



NOTICE



Tax Act Amendments Explained

This notice provides an in-depth explanation of the amendments made to the Tax Administration and Procedures Act, Cap. 51 Laws of Belize Revised Edition, 2020, Income and Business Tax Act, Cap. 55 Laws of Belize, Revised Edition 2020 and the General Sales Tax Act, Cap. 63. Below is an explanation of the legislative changes by sections of each Act and how it affects the taxpayer(s). Kindly note, where an amendment refers to electronic records or documents, it is to accommodate the on-coming Electronic Invoice regime that is in the infancy stage.

Tax Administration and Procedures (Amendment) Act 2024

- Section 2 of the Act introduces the definition of the terms invoice, and taxpayer. This will streamline these terms with other tax legislations and provide clarity, therefore removing any ambiguity of the terms. The inclusion of invoice provides for electronic invoicing, which is scheduled to be implemented later this year.
- Section 8 of the Act introduces a new sub-section (9) which gives the Director General the power/authority to register a person as may be required (involuntary registration). Therefore, a person who is not registered for a tax type, despite they should have registered, can now be registered by the Director General. For example, if a business should be registered for GST but they are not, the Director General can authorize for the person to be registered for GST.
- Section 20 of the Act provides for the insertion of the term “electronic record” and to allow for the requirements of the Electronic Transaction Act and record keeping under the Companies Act. This amendment aims to align the TAPA with the Electronic Transaction Act and the Companies Act and provide for the incoming electronic invoicing regime.
- Section 89 of the Act repeals and replace sub-section (1) with a new provision that introduces an administrative penalty for failure to file a GST return and failure to file nil returns for any tax type. The purpose of this amendment is to deter persons

from non-compliance with filing of GST returns and nil returns and to penalize those who willingly do not comply.

- **Section 96 of the Act introduces administrative penalties for failure to comply with the requirements of any tax law and the failure to register for tax. Persons who fail to comply with any tax law will be receive a penalty of \$500.00 for EACH failure and persons who fail to register will receive a penalty of \$100.00 PER DAY of default but does not exceed \$50,000.00. Any person in breach of any section of a tax law, shall receive a penalty not exceeding \$10,000.00.**
- **Section 101 of the Act introduces a new section 101A which provides for the committal of a person who fails to comply with a summons issued in relation with section 101 (Impeding Tax Administration). It also applies to the default in payment of a fine and the Magistrate shall commit the person to a period of imprisonment no more than six weeks. The purpose of this amendment is the ensure that persons who are summoned are compliant with the summons. Therefore, persons who choose not to comply with the issued summons, will be brought before the Court for committal.**
- **Section 109 of the Act introduces two new sections 109A and 109B. 109A provides that any person who wishes to purchase a business/entity, will need to obtain a certificate from the Director General certifying that the business/entity to be purchased, has paid up all its taxes. Any person who fails to obtain the certificate, is liable for the taxes of the business/entity purchased. Section 109B provides that the Director General has the power to apply to the Court for an order to close any business for a period up to 30 days, if the owner has been in repeated violations listed within this section. For example, if a person fails to file a return and was given notice for doing so, but proceeds to continue the breach, the Director General can apply for the closing down of that person's business for a period up to 30 days.**
- **Section 110 of the Act introduces a new section 110A which gives the Director General the power to require companies to be audited by an independent audit firm (this section provides the type of companies' subject thereto). If a person who is required to be audited by an independent audit firm fails to comply with such request, that person commits an offence and shall be summoned to Court. This amendment also aims to be in-line with International Financial Reporting Standards (IFRS).**

- **Section 111 of the Act introduces a new section 111A which gives the Court the power to compel a person to carry out the act for which they were summoned. For example, if a person is summoned for failure to file returns, the person shall be fined by the Court, and the Court can now compel the person to file the returns by a specific time. The aim of this amendment is to ensure that after the Court levies a fine for the breach, the person is still responsible to carry out the action that they were in breach of.**
- **Section 112 of the Act introduces a new section 112A which provides for the Minister to amend Schedules I, II and III by way of an Order. The purpose here is to allow for oncoming changes to take effect in a faster manner, averting from the lengthy legislative procedure.**
- **Schedule IV of the Act is repealed and replaced by adding the penalties for failure to file a GST return and failure to file nil returns. A person may refer to this Schedule to understand what the penalty amount is and how it is applied.**

Income and Business Tax (Amendment) Act 2024

- **Amendment of Section 5 clarifies the taxation of Designated Processing Areas (DPAs), This amendment removes subsection (6) of Section 5, which previously stated that companies, except those engaged in petroleum operations, were not subject to Corporate Income Tax (CIT). With this removal, DPAs are now subject to CIT at the rate of 3% from 2020.**
- **Repeal and Replacement of Section 6 - Following the amendments to Section 5 regarding Corporate Income Tax (CIT), Section 6 of the principal Act which spoke to the basis of an assessment has been removed from the Act and replaced to apply CIT to Designated Processing Areas (DPAs) at a rate of 3% and petroleum companies at a rate of 40%. Additionally, this section allows retired persons to opt for taxation in Belize on UK-sourced pension income, at a rate of 2% on amounts exceeding £3,500 (or the equivalent in USD or other approved foreign currency). To facilitate this, the Director may issue a tax certificate to a qualified retired person upon submission of a valid retired person authorization card (signed by the Directors of Immigration and the Belize Tourism Board) and a certificate from UK pension sources confirming the income received for the tax period.**

- **Amendment of Section 16 was done to remove the current subsections (1) to (3) and now replaces them with a provision that allows for an employed individual resident in Belize earning more than \$29,000 per year, a deduction of \$20,000 from their taxable income before calculating tax. If a that individual earns between \$29,000 and \$32,000 per year, they get a tax credit of \$2,250, but this amount reduces as income increases. The credit reduces by 75% of the difference between their total income and the \$29,000. Where a person earns less than \$29,000 per year, they do not have to pay income tax. The Minister may change these amounts by publishing an official notice.**
- **Repeal and Replacement of Section 21 of the principal Act which spoke to taxes from 1999 basis year has been removed from the Act as its provisions have been incorporated into the amendments to Section 6. The revised provisions state that business tax paid (except by employed persons under Part III) during a basis year is credited against the income tax due for that year. If the business tax paid exceeds the income tax due, the excess is carried forward as an expense to the following basis year. If the income tax due is greater than the business tax paid, the excess income tax is remitted by the Director, provided that tax returns are filed on time.**
- **Repeal of Section 38 of the principal Act which spoke to the Commissioner's right to make assessments has now been incorporated into the Tax Administration and Procedure Act and has been removed from the Act.**
- **Repeal and Replacement of Section 47 of the principal Act which spoke to relief in respect of Commonwealth Income Tax has been removed from the Act and replaced to allow for a resident of Belize who has satisfied the Director General of payment (by deduction or otherwise) or liability to payment of tax for any year of assessment in a Treaty country on the same portion of income, is entitled to relief from Belizean tax as follows:**
 - **If the Treaty country's tax rate is less than or equal to half the Belizean tax rate, relief is given at the Treaty country's rate.**
 - **In any other case relief is given at half the Belizean tax rate appropriate to the case.**

- If a non-resident has satisfied the Director General of payment (by deduction or otherwise) or liability to payment of tax for any year of assessment in a Treaty country on the same portion income, they get relief as follows:
- If the Treaty country's tax rate is equal to or lower than the Belizean tax rate, relief is given at half the Treaty country's rate.
- If the Treaty country's tax rate is higher than the Belizean tax rate, relief is given at the amount by which the Belizean tax rate exceeds half the Treaty country rate.
- It now defines a Treaty country and income tax in a Treaty country for clarity and provides for where a person is tax resident in both Belize and a Treaty country, their residency for tax relief purposes is determined by where they resided for the longer period during the year.
- Amendment of Section 48 - Following the amendment to Section 47, Section 48 has been revised to replace all references to "Commonwealth income tax" with "income tax due in a Treaty country."
- Repeal and replacement of section 49 - Further to the amendment to Section 47, Section 49 has been revised to replace all references to "Commonwealth country" with "Treaty country." Additionally, references to "Her Majesty" have been updated to "His Majesty."
- Section 50 has also been amended further to the amendment made in Section 47 replacing all references to "Commonwealth country" with "Treaty country" and now refers to Section 7 of the Tax Administration and Procedure Act.
- Amendment of Section 87 - This section now clarifies the appropriate rule of the Rules Governing Payment of Income Tax and increases the penalty for failure to make return to \$10 a day so long as it does not exceed \$10,000.
- Amendment of Section 105 - This section introduces new terms and definitions while clarifying the definition of management fees to ensure better understanding for taxpayers. Vocation is now defined as the type of profession may affect the rate paid for business tax.

- **Amendment of Section 106 was done to empower the Director to issue a Certificate of Tax Exemption (CTE) to companies that do not conduct trade or business in Belize which is also known as a “Non-Included Entity” as defined by the Economic Substance Act. The certificate will specify the applicable tax period and the type of tax from which the company is exempt. Companies that fail to apply for the exemption before the tax due date may incur a penalty of up to \$1,500. Even with a CTE, companies are still required to file tax returns. Failure to do so constitutes an offense, punishable by a fine of up to \$10,000 or imprisonment of up to two years if the fine remains unpaid. To avoid penalties, companies not engaged in trade or business in Belize must apply for a CTE before the tax becomes due. Additionally, companies that already hold a CTE must submit a nil return on time to avoid fines or imprisonment.**
- **Amendment of Section 108 was done to expand the list of tax exemptions to include interest paid or payable on debentures, bonds, or other securities issued by a statutory board, corporation, or body corporate, provided that the Government of Belize holds at least 25% of the entity’s issued and paid-up capital. This measure aims to promote investment in government-backed securities by making their interest payments tax-exempt. Additionally, the amendment clarifies that all persons, including those exempt from tax payments, are still required to file tax returns, addressing the misconception that exemptions eliminate the obligation to file.**
- **Insertion of Section 108B - The principal Act has been amended to introduce a new provision allowing taxpayers to claim a tax credit for donations made toward sports or education development in Belize. The credit is limited to a maximum of \$30,000 or 1% of the total tax payable for the basis year, whichever is the lesser amount. The claim for a tax credit must be supported by satisfactory proof of the donation and submitted to the Director General.**
- **Amendment of Section 112 was done to address cases where the applicable business tax rate is below 6%. In such instances, the withholding tax will be 50% of the contractor’s usual business tax rate instead of a fixed percentage. This withholding is final, meaning the contractor cannot seek refunds or**

adjustments after payment. The final determination of the withholding tax amount remains at the discretion of the Director General.

General Sales Tax (Amendment) Act, 2024

- **Section 2 of the Act introduces the definition of the terms invoice and professions. The aim is to streamline the GST Act with other tax legislations and to provide for clarity, removing any ambiguity of the terms.**
- **Section 14 of the Act removes the term comptroller and substitutes the term Commissioner. The aim is to align the GST Act with the TAPA. The amendment also ensures that where a person pays more tax on a taxable import than what they ought to pay, the Director General will refund the excess amount, which is treated as an overpayment of duty.**
- **Section 22 of the Act introduces the administrative penalty for the failure to register for GST. Any person who fails to register for GST will be given a penalty. However, this provision does not eliminate the authority of the BTSD to commence legal proceedings for the offence.**
- **Section 33 of the Act removes the phrase “6 months” and replaces it with the phrase “one year”. This allows for persons who make an input claim, to do so within one year rather than six months.**
- **Section 36 of the Act introduces the terms associated with electronic invoicing and electronic documents. These refer to the on-coming electronic invoicing regime.**
- **Section 36A of the Act is a new section that provides for tax receipts and the prescribed format of the receipt. Previously, this was legislated in the General Sales Tax Regulations and is now included in the Act. It also aims to deter persons from issuing improper receipts which is an offence.**
- **Section 37 of the Act provides for the new requirements for debit and credit notes. If these notes are in electronic form, it must be identified as electronic debit or credit note. This provision is to accommodate the incoming electronic invoice regime.**

- **Section 39 of the Act indicates what is considered and what documentation or evidence can be used during a best judgment assessment. The aim of this amendment is to strengthen and illustrate what evidence is used for best judgment assessments, which goes beyond what is filed with BTSD. It also allows for BTSD to explain to the taxpayers, its justification for the best judgment assessment results and what was considered or used during the assessment process. For example, where a person does not have proper books and records at their premises, an assessment may be conducted using other information such as data collected by another authority or agency, information from third-party source and comparable data from similar businesses in the relevant industry.**
- **Section 86A of the Act is repealed and moved to the TAPA. This section dealt with the Director General having the power to apply for the temporary closing of a business.**
- **Section 90(3) of the Act removes the word “may” and replaces it with “shall”. Therefore, it is mandatory that a person not registered for GST, cannot state that a price shown or displayed, includes GST. If a person not registered includes GST in their pricing, that person commits an offence.**
- **Section 96(2) of the Act provides for electronic tax documents and other necessary information and for regulations to be made regarding electronic invoicing. The aim of this amendment is to have regulations be made to assist with any changes pertaining to electronic invoicing, to be made over time.**
- **Schedule IV (Exempt Supplies) of the Act provides for the deletion of the existing definition of “residential premises” and introduces a new definition. The definition specifies that residential premises is a building or property occupied, or its use is limited to residential purpose, but does not include hotels or holiday accommodation. Previously, the definition did not include the specified use or purpose.**

A notice from the Director General of the Belize Tax Service Department