



Nevis – Building Strong Foundations

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NEVIS IS A 36 SQUARE MILE ISLAND located in the Caribbean; it is 1,265 miles southeast of Miami and two miles south of its sister island, Saint Kitts. The island is almost circular in shape with a 3,232 foot cloud-capped mountain rising in its center called Nevis Peak. In 1983, Nevis, along with Saint Kitts achieved independence from Britain, and the two islands constitute the Federation of Saint Kitts-Nevis (the 'Federation'). English is both the official and spoken language in the Federation.

Saint Kitts-Nevis has a population of approximately 45,000 people, with 10,000 people residing on Nevis. The Federation's population is mainly of African-Caribbean descent. For centuries, the economy was based on the production of sugar until the industry was closed in 2005. As provided for by the Federation's Constitution, Nevis is permitted to legislate on certain specified matters, including commercial and corporate laws.

Tourism is one of the pillars of Nevis' economy; almost 250,000 visitors flock to its sun, sand and shore annually to vacation at several resorts located on the island. Nevis' other economic pillar is offshore financial services.

Since Independence, Nevis' legislature has enacted several laws to stimulate the development of the offshore financial services sector. Corporate entities may be incorporated as Nevis Business Corporations ('NBCs') under the Nevis Business Corporation Ordinance, 1984, as Amended (the 'NBCO') or formed as Nevis Limited Liability Companies ('NLLCs') under the Nevis Limited Liability Company Ordinance, 1995, as Amended (the 'NLLCO').

In 1994, Nevis enacted the Nevis International Exempt Trust Ordinance, 1994, as Amended (the 'NIETO'), which provides comprehensive and thorough asset protection strategies. The NIETO

provides for spendthrift trusts, overrides the Rule Against Perpetuities, overrides forced heirship, repeals the Statute of Elizabeth and prohibits the enforcement of foreign judgments.

The Multiform Foundations Ordinance, 2004, as Amended (the 'MFO') allows the establishment and registration of foundations. A foundation is a self-owned entity; it is a legal person and can bring and defend lawsuits. A 'multiform foundation' is a malleable entity that operates as a foundation but may take the underlying form for administrative and legal purposes of a NBC, NLLC, Nevis Trust, or Saint Kitts-Nevis Partnership. The MFO does not recognise foreign judgments.

In 2004 the Nevis International Insurance Ordinance (the 'NIIO') was enacted. The law allows NBCs or local companies to carry on different types of insurance business; either general insurance, long-term insurance, captive insurance, the sale of annuities or reinsurance.

All Nevis trusts, NBCs, NLLCs, multiform foundations and registrants under the NIIO are tax-exempt so long as they transact no business on the island. Maintaining bank accounts in Nevis, holding board meetings in Nevis, maintaining corporate or financial records in Nevis, maintaining an administrative or managerial office in Nevis with respect to assets and activities outside of Nevis, being a partner in a Saint Kitts-Nevis partnership, or acquiring real property approved by Government will not constitute doing business in Nevis. Multiform foundations can elect to become tax-resident in Nevis and would then pay taxes annually at a maximum rate of one percent.

In 2011, amendments were made to the NBCO, the NLLCO, the NIETO and the MFO, which require the management of NBCs, NLLCs and multiform foundations and the trustees

of Nevis trusts respectively, to keep and maintain proper books of account. These records should correctly explain all transactions, enable the financial position to be determined and allow financial statements to be prepared.

The NBCO, NLLCO, NIIO, NIETO and MFO are all currently being amended in efforts to modernise these laws. The amendments to the NBCO, NLLCO and NIIO will also allow for the establishment of segregated entities. The proposed amendments to the NIIO and NLLCO, will also allow NLLCs to be registered as insurance companies. Under consideration is the Nevis Registration of Charges Ordinance, a law which will allow easier registration of charges against the assets of NBCs, NLLCs and multiform foundations. It is expected that the amendments and new law will be enacted before the end of 2012.

The Federation also offers foreigners the opportunity to become citizens on the basis of the purchase of a piece of real property or upon the investment in a public charity. Citizenship can be obtained through the purchase of property valued at US\$400,000 or more on the southern peninsula of Saint Kitts, in the northwest of Nevis or via a donation of at least US\$250,000 to a fund for displaced sugar industry employees. All applications for citizenship and accompanying passports applications must certify that all family members are free of infectious diseases, including HIV/AIDS, and do not have criminal records.

In addition to having the right to reside in Saint Kitts-Nevis and bask in warm Caribbean sunshine, all Kittians-Nevisians can visit the Schengen-member countries of the European Union without obtaining a visa, and stay for three months, within a six-month period. ■

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