



Belize
Tax Guide
2013

FOREWORD

A country's tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions. This handy reference guide provides clients and professional practitioners with comprehensive tax and business information for over 90 countries throughout the world.

As you will appreciate, the production of the WWTG is a huge team effort and I would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country's taxes that forms the heart of this publication.

I hope that the combination of the WWTG and assistance from your local PKF member firm will provide you with the advice you need to make the right decisions for your international business.

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PREFACE

The PKF Worldwide Tax Guide 2013 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world's most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 1 January 2013, while also noting imminent changes where necessary.

On a country-by-country basis, each summary addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country's personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

In addition to the printed version of the WWTG, individual country taxation guides are available in PDF format which can be downloaded from the PKF website at www.pkf.com

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ABOUT PKF INTERNATIONAL LIMITED

PKF International Limited (PKFI) administers the PKF network of legally independent member firms. There are around 300 member firms and correspondents in 440 locations in around 125 countries providing accounting and business advisory services. PKFI member firms employ around 2,270 partners and more than 22,000 staff. PKFI is the 11th largest global accountancy network and its member firms have \$2.68 billion aggregate fee income (year end June 2012). The network is a member of the Forum of Firms, an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

Services provided by member firms include:

- Assurance & Advisory
- Insolvency – Corporate & Personal
- Financial Planning/Wealth management
- Taxation
- Corporate Finance
- Forensic Accounting
- Management Consultancy
- Hotel Consultancy
- IT Consultancy

PKF member firms are organised into five geographical regions covering Africa; Latin America; Asia Pacific; Europe, the Middle East & India (EMEI); and North America & the Caribbean. Each region elects representatives to the board of PKF International Limited which administers the network. While the member firms remain separate and independent, international tax, corporate finance, professional standards, audit, hotel consultancy and business development committees work together to improve quality standards, develop initiatives and share knowledge and best practice cross the network.

Please visit www.pkf.com for more information.

STRUCTURE OF COUNTRY DESCRIPTIONS

A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES
COMPANY TAX
CAPITAL GAINS TAX
BRANCH PROFITS TAX
SALES TAX/VALUE ADDED TAX
FRINGE BENEFITS TAX
LOCAL TAXES
OTHER TAXES

B. DETERMINATION OF TAXABLE INCOME

CAPITAL ALLOWANCES
DEPRECIATION
STOCK/INVENTORY
CAPITAL GAINS AND LOSSES
DIVIDENDS
INTEREST DEDUCTIONS
LOSSES
FOREIGN SOURCED INCOME
INCENTIVES

C. FOREIGN TAX RELIEF

D. CORPORATE GROUPS

E. RELATED PARTY TRANSACTIONS

F. WITHHOLDING TAX

G. EXCHANGE CONTROL

H. PERSONAL TAX

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

INTERNATIONAL TIME ZONES

AT 12 NOON, GREENWICH MEAN TIME, THE STANDARD TIME ELSEWHERE IS:

A

Algeria	1 pm
Angola	1 pm
Argentina	9 am
Australia -	
Melbourne	10 pm
Sydney	10 pm
Adelaide	9.30 pm
Perth	8 pm
Austria	1 pm

B

Bahamas	7 am
Bahrain	3 pm
Belgium	1 pm
Belize	6 am
Bermuda	8 am
Brazil	7 am
British Virgin Islands	8 am

C

Canada -	
Toronto	7 am
Winnipeg	6 am
Calgary	5 am
Vancouver	4 am
Cayman Islands	7 am
Chile	8 am
China - Beijing	10 pm
Colombia	7 am
Cyprus	2 pm
Czech Republic	1 pm

D

Denmark	1 pm
Dominican Republic	7 am

E

Ecuador	7 am
Egypt	2 pm
El Salvador	6 am
Estonia	2 pm

F

Fiji	12 midnight
Finland	2 pm
France	1 pm

G

Gambia (The)	12 noon
Germany	1 pm
Ghana	12 noon
Greece	2 pm
Grenada	8 am
Guatemala	6 am

VI

Guernsey	12 noon
Guyana	7 am

H

Hong Kong	8 pm
Hungary	1 pm

I

India	5.30 pm
Indonesia	7 pm
Ireland	12 noon
Isle of Man	12 noon
Israel	2 pm
Italy	1 pm

J

Jamaica	7 am
Japan	9 pm
Jordan	2 pm

K

Kenya	3 pm
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L

Latvia	2 pm
Lebanon	2 pm
Luxembourg	1 pm

M

Malaysia	8 pm
Malta	1 pm
Mexico	6 am
Morocco	12 noon

N

Namibia	2 pm
Netherlands (The)	1 pm
New Zealand	12 midnight
Nigeria	1 pm
Norway	1 pm

O

Oman	4 pm
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P

Panama	7 am
Papua New Guinea	10 pm
Peru	7 am
Philippines	8 pm
Poland	1 pm
Portugal	1 pm

Q

Qatar	8 am
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R

Romania	2 pm
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Russia -	
Moscow	3 pm
St Petersburg.	3 pm

S

Singapore	7 pm
Slovak Republic	1 pm
Slovenia	1 pm
South Africa.	2 pm
Spain	1 pm
Sweden.	1 pm
Switzerland	1 pm

T

Taiwan	8 pm
Thailand	8 pm
Tunisia	12 noon
Turkey.	2 pm
Turks and Caicos Islands	7 am

U

Uganda	3 pm
Ukraine	2 pm
United Arab Emirates	4 pm
United Kingdom	(GMT) 12 noon
United States of America -	
New York City.	7 am
Washington, D.C.	7 am
Chicago.	6 am
Houston.	6 am
Denver	5 am
Los Angeles.	4 am
San Francisco	4 am
Uruguay	9 am

V

Venezuela	8 am
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Z

Zimbabwe	2 pm
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BELIZE

Currency: Dollar
(BZ\$)

Dial Code To: 011

Dial Code Out: 001

Member Firm:

City:
Belize City

Name:
Jose A Bautista

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A. TAXES PAYABLE**FEDERAL TAXES AND LEVIES
COMPANY TAX**

On 1 July 1998, income tax on the profits or net earnings of companies and self-employed persons was replaced by a new tax, named 'business tax', which is a tax on gross receipts. The tax is charged as a percentage of gross receipts, without any deductions, and is declared and paid each month to the Tax Department. The rates vary according to the source of the income and range from 0.75% in respect of receipts from radio, on-air television and newspaper business to 25% in respect of management fees, rental of plant and equipment, and charges for technical services paid to a non-resident.

Effective 1 January 1999, income tax on business profits was reintroduced but revised so that it could co-exist with the business tax regime introduced in 1998. The corporate income tax rate was reduced from its former level of 35% to 25%. The business tax paid is now considered to be a credit towards income tax payable with any excess paid being carried forward as an expense to the next basis (tax) year, provided that an income tax return is duly filed with the Commissioner of Income Tax.

Where the business tax paid is less than the income tax payable, the excess is to be treated as taxes forgone by the Commissioner, provided that an income tax return is duly filed. Tax returns are to be filed with the Belize Tax Administration (Income Tax Department) within three months after the close of the taxpayer's fiscal year.

When filing an income tax return, the taxpayer (other than a company engaged in petroleum operations) has an option to 'accept the business tax assessed'. This choice is made by ticking a window on the income tax return form. The business tax paid for the year is then considered to be the tax payable for the year, subject to agreement by the Tax Department. The tax return is then completed simply by signing the Certification section.

There is no need to provide financial statements or any additional supporting schedules to support the tax return submitted. Where losses are incurred, the taxpayer can elect not to accept the business tax and submit a full return which would include financial statements and supporting schedules, with a view to having the losses agreed and relief obtained in the form of tax credits against future business taxes due.

With effect from 1 January 2006, the rate of income tax for companies engaged in petroleum operations was increased from 25% to 40%. Such companies cannot opt to pay business tax instead of income tax.

Subsequent amendments made to date to the Income and Business Tax include the following provisions

- to introduce a petroleum surcharge on revenues derived from petroleum operations
- to facilitate tax information exchange agreements with other countries
- to abolish the withholding tax on royalties and commissions paid to non-residents
- to vary the rates of business tax on casinos, commissions, real estate business and utilities that provide telecommunication services

GENERAL SALES TAX

Effective 1 July 2006, the 'sales tax' which was in force was repealed and replaced by a general sales tax (GST). GST is effectively a value added tax, with tax becoming payable at each stage in the supply chain and with tax incurred on inputs being recoverable by offset against GST charged by a business to customers on taxable supplies. For GST purposes, "business" has a very wide meaning and can include activities on which no profit is made. "Taxable supply" is a supply of goods and/or services made in the course or furtherance of any business. Therefore, where a supply is not specifically exempted, it will be a taxable supply.

Effective 1 April 2010, the rate of GST was increased from 10% to 12.5%. Exempt supplies of goods and services include:

- some financial services and gambling supply
- some supply of goods and services by an educational institution within the meaning of the Education Act
- medical, dental, hospital, optical and paramedical services, other than veterinary services and cosmetic surgery
- supply of residential accommodation or accommodation in a hotel or similar establishment
- public postal services, domestic public transport of passengers, lease of aircraft and maintenance services in connection with the supply of public air transport
- international transport of passengers or goods
- some supplies of services provided to diplomatic missions, international and regional organizations
- goods and services provided to the Government of Belize.

Providers of exempt goods and services are not allowed to charge GST to customers and cannot recover any GST paid on inputs.

Taxable supplies may zero-rated - chargeable to tax at 0% - or standard-rated - chargeable to tax at 12.5%.

Zero-rated items include:

- exported goods and services
- some food items for human consumption, water supply (other than bottled water) and some medicines and medical supplies for human use
- some items and supplies for use in education
- some supplies connected with agriculture, livestock, birds and fish, crustaceans and molluscs.

Items not specifically exempted or zero-rated are considered to be standard-rated.

OTHER LOCAL TAXES

These include:

- Stamp duty on certain transactions, including the transfer of property
- Land and property taxes
- Trade licence, motor vehicle licence and other taxes charged by local authorities
- Customs, excise and other taxes charged by the Customs and Excise Department.

F. WITHHOLDING TAXES

*Dividends paid to non-residents	15%
Gross contract payments in connection with contracts exceeding BZ\$3,000	3%
Interest paid to non-residents	15%
Management fees, rental of plant and equipment and charges for technical services paid to non-residents	25%

*Effective 1 January 2011, dividends paid to shareholders by entities licensed to provide telecommunication services that offer real time voice services are exempt from tax

G. EXCHANGE CONTROL

The Foreign Exchange Control Act provides that only the Central Bank of Belize and authorised dealers may deal in foreign currencies.

A foreign exchange permit must first be obtained from the Central Bank to pay for goods and services procured outside Belize.

Central Bank approval is also required to secure a loan outside Belize denominated in a foreign currency.

H. PERSONAL TAX

Effective 1 January 2010, employed persons, resident in Belize, are allowed a basic deduction of:

- BZ\$25,600 in the case of an employed person whose total income, from all sources in a basis year, does not exceed BZ\$26,000
- BZ\$24,600 in the case of an employed person whose total income, from all sources in a basis year, exceeds BZ\$26,000 but does not exceed BZ\$27,000

- (c) BZ\$22,600 in the case of an employed person whose total income, from all sources in a basis year, exceeds BZ\$27,000 but does not exceed BZ\$29,000 and
- (d) BZ\$19,600 in the case of all other employed persons. There are no other deductions in ascertaining chargeable income except for allowable charitable donations which is restricted to one-sixth part of the chargeable income.

The rate of tax on chargeable income is a flat rate of 25%, with a standard tax credit deduction of BZ\$100 available to all residents.

TAX TREATIES

Belize has double taxation agreements with the United Kingdom, Austria, and the countries of the Caribbean Community (CARICOM).

