

# Doing Business in Belize





# Preface

This guide has been prepared by Baker Tilly Hulse, an independent member of Baker Tilly International. It is designed to provide information on a number of subjects important to those considering investing or doing business in Belize.

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Doing Business in Belize has been designed for the information of readers. Whilst every effort has been made to ensure accuracy, information contained in this guide may not be comprehensive and recipients should not act upon it without seeking professional advice. Facts and figures as presented are correct at the time of writing.

Up-to-date advice and general assistance on Belize matters can be obtained from Baker Tilly Hulse; contact details can be found at the end of this guide.

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# 1 Fact Sheet

## Geography

Location	Belize is located on the Yucatan Peninsula, on the eastern coast of Central America
Area	8,867 sq. miles (22,967km <sup>2</sup> )
Land boundaries	Mexico (North), Guatemala (West and South), the Caribbean Sea (East)
Coastline	Belize is home to the world's second largest barrier reef (185 miles/290km) and boasts three of four coral atolls in the western hemisphere
Climate	A sub-tropical climate with an average yearly temperature of 84°F (29°C). In winter the temperature rarely falls below 60°F (16°C) Humidity is consistent at around 85%
Terrain	Most of the interior terrain is dense tropical forest. On the coast, the terrain is mostly a swampy plain
Time zone	GMT -6

## People

Population	332,700 (2011)
Ethnic groups	Most Belizeans are of multiracial descent. About 50% of the population is of mixed Mayan and European descent (Mestizo); 21% are of African and Afro-European (Creole) ancestry; 10% are Mayan; 4.6% are Afro-Amerindian (Garifuna). The remainder (14.4%) includes European, East Indian, Chinese, Middle Eastern and North American groups
Religion	The majority of Belizeans are Roman Catholic; however due to the heavy British influence, Belize has a larger Protestant population than any other country in Central America. The Maya and Garifuna practice their own religion which is a mixture of shamanism and Christianity
Language	English is the official language and is widely spoken, as is Spanish. Other languages spoken include Creole, German, Mayan and Garifuna

**Government**

Country name	Belize
Government type	Parliamentary Democracy
Capital	Belmopan
Administrative divisions	There are six districts: Belize, Cayo, Corozal, Orange Walk, Stann Creek, Toledo
Political situation	<p>Belize was granted independence from the British in 1981. Belize's form of government is modelled on the Westminster system. The Executive Branch consists of the Governor General, the Prime Minister and The Cabinet. The Governor General's role is ceremonial. The executive authority of Belize is vested in the Queen of England as the Head of State, who appoints the Governor General to represent her in Belize. The appointment is made on the "advice" of Belize's Prime Minister. In practice this means that Governors General are appointed and can be removed at will by the Prime Minister.</p> <p>The legislative branch comprises a 31 member elected House of Representatives and a 13 member appointed Senate. Seven members of the Senate are appointed by the ruling Party (the Senate President appointed by the Prime Minister has an additional "casting vote" to ensure government control), three by the Opposition, one each by: the National Trade Union Congress of Civil Society; the Belize Council of Churches; and the Belize Chamber of Commerce.</p> <p>The Prime Minister is the Head of Government and heads the Cabinet. The Cabinet is the chief policy-making body in the government. Belize is essentially ruled by the Cabinet</p>

**Economy**

GDP – per capita	US\$8,400 (2011)
GDP – real growth rate	1% (2011)
Labour force	50,350 (2010)
Unemployment	6.55% (2009)
Currency (code)	Belize dollar (\$) – BZD



## 2 Business Entities and Accounting

### 2.1 Overview

The laws of Belize allows for various categories of business ownership. The relevant legislation can be found at [www.belize-law.org](http://www.belize-law.org).

- Private company – Chapter 250, Companies Act
- Joint venture and co-operative – Chapter 313, Co-operative Societies Act
- Partnerships: general and limited – Chapter 258, Limited Liability Partnership Act
- Sole proprietor – Chapter 247, Business Names Act
- International business company – Chapter 270, International Business Companies Act
- Trust fund – Chapter 200, Trust Corporations Act
- Public investment company – Chapter 250, Companies Act.

The structures for doing business in Belize require local representation by a licensed attorney in Belize.

The most popular types of companies chosen by foreign investors are private limited company, international business company and trust, which are analysed below.

## 2.2 Private Limited Company

The formation of a private company limited by shares takes approximately one week and costs around US\$900, inclusive of legal fees, taxes, filing fees and disbursements. There is no requirement to have a national or resident of Belize as a participant, manager, or director of the company. The company is required to pay annual registered agent fees and to have annual returns (see 2.6 below) for the company prepared by the attorney for filing at the Companies Registry.

## 2.3 International Business Company

Private persons, corporate entities and trusts may become shareholders of this type of company. A minimum capital may be expressed in a foreign currency. Bearer shares and shares of no par value may be issued. At least one director, a private person or a corporate entity, must be appointed. A company secretary may be appointed but this is not obligatory. A company must have a registered agent and a registered office in Belize at all times, and it is the only information available on a company at the International Business Company Registry. There are no auditing and accounts filing requirements. The company is exempt from taxes. An international business company may be re-domiciled to and from Belize.

An international business company may not:

- Carry on a business activity with residents of Belize
- Own a property in Belize
- Conduct banking, insurance and corporate service provider's activities.

## 2.4 Trust

Trusts are mainly used for asset protection purposes. A trust is not required to be registered. Different types of trusts may be established. A maximum duration of a trust, other than a charity trust, is 120 years. A trust often establishes an international business company which is used as an asset-holding entity and introduces a higher level of confidentiality and protection.

Once the trust structure and the company, if applicable, are formed, a trade licence is required. A trade licence takes one or two days to obtain. An investor can invest any amount up to a maximum of US\$10,000 in the trust without Central Bank approval.

There is no obligation to join a trade association. However, the investor may join the Chamber of Commerce, which promotes and protects business interests in Belize and acts as an advocate for better treatment of its members.

## 2.5 Auditing and Accounting

All businesses must maintain proper books of accounts for taxation purposes and retain the accounting records and associated documents for six years. Most accounts are presented in the Belize dollar.

If accounts are prepared under International Financial Reporting Standards the accounts may be presented in any currency.

## 2.6 Filing Requirements

There are no requirements to file accounts or financial statements.

Every type of company is to file with the Belize Companies Registry an annual return (company with share capital) or an annual list of board of directors (company without share capital).

# 3 Finance and Investment

## 3.1 Exchange Control

The Exchange Control Regulations, also known as Statutory Instrument No. 30 of 1976, govern dealings in gold and foreign currency. The regulations also address the treatment of financial transactions between residents and non-residents involving exports and imports, the purchase, sale and transfer of property and securities, and the borrowing and lending of funds. Miscellaneous matters, such as methods of enforcement and the powers of the controller, are also included.

Under the Exchange Control Regulations, only the Central Bank, authorised dealers and authorised depositories may deal in foreign currency, and a foreign exchange permit must be obtained from an authorised dealer or the Central Bank. The permission of the Central Bank is also required in order to secure a loan from outside Belize which involves a foreign currency and also to service repayment of foreign debt.

No person, other than authorised dealers and authorised depositories, may retain any foreign currency in their possession without the consent of the Central Bank.

Foreign exchange accounts can be opened at local banks with the consent of the Central Bank.

## 3.2 Banking and Sources of Finance

There are a number of ways in which businesses may obtain finance in Belize.

Belize's commercial banks offer traditional banking services such as consumer and commercial loans, sale of foreign currencies, credit cards, savings, current and deposit accounts. Banks also provide letters of credit and bank guarantees.

Belize's international banks offer traditional banking services in foreign currencies exclusively to non-residents, offering advantageous lending rates. Services and products include personal and commercial loans, brokerage services, foreign exchange, credit cards, savings, current and deposit accounts.

Other types of financial institutions can offer non-banking financial services such as merchant or investment banking, collective investment schemes and credit cards. These institutions can also include finance houses or finance companies, leasing corporations and mortgage institutions.

Credit unions operate as non-profit co-operatives that function as savings banks, offering mainly savings accounts and loans to their shareholders.

### 3.3 Tariffs

Belize's Customs and Excise Department oversees the import and export of goods in Belize. The Belize Customs and Excise Duty Act, Customs Regulation Act, Exchange Control Regulation Act and Produce Export Duty Act are the main laws governing imports and exports in Belize.

Belize is a member of the Caribbean Community (CARICOM) and is a signatory to the Common External Tariff (CET) and the Harmonised Commodity and Coding System (HS) 2002. The tariff schedules under CET arrangements are generally below what would be required to compensate for removal of import licenses.

The tariff generally applies a top rate of 20% for industrial goods and 45% for agriculture products. The structure of the tariff is based on the concept of the economic use of the goods, differentiated between inputs and final goods. Inputs are identified as primary, intermediate or capital goods, while for final goods, distinction is made between basic and non-basic categories of goods. Certain foodstuffs and other suppliers are classified as basic, while all other final goods are non-basic.

Import duties are applied upon goods as they enter the country and payable upon time of arrival. Import duties are the liability of the importer.

Customs brokerages are necessary only when the commercial value of the imported good exceeds BZD200 or US\$100.

A general sales tax (GST) of 12.5% is chargeable on both imports and domestically produced goods and services. With respect to domestically produced goods and services, the sales tax is applied at the retail stage and not at the manufacturing stage.

In the case of imports, the sales tax is levied on import and is assessed on the basis of customs, insurance and freight (CIF) value plus the customs duty. Some goods are exempted from the payment of GST at the time of import.

Customs duties vary from 0% to as high as 70%. Tariff rates between 50% and 70% apply to a variety of products, including plywood, pearls, diamonds and other precious and semi-precious stones, articles of jewellery, watches, clocks and firearms.

An environmental tax of 2% is levied on all goods imported to Belize. Items such as medicines and medical supplies for human use, and basic food stuffs, including rice, beans, potatoes and coffee, are exempted. Domestic goods are not subject to environmental tax.

Belize also applies a revenue replacement duty (RRD). RRD applies to specific goods. The only exception is ice cream, which is exempted from RRD when it originates in another CARICOM country.

Stamp duty is levied on instruments such as conveyances, leases and mortgages, at different rates in different situations. The stamp duty rate is 5% on all land transactions above BZD20,000 regardless of citizenship of the purchaser.

### 3.4 Foreign Investment Incentives/Restrictions

There are no restrictions on foreign investment as long as activities remain within the bounds of the law.

A variety of investment incentives are offered by the Government of Belize. These provide investors with the legal framework to engage in economic activities and were developed to grant relief to genuine investors wishing to establish a business in Belize provided their investment proposal meets the approval of the Government. As a general rule, when assessing investment proposals the Government focuses on the economic and social benefits to be obtained from the investment as well as the overall viability of the investment.

Listed below are the incentive programmes currently offered:

- Fiscal Incentives Programme (also known as development concessions)
- Export Processing Zone (EPZ)
- Commercial Free Zone (CFZ)
- Qualified Retired Person's Programme (QRP)
- Trusts
- International business companies (IBC)
- Offshore banking
- Gaming control.



# 4 Employment Regulation and Social Security

## 4.1 Entry Visa and Work Permit Requirements

There are several ways to visit or live in Belize legally, each with different benefits, challenges and requirements.

Tourists, temporary visitors, or expatriates who do not yet qualify for residency require a permit or visa. These come in many different varieties, the majority of which are easy to obtain. For those looking to make their stay more permanent consideration should be given to the Permanent Residency Programme, the Qualified Retired Persons Programme or applying for citizenship.

## 4.2 Hiring Local Employees

The Labour Act, Chapter 297 of the Laws of Belize and its amendments govern employment relations.

There is a large pool of unskilled labour in Belize and the adequacy of skilled labour depends on the type of business. When hiring non-nationals, an employer is expected to advertise the position in the local newspaper for two to three weeks to ensure there are no qualified Belizeans for the job. After the advertisement has run, the employer may apply with the non-national employee for a work permit. Work permits cost between US\$25 and US\$750 depending on the industry. The employer is expected to pay this cost.

Employees are entitled to two weeks of paid vacation per year and 16 days of sick leave. Pregnant women are also entitled to 30 days of sick leave for pregnancy-related illnesses.

All employees must be registered with the Social Security Board and pay into the Social Security Fund.

Belize has very few laws when it comes to dismissal of employees and those laws that do exist are sometimes difficult to enforce: redundancy can be a valid reason for dismissal.

## 4.3 Trade Unions

The National Trade Union Congress of Belize (NTUCB) is a central trade union federation representing the majority of workers in Belize. Trade unions were formed to protect workers from exploitation and to ensure they have fair wages and working conditions.

The NTUCB is affiliated to the International Trade Union Confederation. It is an umbrella organisation for seven unions in Belize:

- Christian Workers' Union
- Belize National Teachers Union
- Belize Water Services Workers Union
- Belize Energy Workers Union
- Public Service Union
- Belize Communication Workers Union
- Belize Workers Union
- Association of Public Service Senior Managers.

Members of trade unions have the right to strike without notice unless they provide an essential service.

## 4.4 Social Security System

In accordance with Section 2 of the Social Security Act, Chapter 44 of the Laws of Belize, Revised Edition 2000-2003, contributors to the social security scheme are employed persons over the age of 14 years.

Contributors may be entitled to receive benefits from the social security scheme and these include: maternity benefits and a funeral grant paid to the survivors of a deceased insured person who qualifies for the benefit.

Weekly, social security contributions are calculated based on the employee's salary and are split between the employer and employee. The employee pays between 1.5% and 3% of their wage into social security depending on their weekly salary, and the employer contributes the balance to make a total contribution of 8%.



# 5 Taxation

## 5.1 Individual Taxation

Residents of Belize are liable to pay income tax on their global income. Non-residents pay income tax in Belize solely on income derived from activities conducted within the jurisdiction. Income tax is levied at the rate of 25%.

In 2011 a new tier system for personal income tax was launched, with new allowances.

There are no capital gains, gift, or inheritance taxes in Belize.

## 5.2 Business Taxation

Businesses in Belize are liable to pay business tax on gross revenue at rates ranging from 1.75% to 25%, depending on the industry. There are no deductions for expenses incurred. Business tax is payable monthly and is due on the 15th day of the following month.

Business taxation is payable if annual gross revenue exceeds BZD75,000 from a trade or BZD20,000 from a profession or vocation. The basic thresholds apply to only one business per taxpayer. If income is generated from multiple sources, taxes are due on total gross income.

## 5.3 Other Taxes

Non-residents of Belize may be liable to higher rates of tax on some income such as insurance premiums, management fees, royalties and commissions.

GST is a tax imposed on the value or the mark-up added to imports and other goods and services supplied by one business to another or to the ultimate consumer. GST is calculated and charged on all transactions in the production and delivery chain and the ultimate consumer pays GST on the final selling price. However, the tax paid on inputs by a registered person is available for offset against tax charged on outputs and only the difference is paid to Government. Where the input tax incurred by a registered person exceeds the output tax (received), the registered person may claim the difference as a credit against future tax liabilities.

Other taxes a business may have to pay include:

- 15% business tax on all dividends
- Property tax (due annually)
- Trade license tax (due annually).

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