

## Summary of USVI Tax Incentives for RTPark Approved Companies

Under the provisions of the Internal Revenue and the U.S. Virgin Islands statutes that created the University of the Virgin Islands Research and Technology Park (“RTPark”), company that is approved for benefits under the program is entitled to the following benefits:

- Up to a 90 percent (90%) reduction in income tax liability attributable to the company’s qualifying income from a) income from USVI sources and b) income that is “effectively connected” with the conduct of a USVI trade or business pursuant to section 934(b)(1) of the US Internal Revenue Code. The income must be attributable to a business that is approved for benefits by the RTPark. The income must not be U.S. source income or “effectively connected” with the conduct of a U.S. trade or business.
- An exemption on taxes on real property to the extent that it is utilized in the company’s business that is approved for benefits by the RTPark.
- An exemption from the USVI gross receipts taxes on receipts from the company’s business that is approved for benefits by the RTPark.
- An exemption from excise taxes on building materials, tools, pipes, pumps, conveyor belts or other appliances, materials and supplies necessary for use in the construction, alteration, re-construction or extension of the physical plant or facilities.
- An exemption from excise taxes on raw materials and component parts brought into the USVI for the purpose of producing, creating or assembling an article, good or commodity;
- An exemption from withholding tax with respect to payments of interest and a four percent (4%) withholding rate on the payments of dividends and royalties;
- A reduction in customs duties from six percent (6%) to one percent (1%) on raw materials and component parts brought into the USVI by an approved company to produce, create, or assemble an article, good, or commodity.
- The benefits will apply to shareholders, members, partners, grantors, beneficiaries, and other direct or indirect owners of the company who are bona fide residents of the USVI in accordance with Section 932(c) of the US Internal Revenue Code of 1986, as amended. Qualifying persons are entitled to a ninety percent (90%) reduction on income taxes payable on income derived from the dividends (100% on pass-thru distributions) paid to them by the company on qualifying income from the business that is approved by the RTPark.
- The company will not be subject to any otherwise applicable taxes or tax increases that may be subsequently enacted by the USVI Government during the period of its benefits, which is generally fifteen (15) years.