



Property Tax

Introduction

Property tax in the British Virgin Islands is quite low, relative to property-related taxes levied in many other countries. Having said that, interest on late payments can quickly accrue and where payments are missed over several years, it is not uncommon for the interest due on those missed payments to exceed the underlying property tax liability.

The BVI's Inland Revenue Department does not issue property tax invoices or reminders and property owners must therefore remember to pay the required tax when it becomes due.

The Period Covered

Property tax is payable on 1 September in each year and covers the calendar year in which the relevant payment falls due.

Property tax that falls due on 1 September in any given year therefore covers the period 1 January to 31 December in that year.

While property tax falls due annually on 1 September, property owners are allowed a grace period of three months to pay. This means that property owners will not be in arrears provided the applicable property tax is paid on or prior to 30 November in each calendar year. If the property tax remains unpaid after the three month grace period, interest at a rate of twenty per cent per annum on the amount payable and unpaid shall be charged and such additional sum shall be deemed to be part of, and shall be recoverable with the tax remaining payable and unpaid.

The Two Elements of Property Tax

Property tax comprises the following two elements:

- A tax levied on every acre or part of an acre of land in the BVI (commonly referred to as *land tax*); and
- A tax levied on the assessed value of every house in the BVI (commonly referred to as *house tax*).

Note that the definition of "house" under the relevant legislation includes any kind of building. Property owners should therefore not fall under the mistaken belief that property tax applies in respect of residential properties only.

The element of property tax attributable to land is calculated at differing rates, determined by whether the land in question is owned by a British Virgin Islander, or an expatriate.

For the purposes of the relevant legislation and broadly speaking, a British Virgin Islander is: (i) a person who is deemed to belong to the BVI under the Immigration and Passport Act; and (ii) a BVI company that is owned and controlled by a British Virgin Islander.

The definition of an expatriate includes any person who is not a British Virgin Islander and any company that is not owned and controlled by a British Virgin Islander.

How Property Tax is Calculated

The element of property tax attributable to land is chargeable at the following rates:

- Where the land in question is owned by a British Virgin Islander:
 - US\$10.00 on the first acre or part acre of land; and
 - US\$3.00 on each additional acre or part acre of land.

- Where the land in question is owned by an expatriate:
 - US\$50.00 on half an acre of land or less;
 - US\$150.00 on more than half an acre of land but not exceeding one acre of land; and
 - US\$50.00 on each additional acre or part of an acre of land exceeding one acre of land.

Where a person holds land under a lease from the Crown with a term exceeding one year, the land is taxed at the rate applicable to a British Virgin Islander, irrespective of whether the lessee is a British Virgin Islander or an expatriate.

The element of property tax attributable to houses/buildings is calculated at the rate of one and a half percent per annum on the notional annual value of the building in question. The notional annual value is an amount, not in excess of the rent, which the building might reasonably be expected to yield from year to year.

The Annual Assessment

The Inland Revenue Commissioner assesses and reassesses all property in the BVI liable to the payment of property tax annually and prepares an assessment list which includes the names of property owners and the amount of property tax due for any given year.

The assessment list is required to be published in each inhabited island and in such parts of each inhabited island as the Minister responsible for finance deems expedient.

The assessment list is to be accompanied by a notice advising the owners of the properties referred to in it, that they may appear before a hearing of the Magistrate at the date and place referred to in the notice if they wish to object to the assessed value of their property as detailed in the assessment list.

Property owners who do not agree with the contents of the assessment list as it relates to their property may appear before the Magistrate on the dates and at the times of the hearings stated in the assessment list and state their objections.

At the hearing, the Magistrate will enquire into the assessment, hear and determine the objection and confirm, and alter, or amend the assessment list as is necessary.

Conclusion

Property owners are encouraged to set a reminder to check the assessment list and to pay the property tax attributable to their property on time to avoid the imposition of avoidable interest.

For some BVI property owners it can be challenging to check the amount of property tax that is due and to make timely payment, particularly where they are unable to be in the BVI when the property tax becomes payable. We regularly help property owners ascertain the amount of property tax due and facilitate timely payment to ensure they remain compliant with their property tax obligations. Our service includes annual reminders at the appropriate time to give BVI property owners one less thing to think about.

Please contact us if you would like any assistance with ascertaining and paying your property tax.

For more information or if you require any assistance with your BVI property, please feel free to email us at ghp@ghpbvi.com or reach out to one of our lawyers using the contact details below.

Contact Us

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