

Frequently Asked Questions

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WHAT IS A CORPORATION?

A Corporation is a legal entity established by the individual(s) under the laws of a state or territory to conduct a particular type of business or transactions. The corporation exists separate from its shareholders,

directors and employees. A Corporation is a person in the eyes of the law. A Corporation functions in the same manner as a person and has the same rights and responsibilities as a person. The corporation may make contracts, assume

liabilities, sue and be sued. The corporation and its shareholders and directors have specific duties and obligations to each other.

WHAT ARE THE DIFFERENT TYPES OF CORPORATIONS?

- A business corporation is formed for the purpose of transacting business in the broadest sense of the word, and these transactions are conducted to return a profit
- A nonprofit corporation is formed for the purpose of advancing a particular objective of an organization, which is not established to make a profit. Generally, this includes charitable, benevolent and educational organizations. These entities are also called not-for-profit corporations.
- Business and not-for-profit are either domestic or foreign corporations. A domestic corporation has been incorporated under the laws of the Virgin Islands. A foreign corporation has been incorporated under the laws of another state or country and by registering with the territory may be authorized to do business within the Virgin Islands.

WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF INCORPORATING?

The answer to this question varies depending on your business and what you want to gain from incorporating. Some issues to consider when deciding include; personal protection from liability, tax liabilities, and business continuity.

WHO CAN FORM CORPORATIONS?

Business and nonprofit corporations may be formed by one or more individuals or by another corporation.

HOW IS A CORPORATION FORMED?

When individuals decide that they wish to form a corporation, they must file articles of incorporation with the office of the Lieutenant Governor. The articles of incorporation established the individuals' intent to form the corporation and indicate who is forming the corporation.

Any changes or amendments to corporation articles of incorporation must be filed with the Office of the Lieutenant Governor.

WHAT IS A FRANCHISE TAX REPORT?

All corporations must file a franchise tax report with the office of the Lieutenant Governor on or before June 30th of every

year. The report must list the name of the corporation, amount of capital stock, amount of paid-in-capital stock, computation of tax, penalty and interest for late payment. The report must be certified correct by two officers. Standard forms are available.

WHAT IS AN ANNUAL REPORT?

All corporations must file an annual report with the Office of the Lieutenant Governor by June 30th of each year in order to retain their good standing to do business within the Virgin Islands. The Annual report is a standard form available from the Division of Corporations, and provides information on the corporation's current officers, registered agent, and address.

WHAT IS A REGISTERED AGENT?

A registered agent is the individual or company who serves as the corporation's contact to receive service of process in legal matters. A Corporation must always have a registered agent on record and any change in the registered agent of a corporation must be filed with the Office of the Secretary of State within 30days of the change.

WHAT IS A TRADENAME?

A Tradename is a name that a business uses to identify itself that is different from its true corporate name. (For example: Very Virgin Corporation, Inc. may also have an assumed name VVCTraders). Any business entity recorded with the Lieutenant Governor must file for authorization to use a trade name unless that name is always used in conjunction with its corporate name. If the corporation's name is changed in any way from its original filing, this change must be filed with the Office of the Lieutenant Governor.

WHAT DOES IT MEAN WHEN A CORPORATION DISSOLVES?

If a corporation decides that it no longer wants to remain in business, it must file dissolution papers with the Office of the Lieutenant Governor. When a corporation dissolves it can no longer do business. It must wind up its affairs and distribute its assets appropriately.