

A low-angle, upward-looking photograph of several modern skyscrapers. The buildings are framed by a deep red, monochromatic color scheme. The sky is filled with soft, wispy clouds. The perspective creates a sense of height and architectural grandeur.

# UNTITLED

STRATEGIC FIDUCIARY ADVICE

**ANNUAL**  
**FINANCIAL RETURNS**  
**FREQUENT**  
**QUESTIONS**

On January 1st, 2023, certain amendments to the 'BVI Business Companies Act' ('BCA'), the companies law in the British Virgin Islands ('BVI'), came into effect. These changes impact those who have incorporated companies in this jurisdiction or plan to do so in the future. Perhaps the most relevant change for many clients is the requirement to prepare and retain certain financial information related to their companies.

The change was made in response to pressures from the OECD and aligns with changes already introduced by other jurisdictions (Bahamas, Belize, etc.). **Its implementation aims to minimize the impact on users of BVI companies and ensure that the jurisdiction maintains its leading position in the market.**

In summary, it is noteworthy that:

- **The information required by BVI can be prepared by the client or their trusted accountant, regardless of their location.** In other words, while it's possible to hire an independent third party, this is generally not necessary.
- **The information must be provided to the registered agent** but, does not need to be submitted to any BVI or other jurisdictional authority.
- **This information is unrelated to the automatic exchange of information** through FATCA or the Common Reporting Standard.

## MAIN POINTS

· **The privacy of information is maintained.** As we have already explained, the submission is made to the registered agent. Financial statements are not submitted to the Registry of Corporate Affairs (the 'Registry').

· **BVI has finally issued the format to be used for the preparation of these financial statements.** It consists of a simple balance sheet that clients can likely complete with their bank statements as of December 31st.

· **It is not necessary to have an accountant for its preparation.** Clients who need assistance in completing the documentation, either because the activities of their company have a certain complexity, there are independent directors, or for any other reason, can rely on UNTITLED for this task.

## SUBMISSION DATE AND DEFINITION OF THE FISCAL YEAR

The submission must be made within the **9 months** following the close of the fiscal year, which can be:

- a calendar year (by default).
- the 12-month period approved by resolution of directors or shareholders.

If you wish to establish another fiscal year period, please get in touch with your usual contact at UNTITLED.

## CONSEQUENCES FOR NON-COMPLIANCE

The registered agent is obligated to report to the Registry if, after 9 months from the fiscal year-end, the concerned company has not submitted its financial statements. From that moment, the **Registry will impose the following fines:**

- in the first month of non-compliance, a fine of US\$ 300 applies.
- for each subsequent month, an additional fine of US\$ 200 is imposed.
- The maximum fine is US\$ 5,000.

Once the maximum fine of US\$ 5,000 is reached (approximately 24 months), **the company will be 'struck off', as if it had not paid the annual maintenance fee. To change its status, the pending financial statements must be submitted, the US\$ 5,000 fine paid, and any restoration fees imposed by the Registry settled.** Additionally, as registered agents, fees will be charged for the additional submissions and time spent.

# ADDITIONAL INFORMATION TO CONSIDER

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· **The company must keep the financial statements and the documentation** supporting the information detailed in the financial statements for at least 5 years.

· **If a company has the independent director service provided by UNTITLED, it must send the complete financial statements**

**and supporting documentation** at least 3 months before the filing deadline. In turn, the financial statement must be approved by a resolution of shareholders.

## RESPONSIBILITIES OF UNTITLED AS A REGISTERED AGENT

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· Inform the companies under our administration about the requirement to prepare financial statements.

· Notify the Registry of any non-compliance by companies under our management.

· In the case of acting as directors, we must ensure that the financial statements were prepared correctly.

## COMPANIES EXEMPTED FROM FINANCIAL STATEMENT SUBMISSION

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· Listed companies on the stock exchange.

· Companies regulated by the Financial Services Commission (including investment funds, managers, approved managers, brokers, and investment advisors).

· Companies filing tax returns with the BVI Inland Revenue Department, along with accompanying financial statements.

· Companies in a state of liquidation, unless the deadline for financial statement submission has expired before the commencement of liquidation.



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