

BELIZE:

INCOME AND BUSINESS TAX (AMENDMENT) BILL, 2024

ARRANGEMENT OF CLAUSES

1. Short title.
2. Amendment of section 5.
3. Repeal and replacement of section 6.
4. Amendment of section 16.
5. Repeal of section 20.
6. Repeal and replacement of section 21.
7. Repeal of section 22.
8. Repeal of section 32A.
9. Repeal of section 38.
10. Repeal of section 41.
11. Repeal and replacement of section 47.
12. Amendment of section 48.
13. Repeal and replacement of section 49.
14. Amendment of section 50.
15. Repeal of section 59.
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17. Amendment to title of PART VIII.
18. Repeal of section 78.
19. Repeal of section 79.
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22. Repeal of section 82.
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26. Repeal of section 86.
27. Amendment of section 87.
28. Amendment of section 105.
29. Amendment of section 106.
30. Amendment of section 108.
31. Insertion of section 108B.
32. Amendment of section 112.
33. Repeal of section 117.
34. Commencement.

BELIZE:

BILL

for

AN ACT to amend the Income and Business Tax Act, Chapter 55 of the Substantive Laws of Belize, Revised Edition 2020; to exempt certain employed individuals from chargeability to income tax; to remove income tax deduction anomalies; to remove the tax on interest income on time deposits; to apply double tax treaty relief provisions to all treaty countries, not just Commonwealth countries; to encourage UK pensioners to reside in Belize; to regularize withholding of tax on gross contract payments; to incentivize private sector support of sports and educational development in Belize; to make clarifying amendments, and to provide for matters connected therewith and incidental thereto.

(Gazetted, 20.....)

BE IT ENACTED, by and with the advice and consent of the House of Representatives and 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, 2024

Short title.

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

CAP. 55.
Act No. 12 of
2021.

2. The principal Act is amended in section 5 by repealing sub-section (6).

Amendment of
section 5.

3. The principal Act is amended by repealing section 6 and replacing it with the following—

Repeal and
replacement of
section 6.

“Tax to be charged, levied and collected.

6.—(1) Subject to the provisions of Part X and sub-sections (2) and (3) of this section, tax shall be charged, levied and collected for each year of assessment upon the chargeable income of any person for the basis year.

(2) Commencing from the first day of the basis year 2020 and for each subsequent year, no tax shall be charged upon the chargeable income of any person other than an employed person.

(3) Commencing from the first day of the basis year 2020 and for each subsequent basis year, the tax on the chargeable income of every employed person accruing in or derived from Belize, whether received in Belize or not, shall be charged at the rate of twenty-five per centum of the chargeable income, provided that—

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

CAP. 280.

(b) the rate of tax for persons operating as an approved Designated Processing Area pursuant to the Designated Processing Area Act shall be three per centum of the net amount of the chargeable income derived from such operations.

(4) Notwithstanding sub-section (3), where an employed person is engaged in a trade, business, or profession where the revenue or income is derived outside of Belize, that person shall not be liable for payment of income tax in Belize.

CAP. 62.

(5) Commencing from the first day of the basis year 2020 and for each subsequent year, notwithstanding the provisions of section 4(4) of the Retired Persons Incentives Act, a qualified retired person who resides in Belize may elect to be subject to tax in Belize on all or part of his pension derived from sources within the United Kingdom whether remitted to Belize or not.

(6) The rate of tax for a qualified retired person who elects to be subject to tax in Belize under sub-section (4) shall be 2% of the gross amount of such income as is above a threshold of pounds sterling 3,500 or the equivalent thereof in United States Dollars or other approved foreign currency.

(7) The Commissioner may issue a certificate to a qualified retired person which states he is resident of Belize for the specific tax

period and shows the amount of pensions income from United Kingdom sources upon which tax is due to be paid in Belize.

(8) For the purposes of sub-section (7), a qualified retired person shall submit to the Commissioner—

(a) his valid retired persons authorization card signed by the Director of Immigration and the Director of the Belize Tourism Board; and

(b) a certificate from all applicable sources from the United Kingdom stating the amount of pension income paid to the qualified retired person for the particular tax period.”.

4. The principal Act is amended in section 16 by repealing sub-sections (1), (2) and (3) and replacing them with the following—

Amendment of section 16.

“(1) In ascertaining the chargeable income of an employed individual who is resident in Belize, there shall be allowed a basic deduction in the case of an employed individual whose total income in a basis year from all sources exceeds twenty-nine thousand dollars-----
\$20,000.00,

Provided that in the case of an employed individual whose total income in a basis year from all sources exceeds twenty-nine thousand dollars but does not exceed thirty two thousand dollars, a tax credit equivalent to the sum of two thousand two hundred fifty dollars (\$2,250.00) less seventy five percent of the difference between total income and twenty-nine thousand dollars (\$29,000.00).

(2) Any employed individual who is resident in Belize and whose total income in a basis year from all sources is less than twenty nine thousand dollars shall not be chargeable to tax in that year.

(3) The amounts specified may from time to time be varied by the Minister by Order published in the *Gazette* and every such Order shall be subject to negative resolution.”.

5. The principal Act is amended by repealing section 20.

Repeal of section 20.

6. The principal Act is amended by repealing section 21 and replacing it with the following—

Repeal and replacement of section 21.

“Excess of business tax.

21.—(1) The business tax paid by any person other

than an employed person under Part III of this Act during the basis year shall count as a credit towards the income tax payable on such chargeable income.

(2) The excess of any business tax paid by any person other than an employed person during the basis year over the income tax due on the chargeable income of such person shall be carried forward as an expense to the next basis year.

(3) Where the income tax payable by any person during the basis year is more than the business tax paid by such person during the same basis year, the excess of income tax so payable shall be remitted by the Commissioner provided that income tax returns are duly filed by such person within such time as may be specified by the Commissioner.”.

- Repeal of section 22. **7.** The principal Act is amended by repealing section 22.
- Repeal of section 32A. **8.** The principal Act is amended by repealing section 32A.
- Repeal of section 38. **9.** The principal Act is amended by repealing section 38.
- Repeal of section 41. **10.** The principal Act is amended by repealing section 41.
- Repeal and replacement of section 47. **11.** The principal Act is amended by repealing section 47 and replacing it with the following—

“Relief from tax. **47.**—(1) If any person resident in Belize who has paid, by deduction or otherwise, or is liable to pay, tax under this Act for any year of assessment or any part of his income, proves to the satisfaction of the Commissioner that he has paid by deduction or otherwise, or is liable to pay, income tax in a Treaty country for that year in respect of the same part of his income, he shall be entitled to relief from tax in Belize paid or payable by him on that part of his income at a rate thereon to be determined as follows—

- (a) if the rate of tax in the Treaty country does not exceed one-half of the rate of tax appropriate to his case under this Act in Belize the rate at which relief is to be given shall be the Treaty country rate of tax;
- (b) in any other case the rate at which relief is to be given shall be half the rate of tax appropriate to his case under this Act.

(2) If any person not resident in Belize who has paid, by deduction or otherwise, or is liable to pay tax under this Act for any year of assessment on any part of his income, proves to the satisfaction of the Commissioner that he has paid, by deduction or otherwise, or is liable to pay, income tax in a Treaty country for that year in respect of the same part of his income, he shall be entitled to relief from tax paid or payable by him under this Act on that part of his income at a rate thereon to be determined as follows—

- (a) if the rate of tax appropriate to his case in the Treaty country does not exceed the rate of tax appropriate to his case under this Act, the rate at which relief is to be given shall be one-half of the Treaty country rate of tax;
- (b) if the rate of tax appropriate to his case in the Treaty country exceeds the rate of tax appropriate to his case under this Act, the rate at which relief is to be given shall be equal to the amount by which the rate of tax appropriate to his case under this Act exceeds one-half of the Treaty country rate of tax.

(3) For the purposes of this Part, a Treaty country shall be deemed to mean any jurisdiction that has ratified a Double Taxation Treaty/Agreement with Belize that is aimed at providing relief in respect of tax charged on income both in that country or place and in Belize in a manner similar to that provided in this section.

(4) For the purposes of this section, income tax in a Treaty country refers to any income tax charged under any law in force in a jurisdiction which has a Double Taxation Treaty with Belize.

(5) For the purposes of this section, the rate of tax under this Act shall be computed in the manner provided by section 46(3) of this Act, and the Treaty country rate of tax shall be computed in a similar manner.

(6) Where a person is for any year of assessment resident both in Belize and in a Treaty country where income tax is charged, he shall for the purposes of this section be deemed to be resident where during that year he resides for the longer period.”.

- 12.** The principal Act is amended in section 48 by repealing sub-section (2) and replacing it with the following—

Amendment of section 48.

“(2) A claim for relief under section 46 or 47 of this Act, though not made within the said period of two years, shall be admitted if made within six months from the date upon which the relevant amount of United Kingdom income tax or income tax due in a Treaty country, as the case may be, has been ascertained.”.

Repeal and replacement of section 49.

- 13.** The principal Act is amended by repealing section 49 and replacing it with the following—

“Disclosure by authorised officers.

CAP. 51.

49. Where, under any law in force in a Treaty country or in any place under His Majesty’s protection, provision is made for the allowance of relief from income tax in respect of the payment of income tax in Belize, the obligation as to secrecy imposed by section 7 of the Tax Administration and Procedure Act, shall not prevent the disclosure to the authorised officers of the Government in that Treaty country or in that place under His Majesty’s protection of such facts as may be necessary to enable the proper relief to be given in cases where relief is claimed from income tax in Belize or from income tax in that part or place aforesaid.”.

Amendment of section 50.

- 14.** The principal Act is amended in section 50 by—

- (a) repealing sub-section (3) and replacing it with the following—

“(3) On the making of an Order under this section with respect to arrangements relating to any Treaty country other than the United Kingdom or Belize, section 47 of this Act, shall cease to have effect as respects that territory except in so far as the arrangements otherwise provide.”; and

- (b) in sub-section (5), by deleting the words “section 4 of this Act” and substituting the words “section 7 of the Tax Administration and Procedure Act”.

Repeal of section 59.

- 15.** The principal Act is amended by repealing section 59.

Repeal of PART VII.

- 16.** The principal Act is amended by repealing PART VII.

Amendment to title of PART VIII.

- 17.** The principal Act is amended by deleting the title of PART VIII and substituting “Income tax/PAYE”.

Repeal of section 78.

- 18.** The principal Act is amended by repealing section 78.

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| 19. | The principal Act is amended by repealing section 79. | Repeal of section 79. |
| 20. | The principal Act is amended by repealing section 80. | Repeal of section 80. |
| 21. | The principal Act is amended by repealing section 81. | Repeal of section 81. |
| 22. | The principal Act is amended by repealing section 82. | Repeal of section 82. |
| 23. | The principal Act is amended by repealing section 83. | Repeal of section 83. |
| 24. | The principal Act is amended by repealing section 84. | Repeal of section 84. |
| 25. | The principal Act is amended by repealing section 85. | Repeal of section 85. |
| 26. | The principal Act is amended by repealing section 86. | Repeal of section 86. |
| 27. | The principal Act is amended in section 87 by— | Amendment of section 87. |
| | <i>(a)</i> deleting the phrase “rule 4 (1)” and substituting the phrase “rule 11”; | |
| | <i>(b)</i> deleting the words “five dollars” and substituting the words “ten dollars”; and | |
| | <i>(c)</i> deleting the words “one thousand dollars” and substituting the words “ten thousand dollars”. | |
| 28. | The principal Act is amended in section 105(1)— | Amendment of section 105. |
| | <i>(a)</i> in the definition of “receipts”, in paragraph <i>(c)</i> , by deleting the words “a financial institution licensed under the Banks and Financial Institutions Act” and substituting the words “a bank or financial institution licensed under the Domestic Banks and Financial Institutions Act”; | |
| | <i>(b)</i> deleting the definition of “management fees” and substituting the following— | |
| | ““management fees” means payment for the provision of management services including the control or conduct of operations and affairs of a business, industrial or commercial advice, or similar services or facilities;”; | |
| | <i>(c)</i> by inserting the following new terms and definitions in the appropriate alphabetical sequence— | |
| | ““contract” means a contract awarded to or to be performed by a self-employed person, professional or entity for the | |

carrying out of works or services, or for the supply of labour or materials, or for such other works or services as the Minister may by Order published in the *Gazette* prescribe;

Act No. 11 of 2022.

“foreign company” has the meaning assigned to it by the Belize Companies Act;

“gross contract payment” means the total contract price without any deduction whatsoever;

“technical services” means the provision of services designed to facilitate the use of practical skills and methods for a particular activity and other ancillary or related services;

“vocation” means a trade or profession that requires a particular set of skills and knowledge acquired through experience or through specialized training, but not necessarily dependent on obtaining a college degree.”.

Amendment of section 106.

- 29.** The principal Act is amended at section 106 by inserting after sub-section (11), the following new sub-sections—

“(12) The Commissioner may on application grant a company not carrying on trade or business in Belize a Certificate of Tax Exemption which shall describe the tax period and relevant tax type to be exempted.

(13) In the event of a failure to apply for such certificate by the date the relevant tax is due and payable, the company shall be liable to a penalty of not more than \$1500.00.

(14) Notwithstanding sub-section (12), whoever fails to file returns during the exempted period granted under a Certificate of Tax Exemption commits an offence and is liable on summary conviction to a fine not exceeding ten thousand dollars and in default of payment of fine, to imprisonment for a term not exceeding two years.”.

Amendment of section 108.

- 30.** The principal Act is amended in section 108—

(a) in sub-section (1), by inserting after paragraph (j), the following new paragraph—

“(ja) interest paid or payable on any debenture, bonds, or other securities issued by any statutory board or corporation or body corporate in which the

Government of Belize holds not less than 25% of the issued and paid up capital of said entity;” and

(b) by inserting after sub-section (3), the following new sub-section–

“(4) Notwithstanding sub-sections (1) and (2), the provisions of this Act concerning filing and payment shall apply to persons exempted from the payment of tax.”.

31. The principal Act is amended by inserting after section 108A, the following new section–

Insertion of section 108B.

“Credit against tax.

108B. Absolute and immediate gifts by a taxpayer for sports or educational development in Belize, up to a maximum of \$30,000 or the equivalent of 1% of the tax payable by the taxpayer in a basis year, whichever is lesser, shall operate as a credit against the tax due from the taxpayer in the relevant basis year, provided that the Commissioner is satisfied that the gifts were actually made.”.

32. The principal Act is amended in section 112 by repealing sub-section (2) and replacing it with the following–

Amendment of section 112.

“(2) The amount levied under sub-section (1), shall operate as a credit against the tax due from the contractor,

Provided that where the applicable rate of business tax due from a contractor is less than 6%, the then applicable rate is 50% of the rate of business tax usually filed by the contractor, which shall be final and conclusive as determined by the Commissioner.”.

33. The principal Act is amended by repealing section 117.

Repeal of section 117.

34. This Act shall come into force on the 1st day of January, 2025.

Commencement.

EXPLANATORY MEMORANDUM

OVERVIEW

The Income and Business Tax Act is amended to exempt certain employed individuals from chargeability to income tax; to remove income tax deduction anomalies; to remove the tax on interest income on time deposits; to apply double tax treaty relief provisions to all treaty countries, not just Commonwealth countries; to encourage UK pensioners to reside in Belize; to regularize withholding of tax on gross contract payments; to incentivize private sector support of sports and educational development in Belize and to make clarifying amendments.

PROVISIONS OF THE BILL

1. Clause 2 of the Bill amends section 5 to remove ambiguities on taxation of DPA's. This provision implied that DPA's were not subject to CIT nor BT since s104(b) expressly exempts DPA from application of BT and as a later in time amendment, it would by statutory construction seem to override section 21(1)(c).
2. Clause 3 of the Bill repeals and replaces section 6 of the Act. This revised provision allows for CIT to apply to DPAs and petroleum companies at rates of 3% and 40% respectively. This provision also allows for retired persons to pay taxes in Belize if sources are from the UK.
3. Clause 4 of the Bill amends section 16 of the Act and removes the previous deductions for income tax and now only allows one set amount of \$27,000. It further allows the Minister to change amounts by an Order published in the Gazette.
4. Clause 5 of the Bill repeals section 20 of the Act which is now included in the amendment to section 6.
5. Clause 6 of the Bill repeals section 21 of the Act and incorporates those provisions in the amendment to section 6. It further provides for a new provision that addresses the steps to be taken when a person pays excess business tax.

- 6.** Clause 7 of the Bill repeals section 22 of the Act.
- 7.** Clause 8 of the Bill repeals section 32 of the Act, which is now incorporated in the Tax Administration and Procedure Act.
- 8.** Clause 9 of the Bill repeals section 38 of the Act, which is now incorporated in the Tax Administration and Procedure Act.
- 9.** Clause 10 of the Bill repeals section 41 of the Act.
- 10.** Clause 11 of the Bill repeals and replaces section 47 of the Act to extend the relief from tax to not only Commonwealth countries, but also a treaty country.
- 11.** Clause 12 of the Bill amends section 48 to include its applicability to a treaty country as a consequence of the amendment to section 47.
- 12.** Clause 13 of the Bill amends section 49 to include a reference to a treaty country as a consequence of the amendment to section 47 and to change the reference to Her Majesty to His Majesty.
- 13.** Clause 14 of the Bill amends section 50 to also extend its applicability to a treaty country.
- 14.** Clause 15 of the Bill repeals section 59 of the Act, which is now included in the Tax Administration and Procedure Act.
- 15.** Clause 16 of the Bill repeals Part VII of the Act, which is addressed under the Tax Administration and Procedure Act.
- 16.** Clause 17 of the Bill changes the title of Part VII of the Act.
- 17.** Clause 18 of the Bill repeals section 78 of the Act, which is addressed under the Tax Administration and Procedure Act.
- 18.** Clause 19 of the Bill repeals section 79 of the Act.
- 19.** Clause 20 of the Bill repeals section 80 of the Act.

- 20.** Clause 21 of the Bill repeals section 81 of the Act.
- 21.** Clause 22 of the Bill repeals section 82 of the Act.
- 22.** Clause 23 of the Bill repeals section 83 of the Act.
- 23.** Clause 24 of the Bill repeals section 84 of the Act.
- 24.** Clause 25 of the Bill repeals section 85 of the Act.
- 25.** Clause 26 of the Bill repeals section 87 of the Act.
- 26.** Clause 27 of the Bill amends section 87 to clarify the appropriate rule of the Rules Governing Payment of Income Tax and to increase the penalty for the failure to make a return.
- 27.** Clause 28 of the Bill amends section 105 of the Act by adding new terms and definitions and redefining the term management.
- 28.** Clause 29 of the Bill amends section 106 of the Act and provides for the grant of a Certificate of Tax Exemption by the Commissioner.
- 29.** Clause 30 of the Bill amends section 108 of the Act and specifically states filing and paying is required to address the threshold myth.
- 30.** Clause 31 of the Bill inserts a new provision in the Act to allow for credit against tax.
- 31.** Clause 32 of the Bill amends section 112 of the Act and addresses the issue of the credit created with contracts with taxpayers only paying at rate at 1.75%.
- 32.** Clause 33 of the Bill repeals section 112 which is moved to the Tax Administration and Procedure Act.
- 33.** Clause 34 of the Bill provides for the Bill to come into force on January 1, 2025.

