



PUBLIC RULING

BUSINESS TAX

FILING AND PAYMENT OF TAX WITHHELD FOR ADJUNCT LECTURERS

BTSD PR NO. 01/2023

EFFECTIVE DATE: 1 APRIL 2023

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ACRONYMS

<i>BTSD</i>	<i>Belize Tax Service Department</i>
<i>IBTA</i>	<i>Income and Business Tax Act, Chapter 55 of the Laws of Belize, R.E. 2020</i>
<i>TAPA</i>	<i>Tax Administration and Procedure Act, Chapter 51 of the Laws of Belize, R.E. 2020</i>

1.0 OBJECTIVE

- 1.1 *The objective of this public ruling is to set out the Director General's interpretation of the application of specific provisions of the Income and Business Tax Act ("IBTA") to the transaction specified below.*
- 1.2 *The purpose is to achieve consistency in the administration of tax legislation and to provide guidance to the public and officers of the Belize Tax Service Department ("BTSD").*
- 1.3 *This public ruling is made pursuant to Section 9 of the Tax Administration and Procedure Act, ("TAPA") and is binding on the Director General until revoked. This public ruling is not binding on the taxpayers.*

2.0 RELEVANT PROVISIONS OF THE LAW (IBTA)

2.1 *The relevant provisions of the IBTA are:*

- *Section 105 (1)*
- *Section 106 (1), (3)*
- *Section 107 (1)*
- *Schedule VIII*
- *Schedule IX (f)*

3.0 DEFINITIONS

- 3.1 *"Belize Tax Service Department" or "BTSD" means the Department created pursuant to Section 5 of the TAPA and which is under the overall control of the Minister responsible for Finance;*
- 3.2 *"Business Tax" means the tax levied under Section 106, Part X, of the IBTA;*
- 3.3 *"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;*
- 3.4 *"Director General" refers to the Director General of the Belize Tax Service Department appointed pursuant to Section 4 of the TAPA;*

- 3.5 *“Gross Contract Payment” means the total contract price without any deduction whatsoever;*
- 3.6 *“Professional” means any person or firm or any body of persons (whether corporate or unincorporated) engaged in a vocation or occupation in Belize, including, but not limited to, the vocations, and occupations listed in the Eighth Schedule to the IBTA; and*
- 3.7 *“Employment Income” means income derived from services provided under a contract of service or apprenticeship or tenure of office and includes income from employment as a consultant where such employment is for more than 60 days in the aggregate in any basis year.*

4.0 REQUIREMENTS TO QUALIFY AS AN **ADJUNCT** LECTURER

- 4.1 The services of adjunct lecturers are rendered through contractual arrangements classified as contracts for services as opposed to contracts of service.
- 4.2 In order to prevent a violation of “employment income” as defined at Section 105 (1) of the IBTA, an adjunct lecturer is one who is under a contract for service with an educational institution, and whose contractual relationship satisfies **ALL** the following requirements:
- The contract of engagement should be subject to periodic review. In other words, it should have a definite life span and not be of indefinite tenure, as is the case in employment contracts.
 - The adjunct lecturer is required to teach no more than two subjects in any one semester with the same institution.
 - There ought to be no obligation (expressed in the contract or implied) on the part of the institution to pay any insurance, pension, or gratuity in respect to the engagement.

5.0 RATE OF BUSINESS TAX ON ADJUNCT LECTURER CONTRACTS

- 5.1 For the purposes of the definition of “professional” found in the IBTA at Section 105 (1), adjunct lecturers are classified as persons engaged in a vocation or occupation in Belize. Adjunct lecturers are not explicitly listed in Schedule Eight of the IBTA: however, the list is non-exhaustive.

- 5.2 Operating in the capacity of a professional sole trader/self-employed person, adjunct lecturers are liable to pay business tax on receipts derived from their services at the rate of **6%** according to paragraph (f) of the Ninth Schedule of the IBTA. Those receipts are classified as receipts from a profession, vocation, or occupation.
- 5.3 Notwithstanding Section 112 (1) of the IBTA, institutions who employ the services of adjunct lecturers are to withhold 6% from their gross contract payment, which is to operate as a final Business Tax due from the adjunct lecturer to the BTSD. Adjunct earnings are not to be reported on the annual Employee Income Tax Returns.
- 5.4 A lecturer who is employed full-time shall be taxed under the P.A.Y.E. System and not Business Tax.

6.0 WITTHOLDING AND REMITTING ADJUNCT LECTURER TAX TO BTSD

- 6.1 *Business Tax withheld from contractual payments due to adjunct lecturers are to be remitted to the Belize Tax Service Department by the employer institution on the lecturers' behalf on or before the 15th day following the end of the month for which the payment was withheld.*
- 6.2 Payment, as well as the necessary Contract Withholding Tax return and Business Tax returns (inclusive of nil returns), will be accepted in all BTSD offices across the country.

7.0 EFFECTIVE DATE

- 7.1 *This Ruling is effective for the basis year 2023 and subsequent basis years, unless and until revoked by the Director General.*

Issued by:
MICHELLE LONGSWORTH
DIRECTOR GENERAL

APRIL 1ST, 2023