

ANDREAS M.SOFOCLEOUS & CO. LLC

ADVOCATES - LEGAL CONSULTANTS

# Practical Guide to Belize Company Formation





# PRACTICAL GUIDE TO BELIZE COMPANY FORMATION

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## Country General Information

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Belize (formerly British Honduras) is a scenically beautiful, independent country located on the Caribbean seaboard of Central America. It has an area of approximately 23,026 sq km, and is bounded by Mexico to the north and Guatemala to the west and south.

The administrative capital is Belmopan, but the major commercial centre is Belize City, which is located on the eastern coast close to the major international airport.

### Language

The official and spoken language is English but Spanish is widely spoken.

### Exchange Control

Offshore activities are exempted from exchange control.

### Key Jurisdictional Features

- The legal and judiciary system of Belize is structured after English Common Law;
- Under the Belize IBC Act, Belize is one of the most secure and confidential offshore jurisdictions;
- It should be noted: a Belizean International business company may not own property or trade within Belize.

## Company Information

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### Incorporation Process

- A Registered Agent in Belize shall undertake the registration of the Company through our office;
- A name shall be approved by the Authorities in **Belize that includes the word "Limited", "Corporation", Incorporated", "Society Anonyme" or "Sociedad Anonima" or the relevant abbreviations;**

- It is necessary to have a registered office address in Belize;
- A memorandum and articles of association are required to be submitted;
- At least one shareholder is necessary;
- A capital of maximum \$50,000(USD) is usually used as the standard authorized capital so that the minimum annual fee shall be paid.

### Formation Period

Typically, a Belize international business company (IBC) may be incorporated within one day and within 7 business days we can have the original apostilled documents at our office. We do also have ready shelf companies at our office which are available instantly upon request.

### Incorporation Costs

Variable legal fees for the incorporation of a standard Belize company are available upon request.

### Duration of Existence

An IBC is a separate legal entity and may have perpetual existence until dissolution or strike off.

### Business License

Any activity or business is permitted however it is forbidden for an IBC to embark in areas of banking, insurance, assurance or reinsurance without the relevant license.

## Maintenance

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### Annual Costs

- An annual license fee must be paid;
- If the company has authorized a maximum of \$50,000 (USD) of capital in the form of par value shares, an annual licence fee of \$100 must be paid;

If the authorized capital exceeds \$50,000, of capital, an annual license fee of \$1,000 must be paid .



### Annual Reporting/Filing Requirements

There are no annual reporting obligations and no annual filings, approvals, declarations or returns need to be made. If decreed, such reports may be kept at any location.

### Annual Shareholders Meetings

There are no statutory requirements to hold annual shareholder meetings. If such meetings are called, the members may congregate at any location of their choosing.

### Annual Director Meetings

There are no statutory requirements to hold annual director meetings. If such meetings are called, the members may congregate at any location of their choosing or do so by means of conference telephone or other communication equipment.

### Requirements of Locality

An IBC company is required to situate a registered office, maintained in Belize at a licensed management company, and a registered agent, utilized to facilitate signatory obligations.

## Taxation

Offshore companies are exempt from all tax and stamp duties in accordance with the Belize International Companies Act Revised Edition 2000.

They are exempted from all local taxes including income tax, capital gain tax, dividend tax, stamp duty on transfer of corporate shares.

## Financial Records and Accounts

### Financial Record Keeping

In 2013 new legislation was passed to regulate the maintenance of accounting records by Belize registered companies. All Belize companies are required to keep financial records for a period of at least five years following the occurrence of:

- (a) closure of an account
- (b) conclusion of a transaction;
- (c) termination of any business relationship whether that relationship was a regular habit-ual or a one off relationship.

**The record's must be accurate, reliable and explain** all the financial transactions of the company. Such records must be kept either in the registered office of the company in Belize or elsewhere outside of Belize, or the registered office of the agent in Belize. The Registered Agent must be aware where such records are kept, as they are not made available to the general public but shall be available upon request.

### Audit Requirements

No audited accounts need to be filed with respective authoritative bodies.

### Governance

- The International Business Companies Act 1990 and its subsequent amendments have been implemented to provide efficient governance for offshore companies in Belize.
- The Memorandum and Articles of a company also provide governance.

### Amendments

A company's Memorandum and Articles may be amended by shareholder resolution or a resolution by the directors. This may be administratively beneficial if the company has a widely spread shareholder base.

### Authorized Share Capital

- The standard capital for a Belizean company is \$50,000 (USD) divided into 50,000 shares of \$1.00 (USD).
- Shares may be issued in any currency, with or without par value.
- A company must retain a register of shares, made available to all shareholders upon request.

## Shareholders

### Limitation of Shareholder Liability

Shareholder liability may be restricted to any desirable amount, even a purely nominal amount, upon incorporation. Limitations by shares and by guarantee are permissible.



### Minimum Number of Shareholders

A company must have at least one shareholder. Shareholder(s) may be a corporate body or a natural person.

It is also possible for shares to be held through a nominee.

### Resident Requirements for Shareholders

There are no residency requirements for shareholders. Accordingly, the company may be fully owned by foreign nationals.

### Capital Requirements

- There are no minimum capitalisation requirements, provided at least one share is issued.
- A company may be formed with a purely nominal equity investment.
- Multiple classes of shares with differing rights and restrictions are permitted. A company may issue fractional shares.

### Government Approval Required for Allotments/Transfers of Shares

No government approvals are required for allotments and/or transfers of shares.

### Preferred Shares

Different classes of shares may be created bestowing distinct rights and restrictions or indeed no rights at all on such shares, in regards to voting and other matters.

This may be used in relation to economic entitlements and priority rankings pertaining to payments of dividends, distributions and returns of capital.

### Bearer Shares

A Belizean company may issue bearer shares if this is provided for by its Memorandum and Articles.

The bearer share certificates must remain in the **custody of the company's registered agent, who** must have knowledge as to the identity of the owner **the** of said shares.

## Directors

### Minimum Number of Directors

- A company must have at least one director. Director(s) may be a corporation or a natural person;
- There are no residency requirements for directors therefore an IBC may be controlled solely by foreign nationals.

### Appointment/Removal of Directors

- The power to appoint and remove directors will be regulated by the provisions of a company's Memorandum and Articles;
- Typically, the responsibility would ultimately be in the hands of the shareholders or in some cases, certain selected shareholders;
- Directors may be elected for terms of any length or on a staggered basis.

## Confidentiality

The only documents that are available to the public are the Articles of Association and the Memorandum, which do not include any information of the actual beneficial owners, directors or controllers of the company.

The identities of the beneficial owners do not appear in any public record, and they are protected through the appointment of nominees.

## Distributions

### Flexibility of Dividend Payments

- By a resolution of its directors, an IBC may declare and pay dividends in money, shares or other property;
- Such dividends can only be declared and paid out of surplus and cannot be declared unless said company can pass a solvency test immediately after the dividend payment;
- In the absence of fraud, the decision of the directors as to the realisable value of the assets of the company is conclusive, unless a question of law is involved.



### Flexibility of Share Buy-Backs and Redemptions

A company may buy back or redeem its own shares as long as said company can pass a solvency test, immediately after the distribution.

### **Statutory Re-domiciliation**

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Transfers of companies both inwards and outwards of Belize are permitted. Companies may be transferred from one jurisdiction to another.

### Disclaimer

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# Andreas M. Sofocleous & Co. LLC

## Advocates & Legal Consultants

Andreas Sofocleous & Co was founded by Mr. Andreas Sofocleous in 1995. Over the years the firm grew considerably and expanded with new offices in Russia and Ukraine . In 2012 the partnership was succeeded by the law firm Andreas M. Sofocleous & Co LLC .

The firm is one of the most successful corporate and commercial law firms in Cyprus. Headquartered in Limassol and with offices in Eastern Europe and the UK, the firm provides legal services for individuals and companies at a national and international level across a wide range of industries, dealing with mergers and acquisitions, cross border transactions, joint ventures, intellectual property licensing, as well as company formation and management and other business arrangements.

**Our main areas of practice are:** Corporate and Commercial law; International and Domestic Arbitration; Commercial and Civil Litigation; Banking and Finance Law; Admiralty and Marine Law; Aviation Law; Property Law; Immigration Law.

### The Firm's specialization

We specialize in global corporate structuring, helping businesses and individuals who wish to protect their assets to invest and expand their operations in new international markets.

We work with a range of clients worldwide, including multinational corporations, public companies, small to medium enterprises and individuals. Each and every client, regardless of size and status, has specific needs, particular goals and individual plans for the future. Our aim is to assist them all to achieve their objectives and fulfil their plans successfully. To that end we focus on their needs and concerns by developing the appropriate business strategy to suit each client, and then work together to implement it.

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