

**BILL NO. 32-0036**

**Thirty-Second Legislature of the Virgin Islands**

**March 20, 2017**

An Act amending the Virgin Islands Code title 27, chapter 9, section 303 relating to business license fees and amending title 33, chapter 3, adding section 43k to exempt small business concerns from the payment of the fee for the initial license and from initial gross receipt taxes

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**PROPOSED BY:** Senators Jean A. Forde and Nereida Rivera-O'Reilly

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*Be it enacted by the Legislature of the Virgin Islands:*

**SECTION 1.** Title 27 Virgin Islands Code, chapter 9, section 303 is amended by adding subsection (e) to read as follows:

“(e) The Commissioner shall waive the license fee for the initial license of every owner of a new small business concern, as defined in 11 V.I.C. §1252 (c). This subsection does not apply to:

(1) A business that has been restructured, reorganized, or transferred, unless the majority of the activities to be conducted after the restructuring, reorganization, or transfer are significantly different from the activities previously conducted;

(2) A new branch location or other facility, except by an existing out-of-the-territory entity first doing business in the Virgin Islands; or

1           (3)     A business that is substantially similar to a business currently operated, or  
2           operated within the past five years, by the same principals.”

3           **SECTION 2.** Title 33 Virgin Islands Code, chapter 3 is amended by adding section 43k  
4           to read as follows:

5           “§43k. (a) New small business concerns, as defined in 11 V.I.C. §1252 (c), are exempt  
6           from the payment of gross receipt taxes and excise taxes for the first two years of operation and  
7           shall pay 50% of the gross receipt taxes in the third year of operation.

8           (b)     A new small business concern must file an application, in a form and manner  
9           required by the department, to qualify for the exemption under this section.

10          (c)     An application under this section must be filed no later than a year after the time  
11          the business was required to obtain a business license under 27 V.I.C. §301.

12          (d)     The time periods in subsection (c) begin when the application is approved.

13          (e)     As used in this section:

14                 (1)     "New business" means a business that obtained or was required to obtain a  
15                 business license under 27 V.I.C. §301 for the first time during the calendar year for which  
16                 exemption is first claimed under this section.

17                 The term does not include any of the following:

18                         (A)     A business that has been restructured, reorganized, or transferred,  
19                         unless the majority of the activities to be conducted after the restructuring,  
20                         reorganization, or transfer are significantly different from the activities previously  
21                         conducted;

22                         (B)     A new branch location or other facility except by an existing out-of-  
23                         territory entity first doing business in the Virgin Islands; and

1 (C) A business that is substantially similar to a business currently  
2 operated, or operated within the past five years, by the same principals.

3 (2) "Employment position" means a full-time, permanent employee of the new  
4 business.”

5 **BILL SUMMARY**

6 Section 1 of this bill grants a business license fee waiver to owners of small business  
7 concerns for their initial license. Section 2 exempts small businesses from the payment of gross  
8 receipt and excise taxes for the first year of operation. Internal subsections (b) through (e) were  
9 taken from 2011 Bill Text WA S.B. 6327.

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11 **BR17-0015/January 19, 2017/Reviewed by YLT 2/24/17**

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