

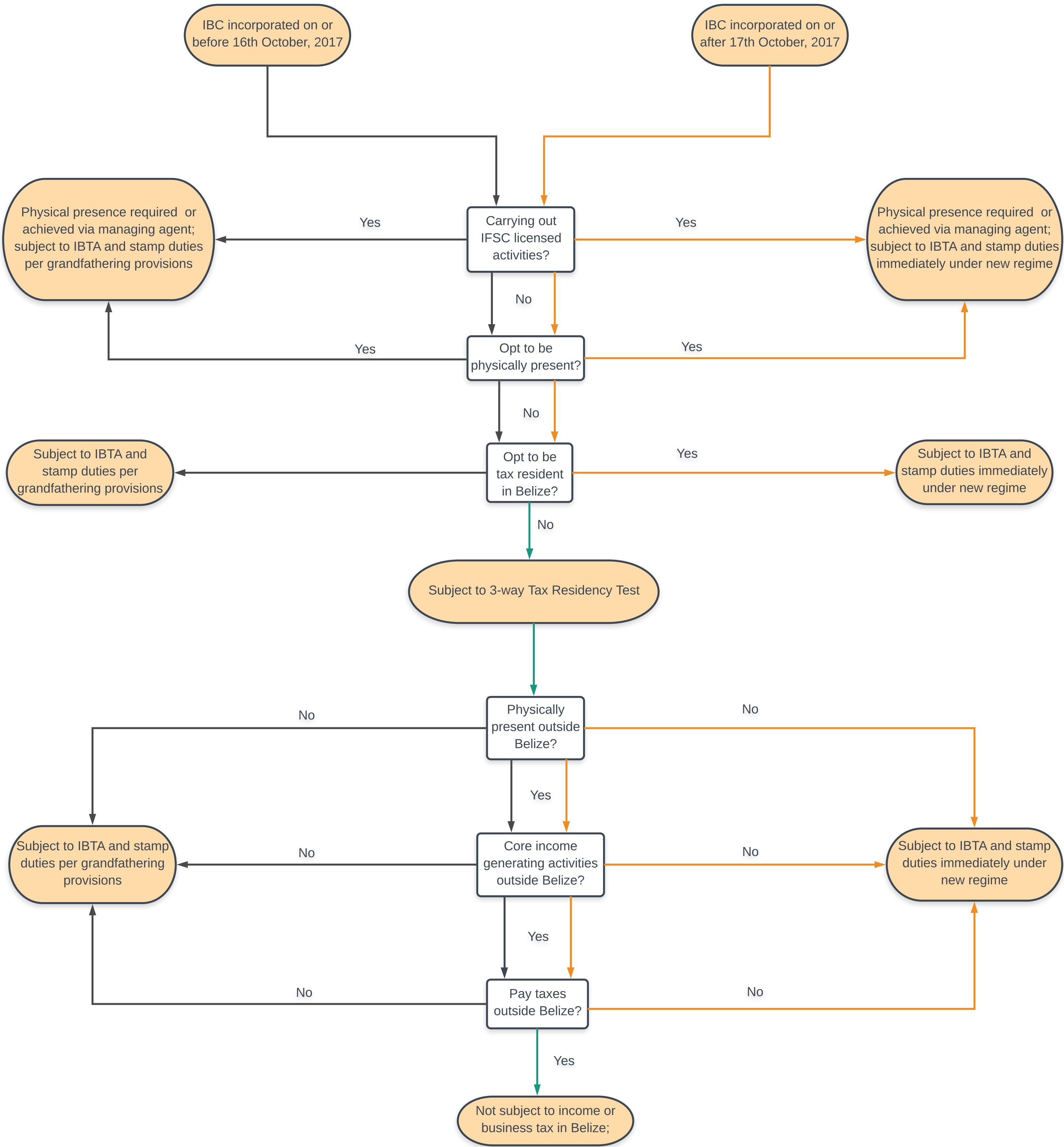
BELIZE

INTERNATIONAL BUSINESS COMPANIES

NON-IP REGIME

2019

IBC (AMENDMENT) ACT, NO. 24 OF 2018



- IBTA - Income and Business Tax Act;
- Grandfathering Provisions - previous IBC regime applies up to 30th June, 2021;
- See attached Appendix 1 for Tax Summary and Schedule of Tax Rates;
- Income such as interest, dividends, royalties and commission is exempt from taxes under the IBTA when paid to non-residents;
- There is no Capital Gains Tax under the IBTA;

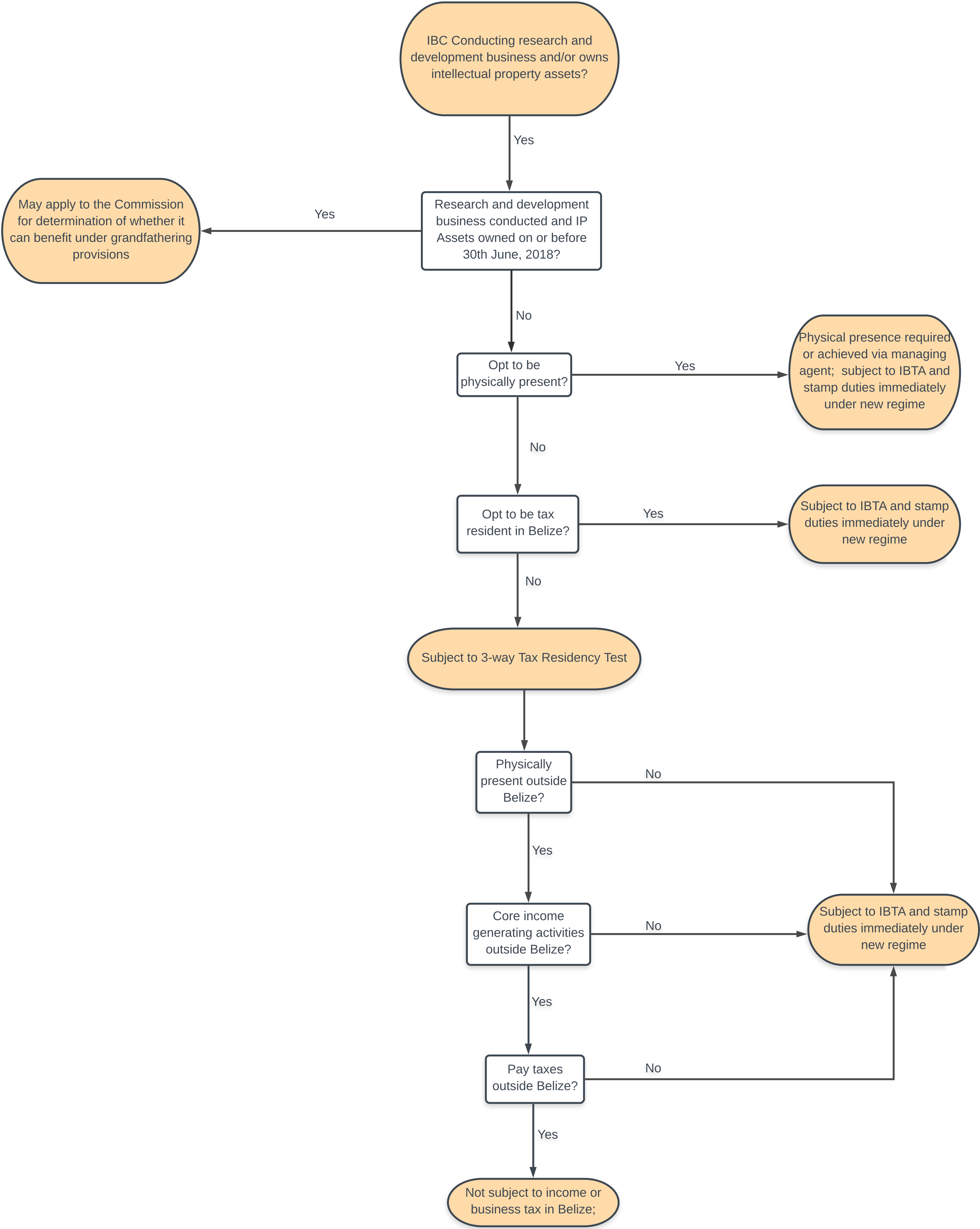
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Tax impact summary on IBCs 1st January, 2019

For IBCs that are required to comply with Belize Tax either because they chose to be physically present in Belize or because they are deemed tax resident, the following are some of the main features:

1. Belize has a territorial tax system;
2. Income and Business Tax Act Cap55 (IBTA):
 - a. Tax exempt on income below USD37,500 per year;
 - b. Interest, dividends, royalties and commissions to a non-resident are tax exempt;
 - c. There is no capital gains tax in Belize;
 - d. For IBCs who are not physically present and are not tax resident in Belize, may file an annual tax return in Belize.
 - i. File nil returns;
 - ii. File and pay tax at rates of 3% and 1.75% depending on their net profit level and pay tax in USD;
 - iii. Not subject to the payment of monthly business tax.
 - e. For IBCs not physically present in Belize but are deemed Tax Resident because they failed the 3 way residency test:
 - i. Can benefit as per (d) above;
 - f. For IBCs that are physically present and are tax resident in Belize by choice and don't have an IFSC license;
 - i. Must file monthly business tax returns and pay appropriate rate of tax;
 - ii. Income below USD37,500 is tax exempt;
 - iii. For IBCs with income greater than USD37,500 per year, they will be subject to the payment of business tax every month as per the tax rates applicable to business type, this will count as a credit toward annual tax assessments. Business tax will be on gross receipts. Business tax rates range from 1.75% to 19%, depending on business type. E.g. Most business pay at 1.75% of business tax rate; professional services business pays 6%. See Business tax rate table below in 6.
 - iv. Annual tax returns (annual assessments) - 3% on net Income up to USD1.5m; 1.75% on Net Income greater than USD1.5m; tax payable in USD. This assessment is done yearly, before March 31, and requires completion of corporate tax return accompanied by audit report.
3. Accounting records, this requirement has already been established with the Accounting Records Maintenance Act.
4. Entities that may be required by the Commissioner of Income Tax to file an audit report are as follows:
 - a. IBCs with income => USD6m;
 - b. Entities operating in a designated processing area in Belize with income =>USD250,000;
 - c. Any other entity-
 - i. Listed on a stock exchange;
 - ii. Restructuring or liquidating or selling all assets via auction;
 - iii. Regulated by the IFSC;

- iv. Preparing consolidated Financial Statements;
 - v. That the commissioner may direct to be audited and having regard to total revenues, assets and employees;
5. An IBC Is not tax resident in Belize for the purposes of paying tax in Belize, if it can show that (3 way residency test):
- a. It is not physically present in Belize;
 - b. It's core income generating activities are conducted in another jurisdiction; and
 - c. Subject to tax regulation in that jurisdiction.
6. Business tax rates

Type of business / activity	Rate % on gross income
Commissions and royalties	5.0% & 15.0%, 0% for non-residents
Local dividend withholding tax	15%, 0% for non-residents
The interest income from financial institutions	6%, 12% & 15%, 0% for non-residents
Income of radio, television, and newspapers companies	0.75%
The income of service stations including fuel/lubricant	0.75% & 1.75%
Income of national airlines	1.75%
Insurance premiums	1.75%
Regular trade or business	1.75%
Services for the supply of electricity	1.75%
Rental income	3.0%
Casino and gambling	8.0%
Real estate business	1.75% & 15.0%
Tour operators and travel agencies	6.0%
Construction	1.75% & 6%
Professional services	6.0%
Dividends paid by telecommunications service provider	0%
Revenues from telecommunications provider	19.0%
International financial services (IFSC License Holders)	3%