

ECONOMIC DEVELOPMENT COMMISSION ANNUAL REPORT

Instructions to EDC Beneficiaries

The Annual Report is to be submitted to the EDC Compliance Division on the respective islands where the beneficiary's business is located, within 30 days of the filing deadline of the Beneficiary's Income Tax Return and any extensions thereto. The Annual Report is important to the EDC as a means of monitoring the activities of EDC Beneficiaries, ensuring compliance with the Economic Development Program Law (Title 29 Chapter 12, VI Code), the EDC Rules and Regulations, and maintaining an accurate cost/benefit of the EDC Program. The signature and phone number of the preparer is required in the event that verification is needed. **The Annual Report must be supplemented with the Beneficiary's tax return or audited financial statements. Appendixes to support compliance with Special Conditions must also be affixed to the report (e.g. proof of insurance, contributions, educational assistance, etc.) Requests for extensions must be submitted to the ACEO with a copy of proof of extension of filing tax return with the VI Bureau of Internal Revenue.**

Gross Sales: Please indicate both the Gross Receipts and Sales from business operations that are subject to tax benefits as well as Gross Sales that may be exempt from benefits.

Other Income: Dividends, interest, rents, capital gains, and other taxable income

Average No. of Employees: Employment information should coincide with the Beneficiary's quarterly reports submitted to the VI Department of Labor. Please also provide a breakdown of Resident and Non-resident employees as defined in Chapter 12, Section 703(e) of the Economic Development Program.

"Resident of the Virgin Islands" means

- (1) Any U.S. citizen domiciled in the Virgin Islands for one (1) year or more;
- (2) A person who has attended a school in the Virgin Islands for at least six (6) years or is a high school or University of the Virgin Islands graduate and who is registered to vote in the Virgin Islands; or
- (3) A lawful permanent resident alien domiciled in the Virgin Islands for one (1) year or more.

A person shall demonstrate that he/she has been a resident for one (1) year or more for the purposes of the EDC by using the date of issuance information from a W-2 form, a voter registration card, a permanent resident card, or a Virgin Islands driver's license.

Other Employee Costs: Please provide an appendix that itemizes the specific expenditures and reconciles to the total cost reported on the EDC Annual Report.

Taxes and Duties: Please provide the dollar value of any taxes and duties you may have paid that is not subject to EDC Benefits as well as the value of the tax exemption or refund for each tax. (Do not include refunds unrelated to the EDC). The totals from the EDC Annual Report Appendix I must be brought forward and reported in Income Taxes Total Paid and Dollar Value of Exemptions.

Other Taxes, Fee paid to the VI Government can be in the form of partial tax benefits from a Beneficiary operation under an extension, taxes paid on income that is not subject to benefits or certain taxes not eligible for benefits (such as excise taxes on hotel furnishings). Please provide an appendix which itemizes the taxes and/or fees paid that reconciles to the total reported on the EDC Annual Report.

Expenditures for Goods, Services, Plant & Equipment: Sections 708-701 to 708-713 of the EDC Rules and Regulations details the responsibilities of the Beneficiary to purchase goods and services from responsible Virgin Islands businesses. The Recordkeeping Requirements of Section 708-712 requires that (a) Beneficiaries shall keep records adequate to substantiate that all procurement activities have been conducted in accordance with the Act and the regulations; and (b) Beneficiaries shall maintain records containing necessary justifications, especially for solicitation of non-Virgin Islands suppliers and exempt procurement.

Beneficiaries should maintain records showing (1) all Virgin Islands concerns solicited, (2) all quotes received, and (3) the comparative quote prices between all Eligible Virgin Islands Suppliers. The categories of suppliers are defined as follows (in order of preference);

Eligible Supplier: Company has been certified by the EDC as having more than 50% of the voting stock owned by local residents, has been licensed to do business in the VI for more than one year, the supplier physically maintains its principal place of business in the VI, and maintains an inventory in the VI appropriate to the size of its business. Eligible Suppliers are subject to the 15% local preference provisions when doing business with Beneficiaries who were granted benefits prior to February 1, 2001 (Act 6390). All other Beneficiaries are required to procure locally to the extent that it is available and are not required to grant the 15% preference.

Virgin Islands Supplier: Any Supplier of goods and services licensed to do business in the VI that is a "Responsible Supplier" as defined in Section 708-703 of the Rules and Regulations who otherwise does not meet the criteria of an Eligible Supplier. A Virgin Islands Supplier receives preference over a Non-Virgin Islands Supplier.

Non –Virgin Islands Supplier: All other suppliers not licensed to do business in the VI. Procurement from Non-Virgin Islands Suppliers is allowed in accordance with Section 708-707, Procurements Solely from Non-Virgin Islands Suppliers. Under Act 6390, the Beneficiary must notify the Department of Licensing & Consumer Affairs and the Economic Development Commission when goods are not available in the VI. The Beneficiary must demonstrate in writing their efforts to obtain such goods, services, and material from Virgin Islands sources.

Capital Expenditures: are listed separately from other goods and services purchases as a means of monitoring on-going investments in buildings, plant, equipment, etc. The Capital Expenditure information should coincide with the Beneficiary's balance sheet and be undepreciated.

Other Goods and Services and Other Capital Expenditures: Please provide an appendix itemizing the expenditures that reconciles with the total reported on the EDC Annual Report.