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TREASURY ISSUES PROPOSED RULE PROVIDING 30-DAY TRAVEL EXCEPTION TO V.I. TAX RESIDENCY RULES; GOVERNOR MAPP HAILS MOVE

(St. Thomas, US Virgin Islands, August 31, 2015) The U.S. Department of the Treasury today issued a notice of proposed rulemaking which would provide V.I. taxpayers with a "30-day travel exception" to the 183-day residency test for establishing tax residency in the Virgin Islands.

Under the proposed rule, up to 30 days of travel time outside of the Virgin Islands and the United States for business or personal reasons would be allowed to count as days of presence in the Virgin Islands for purposes of meeting the residency test. In effect, a Virgin Islands taxpayer could spend as little as 153 days in the Virgin Islands without losing his or her tax status.

Governor Kenneth Mapp hailed the Treasury action, calling it one of the most important federal actions in years to strengthen the Virgin Islands Economic Development Commission (EDC) Program.

Governor Mapp met earlier this year in Washington with Assistant Secretary of the Treasury for Tax Policy Mark Mazur to call for liberalizing the residency rules in the Virgin Islands. Under current Treasury rules, a V.I. taxpayer must be physically present in the Virgin Islands for a minimum of 183 days a year, or an average of 183 days a year during any three-year period.

Governor Mapp said that the current residency rules pose a serious obstacle for a number of V.I. taxpayers, especially for participants in the Territory's EDC program which requires program beneficiaries to service clients outside of the Virgin Islands, and who therefore must travel extensively. "Since Treasury first imposed the 183 days test for V.I. residency following Congressional enactment of the American Jobs Creation Act of 2004, the Territory has lost scores of businesses and hundreds of millions of dollars of tax revenue because the rules are too onerous for our residents who must travel frequently to stay in business, and because they simply do not recognize the realities of living on a small geographically removed island," Governor Mapp said.

"The Treasury decision to provide a 30-day travel exception will remove a significant barrier to the sustainability and growth of our economic development program, and is a welcome development for all Virgin Islands taxpayers who will have greater freedom to travel without having to worry about losing their tax status as Virgin Islands residents," stated Governor Mapp. "This could be a real boost to the Territory's economy," Mapp said. "It will help us retain existing businesses which have had trouble meeting the current rules. It will also help us attract new businesses in the future, particularly those in the technology and financial service sectors" said the Governor.

Governor Mapp stated that the Treasury action was the result of years of effort on the part of the EDC community and the Territory's Congressional supporters in Washington, D.C. who have lobbied the Treasury Department to ease the current restrictive rules. "I want to thank in particular our good friend and Chairman of the Senate Finance Committee Orrin Hatch, Senator Mike Crapo, Senator Ron Wyden, and former Senator Jay Rockefeller. I also want to thank especially Congressman Charlie Rangel, who has been a steadfast supporter of the EDC program for years," Governor Mapp said.

Governor Mapp also thanked Delegate Stacey Plaskett for her support of the proposed rule, as well as the efforts of the previous administrations. "It has been a long fight, but I am very hopeful for the future of the EDC program and its needed role in restarting and strengthening our economy," Governor Mapp concluded.