

BELIZE:

INCOME AND BUSINESS TAX (AMENDMENT) ACT, 2018
ARRANGEMENT OF SECTIONS

1. Short title.
2. Amendment of section 2.
3. Amendment of section 8.
4. Amendment of section 21.
5. Amendment of section 31.
6. Insertion of new section 32A.
7. Amendment of section 104.
8. Amendment of section 108.
9. Commencement.



No. 26 of 2018

I assent,

(SIR COLVILLE N. YOUNG)
Governor-General

20th December, 2018

AN ACT to amend the Income and Business Tax Act, Chapter 55 of the Substantive Laws of Belize, Revised Edition 2011; to make provision for a tax regime for companies engaged in certain business activities; to set the rate of tax for these companies; to exempt from tax the interests and dividends from certain trade or business; and to provide for matters connected therewith or incidental thereto.

(Gazetted 22nd December, 2018.)

BE IT ENACTED, by and with the advice and consent of the House of Representatives and the Senate of Belize and by the authority of the same, as follows:

1. This Act may be cited as the

**INCOME AND BUSINESS TAX (AMENDMENT)
ACT, 2018,**

Short title.
CAP. 55
Act No.
5/2012.
Act No.
13/2012.
Act No.
7/2017.

and shall be read and construed as one with the Income and Business Tax Act, which as amended, is hereinafter referred to as the principal Act.

Amendment of section 2.

2. The principal Act is amended in section 2 by inserting the following defined term and definition in its proper alphabetical order:

“designated processing area” or “DPA” has the meaning assigned in the Designated Processing Area Act with respect to one of the three statuses;

Amendment of section 8.

3. The principal Act is amended in section 8 as follows:

(a) in subsection (1) by deleting the full stop at the end of paragraph (w) and inserting new paragraphs (x), and (y), as follows –

“(x) interest paid or received by an international business company in relation to income earned through a [bond] or dividends paid to or received by a shareholder in any basis year;

(y) interest paid or received by a company that is issued a DPA status under the DPA Act in relation to income earned through a bond or dividends paid to or received by a shareholder in any basis year if the activities of such company includes activities within a national priority sector in accordance with the Designated Processing Areas Act.”;

(b) in subsection (2) by inserting before the word “Nothing” the words “Subject to subsection (1)(x) and (y),”.

Amendment of section 21.

4. The principal Act is amended in section 21 as follows:

(a) by deleting the Proviso to subsection (1) and substituting the Proviso, as follows:

“ Provided that -

(a) the rate of tax for persons engaged in petroleum operations shall be forty per centum of the amount of the surchargeable income derived from such operations, and such tax shall be payable in the currency of the United States of America (US\$);

(b) the rate of tax for international business companies shall be as follows -

(i) one point seventy-five per centum of the chargeable income amounting to a sum greater than three million Belize dollars derived from business operations, and such tax shall be payable in the currency of the United States of America (US\$);

(ii) three per centum of the chargeable income amounting to the sum of three million of a lesser amount in Belize dollars derived from business operations, and such tax shall be payable in the currency of the United States of America (US\$);

(c) the rate of tax for companies operating in a designated processing area shall be the rates specified in paragraph (b);”

(b) by inserting after subsection (5) a new subsection (6), as follows:

“(6) For purposes of the *Proviso* paragraph (b), where a company is engaged in a trade, business, or profession where the revenue

or income is derived outside of Belize, the company shall not be liable for payment of income tax in Belize.”.

Amendment of section 31.

5. The principal Act is amended in section 31 by inserting after subsection (2) the following as new subsection (2A):

“(2A) Notwithstanding subsection (1), an international business company that does not have physical presence may file a return pursuant to subsection (1).”

Insertion of new section 32A.

6. The principal Act is amended by inserting after section 32, a new section 32A, as follows:

Power of Commissioner to require audited financial statements.

32A. (1) The Commissioner shall have the power to require the following companies to be audited by an independent audit firm in accordance with International Financial Reporting Standards (IFRS) -

- (a) an international business company with receipts of at least \$6,000,000 United States dollars (US\$);
- (b) a company operating in a designated processing area with receipts of at least \$500,000;
- (c) any other appropriate entity which meets at least two of the following criteria:
 - (i) entities listed on an approved stock exchange;
 - (ii) entities under going a restructure and liquidation or proposing to sell all of its assets through an auction;
 - (iii) entities regulated by the International Financial Services Commission;

- (iv) entities and organisations subject to preparing consolidated financial statements;
or
- (v) any other business entities.

(2) For the purposes of subsection (1)(c), the Commissioner shall have regard to total assets, revenues and the average number of employees during the reporting period;

(3) The procedural details of this requirement may be as prescribed.

(4) Every person who contravenes any of the provisions of this section commits an offence.

7. The principal Act is amended in section 104, as follows:

Amendment of section 104.

- (a) by deleting subsection (2) and substituting a new subsection (2) as follows:

“(2) This Part shall not apply to -

- (a) persons and companies engaged in petroleum operations, and where a person or company is partly engaged in petroleum operations and partly in other activities, the provisions of this Part shall not apply to that part of the activities as is materially related to petroleum operations;
- (b) international business companies engaged in a trade, business, or profession if the revenue or income is derived outside of Belize notwithstanding anything to the

contrary contained in the Act of in any other law;

(c) companies developing or operating in a designated processing area.”;

(b) by inserting after subsection (3) a new subsection (4), as follows:

“(4) Subsection (2)(b) shall not apply to a company that is licensed under the International Financial Services Commission Act to carry on, conduct or transaction international financial services.”

Amendment of section 108.

8. The principal Act is amended in section 108(1), as follows:

(a) in paragraph (f) by inserting after the word “Belize” the word “or by a council constituted under the Belize City Council Act, Cap. 85, the Belmopan City Council Act, Cap. 86, or the Town Councils Act, Cap. 87;”;

(b) by repealing paragraph (k).

Commencement.

9. This Act shall come into force on the 1st day of January 2019.