

Dissolution of a solvent company in the British Virgin Islands

Service area / [Corporate](#)

Legal jurisdiction / [British Virgin Islands](#)

Date / [April 2024](#)

In this guide, we explain what to do when you no longer need a company that has been incorporated or registered in the British Virgin Islands (**Company**).

Assuming the Company is solvent, you have two options: (1) arrange for the Company to be voluntarily liquidated and dissolved (**Liquidated**); or (2) leave (or apply for) the Company to be administratively struck-off and dissolved (**Administratively Dissolved**). For the reasons set out below, we usually recommend a Company is Liquidated, rather than Administratively Dissolved. If your Company is insolvent, please refer to our [Insolvent Liquidation Guide](#).

Voluntary liquidation

The voluntary liquidation (**Liquidation**) process is straightforward, inexpensive and brings the Company to an orderly end in a timely manner. As part of the Liquidation process, an experienced voluntary liquidator (**Liquidator**) will properly deal with any assets and/or liabilities the Company has, and will ensure all filing obligations/deadlines are met. When the Liquidation completes, the BVI Registry of Corporate Affairs (**BVI Registry**) will issue a certificate of dissolution and the Company will cease to exist.

If a Company has no assets/liabilities and the Liquidation is uncontested, it usually takes six weeks to complete. Even if a Liquidation becomes protracted, it still needs to complete within two years. If the Liquidator needs more time, s/he needs to provide good reason and obtain prior permission from the Court.

When the BVI Registry issues the certificate of dissolution, the Company will cease to exist (**Dissolution Date**). This means: (a) the Company no longer has any statutory filing obligations e.g. economic substance declarations or annual returns; (b) the Company does not have to make any further payments to the BVI Registry; (c) the Company no longer needs to have a registered agent or registered office in the BVI; (d) the Company does not have to provide any further customer due diligence information/documents on its directors, shareholders and beneficial owners (**Compliance Documents**); (e) the directors and shareholders have no further liability in respect of the Company; and (f) the Company cannot sue or be sued.

Once Liquidated, the Company and its directors, shareholders and Liquidator no longer have to, and indeed cannot: (a) carry on any business of the Company; (b) deal with the Company's assets; (c) defend or commence any new legal proceedings; (d) make any claim, or claim any right for (or in the name of) the Company; and/or (e) act in any way with respect to the affairs of the Company (**Prohibited Actions**). If the Company needs to undertake any of these Prohibited Actions, it needs to be restored by a Court Order. However, being Liquidated does not stop the Company (or its directors, shareholders and/or Liquidator) from defending/carrying any legal proceedings that may have commenced before the Dissolution Date.

OFFSHORE LAW SPECIALISTS

Administrative dissolution

A Company can be Administratively Dissolved if: (a) it does not pay its fees due to the BVI Registry (**Registry Fees**); (b) it does not have a registered agent; (c) it fails to file any return, notice or document that it is required to be filed under BVI law e.g. economic substance declarations or annual returns; (d) the BVI Registry is satisfied that it has ceased to carry on business; (e) the BVI Registry is satisfied that it is carrying on business without a required licence; and/or (f) the BVI Financial Services Commission (**FSC**) has revoked a licence that it issued to the Company.

The most common way for a Company to be Administratively Dissolved is to stop paying its Registry Fees. The due date for the Registry Fees is linked to a Company's date of incorporation: (a) Companies incorporated between January and June (**First-Half Companies**) must pay their annual fee by 31 May each year; and (b) Companies incorporated between July and December (**Second-Half Companies**) must pay their annual fee by 30 November each year. This means it can take 18 months to complete an Administrative Dissolution (e.g. if a First Half Company stops paying its BVI Registry fees on 1 June 2024, it will not be Administratively Dissolved until 1 November 2025).

Company	Fee due date	10% Penalty	50% penalty	Dissolved
First-half company	31 May	1 Jun	1 Aug	1 Nov
Second-half company	30 Nov	1 Dec	1 Feb	1 May

If a Company does not pay its Registry Fees on time, it goes into "Penalty" and the BVI Registry will then: (a) issue a notice to the Company's registered agent, confirming the Company will be Administratively Dissolved in 90 days, unless it shows cause to the contrary (**Notice**); and (b) publish a notice of its intention to Administratively Dissolve the Company in the BVI Gazette. Within 90 days of the Notice being issued, the Company should give its registered agent updated Compliance Documents on its directors, shareholders and beneficial owners.

A Company continues to exist when it is in "Penalty", as do the duties and liabilities of its directors, shareholders, officers and agents. Being in "Penalty" does not absolve the Company of its statutory filing requirements e.g. economic substance declarations or annual returns, and the Company still has to maintain its registered agent/office in the BVI.

However, when a Company is in "Penalty", it is incapacitated and the BVI Registry will not accept any filings in relation to the Company, so it cannot update its register of directors, register/release any charges or make any amendments to its constitutional documents. It also means the Company cannot: (a) act in any way with respect to the affairs of the Company; (b) commence or defend any new legal proceedings in its name; (c) make any new claim in its name; (d) deal with any of its assets or properties; (e) pay its debts; and/or (f) make distributions to its shareholders.

When the "Penalty" period comes to an end, the BVI Registry will arrange for a final strike off notice to be published in the BVI Gazette. When this notice is published, the Company will be Administratively Dissolved and any assets owned by the Company will automatically transferred to the Crown (i.e. the BVI Government). These assets can only be returned to the Company if it is restored (see paragraph 8 below), within five years of it being Administratively Dissolved.

Being Administratively Dissolved will not absolve the Company from any liability that arose (or would have arisen) before it was dissolved, prevent any creditor from making a claim against the Company (or pursuing the claim through to judgment or execution) and/or affect the liability of any of the Company's directors, shareholders, officers or agents, for a period of five years.

What does a company have to consider before liquidating?

Before commencing a Liquidation, a Company should consider the following:

Solvency

The Company must be balance sheet and cash flow solvent. This means the Company must: (a) have no liabilities; or (b) be able to pay its debts as they fall due, and the value of the Company's assets must equal (or exceed) its liabilities.

Good Standing

The Company must have paid all fees due to the BVI Registry and it must have complied with its statutory filings (e.g. economic substance declarations or annual returns).

Assets

If the Company has assets, these can be distributed: (a) by the directors, before the Liquidation commences; or (b) by the Liquidator, after the Liquidation has commenced. From a BVI perspective, it is usually cheaper and quicker for the directors to distribute the assets (before the Liquidation commences). However, there may be onshore benefits for the Liquidator to distribute the assets instead. We therefore recommend a Company obtains tax advice before commencing a Liquidation.

Continued

Security over assets

If the Company has created any security over its assets, the Liquidator will have to consider and give effect to the secured creditor's rights and priority. We usually recommend that all security interests are released and discharged before a Liquidation commences. For more information about how a Company can create and release security interests, please see our [Security Guide](#).

Security over shares

We recommend that any security interests that have been created by the shareholders (over shares issued by the Company) are released and discharged before a Liquidation commences.

Regulated

If a Company is regulated by the FSC, it can only commence a Liquidation with the FSC's prior written consent

What is the liquidation process?

The Liquidation process is relatively straightforward. The Company just needs to make sure the relevant filing obligations and deadlines are met. We can prepare the liquidation documents, appoint a Liquidator, guide you through the process and make sure all filing obligations and deadlines are met.

Resolutions

The directors and shareholders should pass resolutions approving the Liquidation, the liquidation documents, and the appointment of the Liquidator (**the Resolutions**).

Liquidation plan

The directors and shareholders must approve a liquidation plan, within six weeks of the Resolutions being passed, confirming: (a) the reasons for the Liquidation; (b) the estimated time required to complete the Liquidation; (c) if the Liquidator is authorised to carry on the Company's business; (d) the name and address of the/each Liquidator; (e) the remuneration to be paid to the/each Liquidator; and (f) if the Liquidator has to send a statement of account to the shareholders, in respect of his/her actions or transactions (**Plan**).

Declaration of solvency

The directors must make a declaration of solvency, within four weeks of the Resolutions being passed, confirming: (a) the Company is, and will continue to be, able to discharge, pay or provide for its debts as they fall due; and (b) the value of the Company's assets equals or exceeds its liabilities (**Declaration**).

Statement of assets and liabilities

The directors must prepare a statement of assets and liabilities, which needs to be attached to the Declaration. This statement must be made on the last practical date before the Declaration is issued.

Liquidator's appointment

The Liquidator must provide their written consent to act. Once this has been provided, the Company must give the Liquidator written notice of his/her appointment as soon as practicable.

Commencement

The date the Liquidation commences (**Commencement Date**) is the date that the following documents are filed with, and approved by, the BVI Registry: (a) notice of Liquidator's appointment; (b) the Declaration (or an extract thereof); and (c) the Plan. These documents must be filed within 14 days of the Liquidator being appointed.

Adverts

An advert, notifying potential creditors of the Liquidator's appointment, must be placed in the BVI Gazette and in a newspaper circulating in: (a) the BVI; and (b) the Company's principal place of business. If the Company has no principal place of business, the advert must be placed where the Liquidator considers it most likely to come to the attention of any creditors. The adverts must be published within 30 days of the Commencement Date and be in circulation for two to four weeks, to give potential creditors sufficient time to receive notice of the Liquidation.

Completion

Once the adverts have been circulated and the Liquidator has fulfilled their duties, s/he will file their completion statement at the BVI Registry.

Certificate of dissolution

Upon receipt of the completion statement, the BVI Registry will strike the company off the Company Register and issue a certificate of dissolution.

Gazette notice

Once the BVI Registry has issued the certificate of dissolution, the Liquidator must place a final notice in the BVI Gazette, confirming Company has been Liquidated.

What powers does a liquidator have?

On the Commencement Date, the Liquidator will take custody and control over the Company and any assets it may have. However, this will not affect the right of any secured creditors to take possession of and realise (or otherwise deal with) any of the Company's assets over which they hold a security interest.

Continued

During the Liquidation, the Liquidator will have all powers of the Company that are not reserved to the shareholders, including, but not limited to, the power to:

- take custody of the Company's assets (**Assets**);
- register the Assets in the Liquidator's name (or that of their nominee);
- sell the Assets at public auction or by private sale, without any notice;
- collect any debts and assets due or belonging to the Company;
- borrow money, from any person for any purpose, to facilitate the Liquidation and to pledge or mortgage any of the Company's assets as security for such borrowing;
- negotiate, compromise and settle any claim, debt, liability or obligation of the Company;
- prosecute and defend, in the name of the Company or in the name of the Liquidator or otherwise, any action or other legal proceedings;
- retain solicitors, accountants and other advisers and appoint agents;
- carry on the business of the Company, if the Liquidator has received authorisation to do so in the liquidation plan or from the directors, as the Liquidator may determine to be necessary or to be in the best interests of the creditors or shareholders;
- execute any contract, agreement or other instrument in the name of the Company or in the name of the Liquidator; and
- make any distribution in money or in other property (or partly in each) and if in other property, to allot the property, or an undivided interest therein, in equal or unequal proportions.

During the Liquidation, the directors will cease to have any powers, functions or duties, other than those required or permitted by law, even though they remain in office. However, the directors can still exercise such powers as the Liquidator may (by written notice) authorise them to exercise.

What duties does a liquidator have?

The principal duties of a Liquidator are to:

- take possession of, protect and realise the Assets;
- identify all creditors of, and claimants against, the Company;
- pay or provide for the payment of, or to discharge, all claims, debts, liabilities and obligations of the Company;
- distribute the surplus assets of the Company to the shareholders in accordance with the memorandum and articles;

- prepare or cause to be prepared a statement of account in respect of the actions and transactions of the Liquidator; and
- send a copy of the statement of account to all shareholders if so required by the liquidation plan.

Who can be a liquidator?

A Liquidator must be a natural person (not a corporate entity) who meets the following requirements:

BVI resident

A Liquidator must have physically lived in the BVI for at least 180 days (continuously or in aggregate) before the Commencement Date. Where more than one individual is appointed as a Liquidator, only one needs to satisfy this residency requirement.

Experienced

The Liquidator must have at least two years' experience and be able to demonstrate their relevant professional competence. A Liquidator cannot be a minor or an undischarged bankrupt.

Qualified

The Liquidator must: (a) hold a BVI insolvency practitioner's licence; or (b) have an appropriate professional qualification (such as in law or accountancy) and experience of providing legal or financial advice, or support to Companies in the financial services sector.

Independent

The Liquidator must be independent. They cannot have been a director or senior manager of the Company (or an affiliated company) within two years of the Commencement Date (or be a close family member of such an individual).

Restoration

A Company that has been Liquidated can only be restored (in limited circumstances) by a Court Order. Any application to restore a Company after it has been Liquidated, must be made within five years of the Dissolution Date.

A Company that has been Administratively Dissolved can be restored relatively easily, within five years of its dissolution date. This means the Company and its directors, shareholders, officers and agents have ongoing exposure to liabilities that arose before the Company was dissolved. Once restored, the Company is deemed never to have been struck-off or dissolved.

For more information about the restoration processes, please refer to our [Restoration Guide](#).

Continued



FIND US

Carey Olsen (BVI) L.P.

Rodus Building

PO Box 3093

Road Town

Tortola VG1110

British Virgin Islands

T +1 284 394 4030

E bvi@careyolsen.com



FOLLOW US

Visit our corporate team at

[careyolsen.com](https://www.careyolsen.com)



PLEASE NOTE

This briefing is only intended to provide a very general overview of the matters to which it relates. It is not intended as legal advice and should not be relied on as such. © Carey Olsen 2024.