

BELIZE:

INTERNATIONAL BUSINESS COMPANIES (AMENDMENT)
(NO. 2) ACT, 2019

ARRANGEMENT OF SECTIONS

1. Short title.
2. Amendment of section 2.
3. Amendment of section 5.
4. Amendment of section 54.
5. Amendment of section 65.
6. Amendment of Part VIA.
7. Amendment of section 107.
8. Amendment of section 130.
9. Amendment of section 134.
10. Repeal of section 139.
11. Amendment of section 145.
12. Amendment of section 145A.
13. Amendment of section 14 of Act No. 24 of 2018.



No. 17 of 2019

I assent,

(SIR COLVILLE N. YOUNG)

Governor-General

11th October, 2019

AN ACT to amend the International Business Companies Act, Chapter 270 of the Substantive Laws of Belize, Revised Edition 2011; to clarify the status of physical presence as a component of Economic Substance which an international business company that is a commercial entity must satisfy; and to provide for matters connected therewith or incidental thereto.

(Gazetted 12th October, 2019.)

1. This Act may be cited as the

Short title.

INTERNATIONAL BUSINESS COMPANIES
(AMENDMENT) (NO.2) ACT 2019,

CAP. 270.
S.I. 11/2016.
S.I. 39/2016.
S.I. No.
1/2019.
Act No. 36 of
2017.
Act No.
24/2018.
Act No.
1/2019.

and shall be read and construed as one with the International Business Companies Act, which, as amended, is hereinafter referred to as the principal Act.

Amendment of
section 2.

2. The principal Act is amended in section 2(1) as follows—

(a) by deleting the following terms and their corresponding definitions—

“distribution and service centre business”

“finance and leasing business”

“fund management business”

“headquarters business”

“holding company”

“holding company business”

“insurance business”

“intellectual property holding business”

“intellectual property asset”

“person”

“pure equity holding company”

“shipping business”

- (b) by deleting the definition of “person resident in Belize” and substituting the following–

““person resident in Belize” means a person who ordinarily resides within Belize or carries on business from an office or other fixed place of business within Belize, such as an included entity under the Economic Substance Act;”

Act No. 15 of
2019.

- (c) in the definition of “dollar” or “\$” by deleting the words “physically present in Belize” and by substituting the words “a person resident in Belize”.

3. The principal Act is amended by deleting section 5 and substituting the following –

Amendment of
section 5.

“5. (1) For the purposes of this Act and subject to sub-section (2), an international business company is a company that conducts any activity that is not prohibited under a law in Belize and shall not be treated as carrying on business with persons resident in Belize or carrying on business from an office or other fixed place of business within Belize by reason only that–

- (a) it has a registered agent and registered office in Belize;
- (b) it makes or maintains deposit with another company incorporated in Belize and carrying on a banking business within Belize;
- (c) it makes or maintains professional contact with solicitors, barristers, accountants, bookkeepers, trust companies, administration

companies, investment advisers or other similar persons carrying on business within Belize;

(d) it prepares or maintains books and records within Belize;

(e) it holds a lease of property for use as an office from which to communicate with members; or

(f) it owns a vessel registered in Belize in accordance with the Merchant Ships (Registration) Act.

CAP. 236.

(2) The provisions of the enactments authorising the carrying on of a business in Belize including the fulfillment of economic substance shall override any contrary provisions contained in this Act.

(3) Where there is no other enactment authorising or regulating the carrying on of a business specified under sub-section (2) by a company, the International Financial Services Commission shall be responsible for setting of policies, procedures and guidelines for the conduct of business by such company.

(4) An international business company shall not acquire, hold, own or deal with any intellectual property asset,

provided that the existing law relating to grandfathering of companies approved by the Commission with respect to intellectual

property assets up to 30 June 2021 shall not be affected by this prohibition.

(5) For the purposes of sub-section (4) “intellectual property asset” includes any intellectual property right in intangible assets, including but not limited to copyright, patents, trademarks, brand, and technical know-how, from which identifiable income accrues to the business (such income being separately identifiable from any income generated from any tangible asset in which the right subsists).

(6) A person who contravenes sub-section (4) commits an offence and is liable on summary conviction to a penalty of—

(a) \$25,000 in the case of a first offence; or

(b) \$100,000 in the case of a second or subsequent offence,

and in addition, the international business company may be subject to strike off in accordance with section 107.”

4. The principal Act is amended in section 54(1) by deleting the words “Part VIA” and substituting the words “the Economic Substance Act.”

Amendment of section 54.

Act No. 15 of 2019.

5. The principal Act is amended in section 65(1) by deleting the words “Part VIA” and substituting the words “the Economic Substance Act.”

Amendment of section 65.

Act No. 15 of 2019.

6.-(1) The principal Act is amended in Part VIA as follows—

Amendment of PART VIA.

- CAP. 1.
- (a) by repealing Part VIA comprising sections 82A to 82E (as inserted by Act No. 24 of 2018 and amended by Act No. 1 of 2019);
- (b) by clarifying pursuant to section 26 of the Interpretation Act, that Part VIA - **Beneficial Owners** comprising sections 82B to 82E (inserted by Act No. 36 of 2017) which may have been impliedly repealed by Act No. 24 of 2018 shall hereby be wholly revived, have and remain in full force and retroactive effect as if there was no implied repeal.
- Amendment of section 107.
Act No. 15 of 2019.
7. The principal Act is amended in section 107(1) by deleting the words “or for the purposes of section 82D” and substituting the words “the Economic Substance Act.”
- Amendment of section 130.
8. The principal Act is amended in section 130(2) by deleting paragraph (c) and substituting the following-
- CAP. 64.
- “(c) be subject to the Stamp Duties Act including the payment of stamp duty in relation to an instrument-
- (i) to transfer property situate in Belize to or by such company;
- (ii) on transactions in respect of the shares, debt obligations or other securities of such company; or
- (iii) relating to the assets or activities situate in Belize of such company.”
- Amendment of section 134.
9. The principal Act is amended in section 134 by deleting the words “physically present” or “physically present in Belize” as the case may be wherever occurring therein and by substituting the words “a person resident in Belize”.

10. The principal Act is amended by repealing section 139. Repeal of section 139.
11. The principal Act is amended in section 145 by inserting the following new subsection— Amendment of section 145.

“(3) Regulations made under this section –

(a) may prescribe offences and may prescribe penalties not exceeding a fine of one hundred thousand dollars in respect of any one offence; and

(b) shall be subject to negative resolution of the National Assembly.”.

12. The principal Act is amended in section 145A, as follows— Amendment of section 145A.

(a) in the marginal note, after the words “Income and Business Tax Act” by inserting a comma and the words “the Economic Substance Act”; Act No. 15 of 2019.

(b) by inserting after subsection (1) the following as new subsection (1A):

“(1A) All the provisions of the Economic Substance Act shall apply with respect to the fulfilment of economic substance.” Act No. 15 of 2019.

- 13.—(1) Every company that is required to meet substantial economic presence shall comply with the Economic Substance Act and any regulations made pursuant to the International Financial Services Commission Act in relation to substantial economic presence and in this regard, section 14 (6) of the International Business Companies (Amendment) Act, 2018 is hereby repealed. Amendment of section 14 of Act No. 24 of 2018.
Act No. 15 of 2019.
CAP. 272.

CAP. 270.

(2) Notwithstanding the repeal of section 14(6), an international business company shall comply with substantial economic presence requirement as if the time of meeting such requirements were given under the amendment to the International Business Companies Act in Act No. 24 of 2018 in respect of physical presence.