxing local residents instead.

Chart 1 - How Secretive?

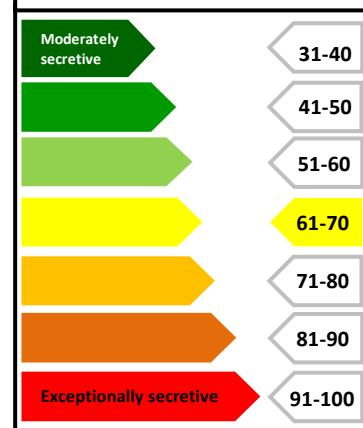
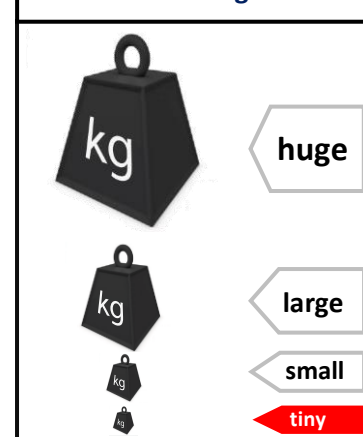


Chart 2 - How Big?



The BVI's popularity is often ascribed to it being regarded as an 'efficient' centre for incorporating companies and setting up trusts. For example, companies can be set up at low cost, and typically in less than 24 hours. 'Efficiency' in this case, however, stems above all from the BVI's ask-no-questions approach, which allows users to sidestep criminal laws, taxes, disclosure rules, financial regulation, or corporate governance statutes in their own jurisdiction. This 'efficiency' has translated into effective *carte blanche* for BVI companies to hide and facilitate all manner of crimes and abuses, worldwide.

The BVI is one of the world's most important (and most damaging) tax havens, and the fact that it is not higher on TJN's Financial Secrecy Index substantially reflects the fact that -- unlike Singapore or Switzerland, for instance -- the BVI is not a banking centre holding assets locally ([it had](#) just \$2.5 billion in assets in 2010). It is, most importantly, a centre for company incorporation. The assets owned by those companies and trusts are elsewhere and hidden, so they cannot be measured, and are thus not properly reflected in our weighting. The FSI therefore underplays the BVI's true importance in the offshore world. It has become clear to us at TJN that scandal after scandal after scandal has been found to have a BVI link, so much so that when a new one emerges we often scan the relevant documents for "BVI" to see if it's involved: more often than not, it is.

On account of the size and secretiveness of its offshore incorporation business, and its close constitutional and legal links to the UK, Lord Oakeshott, a former UK Treasury spokesman, [said](#) that the BVI "stains the face of Britain."

How the BVI became a secrecy jurisdiction

The modern offshore industry in the BVI has its origins in a Double Tax Agreement between Britain and the United States, which was extended to various former British colonies including the BVI. By the 1970s, this was producing some modest income for the BVI.

Many multinationals were evading or avoiding U.S. taxes through treaty shopping, primarily via the Netherlands Antilles, which in those days had a lenient tax Double Tax Agreement with the United States and was the pioneer in this area. Normally, if a U.S. corporation borrowed directly from overseas (particularly from the unregulated, London-focused Eurodollar market,) the foreign lender would pay a 30% withholding tax to the U.S. government on the interest income on that loan. But if they borrowed via a Netherlands Antilles company, the U.S.-Antilles treaty exempted the lender from the withholding tax.

The use of Antillean finance subsidiaries grew explosively in the 1970s and 1980s, yet many players were unhappy with having to use the Dutch language and legal system. A New York law firm, [Shearman and Sterling](#), began to market the BVI as an alternative to the Antilles, and business soon grew -- though the BVI never came close to rival the Antilles in importance.

Lift off: the International Business Companies Act of 1984

In 1981 the United States terminated the double tax agreement (DTA) with the BVI, as part of a wider policy of repealing its DTAs with tax havens, due to [generic concerns](#) over tax evasion. The islands began searching for an alternative offshore model. Shearman and Sterling, already established on the islands, were called in to draft new legislation, which took the form of the International Business Companies (IBC) Act 1984, a libertarian, lax and permissive corporate regime.

On the one hand, any company incorporated under the IBC Act was prohibited from trading or conducting business with residents of the British Virgin Islands – i.e. it was restricted to international business – and in exchange the company was exempt from all BVI taxes and even stamp duty.

On the other hand, the Act gave owners and controllers of BVI IBCs tremendous leeway to act as they pleased: so much so that it was considered quite radical even for offshore legislation. For example, it allowed corporate redomiciliation (that is, companies could rapidly change corporate domicile) allowing companies to disappear suddenly if, for example, tax or criminal authorities came looking. It abolished the legal concept of *ultra vires* (under which companies are permitted to act only within their stated corporate objectives, but no further). In fact, companies were no longer required to have any stated corporate objectives at all. It heavily curtailed normal requirements of corporate benefit, where directors are required to use their powers for the commercial benefit of the company and its members.

BVI IBCs were also only required to keep records “[as](#) the directors consider necessary” and companies were also, of course, able to serve as powerful secrecy vehicles, particularly by using ‘nominee’ directors (or [nominee shareholders](#)) who could be individuals or corporations, and who would act as the public face of the IBC. The nominees would appear in any registration documents, while the true owners – those with the power to enjoy the use of the assets or incomes flowing from those assets - would remain hidden. The agents [may also claim](#) they have no knowledge of the real buyer of the company, because they took all their instructions from a so-called ‘introducer,’ who may be based in yet another country, such as Cyprus or Panama. The IBC Act also allowed bearer shares, regarded as particularly pernicious because these shares are ‘owned’ by the person who literally holds them in his or her hands – and are therefore effectively untraceable.

BVI: the captured state

In many of its aspects the IBC Act was modelled strongly on Delaware law, because the U.S. was the main market for BVI companies at the time and because of Shearman and Sterling’s heavy U.S. focus. The draft was further refined, however, by the then Attorney General,

Lewis Hunte, and by partners at the local law firm Harney, Westwood & Riegels, which helped turn it into a hybrid incorporating many aspects of British common law systems. The IBC Act became law on August 15th, 1984, after no public debate: in fact it went through the legislature in just one day ([p19 of the 2009 Hedge Funds Review BVI Supplement](#).) The BVI premier at the time, Ralph O’Neal, declared that “I have read this Bill and cannot even see a misplaced comma. **I do not see the need for any debate.**”

Our emphasis is added here, to highlight BVI’s status as a ‘[captured state](#)’: a pattern that we have found in secrecy jurisdiction after secrecy jurisdiction. Time and again, crucial, transformative legislation is only discussed by a small coterie of financial insiders, with no genuine democratic participation either by local islanders or (of course) by those foreigners who are likely to be most affected by such legislation. This ‘capture’ is deepened by the fact that fees from company registrations, adding up to some \$180 million in 2011, account for some 60% of the total government budget. As *The Guardian* [put it](#):

“Injections of offshore cash have become a drug on which the BVI is hooked.”

Small-island politics, which makes it easy to build a ‘finance consensus’ means that serious criticism of the offshore sector inside the BVI is almost non-existent.

International developments boost BVI offshore sector

After a somewhat slow start the BVI IBC soon became wildly popular with offshore investors searching for deep secrecy, a permissive corporate regime, and the solidity of the half-in, half-out relationship with the United Kingdom with ultimate appeals up to the Privy Council in London. This provided the constitutional and legal bedrock to reassure investors that their money was safe and governed by a predictable legal system.

The IBC business got its first major international boost almost straight away when Panama, hitherto the market leader in secretive offshore companies, descended into political crisis in 1985, a turmoil that culminated with an invasion by the United States in 1990. The owners of offshore companies, including many Panamanian ones, flocked to transfer their business to the nearby BVI, considered a more stable, reassuringly British alternative. Banks, law firms and others piled into the BVI to set up trust and company administration companies providing agents to serve as trustees for trusts and nominee directors or shareholders for IBCs. Since they were serving merely as fronts for the real owners and decision-makers, they had few responsibilities for genuine oversight; and as in [many other offshore jurisdictions](#), this resulted in some nominees taking on many hundreds of directorships.

The IBC Act was so successful that it was soon copied widely by other offshore jurisdictions: according to [Wikipedia](#), the IBC Acts of Anguilla, the Bahamas and Belize were almost word for word copies of the BVI’s IBC Act. As in many larger tax havens, the BVI now benefits from

a ‘cluster effect’ which brings together a well-developed cadre of law firms and other expertise, a sophisticated court system, and a well-resourced company registry.

Although the BVI started off heavily focused on the United States, this focus soon began to expand. Plenty of business came from Latin America, and plenty more came from the former Soviet Union after the fall of the Berlin Wall in 1989 (and particularly after the rush of subsequent corrupt privatisations from the mid-1990s.) Typically, the assets themselves – an expensive apartment located in fashionable Chelsea, for instance – would be owned by a BVI IBC, whose true ownership was hard to penetrate. (An [investigation in 2013 for Vanity Fair](#) of the London apartment complex One Hyde Park, billed as the most expensive piece of real estate ever built anywhere on earth, revealed that roughly half of all the building’s 86 apartments were owned by anonymous BVI corporations.) Very often, a BVI holding company established on behalf of a Russian oligarch would own subsidiaries in Cyprus, which had a special tax treaty with Russia enabling them to get money in and out of the country, largely to escape tax – and scrutiny. By 1994, Euromoney magazine [was hailing](#) the BVI as “the world’s pre-eminent offshore corporate domicile” and the BVI hired a New York public relations firm to market its offshore sector.

The biggest surge in business by far, however, came not from the Russians but from the Chinese. This really took off in the early to mid-1990s, amid the looming handover of Hong Kong from British to Chinese rule in 1997, and fears that local property might be confiscated. Wealthy Chinese were shifting money and assets out to a wide array of secretive tax havens, but it was the visit of a BVI business delegation to Hong Kong in 1996, to showcase the islands’ offshore sector and its ‘superiority’ over other offshore havens, that cemented the islands’ status as the offshore jurisdiction of choice. As Naomi Rovnick reported for the *South China Morning Post* (SCMP) in 2011:

“A so-called satellite companies registry, replete with Chinese-language services, was temporarily established to help people set up BVI companies without leaving Hong Kong.

As they have grown richer, people on the mainland seem to have caught the BVI bug from their Hong Kong cousins.”

Since 2006 the BVI has ranked as the second largest foreign investor in mainland China after Hong Kong: according to official data ([p16 of the 2013 Congressional Research Service Paper](#)), the BVI accounted for nearly 10 per cent, or over US\$110 billion, of the cumulative foreign direct investment in China from 1979-2010; and it accounted for about US\$10.5 billion of new foreign direct investment in China in 2010: more than the U.S., Britain, France and Canada combined. A large share of this ‘foreign’ money is known to be round-tripped Chinese money, where local Chinese send their wealth offshore (often using ‘trade mispricing’ tricks), dress up that wealth in offshore secrecy, then return it to China illegally

disguised as foreign investment, partly in order to be able to access special tax and other privileges that are available to foreign investors, and partly for general anonymity. The same *SCMP* article reports:

“Mainland China has been a massive boost to our business,’ says a British tax lawyer based on Tortola. ‘Our [Chinese] clients say that you haven’t really arrived if you don’t have at least one BVI company to your name.’

Steve Dickinson, Qingdao-based head of the China practice at American law firm Harris & Moure, said: ‘The reason for this strong link between China and the BVI is a very simple form of tax avoidance.

‘If you take the money straight back into China you pay capital gains [or income] tax. If you leave it in the BVI, wait a while then send it back, it can be made to look to the authorities like it is a foreign investment, and you don’t pay tax on that.’

...

in practice, says Dickinson, ‘it’s pretty impossible for the Chinese government to tell whether a BVI company is a Chinese-controlled entity or a true foreign investor.’

...

Wealthy mainland businesspeople set up BVI companies to hold their stakes ahead of the stock market listings. But what they do with the money after that is seldom documented.

...

Peter Gallo, a former Hong Kong-based fraud investigator who specialised in tracing funds missing from Chinese companies, contends it is ‘entirely common’ for mainlanders seeking to launder the proceeds of corruption or attempting to subvert the mainland’s currency controls to use vehicles in places with strict secrecy laws, such as the BVI.”

According to one estimate ([p17 of the 2013 BVI International Finance Centre Report](#)), 60 to 70 per cent of the incorporation business in the BVI can be traced back to the political disruptions in Hong Kong and Panama in the 1980s, but the BVI also ‘services’ a number of other developing-country jurisdictions: for instance [in 2012](#) it was the sixth largest recipient of outward investment from India. A BVI official told us:

“I would imagine that U.S. business is round about 10 per cent, not more than 20. The U.S. and the U.K. are much smaller players. Latin America is coming to life, and the Far East are the big players now. The vast majority is Far East related.”²

Trusts

The BVI is also an important jurisdiction for trusts (see our primer on trusts, [here](#)). The BVI's focus is on high net worth individuals. Most BVI trusts are [discretionary trusts](#), according to local practitioners, but it also includes charitable trusts, non-charitable purpose trusts and others. The best-known trust vehicle is the so-called VISTA trust which, in the same spirit as the laissez-faire corporate regime, gives [wide powers](#) to the settlor (the initial contributor of assets). This effectively allows the settlor to have their cake and eat it: they get to legally separate themselves from the assets (and thus are shielded from related taxes and scrutiny) yet they still exert a significant measure of control.

Trust law is derived from English trust law, and before 1993 trust deeds and subsidiary documents had to be registered and filed - but the 1993 Trustee Amendment Act created a wide variety of exemptions ([p1 of the Act](#)) to that, deepening secrecy.

The BVI Business Companies Act (2004) and other legislation

Over the years the BVI complemented its flagship IBC Act with other legislation, perhaps most notably its Mutual Funds Act of 1996, again combining Delaware and British (and other) offshore legislation to create a unique BVI-styled hybrid, which brought many mutual and other funds to incorporate on the islands.

In the late 1990s the OECD and other international institutions began a mild crackdown on tax havens, singling out jurisdictions such as the BVI that had 'ring-fenced' their offshore sectors from the rest of their economies, as a marker for abusive practices ('ring-fencing' is done to protect one's own economy from the sector, which amounts to a tacit recognition that the sector is harmful).

The BVI responded by replacing the IBC Act with the BVI Business Companies Act, 2004, which came into full force in January 2007 and has been amended [several times](#) since. The main highly permissive aspects of the original legislation remained firmly in place: for example, there is no requirement for companies to publicise their incorporation, and no regulatory pre-approval is required. The register of directors and register of members is not publicly available, and there is no requirement to file public accounts.

The regime continues to offer, [according to](#) Audrey Robertson of Conyers, Dill & Pearman, "a high degree of commercial confidentiality," and the U.S. State Department noted in 2011:

"BVI's unique share structure that does not require a statement of authorized capital as well as the lack of mandatory filing of ownership, pose significant money laundering risks. . . . there appears to be no effective mechanism to ensure compliance with [money laundering] requirements"

Usually, the best that can be obtained from public information is the name of a company's agent, which gives no clue as to who is really controlling the company or who enjoys use of its assets and income streams. Even when contacted, however, agents [may only be](#) able to provide the names of sham nominee directors, shareholders or 'introducers', based in jurisdictions such as Nevis, Vanuatu or Dubai, where the British legal system is powerless. Often, BVI companies are held by a trust in such locations, making secrecy even stronger.

Some improvements?

Like other tax havens, the BVI has been forced by international pressure to provide legal gateways through which it is sometimes possible to squeeze information. However, obtaining information often requires hefty work in BVI courts, requiring pre-existing evidence of criminal fraud, so only small trickles of information ever flow through these narrow pipes, and while powerful countries might be able to obtain information, others find their requests for information are blocked or ignored. One of these pipes is a China-BVI tax information exchange agreement, signed in 2010. The same *SCMP* investigation reports:

"Gallo's response? 'Ha ha!', he scoffs. 'They are probably now being told by their BVI counterparts that the owner of a BVI company is an anonymous Cayman Islands company.' (Cayman companies don't have to say who their shareholders are either.)"

In January 2012 the BVI [switched](#) to automatic information exchange under the European Union's Savings Tax Directive, providing automatic information exchange on bank interest income, but this had little impact since the BVI is not a banking centre but primarily a company incorporation centre. As the IMF notes:

"Companies undertake all of their financial activities outside of the BVI, which is to say that money and transactions do not flow through the BVI, unlike in other offshore centers."

There has been some limited improvement in tightening up regulations to improve information exchange, but still in 2011 the OECD Global Forum questioned "whether beneficial ownership information of companies and of trusts is always available." The Offshore Leaks scandal (see below) confirms that BVI operators have been routinely disregarding legal requirements, with little or no penalty. For example, in the world-famous Magnitsky case, in which BVI companies were heavily implicated, [a report](#) from the International Consortium of Investigative Journalists (ICIJ) notes of the BVI Trust Company Commonwealth Trust Limited (CTL):

"CTL often failed to check who its real clients were and what they were up to. . . The documents show authorities in the British Virgin Islands failed for years to take

aggressive action against CTL, even after they concluded the firm was violating the islands' anti-money-laundering laws."

CTL got much of its business from "master clients" — lawyers, accountants and other middlemen in Russia, Cyprus and elsewhere, handing over its 'due diligence' checks to them, thus providing an open door for money laundering. An internal CTL email said:

"the larger we grow the more clients we have and the more clients we have the more likely one of the clients is to cause some difficulty . . . but there is little we can do about that unless we wish to stop growing."

Under strong international pressure, in 2008 the BVI regulator ordered CTL to stop taking on new clients – and in 2009 CTL sold itself to a Dutch company, which [prompted](#) the BVI's Financial Services Commission to lift the ban.

British Crown Dependencies and Overseas Territories have increasingly become the focus of international litigation for settling high-value commercial disputes, and the BVI's role was boosted in 2009 when it set up a commercial court to settle these disputes, with a final right of appeal to the Privy Council in London. This has seen plenty of action in the aftermath of the global financial crisis – BVI vehicles were heavily implicated in the collapse of Bernard L Madoff Investment Securities LLC, a fraudulent Ponzi scheme that lost its investors billions. Russian oligarchs, an especially litigious crowd, have extensively used the BVI (and British) courts to settle disputes.

Threats to the sector: austerity, FATCA, Offshore Leaks, and more.

Since the global financial crisis erupted in 2008, the BVI has suffered some damage to its offshore sector. As in many secrecy jurisdictions, a decline in business due to the crisis and investors' generally increased skittishness about offshore finance has contributed to BVI government deficits, estimated at US\$51 million in 2012, equal to nearly 20 per cent of total revenues.

At the heart of this is generalised public pressure in many austerity-parched countries to address tax evasion by wealthy individuals and corporations, resulting in the beginnings of sustained international action against tax havens.

In this context, a range of international initiatives and events are now starting to impact the BVI.

One is the United States' Foreign Account Tax Compliance Act (FATCA,) which requires all foreign financial institutions to provide beneficial ownership information for all accounts and income for U.S. taxpayers, and to 'look through' entities and arrangements such as trusts

and companies, wherever in the world they are – including, of course, the BVI. FATCA is built on a powerful principle whereby international financial institutions are effectively recruited to serve as agents in the fight for tax transparency. Initially FATCA was a unilateral U.S. project, but the U.S. has started signing bilateral agreements with a number of countries, which provide for reciprocal transparency and adapt FATCA for local laws. The BVI has signed a “Model 1B” version of FATCA, which requires the financial institutions not to report directly to the taxpayer’s home country (such as the United States) but instead to report it to the BVI government, which then passes it on. Given the BVI’s role as the quintessentially ‘captured’ state, it is hard to imagine that this information exchange will run at all smoothly or comprehensively. Captured financial states have made a business model out of selectively disregarding their own laws when financial interests of the elites are at stake. It is likely that powerful countries like the U.S. and U.K. will receive some co-operation, while weaker and more vulnerable countries will continue to be snubbed.

Another rolling series of events that has impacted the BVI is the so-called “[Offshore Leaks](#)” scandal, where the U.S.-based International Consortium of Investigative Journalists (ICIJ) obtained a computer hard drive containing 260 gigabits of offshore data containing about 2.5 million files originating in 10 offshore jurisdictions, including the BVI, the Cook Islands, Cyprus and Singapore. It included details of more than 122,000 offshore companies or trusts, nearly 12,000 intermediaries (agents or ‘introducers’), and about 130,000 records on the people and agents who run, own, benefit from or hide behind offshore companies. The largest number of ‘clients’ were from China, Taiwan and Hong Kong, followed by the former Soviet republics. The ICIJ collaborated with over 80 journalists from 46 countries to analyse the data.

Much of ICIJ’s data involved [two offshore firms](#), Singapore-based Portcullis TrustNet and BVI-based Commonwealth Trust Limited (CTL), which have helped tens of thousands of people set up offshore companies and trusts and hard-to-trace bank accounts. Orlando Smith, BVI Premier and Finance Minister, [said](#) that the ICIJ data was “a small fraction” of the total number of BVI firms, and was quoted in the *South China Morning Post* as saying:

“We want to reassure clients in Hong Kong and the region that this is an isolated incident. We remain committed to clients’ privacy and confidentiality.”

Amidst all this, the United Kingdom has come under sustained pressure from civil society organisations, as well as foreign governments, to curb the financial excesses and crimes being operated out of its Crown Dependencies and Overseas Territories. In May 2013, the U.K. Treasury announced that Anguilla, Bermuda, the British Virgin Islands, Montserrat and the Turks and Caicos Islands had followed the Cayman Islands by agreeing to share information automatically with Britain, France, Germany, Italy and Spain. Details are not yet available although public statements so far raise [a number of serious concerns](#), suggesting that the moves will only have limited impact on jurisdictions like the BVI: the focus appears

above all to be on ‘bank accounts’ – and given that the BVI is not a banking centre but a company incorporation centre and offshore trust jurisdiction, it is possible, even likely, that the BVI will continue to operate as a major secrecy jurisdiction, with relatively little disturbance.

Sources

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Web links and further reading

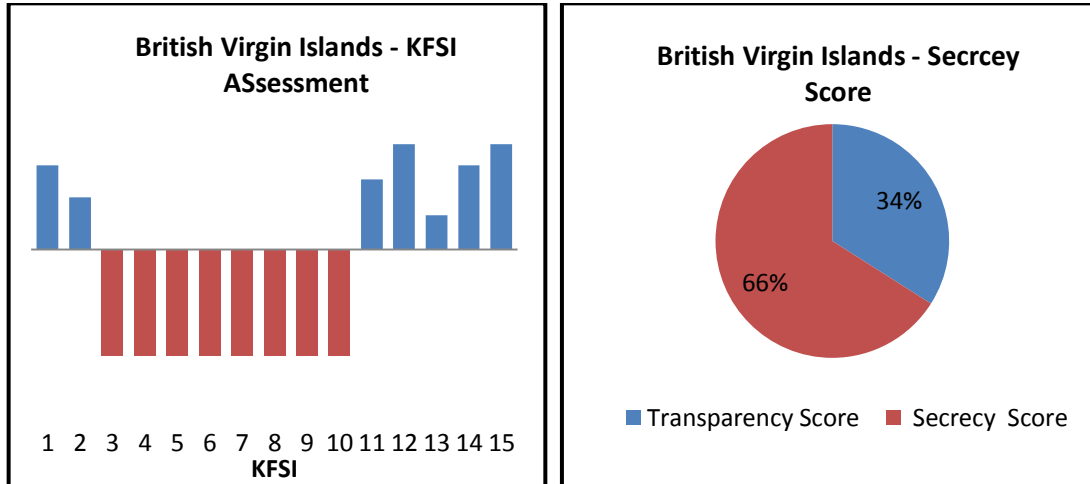
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Next steps for British Virgin Islands

British Virgin Islands’ 66 per cent secrecy score shows that it must still make major progress in offering satisfactory financial transparency. If it wishes to play a full part in the modern financial community and to impede and deter illicit financial flows, including flows originating from tax evasion, aggressive tax avoidance practices, corrupt practices and criminal activities, it should take action on the points noted where it falls short of acceptable international standards. See part 2 below for details of the British Virgin Islands’ shortcomings on transparency. For an overview of how each of these shortcomings can be fixed see this link <http://www.financialsecrecyindex.com/kfsi>.

Part 2: Secrecy Scores

The secrecy score of 66 per cent for the British Virgin Islands has been computed by assessing the jurisdiction’s performance on the 15 Key Financial Secrecy Indicators, listed below.



The numbers on the horizontal axis of the bar chart on the left refer to the Key Financial Secrecy Indicators (KFSI). The presence of a blue bar indicates a positive answer, as does blue text in the KFSI list below. The presence of a red bar indicates a negative answer as does red text in the KFSI list. Where the jurisdiction’s performance partly, but not fully complies with a Key Financial Secrecy Indicator, the text is coloured violet in the list below (combination of red and blue).

This paper draws on key data collected on the British Virgin Islands. Our data sources include regulatory reports, legislation, regulation and news available at 31.12.2012³. The full data set is available [here](#)⁴. Our assessment is based on the 15 Key Financial Secrecy Indicators (KFSIs, below), reflecting the legal and financial arrangements of the British Virgin Islands. Details of these indicators are noted in the following table and all background data can be found on the [Financial Secrecy Index website](#)⁵.

The Key Financial Secrecy Indicators and the performance of the British Virgin Islands are:

TRANSPARENCY OF BENEFICIAL OWNERSHIP – British Virgin Islands	
1.	Banking Secrecy: Does the jurisdiction have banking secrecy? British Virgin Islands does not adequately curtail banking secrecy

2.	Trust and Foundations Register: Is there a public register of trusts/foundations, or are trusts/foundations prevented? British Virgin Islands partly discloses or prevents trusts and private foundations
3.	Recorded Company Ownership: Does the relevant authority obtain and keep updated details of the beneficial ownership of companies? British Virgin Islands does not maintain company ownership details in official records
KEY ASPECTS OF CORPORATE TRANSPARENCY REGULATION – British Virgin Islands	
4.	Public Company Ownership: Does the relevant authority make details of ownership of companies available on public record online for less than US\$10/€10? British Virgin Islands does not require that company ownership details are publicly available online
5.	Public Company Accounts: Does the relevant authority require that company accounts are made available for inspection by anyone for a fee of less than US\$10/€10? British Virgin Islands does not require that company accounts be available on public record
6.	Country-by-Country Reporting: Are all companies required to comply with country-by-country financial reporting? British Virgin Islands does not require country-by-country financial reporting by all companies
EFFICIENCY OF TAX AND FINANCIAL REGULATION – British Virgin Islands	
7.	Fit for Information Exchange: Are resident paying agents required to report to the domestic tax administration information on payments to non-residents? British Virgin Islands does not require resident paying agents to tell the domestic tax authorities about payments to non-residents
8.	Efficiency of Tax Administration: Does the tax administration use taxpayer identifiers for analysing information efficiently, and is there a large taxpayer unit? British Virgin Islands does not use appropriate tools for efficiently analysing tax related information

9.	<p>Avoids Promoting Tax Evasion: Does the jurisdiction grant unilateral tax credits for foreign tax payments?</p> <p>British Virgin Islands does not avoid promoting tax evasion via a tax credit system</p>
10.	<p>Harmful Legal Vehicles: Does the jurisdiction allow cell companies and trusts with flee clauses?</p> <p>British Virgin Islands allows harmful legal vehicles</p>
INTERNATIONAL STANDARDS AND COOPERATION – British Virgin Islands	
11.	<p>Anti-Money Laundering: Does the jurisdiction comply with the FATF recommendations?</p> <p>British Virgin Islands partly complies with international anti-money laundering standards</p>
12.	<p>Automatic Information Exchange: Does the jurisdiction participate fully in Automatic Information Exchange such as the European Savings Tax Directive?</p> <p>British Virgin Islands participates fully in Automatic Information Exchange</p>
13.	<p>Bilateral Treaties: Does the jurisdiction have at least 46 bilateral treaties providing for information exchange upon request, or is it part of the European Council/OECD convention?</p> <p>As of 31 May, 2012, British Virgin Islands had less than 46 tax information sharing agreements complying with basic OECD requirements</p>
14.	<p>International Transparency Commitments: Has the jurisdiction ratified the five most relevant international treaties relating to financial transparency?</p> <p>British Virgin Islands has partly ratified relevant international treaties relating to financial transparency</p>
15.	<p>International Judicial Cooperation: Does the jurisdiction cooperate with other states on money laundering and other criminal issues?</p> <p>British Virgin Islands cooperates with other states on money laundering and other criminal issues</p>

¹ Given that a single apartment building in London, One Hyde Park, contains sales of \$775 million worth of apartments registered in the name of BVI companies (plus others held by companies incorporated elsewhere and owned by BVI companies) – combined with the fact that UK users are a small minority of the overall pie – this particular fact suggests that the true figure is likely to be far higher than the IMF’s estimate: quite possibly in the trillions. (Calculations provided for the FSI by Nicholas Shaxson, author of [Vanity Fair investigation into One, Hyde Park](#), based on published UK land registry data.)

² Nicholas Shaxson’s interview with a veteran BVI official, who wished to remain anonymous.

³ With the exception of KFSI 13 for which the cut-off date is 31.05.2013. For more details, look at the endnote number 2 in the corresponding KFSI-paper here:

<http://www.financialsecrecyindex.com/PDF/13-Bilateral-Treaties.pdf>.

⁴ That data is available here: <http://www.financialsecrecyindex.com/database/menu.xml>.

⁵ <http://www.financialsecrecyindex.com>.