

A new company for a new economy

May 2018

A New Economy

According to a World Bank survey, micro, small and medium enterprises (MSME) are the largest employers in many countries. Micro entrepreneurship is rising as services like Airbnb and Uber allow people to use their own assets and knowledge to create revenue. The growth of websites like Shopify remove the often huge barriers to entry in many traditional businesses like retail; and permit these businesses to be more effective on a smaller scale.

The internet has created a truly global market place where services and products can be offered and supplied to potentially a world audience without the requirements of bricks, mortar and a global staff.

These developments mean that the businesses and enterprises that traditionally needed size and scale to be profitable can now be successfully launched, operated and managed on a much smaller, micro scale.

A New Company

With these developments in mind, the British Virgin Islands has launched a new type of company, called the Micro Business Company designed to provide the traditional advantages of a corporate structure in a manner that makes them cost effective and appropriate to use in the MSME environment.

Here are the key features of the BVI Micro Business Company (MBC):

- Eligibility
 - Annual turnover not to exceed USD2 million
 - Assets not exceed USD2 million in value
 - Less than 10 employees
- Must convert to regular business company if exceed any of the above
- Formed by registering a charter. Fees payable by service providers will be capped by Order in Council
- Annual Return filed each year before 31 January
- Maximum of 6 persons involved with a MBC
 - 1 principal (mandatory – shareholder & director)
 - 5 participants (optional – shareholder only)

- Principal
 - Manage business and affairs with express authority to act without the need for further authorisation
- Participant
 - Optional participants may have an economic interest in the business but no involvement in management
- Principal and participant shares
 - Only Principal share is transferable;
 - Can not be encumbered;
 - Deemed issued on set up with no consideration payable
- Shareholders and director resolutions not needed
- Details of principal and participant will be publicly available via a digital platform.