

Hong Kong

Introduction of Substance Requirements for Certain British Virgin Islands Legal Entities

The British Virgin Islands Government has passed legislation, with effect from 1 January 2019, requiring certain legal entities incorporated or registered in the British Virgin Islands to maintain 'economic substance' in the jurisdiction. We set out below a summary of the legal entities affected by this new legislation and steps that will be required for compliance.

The *Economic Substance (Companies and Limited Partnerships) Act, 2018* (the "ES Act") was enacted in response to a scoping paper issued by the European Union's Code of Conduct Group (Business Taxation) in June 2018. The paper set out requirements that certain jurisdictions outside the EU must adopt with regard to the economic substance of entities based in those jurisdictions, in order to avoid being black-listed by the EU. Broadly equivalent legislation has been enacted in other major offshore jurisdictions, including Bermuda, the Cayman Islands and the Channel Islands.

Legal Entities

Under the ES Act, 'legal entities' carrying on a 'relevant activity' will need to establish economic substance in the BVI. A legal entity is a business company or limited partnership with legal personality, and includes foreign companies and foreign limited partnerships that are registered in the British Virgin Islands. Excluded from the definition of legal entities are (a) entities which are resident for tax purposes outside of the British Virgin Islands and (b) limited partnerships that do not have legal personality.

香港

针对某些英属维尔京群岛法人实体的实质规定概述

英属维尔京群岛（下称“BVI”）政府已通过立法，规定于 BVI 注册成立或登记的部分法人实体须在当地维持‘经济实质’，该法例自 2019 年 1 月 1 日起生效。下文概述将受到新法例影响的法人实体，及合规所需采取的步骤。

《2018 年经济实质（公司及有限合伙）法》（*Economic Substance (Companies and Limited Partnerships) Act, 2018*）（下称“ES 法”）乃为响应欧盟商业税收行为准则小组（European Union's Code of Conduct Group (Business Taxation)）于 2018 年 6 月发布的范围文件（scoping paper）而颁布。该文件载列欧盟以外若干司法管辖区为避免列入欧盟黑名单而必须对当地实体采纳的经济实质规定。百慕大、开曼群岛及海峡群岛等其他主要离岸司法管辖区亦已颁布大致相若的法例。

法人实体

根据 ES 法案，从事‘相关活动’的‘法人实体’将需在 BVI 确立经济实质。法人实体是具有法人资格的商业公司或有限合伙企业，包括在 BVI 登记的外国公司及外国有限合伙企业。以下实体不包含在法人实体的定义范围内：(a) 属 BVI 以外司法管辖区的税务居民的实体和 (b) 没有法人资格的有限合伙企业。

Relevant Activities

Legal entities which carry on any one or more of the following ‘relevant activities’ will be in scope and must comply with economic substance requirements:

- ❖ Banking business
- ❖ Distribution and service centre business
- ❖ Financing and leasing business
- ❖ Fund management business
- ❖ Headquarters business
- ❖ Holding business
- ❖ Insurance business
- ❖ Intellectual property business
- ❖ Shipping business

These terms are defined in the ES Act and are included in Annex 1 to this bulletin, to provide insight into the meaning of these terms.

Entities out of scope

Entities which are not legal entities or do not carry on a relevant activity will not be required to comply with economic substance requirements. They will however have certain filing obligations as discussed below.

Legal entities carrying on Holding Business

A legal entity that only holds equity participations in other entities and only earns dividends and capital gains is carrying on ‘holding business’. To the extent a legal entity is carrying on ‘holding business’, then the economic substance requirements of the Act are less onerous. Specifically, the legal entity will need to comply with existing statutory obligations and it will need to have in the BVI ‘adequate employees and premises for holding equitable interests or shares’ and, where it manages those equitable interests or shares, it will need to have ‘adequate employees and premises for carrying out that management’. As to the meaning of the phrase ‘adequate employees and premises’, it is a fact sensitive question, dependent on the nature of the activity being carried out. If entirely passive in nature, retaining the services of a registered agent might suffice for pure equity holding entities.

相关活动

从事下列任何一项或多项‘相关活动’的法人实体将受法例规限，必须遵守经济实质规定：

- ❖ 银行业务
- ❖ 分销和服务中心业务
- ❖ 融资及租赁业务
- ❖ 基金管理业务
- ❖ 总部业务
- ❖ 控股业务
- ❖ 保险业务
- ❖ 知识产权业务
- ❖ 航运业务

上述相关活动的词汇在 ES 法案中已有界定，载于本文的附录 1，对该等词汇的涵义作出进一步说明。

不受规限实体

不属于法人实体或没有从事相关活动的实体毋须遵守经济实质规定，但如下文所述会有若干申报义务。

从事控股业务的法人实体

仅于其他实体参股且仅赚取股息及资本收益的法人实体乃从事‘控股业务’。若法人实体正从事‘控股业务’，则 ES 法案的经济实质的要求较为宽松。具体而言，法人实体需遵守现有的法定义务，需在 BVI 拥有‘充足的雇员及场所以持有股份’，且（若管理该股权或股份）需有‘充足的雇员及场所以进行该等管理’。对于‘充足的雇员及场所’一词的涵义，属于事实敏感问题，应基于从事的控股活动性质来作确定。如果完全被动型控股活动，则通过注册代理处提供的服务或可予以满足。

Legal Entities Carrying on Other Relevant Activities

A legal entity which is carrying on a relevant activity (other than 'holding business') will need to establish economic substance in the BVI and carry out specified 'core income generating activities' in the BVI. We note that legal entities carrying on some forms of 'intellectual property business' are subject to certain presumptions of non-compliance.

It is beyond the scope of this bulletin to advise as to the nature and level of economic substance for each of the relevant activities. However, we can advise that the economic substance requirements for legal entities carrying on a relevant activity (other than 'holding business') are significant. In short, management decisions, possibly including day-to-day management decisions, must be physically taken in the BVI. Furthermore, the legal entity is required to have appropriate premises, adequate expenditures and an adequate number of suitably qualified employees in the BVI. The requirements vary by business. If you are concerned that your legal entity may be carrying on a relevant activity (other than 'holding business'), we recommend to seek for legal opinion.

Our In-House Legal Counsel will provide professional letter of legal opinion in this respect.

Filing Requirements

The ES Act imposes new filing requirements on BVI entities, which depend upon each entity's classification under the Act.

A Company or Partnership not carrying out a Relevant Activity

A BVI business company or limited partnership with legal personality which is not carrying on any relevant activity will need to file an annual return stating that it does not carry on a relevant activity.

A Company or Partnership which is not a Legal Entity as it is a Foreign Tax Resident.

从事其他相关活动的法人实体

正从事相关活动（'控股业务'除外）的法人实体将需在 BVI 确立经济实质，并在 BVI 开展指定的'核心创收活动'。我们注意到，从事某些形式的'知识产权业务'的法人实体可能被推定为不合规。

本公报无法就每项相关活动的经济实质性质和程度提供意见，但我们认为，针对从事相关活动（'控股业务'除外）的法人实体的经济实质规定相当重要。简而言之，管理决策（可能包括日常管理决策）必须实际在 BVI 作出。此外，法人实体必须在 BVI 拥有适当的场所、足够的开支和充足的合格雇员。相关规定因业务而异。若担心阁下的法人实体可能正在从事相关活动（'控股业务'除外），本公司建议阁下咨询法律意见。

我们的BVI律师将会为阁下提供专业的法律意见书。

申报规定

ES 法案对 BVI 实体提出了新的申报规定，具体规定取决于各实体在 ES 法案下的类别。

没有从事相关活动的公司或合伙企业

具有法人资格的 BVI 商业公司或有限合伙企业若没有从事任何相关活动，则需要每年提交申报，表明其没有从事相关活动。

因外国税务居民身份而不属法人实体的公司或合伙企业。

A BVI business company or limited partnership with legal personality which does not satisfy the definition of 'legal entity' because it is resident for tax purposes in a jurisdiction outside the BVI (and not in a jurisdiction which is on the European Union list of non-cooperative jurisdictions for tax purposes) will need to demonstrate to the BVI authorities that it is resident for tax purposes outside of the BVI.

具有法人资格的 BVI 商业公司或有限合伙企业若由于是 BVI 以外司法管辖区（且并非欧盟的税务不合作司法管辖区名单中的司法管辖区）的税务居民而不符合‘法人实体’的定义，则需向 BVI 相关机构提交证据，以证明其为 BVI 以外的税务居民。

Legal Entity carrying on a Relevant Activity

从事相关活动的法人实体

A legal entity carrying on a relevant activity must file the following information:

从事相关活动的法人实体必须提交以下资料：

- ❖ total turnover generated by the relevant activity
 - ❖ the amount of expenditure incurred on the relevant activity within the BVI
 - ❖ the total number of employees engaged in the relevant activity
 - ❖ the number of employees engaged in the relevant activity within the BVI
 - ❖ the address of any premises within the BVI which is used in connection with the relevant activity
 - ❖ the nature of any equipment located within the BVI which is used in connection with the relevant activity
 - ❖ the names of the persons responsible for the direction and management of the relevant activity, together with their relationship to the company and whether they are resident in the BVI
- ❖ 相关活动产生的总营业额
 - ❖ 相关活动在 BVI 境内所产生的开支数额
 - ❖ 参与相关活动的雇员总人数
 - ❖ 在 BVI 境内参与相关活动的雇员人数
 - ❖ BVI 境内任何用于相关活动之场所的地址
 - ❖ BVI 境内任何用于相关活动之设备的性质
 - ❖ 负责指导和管理相关活动之人员的姓名，以及彼等与公司的关系和是否属 BVI 居民

Declare on Time

按时申报

BVI entities incorporated BEFORE 1 Jan 2019 and which Do Not change the Financial Period:

於2019年1月1日之前成立，且未改變財務日期的BVI實體：

The first Financial Period of the entity is defaulted to start on 30 June 2019 and end on 29 June 2020, and the entity is required to file its status with BVI authority within 6 months following the end date of this Financial Period.

根據規定，該實體的第一個財務期始於2019年6月30日，並將在2020年6月29日結束，因此該實體必須在該財務期結束日後的6個月內向英屬維爾京群島當局提交其相關申報。

BVI entities incorporated ON OR AFTER 1 Jan 2019 and which Do Not change the Financial Period:

The first Financial Period of the entity start on its incorporation date and end after an expiry of one year from its incorporation date, and the entity is required to file its status with BVI authority within 6 months following the end date of this Financial Period.

Please note that it is the responsibility of the entity itself to timely provide the required declaration.

Monitoring and enforcement

The International Tax Authority of the BVI will be responsible for implementing, monitoring and enforcing the economic substance regime. A legal entity carrying on a relevant activity which fails to comply with the ES Act is subject to penalty, strike off or both. At first instance the fines can be up to US\$20,000 (or up to US\$40,000 for a 'high risk IP legal entity') and up to US\$200,000 (or up to US\$400,000 for a 'high risk IP legal entity') for a second determination of non-compliance.

How can we help?

We recognise that this legislation will in some cases require changes to existing business models. We are ready to assist clients in understanding their obligations under the legislation and in implementing any such changes that may be required. For further information, please send email to cs@cayman-hk.com or call our Customer Service department.

This article is not intended to be a substitute for legal advice or a legal opinion. It deals in broad terms only and is intended to merely provide a brief overview and give general information.

於2019年1月1日或之後成立，且未改變財務期間的BVI實體：

根據規定，該實體的第一個財務期間從其成立日期開始，並將在其成立日期起一年後屆滿。因此，該實體必須在該財務期結束日期後的6個月內向英屬維爾京群島當局提交其相關申報。

請注意，按時提交申報是BVI實體的責任所在。

监督与执行

BVI的国际税务局（International Tax Authority）将负责贯彻、监督和执行经济实质制度。从事相关活动的法人实体如未能遵守ES法，将被处罚及/或除名。首次不合规的罚款最高可达 20,000 美元或（如属‘高风险知识产权法人实体’）最高可达 40,000 美元，而第二次被认定为不合规的罚款最高可达 200,000 美元或（如为‘高风险知识产权法人实体’）最高可达 400,000 美元。

本公司如何提供协助？

本公司明白，在部分情况下现有业务模式须根据法例进行变更。本公司可协助客户了解其根据法例所须履行的义务，及协助进行任何所需的变更。如需进一步资料，敬请发送电邮至 cs@cayman-hk.com 或致電與我們客戶服務部联络。

本文并非法律意见，其内容亦非详尽无遗，仅可作为概览及资料参考。感谢您的垂阅！

APPENDIX 1
附录1
DEFINITIONS

定义 Term 词汇	Definition 定义
Banking Business 银行业务	<p>Means the business of accepting deposits of money which may be withdrawn or repaid on demand or after a fixed period or after notice, by cheque or otherwise and the employment of such deposits, either in whole or in part, 指接受存款的业务，而该等存款可应要求或在固定期限后或通知后以支票或其他方式提取或偿还，以及将该等存款（全部或部分）用于：</p> <p>(a) in making or giving loans, advances, overdrafts, guarantees or similar facilities; or 发放贷款、预支款、透支、担保或同类工具；或</p> <p>(b) the making of investments, 进行投资，</p> <p>for the account and at the risk of the person accepting such deposits 所产生的任何损益及风险全部由接受该等存款的人士承担</p>
Distribution and Service Centre Business 分销及服务中心业务	<p>Means the business of either or both of the following 指下列一种或两种业务：</p> <p>(a) purchasing from foreign affiliates 自外国联属公司购买</p> <p>(i) component parts or materials for goods; or 商品零部件或材料；或 (ii) goods ready for sale; and 制成品；及 (iii) reselling such component parts, materials or goods; 转售该等零部件、材料或商品；</p> <p>(b) providing services to foreign affiliates in connection with the business, 向外国联属公司提供与业务有关的服务，</p> <p>but does not include any activity included in any other relevant activity except holding business 但除控股业务外，任何其他相关活动所涵盖的任何活动均不包含在内。</p>
Finance and Leasing Business 融资及租赁业务	<p>Means the business of providing credit facilities of any kind for consideration 指提供任何类型的信贷以获取对价的业务</p>
Fund Management Business 基金管理业务	<p>Means the conduct of an activity that requires the legal entity to hold an investment business license pursuant to section 4 and category 3 of Schedule 3 of the Securities and Investment Business Act, 2010 从事此类业务的法人实体须根据《2010年证券及投资业务法》第4条及附表3类别3持有投资业务牌照</p>

<p>Headquarters Business 总部业务</p>	<p>Means the business of providing any of the following services to an entity in the same Group: 指向同一集团的实体提供下列任何服务的业务：</p> <p>(a) the provision of senior management; 提供高级管理人员；</p> <p>(b) the assumption or control of material risk for activities carried out by any of those entities in the same Group; or 对同一集团内的任何实体所进行的活动承担或控制重大风险；或</p> <p>(c) the provision of substantive advice in connection with the assumption or control of risk referred to in paragraph (b), 就(b)段所述的承担或控制风险提供实质意见，</p> <p>but does not include banking business, financing and leasing business, fund management business, intellectual property business, holding company business or insurance business 惟不包括银行业务、融资及租赁业务、基金管理业务、知识产权业务、控股公司业务或保险业务。</p>
<p>Holding Business 控股业务</p>	<p>Means the business of being a legal entity that only holds equity participations in other entities and only earns dividends and capital gains 指作为仅于其他实体持股且仅赚取股息和资本收益的法人实体的业务</p>
<p>Insurance Business 保险业务</p>	<p>Means the business of undertaking liability under a contract of insurance to indemnify or compensate a person in respect of loss or damage, including the liability to pay damages or compensation contingent upon the happening of a specified event, and includes life insurance business and reinsurance business 指根据保险协议承担就损失或损害作出赔偿或补偿的责任（包括在发生特定事件时支付赔偿金或补偿金的责任）的业务，且包括人寿保险业务和再保险业务</p>
<p>Intellectual Property Business 知识产权业务</p>	<p>Means the business of holding any intellectual property right in intangible assets, including but not limited to copyright, patents, trademarks, brand, and technical know-how, from which identifiable income accrues to the business (such income being separately identifiable from any income generated from any tangible asset in which the right subsists) 指持有无形资产的任何知识产权（包括但不限于版权、专利、商标、品牌和专有技术）的业务，且可为业务带来可识别的收入（该等收入可从任何存在知识产权的有形资产所产生的收入中单独识别出来）</p>
<p>Shipping Business 航运业务</p>	<p>Means any of the following activities involving the operation of a ship anywhere in the world other than solely within Virgin Islands waters (as defined in section 2(2)(a) of the Merchant Shipping Act, 2001) 指在世界任何地方（仅在 BVI 领海（定义见《2001 年商船法》第 2(2)(a) 条）内除外）涉及船舶运营的下列任何活动</p> <p>(a) the business of transporting, by sea, persons, animals, goods or mail; 经由海路运送乘客、动物、商品或邮件的业务</p>

	<p>(b) the renting or chartering of ships for the purpose described in paragraph (a); 为(a)段所述的目的而租用或包租船舶；</p> <p>(c) the sale of travel tickets or equivalent, and ancillary services connected with the operation of a ship; 销售旅行船票或同等票券，以及与船舶运营有关的辅助性服务；</p> <p>(d) the use, maintenance or rental of containers, including trailers and other vehicles or equipment for the transport of containers, used for the transport of anything by sea; 使用、维修或租用集装箱（包括用于运送集装箱的拖车和其他工具或设备）用于海上运输；</p> <p>(e) the management of the crew of a ship 管理船员</p>
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