

AMENDED RULES AND REGULATIONS

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BUREAU OF INTERNAL REVENUE

APPROVED

18th DAY OF FEBRUARY 2019

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ALBERT BRYAN JR.
GOVERNOR

JOEL LEE, CPA
DIRECTOR NOMINEE
BUREAU OF INTERNAL REVENUE

Copy below is hereby certified to be a true and correct copy of the Amended Rules and Regulations adopted pursuant to authority granted in Title 33 V.I.C. Section 42a(b) by:

BUREAU OF INTERNAL REVENUE

Joel Lee, CPA
Director Nominee

The sections below amend existing provisions as a new subchapter, 42f, to Title 33, Chapter 3. Other than the added subchapter, the amendment provides no further changes.

Code of U.S. Virgin Islands Rules

TITLE 33. TAXATION AND FINANCE, SUBTITLE 1. MISCELLANEOUS INTERNAL REVENUE TAXES, PART I. NORMAL TAXES AND SURTAXES, CHAPTER 3. MISCELLANEOUS EXCISE TAXES; GROSS RECEIPTS, TAXES, ETC. SUBCHAPTER 42f. PAYMENT OF EXCISE TAXES FOR MANUFACTURERS IN THE VIRGIN ISLANDS

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42f-1 TITLE

These Rules and Regulations shall be known and may be cited as the “Rules and Regulations for the Payment of Excise Taxes for Manufacturers in the Virgin Islands.”

42f-2 STATEMENT OF PURPOSE

These Rules and Regulations shall apply to individuals and every firm, corporation or other association that manufactures goods, merchandise or commodities in the Virgin Islands. Manufacturing activities are those that are described in the North American Industry Classification System (NAICS), under sections 11, 31, 32 or 33. The purpose of these Rules and Regulations is to ensure the coordinated, orderly and uniform filing and payment of excise taxes by individuals, firms, corporations or other associations that manufacture products in the Virgin Islands.

42f-3 AUTHORITY

These Rules and Regulations (“Rules”) are promulgated pursuant to the authority vested in the Director of the Virgin Islands Bureau of Internal Revenue (“Director”) under 33 V.I.C. Section 42a(b) and shall have the force and effect of law as provided therein.

42f-4 SEVERABILITY

Any section or provision of this Rule held by the court to be invalid or unconstitutional will not affect the validity of any other section or provision.

42f-5 APPLICATION/INTERPRETATION

The interpretation and application of these rules and regulations shall be consistent with the policies and mandates of Title 33, Chapter 3 of the Virgin Islands Code, section 42(a) and construed to apply to all goods manufactured in the Virgin Islands.

42f-6 WHEN TO FILE

All manufacturers will be required to file Form 721 VI (Excise Tax Return) and the Form 721 VI MWKS (Calculation of the Manufacturing Cost Worksheet) on a monthly basis. Payment is due when the return is filed. The tax returns will be due no later than thirty days after the month concerned. Returns must be filed even if there is no tax liability owed to the Government of the Virgin Islands.

42f-7 DEFERRAL OF TAX ON RAW MATERIALS

Manufacturers who import raw material into the territory to be used in the manufacturing process will be allowed to defer the tax on the raw materials at the time of importation. The Bureau has developed specific item codes to allow for the importation of raw materials without the payment of tax at the time of importation. Manufacturers shall only utilize the manufacturing item codes on raw materials used in the manufacturing process. All other material imported by the manufacturer shall be subject to excise tax at the time of importation pursuant to Title 33 V.I. C. section 42(a).

42f-8 HOW TO DETERMINE COST PRICE

All manufacturers are required to calculate the cost price of each item manufactured in the Virgin Islands. The cost price will be used as the basis for the calculation of the excise taxes due by the taxpayer, pursuant to Title 33 V.I. C. section 42(b). The cost price is the manufacturer’s cost to produce a unit of the specific good, merchandise or commodity in the Virgin Islands. The

cost price will include the cost of raw materials used, direct labor used and manufacturing overhead. The excise tax on items manufactured in the Virgin Islands will be collected on a monthly basis, based on the cost of manufactured products sold in a specific month. To ensure that the correct amount of excise tax is paid on the manufactured products, the manufacturer shall attach the sales invoices for the products sold during each month, when filing the excise tax returns online.

42f-9 HOW TO CALCULATE THE EXCISE TAX ON ITEMS MANUFACTURED IN THE VIRGIN ISLANDS

Pursuant to Title 33 V.I. C. section 42(a), manufacturers shall pay an excise tax based on the value of the items manufactured in the Virgin Islands, in accordance with the provisions of Title 33 V.I.C. section 42(b). Pursuant to Title 33 V.I.C. section 42(b), the value of the articles, goods, merchandise and commodities for any business use shall be the cost price plus a five percent markup. The marked up value will then be subject to the applicable excise tax rate. Excise tax rates are provided in Title 33 V.I.C. section 42(a).

42f-10 EXEMPTIONS

Manufacturers who are entitled to exemptions on their manufactured products must still file the Form 721 VI (Excise Tax Return) and the Form 721 VI MWKS (Calculation of the Manufacturing Cost Worksheet), and indicate the nature of the exemption.

42f-11 SIGNATURE

The excise tax return must be signed under penalties of perjury. The online excise tax system provides for an electronic signature. When filing the tax return, activate the use of the electronic signature.

42f-12 PENALTIES AND INTEREST

Penalties for failure to file the excise tax return for manufacturers in the Virgin Islands will be imposed pursuant to Title 33 V.I.C. section 45, and all other applicable provisions of Virgin Islands law. The current rate for the failure to file penalty is 5% per month, not to exceed 25%. (Title 33 V.I.C. section 1281.) Interest on any outstanding excise tax due will be imposed at the rate of 1% per month, or as amended by the Legislature. (Title 33 V.I.C. Section 1231.)

42f-13 AMENDED RETURNS

To correct an error on a previously filed excise tax return, manufacturers must submit a corrected Form 721VI and corrected Form 721VI MWKS (Calculation of the Manufacturing Cost Worksheet), to the attention of the Chief of Processing, Virgin Islands Bureau of Internal Revenue.


42f-14 CLAIM FOR REFUND

Use Form 843 to file a claim for refund of excise taxes on goods manufactured in the Virgin Islands. Include all the necessary documents to support the request for a refund of excise taxes paid. Claims should be submitted to the attention of the Chief of Processing, Virgin Islands Bureau of Internal Revenue. Claims must be submitted within three years from the date that the tax was paid.

The above Rules and Regulations of the Virgin Islands Bureau of Internal Revenue are hereby approved:

Approved:

2/5/19
Date


Joel Lee, CPA
Director Nominee
BUREAU OF INTERNAL REVENUE

Pursuant to the powers vested in me by Section 11 of the Revised Organic Act of 1954 as amended, the above Rules and Regulations of the Virgin Islands Bureau of Internal Revenue are hereby:

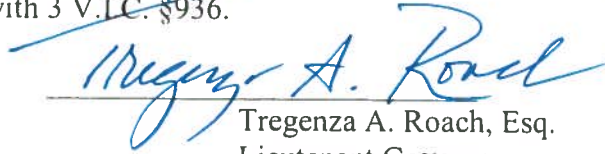
Approved:

2/18/2019
Date


Albert Bryan Jr.
Governor

I, Tregenza A. Roach, Esq, Lieutenant Governor of the United States Virgin Islands, have reviewed the foregoing Rules and Regulations, from the Virgin Islands Bureau of Internal Revenue, regulating the payment of excise taxes for manufacturers in the Virgin Islands, and find them to be in compliance with Title 3, Chapter 25, Virgin Islands Rules & Regulations, and hereby approve the same in accordance with 3 V.I.C. §936.

Dated: February 14, 2019



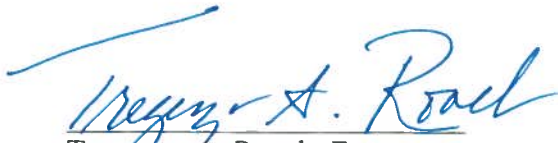
Tregenza A. Roach, Esq.
Lieutenant Governor

GOVERNOR'S CERTIFICATE

Pursuant to the authority granted under Section 938 of Title 3, Virgin Islands Code, I, Albert Bryan Jr., Governor of the U.S. Virgin Islands, certify that because of compelling circumstances, including lengthy delays before publication, the public interest requires that the attached rules and regulations that pertain to the filing and payment of excise taxes in the U.S. Virgin Islands, become effective prior to publication in the Virgin Islands Rules and Regulations. The public interest requires prompt promulgation of the attached rules and regulations to implement the filing and payment procedures to Title 33, Chapter 3, Section 42. These Rules and Regulations shall become effective upon this 18th day of February, 2019.


Albert Bryan Jr.
Governor

Attest:


Tregenza A. Roach, Esq.
Lieutenant Governor

Date: 2/18/2019