COMMITTEE ON ECONOMIC DEVELOPMENT AND AGRICULTURE

05/28/2026-SPECIAL ORDERED TO THE FLOOR

BILL NO. 36-0283

Thirty-Sixth Legislature of the Virgin Islands

May 8, 2026

An act amending title 29, Virgin Islands Code, chapter 12, subchapter I by adding a new section 713c to limit income tax refunds for economic development program beneficiaries

PROPOSED BY: Senator Avery L. Lewis

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Title 29 Virgin Islands Code, chapter 12, subchapter I, is amended by adding the following new section 713c and renumbering the remaining sections accordingly:

"§713c. Limitation on income tax refunds for beneficiaries

(a) Notwithstanding the provisions of section 713b, and except as provided in subsections (h) and (i) of this section, no income tax refund attributable to income subject to benefits authorized by this chapter shall be allowed or paid to a beneficiary certified under an economic development program, unless the cumulative income tax benefits received by such beneficiary under this chapter have been fully offset as provided in this section.

(b) Prior to paying any income tax refund to a beneficiary, the Bureau of Internal Revenue shall determine the cumulative amount of income tax benefits received by the beneficiary during the entire period of the beneficiary's participation in the economic development program granting the benefits authorized pursuant to this chapter.

(c) For purposes of this section, the term "income tax benefits" means any reduction of income tax liability granted pursuant to §713b of this title.

(d) Any income tax refund otherwise allowable to a beneficiary that is attributable to income subject to benefits authorized by this chapter shall be applied as an offset against the cumulative income tax benefits determined pursuant to subsection (b) of this section, without regard to the taxable year in which such benefits were received.

(e) The amount applied as an offset for any taxable year shall not exceed the amount of the income tax refund otherwise allowable for such taxable year. Any remaining balance of cumulative income tax benefits shall be carried forward and applied against income tax refunds allowable for subsequent taxable years.

(f) No income tax refund attributable to income subject to EDC benefits shall be allowed or paid to a beneficiary until the cumulative income tax benefits determined pursuant to subsection (b) of this section have been fully offset.

(g) The Bureau of Internal Revenue may promulgate regulations necessary to implement the provisions of this section.

BILL SUMMARY

This bill amends title 29, Virgin Islands Code, chapter 12, subchapter I by limiting the amount of income tax refund that a beneficiary of an economic development program may receive by applying an offset to their tax benefits.

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