

ACT NO. 8991

BILL NO. 36-0063

THIRTY-SIXTH LEGISLATURE OF THE VIRGIN ISLANDS

Regular Session

2025

An act amending title 33 Virgin Islands Code, subtitle 1, chapter 3, sections 41, 42(a), and 43(a) and (c) to clarify that gross receipts taxes must be paid by all contractors doing business in the Virgin Islands regardless of physical location; amending an appropriation in section 1 of Act No. 8915; amending appropriation amounts and appropriation recipients in Acts No. 8870 and 8916; amending title 33 Virgin Islands Code, chapter 111, section 3051, relating to the Crime Prevention/Prosecution Fund; amending title 12 Virgin Islands Code, chapter 21, section 910, relating to coastal zone permits; amending titles 3 Virgin Islands Code, chapter 1 sections 8a and 8b and title 33 Virgin Islands Code, subtitle 3, chapter 111, section 3038, relating to the Veterans Emergency and Mainland Transportation Account; amending an appropriation recipient in section 1 of Act No. 8897; and providing an appropriation for the Virgin Islands National Guard 50th Anniversary Celebration

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WHEREAS, the Virgin Islands continues to undertake long-term disaster recovery and infrastructure projects following Hurricanes Irma and Maria, which have attracted contractors, consultants, and vendors, many of whom do not maintain a permanent physical presence in the territory;

WHEREAS, these non-resident businesses benefit from the territory's infrastructure, public services, labor force, and legal protections, while often avoiding contribution to the tax base that sustains these resources;

WHEREAS, the evolving nature of commerce and legal precedent necessitate modernization of the Virgin Islands tax code to ensure that all persons and entities deriving significant economic benefit from activity within the Virgin Islands contribute equitably to the territory's tax system; and

WHEREAS, the Legislature finds that expanding the gross receipts tax to include non-resident persons and entities with substantial economic nexus will promote tax fairness, protect local businesses, and ensure fiscal sustainability; Now, Therefore,

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Title 33 Virgin Islands Code, subtitle 1, part I, chapter 3 is amended as follows:

(a) Section 41 is amended:

(1) By designating the existing language as subsection (a), striking the phrase “individuals and firms, corporations, and other associations” and inserting “each person”; and adding the following definition at the end of the section:

“Person” includes an individual, firm, partnership, limited liability partnership, joint venture, association, corporation, limited liability company, or any other legal entity or group acting as a business unit.

(2) By adding the following new subsections (b), (c), (d), and (e):

“(b) For the purposes of this chapter, “doing business” means engaging in any activity, whether lawful or unlawful, conducted for gain, profit, or income at any time during a calendar year.

(c) The taxes imposed by this chapter apply to all persons with substantial nexus with the Virgin Islands. “Substantial nexus” means the nature, frequency, and duration of a person’s or entity’s activities within the Virgin Islands are such that the person or entity benefits from the infrastructure, legal system, economy, or marketplace of the Virgin Islands.

(d) A person or entity shall be deemed to have substantial nexus with the Virgin Islands and be subject to taxes under this chapter if the person or entity:

(1) Is a resident of the Virgin Islands or is domiciled in the Virgin Islands for commercial, corporate, or other business purposes;

(2) Derives gross income, revenue, or receipts from Virgin Islands sources in any calendar year; or

(3) Engages in any continuous or systematic business activity in the Virgin Islands, directly or through agents, representatives, or affiliates.

(e) The Director of the Bureau of Internal Revenue may promulgate rules, forms, and procedures to implement and enforce this section, including compliance reviews, audits, and penalties for non-compliance.”

(b) Section 42(a) is amended by adding the phrase “as defined in section 41 of this chapter” after the first occurrence of the word “business”.

(c) Section 43 is amended:

(1) In subsection (a) by adding the phrase “as defined in section 41 of this chapter” after the first occurrence of the word “business”; and adding the following language after the second occurrence of the word “business”:

“The tax levied under this section is imposed on the person receiving the gross receipts and is not a tax imposed directly on a purchaser. The tax shall be remitted to the Bureau of Internal Revenue. A taxpayer is subject to the gross receipts tax for doing business during any portion of the tax year.”

(2) By striking subsection (c) in its entirety and inserting the following:

“(c) Persons, including contractors, subcontractors, consultants, vendors, or suppliers who enter the Virgin Islands to execute government-awarded contracts for public works, projects, undertakings, infrastructure, disaster recovery, or long-term reconstruction projects are deemed to have substantial nexus and are subject to gross receipts taxes on all income, revenues, or receipts earned in connection with such activities.”

SECTION 2. Act No. 8915, section 1 is amended as follows:

- (a) In subsection (c) strike “\$150,000,000” and insert “\$250,000,000”;
- (b) In subsection (c) (2) strike “\$100,000,000” and insert “\$200,000,000”.

SECTION 3. Act No. 8870 is amended by striking “Virgin Islands Department of Education” and inserting “Virgin Islands Bureau of School Construction and Maintenance”.

SECTION 4. Act No. 8916, as amended by Acts No. 8954 and 8979 is further amended as follows:

(a) On pages 4-5, ORG370 DEPARTMENT OF LABOR is amended as follows:

- (1) in line-item PERSONNEL SERVICES by striking “\$2,814,961” and inserting “\$3,227,166”;
- (2) line-item FRINGE BENEFITS by striking “\$1,303,752” and inserting “\$1,506,903” and
- (3) line-item TOTAL ORG370 DEPARTMENT OF LABOR \$11,994,697” and inserting “\$12,610,044”;

(b) On page 9, GRAND TOTAL GENERAL FUND by striking “\$701,975,196” and inserting “\$702,590,522”; and

(c) On page 9, C/CNTR MISCELLANEOUS ORGANIZATONS by striking “2024” and inserting “2025”.

SECTION 5. Title 33 Virgin Islands Code, chapter 111, section 3051 is amended as follows:

(a) subsection (c) by inserting “and capital improvements for facilitating and” after “supplies” and by striking the semicolon after “prosecution” and inserting “, including the hiring and retention of personnel”; and

(b) subsection (d) by inserting “, the Attorney General” after “Governor”.

SECTION 6. Title 12 Virgin Islands Code, chapter 21, section 910 is amended as follows:

(a) In subsection (c):

(1) paragraph (2):

(i) subparagraph (A), after “subdivision” insert “on five parcels or less” and strike all language after “duplex” and insert “, or the construction of any three-family dwelling approved pursuant to any amnesty or infill legislation; or”;

(ii) subparagraph (B), strike “fifty-two thousand dollars (\$52,000)” and insert “\$275,000”;

(iii) subparagraph (C), strike “seventy-five thousand dollars (75,000)” and insert “\$500,000”;

(iv) subparagraph (D), strike “sixty-six thousand dollars (\$66,000)” and insert “\$350,000”; and

(v) subparagraph (E), strike “seventeen thousand (\$17,000)” and insert “\$90,000”.

(2) Insert the following paragraph (3): “(3)The Commission may, by regulation, adjust the costs or the value of developments to reflect economic changes.”

(b) In subsection (e), paragraph (5), after “slips” insert “maintenance dredging of 50 cubic yards or less,”.

SECTION 7. Act No. 8916, line titled “GENERAL FUND”, subsection L, as amended by Act No. 8979, section 7, is amended by striking “VETERANS EMERGENCY AND MAINLAND TRANSPORTATION ACCOUNT” and inserting “VETERANS EMERGENCY AND MAINLAND TRANSPORTATION AND BURIAL EXPENSES ACCOUNT”.

SECTION 8. Title 3 Virgin Islands Code, chapter 1 is amended as follows:

(a) In section 8a, subsection (b), paragraph (14), strike “Veterans Emergency and Mainland Transportation Account” and insert “Veterans Emergency and Mainland Transportation and Burial Expenses Account”; and

(b) In section 8b, subsection (d), strike “Office of Veterans' Affairs in the Office of the Governor” and insert “Veterans Emergency and Mainland Transportation and Burial Expenses Account”.

SECTION 9. Title 33 Virgin Islands Code, subtitle 3, chapter 111 is amended as follows:

(a) In section 3038:

(1) In the section title, strike “Veterans Emergency and Mainland Transportation Account” and insert “Veterans Emergency and Mainland Transportation and Burial Expenses Account”;

(2) In subsection (a):

(A) in the first sentence, strike “Veterans Emergency and Mainland Transportation Account” and insert “Veterans Emergency and Mainland Transportation and Burial Expenses Account”;

(B) at the end of the second sentence, insert “and to assist with burial expenses” after “medical care”;

(C) at the end of the third sentence, insert “and to assist with the payment of burial expenses in accordance with 3 V.I.C. § 8b” after “medical care”; and

(D) in the fourth sentence, insert “for transportation assistance” after “Reimbursement”.

SECTION 10. Act No. 8897, section 1, is amended by striking “HOSPITAL GROUND-BETHEL BAPTIST CHURCH ROAD” and inserting “COKI POINT ROAD PROJECT”.

SECTION 11. The sum of \$15,000 is appropriated in the fiscal year ending September 30, 2025, from the General Fund of the Treasury of the Government of the Virgin Islands to the Virgin Islands National Guard, Office of the Adjutant General for costs associated with the Virgin Islands National Guard 50th Anniversary Celebration.

Thus passed by the Legislature of the Virgin Islands on June 4, 2025.

Witness our Hands and Seal of the Legislature of the Virgin Islands this 5th day of June, A.D., 2025.



Milton E. Potter

Milton E. Potter
President

Avery L. Lewis
Avery L. Lewis
Secretary



Bill No. 36- 0063 is hereby approved.

**Witness my hand and the Seal of the Government of
the United States Virgin Islands at Charlotte Amalie,
St. Thomas, this 13th day of June, 2025 A.D.**


Albert Bryan Jr.
Governor