

BVI Business Companies – Financial reporting rules

Last reviewed: August 2023

Introduction

On 1 January 2023, the BVI Business Companies (Amendment) Act, 2023 (the **Amendment Act**) came into force. Although BVI companies were required to maintain records that were sufficient to show and explain the company's transactions and enable the financial position of the company to be determined with reasonable accuracy at any time, there was previously no requirement for an unregulated company to maintain financial records in any prescribed form.

Under the Amendment Act, a BVI Business Company¹ is now required to produce and file an annual financial return (**Annual Return**) with its registered agent. However, it is important to note that:

- the registered agent will not be required to file a company's Annual Return with the BVI Registrar of Corporate Affairs (the **Registrar**);
- the Annual Return does not need to be audited; and
- the Annual Return will not be available to the public.

Exceptions

The requirement for a company to file an Annual Return with its registered agent does not apply to:

- listed companies;
- companies regulated under financial services legislation which already provide financial statements to the BVI Financial Services Commission under that legislation;
- companies that file tax returns with the BVI Inland Revenue Department with accompanying financial statements; and
- companies in liquidation, except where the Annual Return becomes due prior to the commencement of a liquidation.

Form of Annual Returns

The Annual Return must state the financial year end to which it relates and will take the form of a basic balance sheet and profit and loss statement. The Annual Return must contain the following financial information:

- assets: cash and cash equivalents, loans and receivables, investments and other financial assets, tangible fixed assets, intangible assets, other assets and the total assets;
- liabilities: accounts payable, long-term debts, other liabilities and the total liabilities;
- shareholder's equity;

¹ For the purpose of this guide, reference to a **company** means a BVI Business Company, registered under the BVI Business Companies Act, 2004 (as amended).

- income: revenue, cost of sales and gross profit;
- expenses: operating expenses, other expenses, income tax expense and total expenses; and
- net income.

When a filing is due

Annual Returns become due at the end of a company's financial year. For a company that has a calendar year as its financial year, the earliest date an Annual Return becomes **due** (as opposed to when it must be filed) from a company is 1 January 2024. The company has until 30 September 2024 to **file** its Annual Return with its registered agent.

If a company has a financial year that does not correspond to a calendar year, its Annual Return becomes **due** in 2024 on the month on which its financial year commences and must be **filed** with its registered agent no later than nine months after its financial year end. For example, if a company's financial year is from March to February, its first Annual Return becomes due on 1 March 2024, but it has until 30 November 2024 to file it with the registered agent.

If a company goes into liquidation during the period in which the Annual Return is due, the company must file its Annual Return within the applicable timeframe. For example, if a company has a calendar year as its financial year (and therefore the Annual Return becomes due from 1 January to 30 September of the ensuing year), but the company goes into liquidation in June of that ensuing year before it has filed its Annual Return, the company must file an Annual Return. However, if a company goes into liquidation before its Annual Return for that year becomes due, the company is not required to file an Annual Return for that financial year.

Failure to file an Annual Return

If the registered agent does not receive the Annual Return within 30 days of the due date, it will need to inform the Registrar, noting the name of the company, the year to which the Annual Return relates and the last time the company filed its Annual Return.

The requirement for a company to comply with its Annual Return obligations is one of the conditions to maintaining 'good standing'.

If a company fails to file an Annual Return within the required time, it will be liable to a penalty of a \$300 fine for the first month (or part of the month) after the filing of the Annual Return was due. Thereafter, the penalty is \$200, up to a maximum of \$5,000 for each month (or part of the month). Where a company is liable to the maximum penalty and has not filed its Annual Return, the company may be struck off the Register of Companies.

Contacts

For further guidance on filing Annual Returns, please speak with your usual Mourant contact. A full list of contacts specialising in BVI law can be found [here](#).