



INCORPORATION OF BRITISH VIRGIN ISLAND BUSINESS COMPANIES

Advantages of a Business Company Limited by Shares (BVIBC)

BVIBCs are not subject to any income tax and they do not have to file annual reports or tax returns.

BVIBCs are not required to state the objects or purposes for which the company is formed in the memorandum of association, but it can do so if desired. They may carry out any lawful business purposes. However, companies that wish to do business in the BVI must still obtain any necessary trade licenses.

There is a minimum requirement of only one shareholder and one director;

Directors and shareholders may be natural persons or corporations and do not need to be residents of the British Virgin Islands;

Shares may be issued to bearer or in registered form. However bearer shares must be deposited with a custodian authorized or recognized by the BVI Financial Services Commission (FSC). Bearer shares not deposited with a custodian are immobilized and the rights attaching to them are disabled and any transfer of the certificate is void. The custodian becomes the member of the company but the beneficial ownership of the shares remains with the intended bearer. In other words, the custodian is the legal bearer of the share, but holds the shares only for the benefit of the person who deposits those shares with the custodian.

Board meeting can be held anywhere in the world and can be conducted by phone;

Companies are not required to state in the memorandum of association an authorized capital; they must simply establish the maximum number of the shares that the company is authorized to issue.

The names of Directors, Officers and shareholders do not have to be registered at any public records.

A BVIBC may transfer its domicile and "continue" as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands; if permitted to do so by the laws of the foreign jurisdiction.

Neither the minute's book nor the share register need be issued or certified by any authority of the British Virgin Islands;



It is not necessary to hold Directors or shareholders meetings annually or at any other particular interval.

Incorporation of a BVIBC

The Memorandum and Articles of Association are signed by the first registered agent as incorporator, who reside in the British Virgin Island, and are then submitted for registration with the Registrar of Companies. The incorporation process is completed in approximately five days. We also have shelf companies readily available for immediate use by the client.

Management of a BVIBC

1. Directors and Officers.

A Board of Directors consisting of least one Director manages the business and affairs of a BC. Directors may be corporations or individuals and need not be residents of the British Virgin Islands.

The first registered agent of the company appoints the first Directors. Thereafter, Directors will be elected by the shareholders. However, vacancies, which arise in the Board of Directors, may be filled by the remaining Directors. The appointment of these Directors does not have to be filed with the Registrar.

The Directors may elect Officers and appoint attorneys-in-fact to act of behalf of the company. The appointment of Officers and attorneys-in-fact does not have to be registered in the British Virgin Islands.

The name of the company must include the word "Limited", "Corporation", "Societe Anonyme", "Sociedad Anonima", "Incorporated" or their respective abbreviations, "Ltd.", "Corp.", "Inc." or "S.A.". It is possible to incorporate companies where the company's number is used as a name (for example "BVI Company Number 1234567 Limited") and if a name is used in that form the company can also have an additional foreign character name approved by the Registrar. However, the company must state its full name and any foreign character name in every written communication sent by or on behalf of the company and in every document issued or signed by on behalf of the company that evidences or creates a legal obligation.

There is no need to hold annual Directors' meetings, and resolutions of directors may be adopted at a duly convened meeting of the Board.



2. Shareholders.

It is statutory requirement that shares be issued immediately upon the appointment of the first director (s). Shares must be fully paid when issued, and may be issued for money, services or other good and valuable consideration contributed to the company. The name of the shareholder must be entered in the share registry, but the identity of the shareholder is not a matter of public record. Shares may be held by nominees acting on behalf of the actual owners.

Shareholders' meetings shall be convened upon the written request of shareholders representing at least 30% of the voting rights in respect of the matter for which the meeting is requested.

Shareholders' resolution may be approved in writing or by telex, telegram, cable or other written electronic communication, without the need for any notice. It is not necessary to hold annual shareholders' meetings.

3. Registered Office and Agent.

The company must have a registered office and a registered agent in the British Virgin Islands. The resident agent has the authority to certify the names of the Directors and Officers of the BVIBC. A copy of the shareholders' register and director' register must be maintained at the registered office.

4. Corporate Seal.

The company is required to adopt a corporate seal, and the Articles of Association should designate the person authorized to use this seal.

5. Filing requirements.

The only documents that need to be filed with the Registrar of Companies other than the organization documents are any amendments to the Memorandum or Articles of Association, any mergers and consolidations, the dissolution of the company and the notice of continuation out of BVI.

6. Transfer jurisdiction.

A company incorporated under the BVIBC Act may, by resolution of its Board of Directors or Shareholders, continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands if permitted to do so by the laws of the jurisdiction outside the British Virgin Islands in which the company is being re-domiciled and the company has complied with those laws.



Also, a company incorporated under the laws of a jurisdiction outside the British Virgin Islands is entitled to continue as a company incorporated under the BVIBC Act, if the laws under which it is registered allow it to continue in another jurisdiction.

7. Mergers and Consolidations.

A company is allowed to merge or consolidate with other BVI or foreign companies, as long as the surviving or consolidated company complies with the requirements of the BVIBC Act.

8. Dissolution and Liquidation.

Once the liquidator is appointed and he has completed his duties, he will cause to be filed a statement with the Registrar that the liquidation has been duly completed. The Company is then struck off and dissolved.

The system for the payment of the Annual License fee is as follows:

For companies incorporated in the first six months of a year:

- .- License Fee is due by 31st May, the next year
- .- 10% penalty applies until 31st July
- .- 50% penalty applies until 31st October
- .- Strike off 1st November. Companies could be restored upon payment of the corresponding fees for restoration.

For companies incorporated in the second six months of a year:

- .- License Fee is due by 30th November, the next year
- .- 10% penalty applies until 31st January
- .- 50% penalty applies until 30th April
- .- Strike off 1st May. Companies could be restored upon payment of the corresponding fees for restoration.



Kuzniecky & Co.

This information leaflet was prepared for the assistance of the clients of **KUZNIECKY & CO.** It does not completely cover the topics treated, but was conceived to answer basic questions in the area of British Virgin Islands' Corporate Law.

If and when specific questions or problems arise, please refer to the relevant laws and/or obtain specific legal advice.