



Aspen Group Limited

A Guide to Trusts in Belize

HONG KONG

PANAMA

PRAGUE

BACKGROUND

Belize was the site of several Mayan city states until their decline at the end of the first millennium A.D. The British and Spanish disputed the region in the 17th and 18th centuries; it formally became the colony of British Honduras in 1854 but gained independence from the United Kingdom on September 21, 1981. Since then, it is known as Belize.

Belize has a long history of peace, stability and democracy. It is an independent country, member of the Commonwealth and CARICOM.

Tourism has become the mainstay of the economy. Current concerns include an unsustainable foreign debt, high unemployment, and growing involvement in the South American drug trade, growing urban crime, and increasing incidences of HIV/AIDS.

LOCATION

Belize is located on the Eastern seaboard of Central America. It is bordered Guatemala to the West and to the North by the Yucatan Peninsula of Mexico.

POPULATION

307,899 (July 2009, est.)

Spanish 46%, Creole 32.9%, Mayan dialects 8.9%, English 3.9% (official), Garifuna 3.4% (Carib), German 3.3%, other 1.4%, unknown 0.2% (2000 census).

GOVERNMENT

The government is a parliamentary democracy and a Commonwealth realm.

CAPITAL

The Capital of Belize is Belmopan, although Belize City is the commercial and cultural hub. There are 6 administrative districts: Belize, Cayo, Corozal, Orange Walk, Stann Creek, and Toledo.

LEGAL SYSTEM

Belize's legal system is English Common Law supplemented by local legislation.

ECONOMY

Tourism is the number one foreign exchange earner followed by exports of marine products, citrus, cane sugar, bananas, and garments. Oil discoveries in 2006 bolstered the economic growth. Exploration efforts continue and a small increase in production is expected in 2009. Main agricultural production comes from bananas, cacao, citrus, sugar; fish, cultured shrimp; lumber; and garments. Other income earning industries are garment production, food processing, and construction.

THE BEST TRUST IN THE WORLD

The fundamental advantage of a Belize trust is that the legal ownership of property is separated from the enforceable rights of use and enjoyment of said property. This makes the Belize offshore trust, particularly when established as an exempt trust, an extremely flexible, sophisticated and creative instrument for asset protection, tax, estate and investment planning, and the preservation of confidentiality.

The Belize Trust law, based on the Guernsey Trusts Law of 1989 but with various modifications and innovations, is one of the strongest and most flexible asset protection trust legislation in the world.

THE TRUST

Under the Act, trusts may be created either by oral declaration or by written instrument without any formalities or technical expressions. Unit trusts must be in writing and trusts relating to land in Belize are only enforced when they are in writing.

- There are no legal requirements to audit Belize trust accounts.
- A Belize trust and its trust property are exempt from income and business tax, estate, inheritance, succession or gift tax in Belize. All instruments relating to the trust property or to transactions made by the trustee on behalf of the trust are exempt from stamp duty.
- Trustees of a Belize trust shall be regarded as a non-resident of Belize and are exempt from exchange control with regards to the trust property and to all transactions carried out by the trustee on behalf of the trust.
- The Belize trust is flexible and can accommodate numerous asset protection clauses.
- Typically discretionary trusts. Such trusts may also provide for automatic successor trustee and protector provisions. However, purpose trusts and non-charitable trusts are also available.
- The Belize trust laws also the establishment of a corporate trustee to oversee matters pertaining to the trust specifically and to other related trusts if necessary.

ABOLITION OF THE PERPETUITY RULE

The rule against perpetuities is abolished in relation to trusts in Belize. Non-charitable trusts may be created for a maximum of 120 years. Charitable trusts may be established with unlimited duration.

ASSET PROTECTION

Belizean courts cannot vary or set aside a Belizean trust. Most importantly, they cannot recognize the validity of any claim against the trust property issued in another jurisdiction; for example, foreign court orders in respect of marriage or divorce; succession, or claims by creditors in insolvency. This offers a high level of protection over the assets held in trust, making the Belize trust the preferred vehicle for asset protection. Trust assets are insulated even from the Bankruptcy Act and the Reciprocal Enforcement of Judgments Act of Belize which under other circumstances could be used to reach said assets.

SETTLORS, BENEFICIARIES AND PURPOSES

Anyone can be the Settlor of a trust. The Settlor may also be the Trustee or Protector of the trust; however, this is not recommended to avoid the appearance of a sham trust or question the management and control of the trust.

The law provides for the creation of spendthrift trusts and abolishes the rule that a Settlor may not be the beneficiary of a spendthrift trust.

Charitable trusts may be created for various purposes, including the relief of poverty, the protection of the environment, the advancement of human rights and fundamental freedoms, education and religion. Non-charitable purpose trusts may also be constituted under the Act. Such trusts must appoint a Protector.

PROTECTORS AND TRUSTEES

Under the Act, the Protector owes a fiduciary duty to the beneficiaries or the purposes of the trust, but he is not considered a Trustee.

The minimum number of Trustees is one with a maximum of four. Charitable trusts may have unlimited number of Trustees, however, the Act shall only recognize the first four named persons as the Trustees.

Wide powers are given to Trustees to advance moneys for maintenance and education of minors and beneficiaries generally. Trustees are similarly empowered to advance moneys to beneficiaries before their interest in the trust has vested.

BREACH OF TRUST

Trustees are personally liable for loss, depreciation in value of trust assets or loss of profits consequent on a breach of trust. However, in the case of a corporate Trustee the directors are not personally liable.

Persons who receive property or income with knowledge of breach of trust are constituted constructive Trustees thereof.

The usual powers of tracing are included and the periods of limitation and prescription are removed for actions against Trustees for fraud and recovery of property.

VARIANT TRUSTS

The Trusts Act permits a non-common law Settlor to create a trust peculiar to his law, religion or nationality. However, such an instrument must recite that it is a trust, and it must be of type approved by the Attorney General by publication in the Gazette for it to be governed by the Act.

Our fee for establishing a Belize trust varies and depends on the level of complexity of the trust deed, if local or nominee Settlor needs to be provided; or if a company must be established as a private trustee company for the trust. Our fee of \$4,500 (four thousand five hundred U.S. dollars) is an indication of the cost of setting up ONLY the trust. Accounting services and management services, if required will incur an additional fee. The establishment of bank accounts and other banking services for the beneficiaries are will also incur additional charges.

The foregoing does not constitute legal advice and it is merely Aspen Global Incorporations opinion based on use and experience. If you are not a professional service provider, please consult a tax attorney, solicitor, and/or accountant before you pursue any venture in a tax free environment. Aspen Global Group will be glad to meet with you and assess your requirements. Legal evaluations in each jurisdiction are available at a time cost fee.

If you would like additional information on this jurisdiction or our current shelf list, please contact us at enquiries@aspenoffshore.com; or contact any of our offices.

HONG KONG

Aspen Global Incorporations Limited
Suite 2302-3 Pacific Plaza
410 Des Voeux Road West
Hong Kong, S.A.R.
Tel: (852) 3175-8758
Fax: (852) 3175 8456
E-mail: enquiries@aspenoffshore.com

PANAMA

Aspen Legal Services
Local 11-12 Causeway Blvd. Commercial Center
Isla Perico, Panamá City
Republic of Panamá
Tel: (507) 314 3392
E-mail: silka@aspenoffshore.com

PRAGUE

Aspen Business Consulting s.r.o.
Opletalova 1603/57
110 00 Praha 1
Česká republika
Tel: (420) 221 419 747
E-mail: aspenbusinessconsulting@aspenoffshore.com

NEW ZEALAND

Aspen Fiduciaries Limited
Level 5, 10 Customhouse Quay
Wellington, 6143
New Zealand
E-mail: enquiries@aspenoffshore.com