



THE ULTIMATE GUIDE



ST. VINCENT & THE GRENADINES
INTERNATIONAL FINANCIAL
SERVICES



THE ULTIMATE GUIDE SVG IFS

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MESSAGE FROM THE MINISTER

BY MINISTER OF FINANCE - HON. CAMILLO GONSALVES

It is with pleasure that I invite you to explore what the St. Vincent and the Grenadines (SVG) International Financial Services (IFS) sector offers to international businesses, family offices and the innovators of our time. Our ruggedly graceful multi-island state of 32 islands and Cays in the Eastern Caribbean Sea is on the rise economically and developmentally in spite of global challenges. Even before our independence from Great Britain in 1979, the international financial services formed a part of that development story.

Having been established in its fledgling stages in 1976 the sector has over the past 44 years matured and contributed proudly to professional services in this country and to the economy. Particularly, in the late 1990s the rate of company registrations increased dramatically in the sector. More recently as in many other jurisdictions, operating in the industry has become more onerous.

As our small nation seeks to remain compliant with entities like the Organisation for Economic Co-operation and Development (OECD) and the European Union (EU) and with global standards to combat money laundering and terrorist financing we are also striving tirelessly to provide competitive products for legitimate international entities like yours.

To this end, we were pleased to introduce in December 2020, a new territorial tax regime under which Business Companies and Trusts will benefit from zero-rated taxation on income earned from sources outside of St. Vincent and the Grenadines (global income). This is in addition to already existing tax-exempt Limited Liability Companies (LLCs).



HON. CAMILLO GONSALVES

In our relentless drive to achieve our national development goals SVG is creating many other exciting opportunities in medicinal cannabis and renewable energy, for instance, making it the right mix for both international business and domestic investment with global potential.

The events of 2020, most notably the COVID-19 global pandemic, have not dampened our efforts to ensure that SVG creates the best possible environment for the growth and support of the IFS sector. Through our Financial Services Authority (FSA), Financial Intelligence Unit (FIU) and National Anti-Money Laundering Committee (NAMLC) and robust legislation we are anchored in a strong regulatory framework. Through our licensed registered agents and trustees investors are guaranteed the highest degree of professionalism and experience. Through our continued global compliance you can be comfortable that you are working with a white-listed jurisdiction.

Welcome to SVG IFS!



THE FUTURE

INTERNATIONAL FINANCIAL SERVICES

The changing tide of the “offshore” financial services industry

Over 40 years ago St. Vincent and the Grenadines developed the legal expertise and the products to attract individuals and businesses who needed legitimate vehicles to facilitate international trade, protect valuable assets, diversify holdings and support investments around the world.

The SVG International financial services sector was born and contributed vigorously to the national economy. In the past two decades, a lot has happened.

Globalisation has matured, the 2008 global financial crisis happened, heinous terrorist acts financed by nebulous sources occurred, and the deficits of developed nations have grown.

With these have come a growing mistrust of financial services in general as many bad practices were revealed.

International financial centres across the world were not untouched. Fair or not, many were stamped with the unfortunate label of “tax haven” and associated with money laundering activities.

Focus on tax minimisation and privacy

Governments in the EU and the US are on a mission to receive more tax dollars from their residents and from the global companies originating in their countries. Their efforts target the international jurisdictions in which these companies and individuals form legal entities to conduct business globally.

Additionally, there are measures aimed at preventing money laundering and terrorist financing done through illegitimate use of offshore entities.

Instruments like the OECD's Global Forum on Harmful Tax Practices, the Common Reporting Standard (CRS) and Automatic Exchange of Information (AEOI); the EU's list of non-cooperative jurisdictions for tax purposes; and the U.S. Foreign Account Tax Compliance Act (FATCA) all demand greater transparency about and fewer tax benefits for individuals, families, and companies pursuing offshore or cross-border tax minimisation strategies.

SVG has transitioned to a more favourable attractive tax regime

On December 28, 2020 SVG introduced new legislation which will transition the IFS sector to a territorial tax regime. Business companies and Trusts will now be taxed only on income accruing to them from sources directly or indirectly from SVG but not on sources outside of SVG (global income). This is a major change to what existed since December 2018 when these entities bore a 30% tax.

The new legislation now places the jurisdiction in the category of a Foreign Source Income Exemption (FSIE) taxation regime by the EU Code of Conduct Group (Business taxation). [read more about the new legislation [here](#)]

Impact investors & SVG

Setting up companies and other entities in different jurisdictions is still a legitimate approach for easing international trade, managing and protecting valuable assets, and supporting investments around the world.

In fact, where offshore jurisdictions offer the right mix of international financial services for conducting external operations matched with suitable opportunities for local investment, there is a win-win for investors.

But not just any investor, in the case of St. Vincent and the Grenadines. The country is squarely on the path of international compliance, legitimacy, and pro-business culture. It is working hard towards sustainable energy use, sustainable environment, resilience to the natural disasters, and equipping its residents with the skills to tackle a new world. A world in which the social and environmental good of investment is at the fore. And SVG is keen to attract investors who hold to the same values of positive transformation and international cooperation.

The country has remained white-listed by the EU, and mostly compliant in all its peer reviews by the OECD Global Forum.

As for a pro-business tax regime, legislators have been carefully crafting a way forward to ensure a business-sensitive environment for international and domestic business alike. And other incentives are critical too.

The right mix of onshore and offshore investment

For SVG, the future of IFS means the right mix of onshore and offshore opportunities in a single jurisdiction. Investors can look forward to having a well-structured entity for global needs and a range of domestic opportunities for investment.

The right mix includes

Six (6) types of international financial services products - LLCs, Trusts (formerly International Trusts), International Banks, International Insurance Companies, Business Companies (formerly International Business Companies) and Mutual Funds (see page 10).





THE SVG IFS SECTOR NOW

The Government of SVG is committed to the country's growth as a reputable international financial services centre. SVG is subject to its own legislation and regulations that create a practical, business-friendly environment and a strong product range for investors.

The risks of exposure to money laundering and terrorist financing have been mitigated by strong modern legislative and administrative measures.

Regulation

SVG IFS is regulated by the Financial Services Authority (the FSA), a single regulatory body established by the Financial Services Authority Act.

The FSA which is staffed by an experienced team of professionals who are trained in varying disciplines including law, economics and accounting.

The duties and functions of the FSA related to IFS include the following:

- Managing, directing, controlling and supervising the financial services sector in St. Vincent and the Grenadines.
- Administering and overseeing the licensing of Registered Agents, Private Trustees, Financial Fiduciaries and their services to ensure compliance.
- Incorporation or registration of Business Companies, Limited Liability Companies, Segregated Cell Companies.
- Administering the licensing, regulation and supervision of International Banks, Mutual Funds, and International Insurance Companies and overseeing Trusts.

Legislation governing SVG IFS can be found on the FSA website and any enquiries can be sent to email address info@svgfsa.com.

Other key institutions that are pillars in ensuring the sound regulation of the financial services industry are the [SVG FIU](#) and the NAMLC.

The FIU is a member of the Egmont Group and has been commended by key States and organizations for its role in anti-money laundering investigations and compliance.

International business incorporations are conducted through SVG 'Registered Agents and Trustees' who are licensed and regulated by the FSA under a regime set out by the Registered Agent and Trustee Licensing Act.

A list of the licensed Registered Agent and Trustees can be found [here](#).





SVG is compliant with international standards

The country has demonstrated its commitment to global tax transparency and accountability having been rated “Largely Compliant” by the OECD Peer Review Group after the completion of its Phase 1 Review (2011-2012) and Phase 2 Review (2013- 2014).

Having signed the Foreign Account Tax Compliance Act (FATCA) Model 1B Agreement with the United States of America (USA) in August 2015, SVG has enacted relevant legislation to give effect to FATCA in the country.

SVG has implemented the OECD Global Forum’s Common Reporting Standard (CRS) on Automatic Exchange of Information. To this end, SVG signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and the Multilateral Competent Authority Agreement and has enacted relevant legislation to give effect to these Agreements.

Why Choose SVG IFS?

Considering the foregoing, the advantages of investing in the IFS sector of SVG include:

- Low and affordable incorporation costs.
- Low operating costs.
- Industry legislation that is practical and business-friendly.
- A competent and professional regulatory authority.
- Sovereign nation and government committed to the growth of the industry.
- Stable economy and democracy.
- Political stability.
- Experienced IFS jurisdiction with professional personnel.
- Excellent telecommunications network.
- Safe and secure business environment.

6 IFS Company Types

This section covers the legal requirements and benefits of the of international business entities that exist under SVG IFS

- LIMITED LIABILITY COMPANIES (LLCS)
- BUSINESS COMPANIES (BCS)
- MUTUAL FUNDS
- INTERNATIONAL BANKS
- TRUSTS
- INTERNATIONAL INSURANCE COMPANIES



01 LIMITED LIABILITY COMPANIES

A Limited Liability Company or LLC is a simple corporate structure. It shields its owners' assets in the event of corporate losses. LLCs provide a simple, flexible structure for asset protection, fund management and global trading.

LLCs are registered in SVG within 24 hours. Owners of an LLC are called members. They are governed by an operating agreement. There are no directors or shareholders in an LLC.

In SVG both single LLCs and series LLCs are permitted. Forming a single LLC or series LLC in SVG is straightforward. Only the articles of formation and annual fee are required.

Tax exemptions for LLCs in SVG

LLCs formed in SVG and generating income outside of SVG and are exempt from:

- Corporate tax
- Income tax
- Withholding tax
- Capital gains tax

Non-resident members of an LLC are exempt from estate tax, inheritance tax, succession tax, or gift tax for any economic interest related to the LLC.

02 BUSINESS COMPANIES (BCs)

BCs are governed by the International Business Companies (Amendment and Consolidation) Act, Chapter 149.

Tax exemptions for BCs in SVG

Corporate income tax for BCs is charged only on income from direct and indirect sources in SVG. Income from sources outside SVG is tax-exempt. [Read more about this [here](#)]

BCs are incorporated within 24hrs of the receipt of the application from a licensed Registered Agent in SVG. The Articles of Incorporation accompanied by the requisite registration and annual fee will suffice for the purposes of incorporation.

Features of SVG BCs

Types of BCs

- Ordinary/Limited – Limited by shares.
- Hybrid - owned by both members and shareholders. Shareholders have legal control and voting rights. Members have contingent liability to guarantee a contribution to the debts of the company.
- Limited Duration – incorporated for a maximum of thirty years.
- Continued – re-domiciled from another jurisdiction to SVG.
- Segregated Cell Companies (SCCs) - may be registered in SVG where,

inter alia, it is, or on its incorporation will be, recognized as an accredited or private fund or registered as a public fund or may obtain an international insurance licence.

The SCC may create one or more Segregated Cells (SC) for the purpose of segregating the assets and liabilities of the SCC.

The assets of the SCs are segregated into separate accounts that are kept separate from the general assets of the SCC and separate books are kept for each SC.

The SCC must obtain the approval of the Authority in order to create a SC.

SCCs are registered in SVG within 24 hrs.



Other Features

Incorporation Time	24 hours
Apostille and time	24 hours
Continuation (Re-Domicile from another Jurisdiction to SVG)	24 hours
Types of shares	Registered/Ordinary shares
Directors	BCs must have a minimum of one director - individual or company directors permitted. Director details must be filed with the FSA. A Register of Directors must be maintained at the office of the Registered Agent.
Shareholders	BCs in SVG must have a minimum of one shareholder - individual or company shareholders permitted. Shareholder details must be filed with the FSA. A Register of Shareholders must be maintained at the office of the Registered Agent.
Officers	Not required
Meetings	These may be held anywhere in the world
Who may incorporate BCs?	Licensed Registered Agents & Trustees in SVG

03 MUTUAL FUNDS

Mutual Funds are regulated by the Mutual Funds Act Chapter 154. Both Public and Private Mutual Funds may be registered in SVG. A Public Fund is a Fund which issues shares to the general public.

There are no capital adequacy requirements or minimum subscription limits placed on public funds. A private or accredited fund is a fund that either has no more than fifty (50) investors or issues shares on a private basis.

Mutual Fund Manager and Administrator licenses are also available. However, Fund Managers /Fund Administrators which have been previously licensed in a recognized jurisdiction are not required to apply to the FSA to be licensed to serve in the said capacity as indicated in the Mutual Funds Act. They must however, comply with Sections 6 and 7 of the Mutual Fund Regulations.

The Application processing time is between 4 – 6 weeks for due diligence checks and analyses.

04 INTERNATIONAL BANKS

International Banks are governed by the International Banks Act, Chapter 99 ([find it here](#)).

To obtain an international banking license from the Financial Services Authority, the company has to ensure that its operations can adequately be defined as banking business.

Banking business according to the International Banks Act, Chapter 99 of the Revised Laws of Saint Vincent and the Grenadines, 2009 is described as:

1. The business of receiving funds through
 - the acceptance of monetary deposits that are repayable on demand or after notice or any similar operation
 - the sale or placement of bonds, certificates, notes or other securities and the use of them, either in whole or in part, for loans or investment for the risk of the customer
2. Any other activity recognised by the Central Bank or the Authority as customary banking practice and which a financial institution may additionally be authorised to do.

An entity must first obtain a license from the FSA before it engages in banking business.

The two classes of international banks that are licensed by the FSA are:

Class A with capital requirements of US\$3M and a statutory deposit of US\$500,000.

Class A imposes no restrictions on the international bank's offshore business activities

Class B with capital requirements of US\$0.5M and a statutory deposit of US\$100,000.00.

Class B allows the international bank to conduct business only with non-resident persons specifically named in an undertaking accompanying the licence application.

In addition to the above requirements, all international banks are required to have a physical place of business in St. Vincent and the Grenadines, a minimum of two employees (one at senior management level) and have at least two directors approved by the FSA, one of which must be a resident of St. Vincent and the Grenadines.

International banks are not allowed to conduct banking business with residents of SVG, invest in any asset that represents a claim on any resident or buy bonds or other securities issued by the state.

All international banks are subject to onsite inspections at least once every 12-18 months, and on a risk-sensitive basis.

The Application processing time is between 4 – 6 weeks to facilitate the undertaking of due diligence checks and analyses

05 TRUSTS

Trusts are used for estate planning and the general nature of assets held in trust include company shares, property, other assets (yachts, cars, pieces of art, chattel), investments, and holding of bank accounts.

A Trust created outside of SVG may be registered by the FSA through a licensed Registered Agent & Trustee, who deals with the filing of a Trust Deed or Settlement. Once this is done, a Certificate of Registration is issued.

Corporate income tax for Trusts is charged only on income from direct and indirect sources in SVG. Income from sources outside SVG is tax-exempt. [Read more about this [here](#)]



06 INTERNATIONAL INSURANCE COMPANIES

The flexibility of the international insurance system in SVG means that companies of varying sizes may undertake a diverse range of activities. The Saint Vincent and the Grenadines International Insurance Act permits five (5) classes of international insurance companies, namely:

Class I - Unrestricted Insurers can carry on any international insurance business, including long term insurance.

Class II - General Insurers can carry on general but not long-term international insurance business.

Class III - Association Insurers can carry on general and long-term international insurance business with two or more owners of the insurer and/or their affiliates, and up to 30% of business with persons who are not owners of the insurer or their affiliate.

Class IV - Group Insurers can carry on general and/or long-term international insurance business with one owner, its affiliates and employees.

Class V - Single Insurers may carry on international insurance business with the sole owner of the insurer, in the case of a company, or with the beneficial owners of the insurer, in the case of a trust.

The Capital requirements vary by class with higher requirements for higher risk firms.

Insurance Managers, Agents and Brokers are required to apply for a certificate of authority under Section 30 of the Act.

The application shall be endorsed in writing by the respective insurer(s) as stipulated in Section 31 (2).

The applicant is also required to submit information relating to:

- The proposed class of the insurance business to be carried out;
- The agency agreement between them and the insurance company (in the case of an insurance agent); and
- Proof of experience in insurance business.

The Application processing time is between 4 – 6 weeks to facilitate for diligence checks and analyses.



ST. VINCENT & THE GRENADINES
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IS REGULATED BY
THE FINANCIAL SERVICES AUTHORITY



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