



# NEWHAVEN BVI

## **The BVI Business Companies Act 2004 ("the Act")**

### **Introduction**

The New Act came into force on January 1, 2005. Unlike the International Business Companies Act (IBC Act), this new act allows for the incorporation of international offshore companies as well as locally owned companies doing business in the British Virgin Islands (BVI). There is a two-year transition period during which both the IBC Act and the new Act will be in force. After the two-year period, the new Act will be the sole corporate statute for the BVI and will regulate all BVI companies.

### **Range of Corporate Vehicles**

The new Act provides for flexibility and choice in the range of corporate vehicles. Seven different types of companies can be incorporated, namely; companies limited by shares, companies limited by guarantee not authorized to issue shares, companies limited by guarantee authorized to issue shares, unlimited companies authorized to issue shares, unlimited companies not authorized to issue shares, restricted purposed companies, and segregated portfolio companies (SPCs).

### **Restrictions on carrying on business in the BVI**

The IBC Act prohibited IBCs from doing business with persons in the BVI and the restrictions were to be included in their memorandum. The new Act does not have such restrictions, but the company's memorandum will have to have a statement in the approved form specifying limitations on the business they carry on.

### **Company name**

A new feature of the new Act is that company number can be used as a name in the form "BVI Company Number 12345 Limited, and if a name is in that form the company can also have an additional name in foreign characters. Restricted purposed companies must have the phrase "(SPV) Limited" or "(SPV) Ltd" in the name and SPCs must have either "Segregated Portfolio Company" or the abbreviation "SPC" in the name.

### **Incorporation procedure**

With the incorporation of a company under the Act, the memorandum and articles of association must be signed by the registered agent and filed with the Registrar of Corporate Affairs along with registered agent's consent to act in the approved form. Segregated portfolio companies must also file the written approval received from the Financial Services Commission. Only the registered agent can file incorporation documents.

For further information on the Act please contact Janice Skelton ([jskelton@newhavenbvi.net](mailto:jskelton@newhavenbvi.net)).