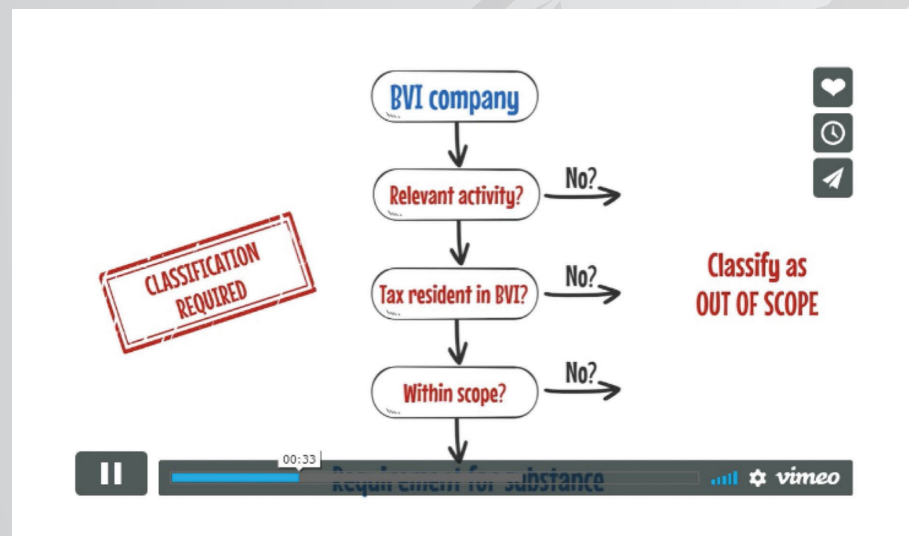


## OVERVIEW

- The Economic Substance (Companies and Limited Partnerships) Act, 2018 (the Act) was introduced in the BVI, effective 1 January 2019.
- All BVI entities will need to make a classification of their substance status and report their findings to their Registered Agent.
- Registered Agents are required to file the first substance status in the BOSS Portal in BVI and update that each year.
- For a detailed summary of the legislation and your reporting requirements, please see our "Quick Recap on Economic Substance" video.



## CLASSIFICATION AND FILING



### Newhaven Economic Substance Tool (NEST)

Newhaven has developed a free online interactive tool to assist clients with the classification of their BVI entities AND subsequent filing and upload of the entity status into the BOSS System, seamlessly.

### LEGACY COMPANIES

- Incorporated **before** 1 January 2019
- First Financial Period = 1 year from 30 June 2019
- Classification required prior to 30 June 2019 – if not already done **NOW OVERDUE**
- Filing required after the end of the First Financial Period and before 31 December 2020

### NEW COMPANIES

- Incorporated **on or after** 1 January 2019
- First Financial Period = 1 year from date of incorporation
- Classification required **ON INCORPORATION**
- Filing required within 6 months after the end of the First Financial Period, which is the first anniversary of the company's incorporation

### IMPORTANT – YOU MUST CLASSIFY NOW

- > Do not confuse classification and filing. Classification is required BEFORE the commencement of the relevant financial period.
- > It does not matter that the BOSS system is not configured to make filings yet. The legislation is active and requires compliance within the designated time-frames.
- > Companies that are not compliant are potentially subject to huge penalties (up to USD\$200k) and personal liability for directors.
- > If you have not yet classified on behalf of your clients, you may receive unwelcome complaints for lack of compliance with prevailing legislation.
- > Failure to classify before, or within, the relevant financial period may mean that a company is rendered completely incapable of complying with applicable economic substance requirements, as it will not have been able to determine what those requirements are prior to the deadline for compliance. In such circumstances a company will have no defence whatsoever to regulatory sanctions for non-compliance.
- > The BVI ITA will share sensitive company information with foreign agencies where companies remain non-compliant.

## SUBSTANCE SOLUTIONS

- Where your entity falls within one of the 9 relevant activities, you will need to ensure adequate substance in the BVI.
- The level of substance required is determined on the facts of each case and ranges from:

Having a registered agent in BVI and maintaining good standing at the BVI registry...

...to requiring direction and management, adequate employees, expenditure & premises and core income generating activities conducted in BVI.

- Newhaven provides full substance support, including the provision of a company secretary to ensure ongoing compliance with the legislation and provision of fully qualified personal directors.

