

General Notes regarding the 2018 IBC Act Amendments

Effective 1 January 2019

IF YOU WON'T READ ANYTHING ELSE, READ THIS

1. Changes to the Act DO NOT deny or compromise confidentiality; limit the number of directors or shareholders; affect nationality; or impose the use of a resident director unless the company has physical presence.
2. A Belize company can have physical presence and interact with local activities, following very specific guidelines.
3. Provided your company was incorporated before January 1, 2019, there are no major changes to the use of the company. Unless your company holds Intellectual Property.
4. There are clear definitions to what each activity of an IBC entails. For example, a holding company can hold another company, earn income and interest but a holding company cannot conduct commercial activities. In the past, the breadth of activities of the Belize IBC was ample and almost any activity could be conducted without licensing or conditions; this is not true anymore. Depending on the objectives, most Belize companies can be used for commercial activities. Please examine the activities of your company to avoid tax implications or to avoid failing to meet the requirements of the Act.
5. Companies registered before 1 January 2019 continue to be tax exempt and free from submitting tax returns and accounting.
6. Tax filings may be required for companies created after January 1, 2019. On a personal note, I believe that in the future Belize will move to impose a requirement of filing tax returns for all companies regardless of when they were created. As such, make it a habit to keep your records in order so that proper accounting can be raised if necessary.
7. The Act does not state if accounting and audit must only be performed by a local Belizean accountant or if it can be prepared anywhere following international accounting standards. We suggest that you compile and keep close financial records. Aspen can assist with accounting services.
8. For companies created after January 1, 2019, companies may be subject to taxation if the income is sourced in Belize.
9. Physical Presence is another innovation of the IBC Act of Belize and it requires true physical presence and representation in Belize, i.e., hiring staff, obtaining a location, you are allowed to have a U.S. Dollar bank account at a local bank.

10. Some activities which could be conducted without physical presence now require physical presence **and** licensing by the International Financial Services Commission.
11. Part XII regarding Income Tax and other Taxes and Duties is a brand new addition to the IBC Act. This section mainly focuses on companies that have physical presence in Belize. These companies will be liable to income tax and stamp duty.
12. Section 14 is also new in the Act and it is referred to as a transitional section of the Amendment, it focuses on Intellectual Property Assets. Companies which were in existence as of June 30, 2018 conducting business in relation to research and development or own intellectual property assets must send an enquiry to the Financial Services Commission to determine if they can continue operating as an IBC. **Companies which hold IP property/assets are forbidden from acquiring new assets. IBCs can no longer be used to hold/own Intellectual Property.** If your company falls in this category, please take special note of this and let us know so we can assist you.
13. Many changes to the Memorandum & Articles must be made in order to update the Belize companies for their compliance with the new Act. **As such, there will be unexpected mandatory government fees to cover the changes in law.** All new invoices shall include the cost of M&A Amendments.
14. Some agents are requiring Belize companies to provide/obtain a tax identification number in the country most of the business in. The reason for this remains unclear and procedures have not been implemented stating how a Belize company can acquire a tax identification number. We shall keep you informed.
15. Companies that do not comply with the requirements of the Amended Act may be involuntarily struck off or penalized by the International Financial Services Commission of Belize.
16. We expect other amendments or practice guidelines.
17. For matters relating to this, please send E-mail to Lourdes Haywood Bogaerts at: lourdes@aspenoffshore.com.