Belize

Tax Guide

2015/16

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.

As you will appreciate, the production of the WWTG is a huge team effort and we 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.

The PKF Worldwide Tax Guide 2015/16 (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 2015, while also noting imminent changes where necessary.

On a country-by-country basis, each summary such as this one, 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 to 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.

Services provided by member firms include:

- Assurance & Advisory;
- Financial Planning / Wealth Management;
- Corporate Finance;
- Management Consultancy;
- IT Consultancy;
- Insolvency - Corporate and Personal;
- Taxation;
- Forensic Accounting; and,
- Hotel Consultancy.

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

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MEMBER FIRM

For further advice or information please contact:

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BASIC FACTS

Full name:	Belize
Capital:	Belmopan
Main language:	English
Other languages:	Spanish, Kriol, Garifuna, Maya (Kek'Chi), Maya (Mopan), Maya (Yucatec), Plautdietsch, Cantonese
Population:	340,844 (2014 estimate)
Major religion:	Christianity
Monetary unit:	Belize Dollar (BZD)
Internet domain:	.bz
Int. dialling code:	+501

KEY TAX POINTS

- Income tax is levied on the gross revenue receipts (sales) of companies at rates set out from time to time in the Ninth Schedule to the Income and Business Tax Act.

- A general sales tax (GST) applies to the supply of goods and services at a standard rate of 12.5%. Certain supplies are exempted or zero-rated. Registered businesses can set off their input GST (GST paid to suppliers) against their output GST (GST charged to customers).

- Other local taxes apply including stamp duty, land and property taxes, customs duties, excise duties, environmental tax, vehicle licenses, and trade license.

- Personal income tax is chargeable at a flat rate of 25% on persons employed in Belize.

- Residents are entitled to a personal allowance of between BZD 19,600 and BZD 25,600 before being chargeable to the flat rate.

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

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. The tax return is completed 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 and the taxpayer elects not to accept the business tax as a final tax, the taxpayer must submit a complete tax return which would include an income tax computation, financial statements and supporting schedules in order to have the trading losses agreed and relief obtained in the form of tax credits against future business taxes payable.

With effect from 1 January 2006, the rate of income tax for companies engaged in petroleum operations was increased from 25% to 40%. These companies must file income tax returns and pay income tax; they cannot elect to be chargeable to tax under the business tax regime.

Subsequent amendments made to date to the Income and Business Tax includes the addition of 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 and electricity 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 out GST (the tax 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 considered 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; and,
- 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; and,
- 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; and,
- Customs, excise, environmental tax and other taxes charged by the Customs and Excise Department.

B. WITHHOLDING TAXES

*Dividends paid to non-residents	15%
Gross contract payments in connection with contracts exceeding BZD 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.

C. 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 for all remittances of foreign exchange, including the payment of goods and services procured outside Belize. Central Bank approval is also required to secure and repay a loan outside Belize denominated in a foreign currency.

D. PERSONAL TAX

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

(a) BZD 25,600 in the case of an employed person whose total income, from all sources in a basis year, does not exceed BZD 26,000;

(b) BZD 24,600 in the case of an employed person whose total income, from all sources in a basis year, exceeds BZD 26,000 but does not exceed BZD 27,000;

(c) BZD 22,600 in the case of an employed person whose total income, from all sources in a basis year, exceeds BZD 27,000 but does not exceed BZD 29,000; and,

(d) BZD 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 BZD 100 available to all residents.

E. TREATY AND NON-TREATY WITHHOLDING TAX RATES

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

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