



# International Financial Services Commission

## PRESS RELEASE

### **Belize's International Business Companies (IBC) Regime Assessed as "Not Harmful (Amended)"**

*Belmopan, January 25, 2019.* The Organisation for Economic Co-operation for Development's (OECD) Forum on Harmful Tax Practices (FHTP) released the results of its recently concluded meeting held in Paris from 9-11 January 2019. The FHTP is the body mandated to monitor and review tax practices of jurisdictions around the world, focusing on the features of preferential tax regimes.

During the January meeting, the FHTP discussed and assessed the recently enacted changes to Belize's International Business Companies Act and concluded, based on the amendments, that the regime was "Not Harmful (Amended)". The Belize delegation to the January meeting comprised representatives from the Ministry of Finance, the International Financial Services Commission, and the Belize International Financial Services Association (BIFSA).

The OECD endorsed the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) in November 2015, and on 28 March 2017, Belize accepted the invitation of the OECD to participate in the BEPS initiative as an **Associate** and committed to implementing the comprehensive BEPS package, although noting that the timing of implementation may vary to reflect the level of development of countries and jurisdictions. The Action Points arising from the BEPS fall into 4 key minimum standards, and several other recommended standards that countries may implement voluntarily, but which are considered effective measures to combat base erosion and profit shifting. Part of this exercise concerned the existence of "harmful tax regimes" that create base erosion and profit shifting. The OECD's recommendations within *Action 5 – Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance*, set out the basis by which the FHTP evaluates and monitors the existence of harmful tax regimes. Implementation of the four minimum standards allows countries to protect their tax bases.

The FHTP has reviewed several "categories" of regimes across the 164 jurisdictions since 2015, and having joined the BEPS initiative, Belize's **International Business Companies Regime (IBC Regime)** was similarly

reviewed. In its October 2017 report, “*Harmful Tax Practices – 2017 Progress Report on Preferential Regimes*”, the OECD found that Belize’s International Business Companies (“IBC”) regime had potentially “harmful features”. The Government of Belize subsequently gave an undertaking, that the IBC regime would be amended to remove its “harmful features,” in accordance with FHTP timelines by 31<sup>st</sup> December 2018. In December 2018, the National Assembly adopted the International Business Companies (Amendment) Act, 2018, the Income and Business Tax (Amendment) Act, 2018, and the Stamp Duties (Amendment) Act, 2018 to remove the so-called “harmful features” from the IBC regime.

On receiving the news of the FHTP action, the Prime Minister welcomed the positive step taken by the FHTP, which he said demonstrated the international community’s recognition of Belize’s commitment to help in establishing a modern international tax framework under which profits are taxed where economic activity and value creation occur. The Prime Minister also paid tribute to the inclusive & collaborative FHTP process, which he noted other international partners might do well to emulate.

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