

# NARRATIVE REPORT ON BELIZE



## PART 1: NARRATIVE REPORT

Belize is increasingly marketing itself as a ‘flag of convenience’ providing attractive taxes and fees for international shipping. In 2012 the country announced a new set of [incentives](#)<sup>1</sup> for ship owners to move their registration to the country that came into effect in 2013. Belize is one of the top 15 open maritime [registries](#)<sup>2</sup> in the world. The bulk of large ships are foreign-owned with 50% trading in Asia. West African offshore oil industries such as Nigeria are connected to Belize for oil rigs. For an initial total fee of \$393, vessels, including oil rigs, can be registered in one day to any nationality. For an annual cost of less than \$6000, ships of 10,000 G.T or more can maintain good standing. The ownership of a ship can be registered to a Belize offshore corporation.

The Belize corporate registry provides a number of secrecy services ring fenced for foreign entities. This includes the use of bearer shares, zero taxes, nominee representatives, and zero requirements for audits, tax returns, or annual accounts to be provided or filed. In addition to the provision of harmful trusts, foundations and other legal vehicle, no company ownership is maintained on official records, and no company details or accounts are publicly available.

In 2013 the government [took control](#)<sup>3</sup> of the International Business Companies Registry (IBCR) and the shipping registry which had been operated by a private company. This followed threats from the EU of trade sanctions after Belize flagged vessels were found to be illegally fishing in EU waters.

The private company which had run the registries, Belize International Services Limited (BISL), had created more than 100,000 companies and was co-owned by UK-billionaire and major Tory party donor Lord Ashcroft via Waterloo Investment Holdings Limited (WIHL) based in the British Virgin Islands (BVI). The other co-owner was Panamanian law firm Morgan & Morgan.

In 2014 the Caribbean Financial Action Task Force, which monitors anti-money laundering legislation, said that Belize had [made progress](#)<sup>4</sup> towards addressing the previous multiple deficiencies in its anti-money laundering controls. However, there are still problems; the [US State Department](#)<sup>5</sup> considers Belize a major money laundering concern.

Since the 2015 Financial Secrecy Index, Belize has made some progress implementing the OECD’s global transparency initiatives:

It has [joined](#)<sup>6</sup> the OECD’s Common Reporting Standard and is due to begin automatic exchange of tax information (with selected countries only, see [KFSI](#)<sup>7</sup> 18 for an explanation of the limitations of this) in 2018.

It has also [joined the OECD’s Inclusive Framework](#)<sup>8</sup> on BEPS, which commits it to implementing the [country-by-country reporting component](#)<sup>9</sup> of the BEPS action plan. This standard is limited, however, to providing country-by-country information to the tax authorities in a multinational company’s home jurisdiction, which is a much lower

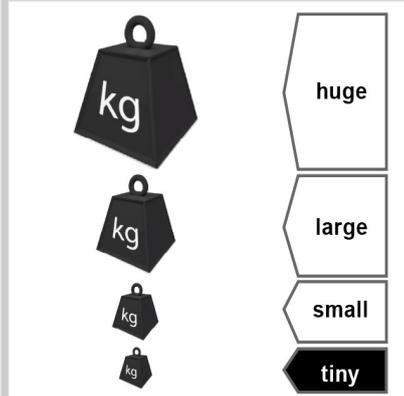
Rank: 90

Chart 1 - How Secretive?

75  
Secrecy Score



Chart 2 - How Big?



*Belize accounts for less than 0.1 per cent of the global market for offshore financial services, making it a tiny player compared with other secrecy jurisdictions.*

The ranking is based on a combination of its secrecy score and scale weighting.

Full data on Belize is available here: <http://www.financialsecrecyindex.com/database>.

To find out more about the Financial Secrecy Index, please visit <http://www.financial-secrecyindex.com>.

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and less effective level of disclosure than full public reporting of this information would be.

But it has not done anything about beneficial ownership secrecy. It does not collect beneficial ownership information of companies incorporated in Belize, let alone make it public; it is also possible to set up a company without even recording legal ownership information ([page 29](#)).

#### Endnotes:

- 1 <http://www.seatrade-maritime.com/news/americas/belize-government-nationalises-the-ship-registry.html>; 30.1.2018.
- 2 <http://www.belizeshipregistry.com/>; 30.1.2018.
- 3 <http://www.allaboutshipping.co.uk/2013/06/12/belize-government-assumes-control-of-ibc-and-immarbe/>; 30.1.2018.
- 4 <http://www.fatf-gafi.org/countries/a-c/belize/documents/cfatf-may2014-public-statement.html>; 30.1.2018.
- 5 <https://www.state.gov/documents/organization/268024.pdf>; 30.1.2018.
- 6 <https://www.ifsc.gov.bz/exchange-of-information/>; 30.1.2018.
- 7 <http://www.financialsecrecyindex.com/PDF/18-Automatic-Info-Exchange.pdf>; 30.1.2018.
- 8 <http://www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf>; 30.1.2018.
- 9 <https://www.oecd.org/ctp/transfer-pricing/beps-action-13-country-by-country-reporting-implementation-package.pdf>; 30.1.2018.

PART 2: BELIZE'S SECRECY SCORE

OWNERSHIP REGISTRATION

- 73% 1. Banking Secrecy
- 88% 2. Trust and Foundations Register
- 100% 3. Recorded Company Ownership
- 50% 4. Other Wealth Ownership
- 100% 5. Limited Partnership Transparency

LEGAL ENTITY TRANSPARENCY

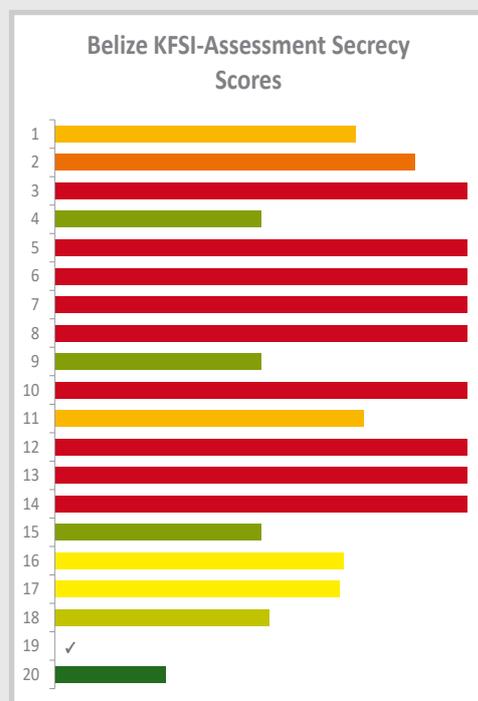
- 100% 6. Public Company Ownership
- 100% 7. Public Company Accounts
- 100% 8. Country-by-Country Reporting
- 50% 9. Corporate Tax Disclosure
- 100% 10. Legal Entity Identifier

INTEGRITY OF TAX AND FINANCIAL REGULATION

- 75% 11. Tax Administration Capacity
- 100% 12. Consistent Personal Income Tax
- 100% 13. Avoids Promoting Tax Evasion
- 100% 14. Tax Court Secrecy
- 50% 15. Harmful Structures
- 70% 16. Public Statistics

INTERNATIONAL STANDARDS AND COOPERATION

- 69% 17. Anti-Money Laundering
- 52% 18. Automatic Information Exchange
- 0% 19. Bilateral Treaties
- 27% 20. International Legal Cooperation



Notes and Sources

The ranking is based on a combination of its secrecy score and scale weighting (click [here](#) to see our full methodology).

The secrecy score of 75 per cent has been computed as the average score of 20 Key Financial Secrecy Indicators (KFSI), listed on the left. Each KFSI is explained in more detail by clicking on the name of the indicator.

A grey tick indicates full compliance with the relevant indicator, meaning least secrecy; red indicates non-compliance (most secrecy); colours in between partial compliance.

This paper draws on data sources including regulatory reports, legislation, regulation and news available as of 30.09.2017.

Full data on Belize is available here: <http://www.financialsecrecyindex.com/database>.

To find out more about the Financial Secrecy Index, please visit <http://www.financialsecrecyindex.com>.