

## INTERNATIONAL BUSINESS COMPANIES ACT (IBC)

### QUICK FACTS

The features, advantages of and restrictions on an international business company (IBC) will be substantially modified as of January 1, 2019. The table below summarizes critical elements in the existing vs. the new IBC Regime as of January 1<sup>st</sup>, 2019.

FEATURES	BEFORE JANUARY 1, 2019	AS OF JANUARY, 2019	
	<i>NOT REQUIRED</i>	<i>WITH PHYSICAL PRESENCE</i>	<i>NO PHYSICAL PRESENCE</i>
Residency and property ownership	Restricted – not to include land, shares, debt obligations and other assets in Belize	Not Restricted	Not Restricted
Shareholding Ownership	Restricted to non-residents of Belize	Not Restricted	Not Restricted
Subject to Income and/or Business Tax	No	Yes	Subject to tax if income/receipts sourced from Belize, otherwise not subject to tax
Filing requirement	No	File annual tax return, pay monthly business tax.	File annual tax return if income/receipts sourced from Belize. Otherwise, optional to file annual tax return.
Dividends (paid or received)	Tax exempt	Tax exempt	Tax exempt
Interest (paid or received) on bonds	Tax Exempt	Tax Exempt	Tax Exempt
Standard currency	USD	USD with operational activities conducted in Belize subject to BZD	USD
Exchange control permit	No	Yes	No

FEATURES	BEFORE JANUARY 1, 2019	AS OF JANUARY, 2019	
	<i>NOT REQUIRED</i>	<i>WITH PHYSICAL PRESENCE</i>	<i>NO PHYSICAL PRESENCE</i>
Stamp duty	No	No, unless IBC owns property in Belize other than shares in another IBC	No, unless IBC owns property in Belize other than shares in another IBC
Physical presence	Not required	Mandatory for licensees of the International Financial Services Commission (IFSC)	Optional for Others not having an IFSC license
Accounting records	Yes	Yes	Yes
Audit requirements	No	May be required by the Commissioner of Income Tax if annual receipts are at least US\$6mn	May be required by the Commissioner of Income Tax if annual receipts are at least US\$6mn
Tax resident in Belize	No	Yes	No
Certificate of Good Standing (CGS) requires tax compliance	No	Yes	Yes

### 1. Grandfathering provisions:

- a. IP asset owners in existence at 30 June 2018, need to apply to the IFSC for a determination on its status whether it can continue to exist under the prior regime. Once the status is determined, income may be subject to tax under the new regime;
- b. Requirement in (a) expires 30 June 2021 if allowed by the IFSC;
- c. Existing IBCs under an activity licensed by the IFSC, prior IBC regime expires 30 June 2021 after which they are subject to tax.
- d. IBC incorporated on or before 16 October 2017 (provided there are not IP assets acquired from a related party), continue to benefit under the prior IBC regime up to 30 June 2021 only on the core income generating activities; all other income must be subject to taxes under the new regime.

- e. IBC incorporated on or after 17 October 2017, are captured under the new IBC Amendments and are subject to tax.

## **2. Transition Period**

- a. A transition period of at least 12 months will be approved, prior to the full enforcement of some of the new requirements, such as tax compliance, audit requirements and physical presence requirements.

The above is subject to change and will be updated as soon as further guidance is received from the Regulators.