



## Solvent Liquidations in the British Virgin Islands

### Voluntary Liquidations in the British Virgin Islands (BVI)

A company's lifecycle begins with incorporation and effectively ends upon dissolution. A solvent liquidation is a method that enables directors or shareholders of a company to effectively bring the affairs of a BVI company to a close, and at the completion of the process, the BVI company is dissolved and cannot be sued in its own name unless restored.

Under the BVI Business Companies Act 2004 (as amended) (the "Act"), a BVI company may only be put in solvent liquidation if it:

- Has no liabilities; or
- Is able to pay its debts as they fall due and the value of its assets equals or exceeds its liabilities.

### Amendments

Amendments to the Act were passed by the House of Assembly on 21 July 2022 and gazetted on 12 August 2022. The BVI Business Companies (Amendment) Act, 2022 (No. 6 of 2022) and BVI Business Companies (Amendment) Regulations, 2022 comes into force on 1 January 2023 (together the "Amendments").

The Amendments will have, among other things, a significant impact on the administration of solvent liquidations in the jurisdiction.

### The Amendments include:

- **Striking-off and dissolution of companies**—newly struck-off companies will be dissolved immediately and will no longer have a seven-year grace period.
- **Restoration of struck-off and dissolved companies**—companies can be restored within five years of the date of dissolution by application to the Registrar, and will no longer need to apply in the Court.
- **New qualification and residency requirements for liquidators in solvent liquidations**—a voluntary liquidator will need to be resident in the territory, meaning they have physically lived in the BVI for at least 180 days, either continuously or in aggregate, prior to their appointment and must have the requisite professional qualifications and liquidation experience to be appointed. It will also be possible to appoint joint voluntary liquidators where only one meets the residency test.

As part of the Amendments, the resident voluntary liquidator(s) will be required to take additional steps to obtain copies of corporate records upon commencement of a voluntary liquidation and to provide copies to the registered agent upon completion of the liquidation.

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A dedicated Voluntary Liquidation team in the BVI led by our BVI director, Elaine Hanrahan, who has over 10 years of insolvency and restructuring experience



Seven experienced professionals, including two BVI-licensed insolvency practitioners



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## Contact Us

If you require any further information on the solvent liquidation of your BVI entity, please reach out to our dedicated Voluntary Liquidation team, who would be happy to discuss.



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