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COMPLETING A VOLUNTARY LIQUIDATION IN THE BVI BEFORE YEAR END

Introduction

As we approach the beginning of the last quarter of 2025 it is worth re-visiting the issue of voluntary liquidations in the British Virgin Islands (“**BVI**”) as in readiness for completing the liquidation process before 31 December 2025.

Liquidations in the BVI do not have a rescue function and mark the end of a company’s lifecycle. A liquidation in the BVI can be either:

- 1) an insolvent liquidation and therefore governed by the Insolvency Act 2003 (as amended); or
- 2) a solvent liquidation and therefore governed by the BVI Business Companies Act (as amended) (“**Companies Act**”).

In this Briefing Note we are focusing on some of the key points in relation to voluntary liquidations in the BVI.

Purpose of Voluntary Liquidation

A voluntary liquidation is commonly used where the company is no longer required by a business and is to be dissolved – this will enable the liquidator to deal with the company’s assets (if any) and to pay off any liabilities (if any) in order to dissolve the solvent company. The process of a voluntary liquidation is fairly straightforward and inexpensive and helps to bring the company to an orderly end.

Procedure

A company may only be placed into voluntary liquidation if it:

- 1) has no liabilities; or
- 2) is able to pay its debts as they fall due and the value of its assets equals or exceeds its liabilities.

Declaration of Solvency and approval of Liquidation Plan

Where the appointment of a voluntary liquidator is proposed, the directors of the company must make a declaration of solvency and approve a liquidation plan. A director who makes a declaration of solvency without having reasonable grounds for the opinion that the company is and will continue to be able to discharge, pay or provide for its debts in full as they fall due will commit an offence and will be liable on summary conviction to a fine of US\$10,000. The liquidation plan must be approved by the directors no more than six (6) weeks prior to the date of the resolution to appoint a voluntary liquidator.

Resolution

A voluntary liquidator may be appointed by a resolution of directors or by a resolution of members.

If the company to be placed into voluntary liquidation is a regulated entity, the BVI Financial Services Commission (“**Commission**”) must give its prior written consent to the company being placed into voluntary liquidation and must have approved the individual proposed to be appointed as voluntary liquidator, otherwise the appointment will be void and of no effect.

Requirements of Voluntary Liquidator

The voluntary liquidator must be:

- 1) a BVI resident and must have physically lived in the BVI for at least 180 days (either continuously or in aggregate) prior to their appointment (it is possible to appoint joint voluntary liquidators where only one voluntary liquidator meets the BVI residency requirements);
- 2) experienced in liquidation (at least two years’ experience); and
- 3) either the holder of an insolvency practitioner’s licence or having an appropriate professional qualification (such as in law) and experience of providing legal and financial support to companies in the financial services sector.

Notice

The voluntary liquidator will have 14 days of the date of their appointment to file:

- 1) a notice of their appointment (in the approved form);
- 2) the declaration of solvency; and
- 3) a copy of the liquidation plan.

The voluntary liquidator will have 30 days of commencement of the liquidation to advertise notice of his/her appointment.

Effect of appointing Voluntary Liquidator

From the commencement of the voluntary liquidation:

- 1) the voluntary liquidator has custody and control of the company's assets; and
- 2) the company's directors will remain in office but they cease to have any powers, functions or duties (other than those required or permitted under the Companies Act).

Voluntary Liquidator's Duties

The duties of the voluntary liquidator include:

- 1) taking possession of, protecting and realising the company's assets;
- 2) paying or providing for the payment of, or to discharge, all of the company's claims, debts, liabilities and obligations; and
- 3) prepare or cause to be prepared a statement of account in respect of the actions and transactions of the liquidator.

Completion of Liquidation

The Companies Act states that upon completion of a voluntary liquidation, the voluntary liquidator shall file a Notice of Completion. Upon receiving this, the Registrar of Corporate Affairs ("**Registrar**") will strike off the company from the Register of Companies ("**Register**") and issue a Certificate of Dissolution. The company's dissolution is effective from the date of the issue of the Certificate of Dissolution. The voluntary liquidator shall, immediately after the Registrar issues the Certificate of Dissolution, publish in the Gazette a notice that the company has been struck off the Register and dissolved.

How can we help?

We have a wealth of experience dealing with voluntary liquidations including providing the services of the liquidator and dealing with all necessary filings in the BVI. Please contact us with the details below.

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