

IMPORTANT AMENDMENTS TO BELIZE LEGISLATION 2021

- **IBC ACT AND INCOME AND BUSINESS TAX ACT (IBTA)**

All IBC's are required to obtain a Tax Identification Number (TIN) regardless of its activity and are now required to file an Annual Tax Return. Moreover, IBCs would pay taxes depending on their activities and place of business. The deadline to submit the tax return is March 30th, 2022.

The IBTA includes the following exemptions:

- Pure holding companies, meaning an IBC that only holds equity participation and earns only dividends and capital gains or related incidental income, will be subject to 0% tax.
- Holding companies, meaning an IBC that is not engaged in any active trade or business or relevant activity, will be subject to 0% tax.

IBC's registered as foreign taxpayers in jurisdictions outside Belize that do not appear in the European Union list of non-cooperative jurisdictions for tax purposes and provide evidence of such registration (certificate of tax residency) may apply for a Certificate of Tax Exemption.

The Belize Tax Services Department will issue the forms and guidance related to the Annual Return filings process shortly. Fees would apply depending on the activity of the IBC, which would be assessed on a case-by-case basis.

- **ECONOMIC SUBSTANCE ACT, (the Act)**

Belize has enacted new legislation requiring some legal entities carrying on relevant activities to demonstrate adequate substantial economic presence in Belize.

These relevant activities are:

- banking,
- insurance,
- fund management,
- financing and leasing,
- headquarters,
- shipping, and
- distribution and service center.

A holding company engaged or where one or more of its subsidiaries is involved in one of the activities listed above would be considered carrying on relevant activity.

Entities deemed to carry any relevant activities that cannot demonstrate tax residence outside Belize must

now have a substantial economic presence in Belize.

All companies shall review and assess each of the activities it is carrying on to confirm if it is conducting any relevant activity, as enumerated in the Act. After the review, the companies need to file an Economic Substance Report to the Belize competent authority. To file the report, the company must obtain a Tax Identification Number (TIN).

Companies incorporated before January 1st, 2020, have until January 31st, 2022, to file their first Economic Substance report.

Companies incorporated after January 1st, 2020, have nine (9) months after their first anniversary to file their first Economic Substance report.

All submissions for Economic Substance reports and obtainment of the TIN should be made through us as the registered agent, and a fee will apply.

Non-compliance with these substance requirements, including reporting obligations, may carry on both criminal and financial sanctions.

***** Please contact us as soon as possible to assist you with these requirements.**