

## **AMENDMENTS TO BELIZE LEGISLATION**

### **JUNE 2021**

- **IBC ACT AND INCOME AND BUSINESS TAX ACT**

All IBCs are required to obtain a Tax Identification Number (TIN) regardless of its activity, and they are now required to file an Annual Tax Return.

However, IBCs that are not carrying out or engaged in any of the relevant activities as described in the Economic Substance Act mentioned below, shall be subject to 0% tax.

The Belize Tax Services shall issue the forms and guidance notes related to the Annual Return filing process shortly.

- **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 business; insurance business; fund management business; financing and leasing business; headquarters business; Shipping business; distribution and service center business. A holding company engaged or where one or more of its subsidiaries is engaged in one of the activities listed above is considered to be carrying on relevant activity.

Entities that are deemed to carry out any relevant activity that cannot demonstrate tax residence outside Belize, must now have a substantial economic presence in Belize.

All companies shall review and assess each one of the activities they are carrying on to confirm if they are 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. In order to file the report, the company must obtain a Tax Identification Number (TIN).

Companies incorporated before January 1<sup>st</sup>, 2020 have between April 1<sup>st</sup>, 2021 and January 31<sup>st</sup>, 2022 to file their first Economic Substance report.

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

All submissions for Economic Substance should be done through us as the registered agent. Non-compliance with the 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. An invoice covering this service will be sent shortly\*\*\***