



## **NOTICE**

### **To Companies**



The Director General wishes to remind companies that, pursuant to the **Income and Business Tax Act, Cap. 55, Revised Edition 2020**, business tax is imposed on taxable receipts derived by a company at the rates prescribed in **Schedule IX** of the Act.

Companies are advised that taxable receipts are not limited to income arising from activities carried on in Belize. The Act provides that taxable receipts also include:

- ✓ Receipts that are not related to a trade, business, profession, or vocation carried on in Belize; and
- ✓ Gains, including gains of a capital nature, described in section 108A(2)(j) of the Act.

Accordingly, a company's business tax obligations extend to foreign-sourced income, including gains and capital gains arising from the sale or other realization of the foreign assets specified in section 108A(2)(j).

Section 108A(2)(j) includes gains from the realization of:

- ✓ real estate located outside Belize;
- ✓ any asset of a permanent establishment outside Belize; or
- ✓ any debt, equity, or other financial instrument issued by a person other than a resident person.

Companies are therefore required to include gains arising from the realization of the above foreign assets in their taxable receipts. Such gains are subject to business tax at the rate of **5% on annual net gains**, as provided under paragraph (s) of Schedule IX of the Act.

Gains for tax purposes must be calculated as follows:

- ✓ Subtract the asset's cost from the net proceeds received on realization to determine the **net gains** on the asset.
- ✓ Reduce the total gains by any deductible capital losses of a like kind during the year to determine the **annual net gain** to be taxed at the rate set out in paragraph (s) of Schedule IX

**Net Gains = Net Proceeds from Realization – Asset Cost**

**Annual Net Gain = Total Gains - Deductible Capital Losses**

**Example:**

A company buys stocks for \$350,000 and subsequently sells the stocks for \$500,000. The company therefore realizes a net gain of \$150,000 on stocks.

✓ Net proceeds = \$500,000

✓ Less cost = (\$350,000)

**Net Gains = \$500,000 - \$350,000 = \$150,000**

During the same year, the company realizes \$40,000 of deductible capital losses on the same stocks.

✓ Total Gains = \$150,000

✓ Less deductible capital losses = (\$40,000)

**Annual Net Gain = \$150,000 - \$40,000 = \$110,000**

Bearing in mind that deductible capital losses cannot exceed the amount of realized gains of a like kind, all companies are asked to review their receipts and ensure that their returns are in full compliance with the business tax reporting obligations under the Act. Failure to do so may result in the imposition of penalties.

We thank you for your continued cooperation.

*‘Effortless, Easy and Electronic tax services for Everyone’*

**A notice from the Director General  
of the Belize Tax Service Department  
August 19<sup>th</sup>, 2026**