

BELIZE

FISCAL INCENTIVES ACT
CHAPTER 54

REVISED EDITION 2020

SHOWING THE SUBSTANTIVE LAWS AS AT
31ST DECEMBER, 2020

This is a revised edition of the Substantive Laws, prepared by the Law Revision Commissioner under the authority of the Law Revision Act, Chapter 3 of the Substantive Laws of Belize, Revised Edition 2020.

This edition contains a consolidation of amendments made to the law by Act No. 26 of 2019.



BELIZE

FISCAL INCENTIVES ACT
CHAPTER 54

REVISED EDITION 2020

SHOWING THE SUBSTANTIVE LAWS AS AT
31ST DECEMBER, 2020

This is a revised edition of the Substantive Laws, prepared by the Law Revision Commissioner under the authority of the Law Revision Act, Chapter 3 of the Substantive Laws of Belize, Revised Edition 2020.

This edition contains a consolidation of amendments made to the law by Act No. 26 of 2019.

CHAPTER 54

FISCAL INCENTIVES

ARRANGEMENT OF SECTIONS

PART I

Preliminary

1. Short title.
2. Interpretation.

PART II

Application, Grant, Conditions etc., of Fiscal Incentives

3. Application for an order.
4. Conditions for making an order.
5. Date of production.
6. Tax holiday.
7. Duty exemption.
8. Requirements as to goods imported.
9. Assignment of goods imported.
10. Annual report.
11. Revocation.
12. Notice and consequences of revocation.
13. Transfer of status.
14. Change of name.
15. Laying of information and complaint.
16. Provision for making regulations.
17. Repeals.

[Printed by Authority of the Government of Belize]

PART III

Incentives to Small and Medium Enterprises, etc.

18. Requirements for small and medium enterprises.
19. Applications from small and medium enterprises.
20. Approved enterprise order for small and medium enterprises.
21. Incentives for small and medium enterprises.
22. Review by BELTRAIDE.
23. Amendment of Schedules.
SCHEDULE I
SCHEDULE II

[Printed by Authority of the Government of Belize]

CHAPTER 54

FISCAL INCENTIVES

CAP. 45,
R.E. 1980-1990
6 of 1990.
20 of 1996.
19 of 1998.
3 of 2000.
45 of 2002.
26 of 2019.

[17th April, 1990]

PART I

Preliminary

1. This Act may be cited as the Fiscal Incentives Act. Short title.

2. In this Act, unless the context otherwise requires– Interpretation.

"approved enterprise" means an enterprise or undertaking in respect of which an approved enterprise order has been made under this Act;

"approved enterprise order" means an order made under section 4 or section 19t, including any amendment thereto made from time to time; 45 of 2002.

"approved product" means a product approved by the Minister for production or manufacture by an approved enterprise;

"approved service" means a service approved by the Minister provided by an approved enterprise;

"approved small or medium enterprises" means an enterprise approved by the Minister pursuant to section 19; 45 of 2002.

[Printed by Authority of the Government of Belize]

CAP. 250. "company" means a company formed and registered under the Companies Act;

"Comptroller" means the Comptroller of Customs;

"date of production" means the date specified in the approved enterprise order by which the enterprise shall have commenced production;

"duty exemption period" means the period during which an enterprise enjoys the relief granted under section 7;

3 of 2000. "Executive Chairperson of BELTRAIDE" means the Executive Chairperson of the Belize Trade and Development Investment Service appointed pursuant to section 7 of the Belize Trade and CAP. 282. Development Investment Service Act;

"income tax" means any tax on income or profits;

"industry" means a manufacturing or processing industry and includes agriculture, aquaculture, forestry and fisheries;

45 of 2002. Schedule I. "Member State" means a State listed in Schedule I;

"Minister" means the Minister responsible for Investment;

"national" means a citizen of any Member State and includes a person who by virtue of some law of a Member State relating to immigration is deemed to belong to that State;

"rule of origin" means the criteria as defined in Article 14 and Schedule II of the Annex to the Treaty of Chaguaramas establishing the Caribbean Community and any amendments made thereto from time to time;

45 of 2002. "small or medium enterprise" means an enterprise, whether a natural or a legal person or an unincorporated entity or association, which satisfies the requirements set out in section 18;

[Printed by Authority of the Government of Belize]

"tax holiday period" means the period during which an enterprise enjoys the relief granted under section 6 of this Act.

PART II

Application, Grant, Conditions etc., of Fiscal Incentives

Application for an order.
3 of 2000.

3.–(1) Any person desirous of establishing or conducting an enterprise in Belize may apply to the Minister through the Executive Chairperson of BELTRAIDE for an approved enterprise order in relation to the proposed enterprise and shall furnish to the Executive Chairperson of BELTRAIDE in support of his application–

(a) particulars as to the nature of the enterprise and the contribution which it is expected to make to the economy;

(b) the estimated amount, purpose and source of the capital to be expanded, initially and annually, during the period of the approved enterprise order;

(c) where applicable, particulars necessary to determine whether the product meets the rule of origin;

(d) where applicable, particulars necessary to determine the level of exports, foreign exchange earnings or foreign exchange savings;

(e) the number of persons to be employed and the conditions of service;

(f) the date on or before which–

[Printed by Authority of the Government of Belize]

(i) work on the enterprise will commence;

(ii) the enterprise will produce a marketable product;

(g) information satisfactory to the Minister that the enterprise is adequately financed and provided with effective and competent management;

3 of 2000.

(h) such other information as the Executive Chairperson of BELTRAIDE may require.

(2) Every application made under sub-section (1), and every application for renewal made under section 6(1) and section 7(1) shall be accompanied by the fees specified below–

Investment of not less than $250,000 and not exceeding $500,000 - $5,000;

Investment of not less than $500,000 and not exceeding $750,000 - $6,000;

Investment exceeding $750,000- $7,000,

Provided that a "Belizean Company" as defined in sub-section (3), with investment of less than $250,000 may apply under this section without the payment of any fee.

(3) For the purpose of sub-section (2), a "Belizean Company" means a company in which Belizean nationals own not less than fifty-one per cent of the share capital.

(4) The Minister may from time to time, by order published in the *Gazette*, amend the scale of fees payable under this section.

[Printed by Authority of the Government of Belize]

(5) Every order made by the Minister under the proviso of sub-section (2), shall as soon as may be after the making thereof be laid before the National Assembly and shall be subject to negative resolution.

Conditions of making an order.

4.–(1) If the Minister is satisfied that–

(a) a company has been incorporated in Belize which will establish or conduct the enterprise in respect of which an application has been made under section 3;

(b) the enterprise will be beneficial to the economy of Belize; and

(c) it is expedient in the public interest to do so,

he may by order declare the enterprise to be an approved enterprise.

(2) Before making an order, the Minister shall–

3 of 2000.

(a) cause a notice to be published in two issues of a newspaper circulating in Belize at an interval of not less than one week between each issue and in one issue of the *Gazette*, containing sufficient information relating to the enterprise, and inviting any person who objects to the making of such an order to give notice of his intention to object within the period specified in the notice, and thereafter to submit in writing his objections and the supporting evidence within fourteen days of his notice of objection to the Executive Chairperson of BELTRAIDE;

(b) consider any objections received pursuant to the notice.

[Printed by Authority of the Government of Belize]

(3) Such order shall set out the conditions subject to which it has been made.

26 of 2019.

(4) *Repealed.*

Date of production.

5. Every order made by the Minister under section 4 shall specify the date of production of the approved enterprise, which shall be the date not more than five years after the date of the approved enterprise order by which date the Minister has reasonable cause to believe the enterprise should be established and be in commercial production or operation,

Provided that, in the case of any such order in respect of any enterprise that is at the date of the order already established and in commercial production or operation, the date of production shall be the date of the approved enterprise order.

Tax holiday. 20 of 1996.

6.–(1) Subject to sub-section 9 and to paragraph *(c)*, every order made by the Minister under section 4 shall specify–

(a) the duration of the tax holiday period, which shall normally be of not more than five years duration commencing from the date of production; and

(b) the annual percentage rates at which the profits and gains of the approved enterprise shall be exempt from the payment of income tax under the Income and Business Tax Act during the tax holiday period,

Provided that the Minister may, in a fit and proper case, on application made by the company, review its operations and renew its tax holiday period for a further term not exceeding ten years;

(c) in the case of a company which is engaged in agriculture, agro-industry, food-processing,

[Printed by Authority of the Government of Belize]

mariculture or manufacturing and whose operation is highly labour intensive and whose production is strictly for export, the tax holiday period may be for a maximum of twenty-five years.

(2) During the tax holiday period, all profits and gains accruing to the approved enterprise and arising from the production of the approved product or service shall be partially exempt from income tax under the Income and Business Tax Act, at the annual percentage rates specified by the Minister as provided in sub-section (1)*(b)* above. 20 of 1996. CAP. 55.

(3) If the end of the tax holiday period does not coincide with the end of the financial year of the approved enterprise, the income attributable to the tax holiday period only shall be exempt from income tax at the annual percentage rates specified by the Minister as provided in sub-section (1)*(b).* 20 of 1996.

(4) Subject to the limitations contained in sub-sections (5) and (6), where an approved enterprise is conducted by a company, any dividends or other profits arising out of such enterprise–

(a) during the tax holiday period of such enterprise; and

(b) paid to shareholders during the said period, on shares issued during such period,

shall not be taken into account in ascertaining the chargeable income of such shareholders.

(5) The provisions of sub-section (4) shall only apply where the total amount of dividends or profits paid to a shareholder, as therein mentioned, does not exceed an amount which is equivalent to the total amount invested by the shareholder in the approved enterprise during its tax holiday period.

[Printed by Authority of the Government of Belize]

(6) The provisions of sub-section (4) shall not apply to any shareholder who would become liable by the laws of his country of residence to pay additional income tax owing to the fact that the dividend he received hereunder was not subject to income tax in Belize.

20 of 1996.
19 of 1998.
CAP. 55.

(7) An approved enterprise enjoying partial relief from income tax shall, notwithstanding the relief granted, be subject in all other respects to the provisions of the Income and Business Tax Act, including the filing of annual returns.

20 of 1996.
19 of 1998.

(8) To the extent that an approved enterprise is partially exempt from income tax during a tax holiday period at the rates specified by the Minister as provided in sub-section (1)*(b)* of this section, the approved enterprise shall be deemed to be a specified development industry or project for the purpose of the Income and Business Tax Act.

CAP. 55.

(9) Notwithstanding the provisions of this section it shall be open to the Minister to order that no tax holiday shall be granted to an enterprise under this Act.

Duty exemption.

7.–(1) Subject to sub-section (1A) and (4), every order made by the Minister under section 4, shall specify the duty exemption period which shall be of not more than fifteen years duration commencing from the date of the approved enterprise order, provided that the Minister may, in the case of an export enterprise, on application made by the company, review its operations and renew the duty exemption period for a further term not exceeding ten years.

(1A) In the case of a company which is engaged in agriculture, agro-industry, food-processing, mariculture or manufacturing and whose operation is highly labour intensive and whose production is strictly for export, the duty exemption period may be for a maximum of twenty-five years.

[Printed by Authority of the Government of Belize]

(2) Subject to sub-section (3), during the duty exemption period, every company granted an approved enterprise order may import into Belize, free of customs duty and stamp duty–

(a) all building materials, plant, machinery, equipment, tools including specialist hand tools (but not including other hand tools), utility and transport vehicles, fixtures and fittings, office equipment, and appliances;

(b) spare parts on plant and plant related machinery and agricultural machinery;

(c) any raw materials or other items imported for use in the approved enterprise,

upon production to the Comptroller of a certificate issued by the Executive Chairperson of BELTRAIDE Secretary that such articles or materials are necessary for the establishment or expansion and conduct of the approved enterprise, and upon such terms and conditions as may be specified in the certificate. 3 of 2000.

(3) Except in the case of an export enterprise exporting to non- CARICOM countries, no duty exemption shall be granted for any raw materials or articles which are available in Belize or in any Member State provided that they are of comparable quality and price.

(4) Notwithstanding the provisions of this section it shall be open to the Minister to order that no duty exemption shall be granted to an enterprise under this Act.

8. The enterprise importing articles under section 7 shall– Requirements as to goods imported.

(a) keep a record in such form and containing such particulars as may be required by the Comptroller of the articles so imported;

[Printed by Authority of the Government of Belize]

(b) cause the articles to be marked with such mark and in such manner as may be required by the Comptroller;

(c) permit the Comptroller or any person authorised by him at any reasonable time to inspect such record and to examine any such article for the purpose of satisfying himself of the accuracy of the particulars in the record in relation to the article.

Assignment of goods imported.

9.–(1) No article imported under this Act into Belize free of import duty, stamp duty or revenue replacement duty shall be sold, hired, lent, given away or otherwise disposed of except–

(a) in case of an assignment of an enterprise, to the assignee thereof; or

(b) after payment of import duty, stamp duty and revenue replacement duty on the value of the article at the date of the transaction assessed by the Comptroller; or

(c) after expiry of ten years from the date of importation.

(2) An enterprise which contravenes or fails to comply with any of the provisions of this section shall be guilty of an offence and shall be liable upon summary conviction to a fine equal to treble the market value of the goods as assessed by the Comptroller of Customs or to a fine of five thousand dollars, whichever is the greater, and in every such case the goods in respect of which the offence was committed shall be forfeited.

Annual report. 3 of 2000.

10.–(1) During the duty exemption period there shall be submitted to the Executive Chairperson of BELTRAIDE, within three months of the close of each financial year of the approved enterprise, a report in writing on the conduct and progress of the approved enterprise during the past financial year together with

[Printed by Authority of the Government of Belize]

the annual accounts for that year duly audited by a Chartered Accountant.

(2) The accounts shall contain particulars–

(a) as to capital expended on the enterprise and depreciation of the capital assets during the financial year in question;

(b) relating to the enterprise which the Executive Chairperson of BELTRAIDE may require. 3 of 2000.

Penalty.

(3) An enterprise which fails to furnish the reports and annual accounts as required under this section shall be liable to pay to the Government a penalty of two thousand dollars (or such lesser figure as may be determined by the Minister on the facts of the particular case), and the failure to pay the amount so specified may result in the revocation of the concession.

Revocation.

11.–(1) If the Minister is satisfied that the enterprise has contravened any of the provisions of this Act or a regulation made thereunder, and in particular as to the fact that–

(a) there has been undue delay in the commencement of an approved enterprise;

(b) the approved enterprise is not being conducted in accordance with the terms of the application for an order under section 3 of this Act or of the order under section 4 of this Act; or

(c) the information furnished in the application for an order is false in a material particular,

he may give a written notice to the approved enterprise to show cause within such period as may be specified, but not less than thirty days, as to why the approved enterprise order should not be revoked and, if the Minister is not satisfied by the

[Printed by Authority of the Government of Belize]

explanation, if any, given by the approved enterprise he may in his discretion revoke the approved enterprise order.

(2) Notwithstanding sub-section (1), the Minister may, at the written request of an approved enterprise, revoke the approved enterprise order whether or not there was a breach of the terms and conditions of the order or any other default on the part of the approved enterprise.

Notice and consequences of revocation.

12.–(1) When an approved enterprise order has been revoked the Minister shall cause a notice to that effect to be published in the *Gazette* and the order shall state the date on which the enterprise shall cease or shall have ceased to be an approved enterprise.

(2) Upon revocation the approved enterprise shall be liable to pay customs duty, stamp duty and revenue replacement duty on such of the articles, as the Minister of Finance may decide, imported by the approved enterprise free of those duties, such duties being based on the value of the articles at the date of revocation assessed by the Comptroller.

(3) The duties payable under sub-section (2) may be recovered by the Comptroller in the manner provided under any law relating to customs and excise duties.

19 of 1998.

(4) If the date on which the approved enterprise order ceases to be an approved enterprise does not coincide with the end of the financial year of the enterprise, then the chargeable income in respect of the financial year in which the order is revoked shall be subject to tax under the Income and Business Tax Act as if no approved enterprise order had been made in respect of that year and such tax shall be recoverable accordingly.

CAP. 55.

Transfer of status.

13.–(1) The Minister may, by notice published in the *Gazette*, transfer the status of an approved enterprise granted under this Act to another company where–

[Printed by Authority of the Government of Belize]

(a) the approved enterprise merges with or is taken over by another company, or forms part of another company's reconstruction; and/or

(b) in his opinion it is equitable or in the public interest to do so.

(2) Prior to the issue of a notice pursuant to sub-section (1), the Minister shall require the company, to which the status of approved enterprise is to be transferred, to give an undertaking to comply with the conditions as set out in the order granted under section 4.

(3) On the issue of a notice pursuant to sub-section (1), all the rights, privileges, benefits, immunities, duties and obligations conferred or imposed by or under this Act on the approved enterprise may be transferred to the other company.

Change of name. 3 of 2000.

14.–(1) Where an approved enterprise changes its corporate name, that enterprise shall, within fourteen days of the date of such change, inform the Executive Chairperson of BELTRAIDE in writing of its new corporate name.

(2) On receipt of such information the Minister may, by notice published in the *Gazette*, direct that any orders, licences or documents issued to or in respect of that approved enterprise under or pursuant to the provisions of this Act be altered to indicate the new corporate name.

Laying of information and complaint. 3 of 2000.

15. An information or complaint in respect of an offence under this Act may be laid by the Executive Chairperson of BELTRAIDE or by any other person authorised in writing by the Executive Chairperson of BELTRAIDE in that behalf.

Provision for making regulations.

16.–(1) The Minister may make such regulations as may be necessary for giving effect to the provisions of this Act.

[Printed by Authority of the Government of Belize]

(2) Any regulations made pursuant to sub-section (1) shall be laid before the National Assembly as soon as may be after the making thereof and shall be subject to negative resolution.

Repeals.

17.–(1) The Development Incentives Act, Cap. 40 R. E. 1980-1990 and the Fiscal Incentives (Industrial Enterprises) Act No. 32 of 1973 are hereby repealed.

(2) Notwithstanding sub-section (1), any development order or approved enterprise order granted under the Development Incentives Act, Cap. 40, R. E 1980-1990 or under the Fiscal Incentives (Industrial Enterprises) Act No. 32 of 1973 shall be deemed to have been granted under this Act, and every such order shall be subject to all rights, privileges, benefits and obligations conferred or imposed by or under this Act.

PART III

Incentives to Small and Medium Enterprises, etc.

Requirements for small and medium enterprises.
45 of 2002.
Schedule II.

18. For the purpose of this Act, a small or medium enterprise is an enterprise that–

(a) is engaged or intends to engage in Belize in any of the activities set out in Schedule II and is a net foreign exchange earner;

(b) has an annual turnover not exceeding $500,000;

(c) has a net worth not exceeding $300,000;

(d) has an investment in machinery and equipment not exceeding $300,000;

(e) is not a subsidiary of, or controlled by an entity that is not a small or medium enterprise; and

[Printed by Authority of the Government of Belize]

(f) holds a valid trade license and all other permits required to carry on its business.

Applications from small and medium enterprises. 45 of 2002.

19.–(1) Notwithstanding any other provisions of this Act, any person desirous of conducting a small or medium enterprise in Belize may apply to the Minister through the Executive Chairperson of BELTRAIDE for an approved enterprise Order.

(2) Every application made pursuant to sub-section (1) shall be in such form and accompanied by such fee and documents as may be specified by the Minister by regulations made under this Act.

(3) Every application from a small and medium enterprise for an approved enterprise order shall be considered by a Cabinet Sub-Committee consisting of the following–

(a) the Minister responsible for Investment;

(b) the Minister responsible for Industry; and

(c) the Minister responsible for the activity set out in Schedule II in which the applicant is engaged or intends to engage.

Schedule II.

Approved enterprise order for small and medium enterprises. 45 of 2002.

20.–(1) If, after consideration of all the facts, recommendations, and circumstances the Minister is satisfied that the applicant satisfies the requirements for a small and medium enterprises and that an approved enterprise order in favour of the applicant would promote the development of small and medium enterprises, he may by Order declare the enterprise to be an approved small or medium enterprise.

(2) Before making an Order under this section the Minister shall comply with the notice requirement in section 4(2), provided that this requirement will be satisfied if the notice is given in one issue of a newspaper of general circulation in Belize.

[Printed by Authority of the Government of Belize]

(3) Every such Order shall set out the conditions subject to which it has been made.

Incentives for small and medium enterprises. 45 of 2002.

21.–(1) The duty exemption period for a small or medium enterprise shall not exceed two years at a time, but may be extended to a maximum of five years.

(2) The duty exemption may be full or partial as the Minister on the advice of BELTRAIDE may deem fit.

(3) No approved enterprise order for a small or medium enterprise shall contain any provision for tax holiday.

Review by BELTRAIDE. 45 of 2002.

22. On every application by a small or medium enterprise for renewal of a concession, the Belize Trade and Development Investment Service (BELTRAIDE) shall examine every such enterprise to determine whether it continues to satisfy the requirements for such an enterprise as specified in section 18, and shall submit a report on its findings to the Cabinet Sub-Committee referred to in section 19.

Amendment of Schedules. 45 of 2002.

23. The Minister may from time to time by Order published in the *Gazette* make amendments to any of the Schedules.

[Printed by Authority of the Government of Belize]

SCHEDULE I

FISCAL INCENTIVES ACT[1]

Member States

[section 2]

Antigua and Barbuda

Barbados

Belize

Dominica

Grenada

Guyana

Jamaica

Montserrat

St. Christopher and Nevis

St. Lucia

St. Vincent and the Grenadines

Trinidad and Tobago

Any other state in the Caribbean region that becomes a member of the Caribbean Single Market and Economy.

[1]*The Schedule was amended by Act No. 45 of 2002*

[Printed by Authority of the Government of Belize]

SCHEDULE II [2]

FISCAL INCENTIVES ACT

Approved Activities for a Small Business

[sections 18 and 19]

1. Agriculture, Forestry and related activities.

2. Agro Processing.

3. Auto Rental.

4. Arts and Cultural Activities.

5. Computer and Information Technology.

6. Fishing, operation of fish hatcheries and fish farms and service activities incidental to fishing.

7. Health Care Services.

8. Hotel, Restaurant and other Tourism related services.

9. Manufacturing.

10. Handicraft, Woodcarving and Jewellery making.

[2]*This Schedule was amended by Act No. 45 of 2002*

[Printed by Authority of the Government of Belize]