



BELIZE

**COMMERCIAL FREE ZONE ACT
CHAPTER 278**

REVISED EDITION 2000
SHOWING THE LAW AS AT 31ST DECEMBER, 2000

This is a revised edition of the law, prepared by the Law Revision Commissioner under the authority of the Law Revision Act, Chapter 3 of the Laws of Belize, Revised Edition 1980 - 1990.

This edition contains a consolidation of the following laws-

Page

ARRANGEMENT OF SECTIONS

3

COMMERCIAL FREE ZONE ACT

5

Amendments in force as at 31st December, 2000.



BELIZE

**COMMERCIAL FREE ZONE ACT
CHAPTER 278**

REVISED EDITION 2000
SHOWING THE LAW AS AT 31ST DECEMBER, 2000

This is a revised edition of the law, prepared by the Law Revision Commissioner under the authority of the Law Revision Act, Chapter 3 of the Laws of Belize, Revised Edition 1980 - 1990.

This edition contains a consolidation of the following laws-

Page

ARRANGEMENT OF SECTIONS

3

COMMERCIAL FREE ZONE ACT

5

Amendments in force as at 31st December, 2000.

CHAPTER 278

COMMERCIAL FREE ZONE

ARRANGEMENT OF SECTIONS

PART I

Preliminary

1. Short title.
2. Interpretation.

PART II

*Establishment, Functions, etc., of the Commercial Free Zone
Management Agency (CFZMA)*

3. Establishment of the CFZMA.
4. Board of Directors of the CFZMA.
5. Functions of the CFZMA.
6. Designation of CFZs.
7. Appointment and functions of the Chief Executive Officer.
8. CFZ developers.
9. Powers and responsibilities of CFZ developers.

PART III

Commercial Activities, Tax Regime, etc., of Commercial Free Zones

10. Establishment of wholesale and retail businesses.
11. Applications for operation within a CFZ.
12. CFZ imports and exports.
13. Social fee.
13. Sales within a CFZ.
14. CFZ regulatory regime.
15. CFZ tax regime.
16. CFZ labour regime.

PART IV

General

17. Enforcement and liabilities.
18. Regulations.
19. Commencement.

CHAPTER 278

COMMERCIAL FREE ZONE

27 of 1994.
20 of 1998.
43 of 1999.
Commencement
[18. 3. 1995]
S.I. 30 of 1995.

[8th February, 1995]

PART I

Preliminary

1. This Act may be cited as the Commercial Free Zone Act.

Short title.

2. In this Act, unless the context otherwise requires:-

Interpretation.

“Chief Executive Officer” or “CEO” means the Chief Executive Officer of a CFZ;

“Commercial Free Zone” or “CFZ” means a geographic area in Belize designated as such by the CFZMA under section 6 of this Act wherein investors may establish businesses and conduct trade and commerce free of the national customs regime;

“Commercial Free Zone business” or “CFZ business” means a private or public party which has been granted approval to operate such a business under this Act and any regulations and which conducts a trade or business, including but not limited to manufacturing, commercial, office, warehousing, professional or other activity, primarily within any Commercial Free Zone established under this Act or any regulations;

“Commercial Free Zone Management Agency” or “CFZMA” means the agency established under section 3 of this Act;

“Commercial Free Zone developer” or “CFZ developer” means any person, private or public, who has been issued a Certificate of Designation by the CFZMA under regulations and who is thereby authorized to develop certain infrastructures within a CFZ and charge fees for its property and services;

“domestic Belizean business” means any non-foreign individual, partnership, corporation, or other entity conducting a trade or business within Belize which is not a Commercial Free Zone business;

CAP. 280. “Export Processing Zone” or “EPZ” shall have the meaning assigned to it under the Export Processing Zone Act;

43 of 1999. “Minister” means the Minister to whom the responsible for Commercial Free Zones is for the time being assigned by the Governor-General under
CAP. 4. section 41 of the Constitution;

“national customs territory” means any areas within Belize which are located outside of a CFZ or an EPZ and which are subject to the national customs and excise law;

“public party” means any agency of the Government of Belize;

“private party” means any individual, partnership, company, corporation, or other entity, domestic or foreign, which is not a government agency or owned in any part by a government agency;

“public service” means any service which has been provided in Belize by the Government of Belize or any of its agencies;

“regulations” means regulations made under this Act.

PART II

*Establishment, Functions, etc., of the Commercial Free Zone
Management Agency (CFZMA)*

3. A Commercial Free Zone Management Agency, (also to be known as the “CFZMA”) is hereby established which shall be a body corporate with perpetual succession and a common seal, and with powers as such to enter into contracts, to sue and be sued by law in its corporate name and which may for all purposes be described by such name; to acquire, hold, mortgage, lease and dispose of all kinds of properties, moveable and immoveable, and to do and perform such acts and things as bodies corporate may by law do and perform subject to the provisions of this Act. Establishment of the CFZMA.
- 4.-(1) There shall be a Board of Directors of the CFZMA which, subject to the provisions of this Act, shall be responsible for the policy and general administration of the affairs of the CFZMA. Board of Directors of the CFZMA.
- (2) The Board of Directors shall comprise the following members:
- (a) one representative of the Ministry responsible for Trade and Industry;
 - (b) one representative of the Ministry of Finance;
 - (c) one representative of the Ministry responsible for Tourism;
 - (d) one representative of the Ministry of Economic Development;
 - (e) the Comptroller of Customs or his representative; 43 of 1999.
 - (f) a representative of the Ministry responsible for Labour; 43 of 1999.

- (g) four free zone representatives elected by the members of the CFZ developers and CFZ businesses;
- (h) one representative of the Belize Chamber of Commerce and Industry; and
- (i) the Chief Executive Officer appointed under section 7 of this Act, who shall have no right to vote.

43 of 1999.

(3) On the commencement of this Act and thereafter during the month of January in each year, the Minister shall appoint one of the members of the Board to be the Chairman and the members shall elect one of their number to be the Deputy Chairman of the Board¹.

(4) The Chairman shall preside at all meetings of the CFZMA and in his absence the Vice-Chairman shall preside.

(5) The CFZMA shall meet at least once every two months on a date and at a time set by the Chairman of the CFZMA or at the request of two or more members thereof.

(6) The quorum of the CFZMA shall be five members.

43 of 1999.

(7) The decisions and resolutions of the Board shall be by a majority of the members present and voting, and in the event of an equality of votes, the person presiding at the meeting shall have a second and casting vote in addition to his original vote¹.

43 of 1999.

(8) The representatives of the CFZ developers and CFZ businesses appointed under paragraph (g) of subsection (2) above shall hold office for a period of two years but may be re-elected.

(9) Subject to the provisions of this Act and any regulations, the CFZMA may regulate its own procedure.

¹ This provision was added by Act 43 of 1999.

5.-(1) The functions of the CFZMA shall be as follows:

Functions of the
CFZMA.

- (a) to designate Commercial Free Zones in accordance with this Act and any regulations, based on the need for economic development in the proposed CFZ area, and the viability of such designation in creating direct and indirect employment and other considerations of public interest;
- (b) to designate retail duty free areas within a CFZ;
- (c) to recommend to the Minister policies, plans, and programmes to further develop Commercial Free Zones;
- (d) in the case of a public-sector managed CFZ, to recommend an annual budget and plans for such CFZ;
- (e) to carry out all functions and discharge responsibilities assigned under this Act and any regulations;
- (f) to review and approve the annual budget, programme and functions of a CFZ submitted by the CEO of a CFZ;
- (g) to recommend the expansion of any CFZ;
- (h) to issue Certificates of Designation to CFZ developers in accordance with this Act and regulations.

(2) Any investor whose CFZ business application is not approved by the CEO shall have a right of appeal to the CFZMA.

(3) Notwithstanding subsection (1) above, the Minister may, if he considers it expedient and with the approval of the Cabinet, designate any area in Belize to be a commercial free zone for the purposes of this Act and

20 of 1998.

every such designation shall have the same effect as if made by the CFZMA and shall be subject to negative resolution of the National Assembly.

Designation of CFZs.

6.-(1) The CFZMA shall establish by regulations, the procedure by which public or private parties may apply for CFZ designation.

(2) The designation of a CFZ shall be by a two-thirds resolution of all members of the Board of Directors of the CFZMA.

(3) The designation of a CFZ shall be subject to negative resolution of the National Assembly.

Appointment and functions of the Chief Executive Officer.

7.-(1) The CFZMA shall appoint a suitably qualified person as the Chief Executive Officer of a CFZ.

(2) The functions of the Chief Executive Officer shall be to -

- (a) attend to the daily management of the business activities of CFZs in accordance with this Act and the rules and regulations governing CFZs and to carry out the instructions of the CFZMA;
- (b) recruit, supervise and dismiss staff;
- (c) formulate loan requests for the CFZMA and an annual budget with plans and programmes for presentation to and approval by the Board of Directors of the CFZMA;
- (d) prepare periodic reports and an annual report, including a statement of the accounts of the CFZMA audited annually by an auditor appointed in each year by the CFZMA, as required by the CFZMA to be presented to the CFZMA and the Ministry responsible

for Trade and Industry;

- (e) execute decisions and resolutions made by the CFZMA, including but not limited to the purchase, sale and disposal of properties and assets of the office of the CFZMA;
- (f) contract the services of management or technical experts on matters of organization and operations of a CFZ;
- (g) issue permits for the entry and exit of persons, goods and services to and from CFZ premises;
- (h) issue Certificates of Compliance to CFZ businesses operating within CFZs;
- (i) collect fees and charges as imposed under this Act, the regulations, or by the CFZMA;
- (j) issue Certificates of Origin to those businesses operating within a CFZ;
- (k) approve and disapprove applications for Certificates of Compliance and ensure that all building and landscape plans within a CFZ comply with the national codes and Laws of Belize;
- (l) carry out any other responsibilities that may be assigned by the CFZMA.

(3) For the purpose of this section, “Certificate of Origin” means the documentation issued by the CFZMA or any authorized agency in Belize for the purpose of import and export trade, designating goods and services as originating from Belize.

CFZ developers. 8.-(1) A CFZ developer may be one or more private or public incorporated entity.

(2) A CFZ developer shall obtain a Certificate of Designation from the CFZMA in accordance with this Act and any regulations.

Powers and responsibilities of CFZ developers.

9. A CFZ developer shall have power to:

- (a) lease or sell land to private parties which have secured an approved application from the CEO;
- (b) make improvements, construct facilities and develop infrastructure to enhance a CFZ's economic development;
- (c) provide public or other services within a CFZ;
- (d) construct roads, drains, railways, airports, ports, wharves, docks, places of embarkation and disembarkation, stations to transit passengers and merchandise, or loading and unloading docks which shall facilitate trade within a CFZ and with a CFZ and international trading parties;
- (e) charge fees for any services or facilities it provides within a CFZ;
- (f) adopt rules and regulations within a CFZ to promote the safe, efficient and successful operation of a CFZ business, consistent with this Act and any regulations and any other laws;
- (g) promote and advertise CFZs to prospective investors, business owners and operators and promote CFZs

abroad to increase sales for clients;

- (h) provide adequate services and facilities in accordance with the recommendations of the CFZMA;
- (i) conduct other activities authorised under this Act or any regulations.

PART III

Commercial Activities, Tax Regime, etc., of Commercial Free Zones

10. Any private or public party or group of parties may establish whole-sale and retail businesses on property it owns or has leased within a CFZ, provided that it has secured approval from the CEO, to establish such businesses in the areas designated for that purpose.

Establishment of
wholesale and
retail businesses.

11.-(1) Any public or private party desirous of operating in a CFZ shall submit an application to the CEO for review and approval in accordance with this Act and any regulations.

Applications for
operation within
a CFZ.

(2) The CEO may approve an application submitted under sub-section (1) above if the proposed business enterprise:-

- (a) will conduct trade and investment activities such as a commercial office, warehouse, manufacturing, insurance services, financial services, banking services, offshore financial services and other professional, or related activities;
- (b) will not have a deleterious effect on the environment having regard to any environmental impact assessment made for the purpose;

- (c) will be conducted in compliance with all applicable legal and regulatory requirements under the Laws of Belize and all the rules and regulations of a CFZ established by the operating authority.

(3) Private and public parties shall operate only within the CFZ in which they have been authorized to operate.

(4) Businesses which operate within the national customs territory shall not be permitted to operate within a CFZ.

CFZ imports and exports.

12. (1) All merchandise, articles, or other goods entering a CFZ for commercial purposes shall be exempt from import duties, stamp duties and revenue replacement duties.

(2) All fuel and goods, including building materials, furniture, equipment, supplies and parts required for the proper functioning of a CFZ business shall likewise be exempt from all duties and taxes and charges referred to in subsection (1) above.

(3) Motor vehicles and fuel for personal use entering a CFZ shall not be exempted from the taxes and duties referred to above.

(4) No quotas upon any article, item, or good shall apply to imports or exports of a CFZ business.

(5) The provisions of subsections (1) to (4) of this section shall apply *mutatis mutandis* to CFZ developers.

(6) The following goods shall not be allowed to enter a CFZ:

- (a) goods which are prohibited by law to enter a CFZ;
- (b) arms and ammunition for commercial purposes;

- (c) merchandise not approved for sale by the CFZMA; and
- (d) goods and articles which are not required for the commercial functioning of a CFZ.

(7) Where a CFZ business operating in a CFZ is exempt from taxes and duties mentioned in this section, the CFZMA shall exercise responsibility and control, in accordance with regulations, over all such goods and merchandise allowed to enter a CFZ.

(8) Merchandise destined for a CFZ shall be taken from its port of entry in sealed containers to the CFZ where they shall be inspected by customs authorities to ensure that:

- (a) they do not contain prohibited items or materials; and
- (b) the goods are accompanied by appropriate documentation.

(9) All merchandise entering a CFZ shall be consigned to a person or firm established in a CFZ.

(10) No imports or exports by a CFZ business shall require an import or export licence.

(11) All imports and exports of a CFZ to or from whatever destination shall be exempt from all customs duties, consumption taxes, excise taxes, export duties, in transit taxes or export taxes, except those destined for and directly entering areas subject to the national customs territory.

(12) All exports from a CFZ to the national customs territory shall be subject to duties under the national customs regime, provided that such duties shall be based on the original value of the imported parts or products before assembling, remixing, relabelling, processing, manufacturing or any other

similar activity.

(13) Merchandise warehoused in a CFZ may be wholesaled or retailed for:

- (a) sales to diplomats of other countries who under customary and conventional international law are exempt from payment of duties;
- (b) sales to ships that dock at ports in Belize and are destined for other foreign ports;
- (c) sales for direct export whether by sea, air or land, provided that such merchandise arrive at the port of exit under customs control;
- (d) entry into national customs territory, provided the goods are sold wholesale, and the import licence if so required, is secured and the customs duties paid;
- (e) entry into national customs territory, provided that the goods are sold retail in operations which have licences to sell duty-free to residents and non-residents who are leaving the country and have submitted proof of departure. Such duty-free retail goods shall be delivered to the buyers at a port of exit or embarkation.

(14) The removal of merchandise from a CFZ for sale to national customs territory or to ships in transit may be effected at any day or time convenient to the Customs Department.

(15) Merchandise may be sold inside a CFZ from one business to another, provided that a proper record is kept of such transactions.

(16) CFZ businesses shall be required to submit a detailed account of inventories, record of all transfers and destruction of goods and a record of sales on a monthly basis to the office of the CEO. In special cases, the CEO may deem it necessary to have an inventory account, sales and transfer record prepared on demand and these records may also apply to CFZ activities.

(17) Merchandise may remain in a CFZ for an unlimited period of time, provided that they are non-perishable and are warehoused in places and under conditions suitable for such merchandise.

(18) The Health Department may require the CEO to remove any particular merchandise from a CFZ, which pose a threat to public health and safety.

(19) All CFZ businesses and CFZ developers shall notify the CEO and Customs Department of all their exports from a CFZ.

13.-(1) Notwithstanding any provision of this Act or any other law to the contrary, there shall be charged the following social fee on the value of goods and services imported into a CFZ:-

Social fee.
43 of 1999.

(a) all goods other than fuel.....1 1/2%;

(b) fuel.....10%.

(2) The Comptroller of Customs shall be responsible for collection of the social fee levied on imports under this section.

43 of 1999.

(3) For the purpose of collecting and enforcing the payment of the social fee levied under this section, the Customs Regulation Act and any Regulations made thereunder relating to the importation of goods shall apply in the same manner as if the fee were a duty of customs.

43 of 1999.
CAP. 49.

- 43 of 1999. (4) The social fee levied under this section becomes due and payable at the time when the goods are entered and is the liability of the importer.
- 43 of 1999. (5) The social fee levied under this section shall be used exclusively for sports and educational development, and for the provision of health and other social services by the Government.
- Sales within a CFZ. 14.-(1) No licence shall be required for the sale of any goods or articles or services provided within a CFZ.
- 43 of 1999. (2) A CFZ business shall, if so required by the vendor, pay for any article, item, material, good or service in any currency prescribed by the Central Bank of Belize under section 15(2) (a) below.
- (3) No price controls imposed under any law shall apply to the sale of any such article, good or service sold or supplied under subsection (1) above.
- (4) The Customs Department and the CEO may require a CFZ business to furnish such information about imports, exports and other transactions occurring within a CFZ as may be reasonably necessary to exercise regulatory control over CFZ activities.
- (5) A CFZ business which is required to furnish information in accordance with subsection (4) above, shall comply with such request without undue delay and shall cooperate fully with the Customs Department and the CEO in the proper discharge of their regulatory functions.
- CFZ regulatory regime. 15.-(1) No person shall be allowed to ordinarily reside within a CFZ except in certain cases and with the written permission of the CEO.
- CAP. 52. (2) Notwithstanding anything contained in the Exchange Control Regulation Act or regulations made thereunder:-

- (a) the currency to be used within a CFZ shall be that prescribed by the Central Bank of Belize; 43 of 1999.
- (b) no Government charges and taxes shall be made on the use of foreign currency within a CFZ;
- (c) each CFZ business shall open an account in any currency prescribed by the Central Bank of Belize under paragraph (a) above with a duly registered bank of its choice which is located in the CFZ. 43 of 1999.

(3) A CFZ business shall furnish to the CEO and the Central Bank of Belize a monthly report of transactions in its foreign currency accounts.

(4) No trade licence shall be required to conduct a CFZ business other than the written approval of the CEO obtained in accordance with this Act and the regulations, and the Trade Licencing Act shall not apply to a CFZ business. CAP. 66.

(5) Banks and financial institutions which are licenced under the Laws of Belize shall be allowed to operate within a CFZ, but their transactions shall be limited to only CFZ businesses.

(6) The Rent Restrictions Act shall not apply to a CFZ business or to rental of property within a CFZ. CAP. 195.

(7) A CFZ business shall not be restricted to purchasing any good or service from a particular company or entity or any group of companies or entities, provided that before considering independent utility services, the option for the provision of such services shall be offered to the existing providers of utility services in Belize based on quality, competitiveness and rates offered for such services.

(8) An exclusive franchise to sell any particular good or service shall not be granted within a CFZ.

(9) Every CFZ business shall submit a detailed account of its full inventory in whole or in part to the CEO within one week from the last day of every month or upon request by the CEO and such an account shall include all records of entry, sales, destruction and transfers of such inventory.

(10) No restrictions shall be placed on the transfer of investment of any CFZ business within a CFZ.

(11) No CFZ business shall be restricted to investing in any other CFZ business in its purchase of stocks or bonds and the sale of stocks and bonds of any CFZ business shall be registered at the General Registry and a certified copy of the company certificate and articles of memorandum shall be furnished to the CEO.

CFZ tax regime.
CAP. 55.

16.-(1) Notwithstanding anything contained in the Income and Business Tax Act, there shall be levied on the chargeable income of every CFZ developer and CFZ business within a CFZ, an income tax at the following rates-

- (a) up to BZ\$15,000.00 of total chargeable income... 2%;
- (b) over BZ\$15,000.00 and up to BZ\$30,000.00 of total chargeable income 4%;
- (c) over BZ\$30,000.00 and up to \$ 100,000.00 of total chargeable income6%;
- (d) over BZ\$100,000.00 of total chargeable income.. 8%.

(2) In the computation of income tax under this section, there shall be given tax credits in accordance with the number of Belizean workers

employed on a continuing basis by every CFZ developer or CFZ business in accordance with the following scale:

- (a) from 10 to 30 Belizean workers employed 1%
of taxable income;
- (b) over 30 and up to 50 Belizean workers employed..1.5%
of taxable income;
- (c) over 50 Belizean workers employed2%
of taxable income.

(3) During the first ten years of its operation, a CFZ business shall be exempt from income tax or capital gains tax or any new corporate tax levied by the Government of Belize after the commencement of this Act, and any dividends paid by a CFZ business shall be exempt from such tax for the first twenty years of its operation. 43 of 1999.

(4) Where a CFZ business incurs a total net loss over the five years tax holiday specified in subsection (3) of this section, that loss may be carried forward and deducted against profits in the three years following the tax holiday period.

(5) Any proceeds from the sale of stock or other partial or complete ownership interest in a CFZ business shall be exempt from tax levied under this section.

(6) The tax levied under this section shall be collected by the Commissioner of Income Tax and the provisions of the Income and Business Tax Act shall, subject to this section or any regulations, *mutatis mutandis* apply to the collection of such tax and any appropriate action against the defaulter. CAP. 55.

(7) A CFZ fee equal to the sum of five *per centum* of the tax collected by the Commissioner of Income Tax under this section in any year of

assessment shall be placed to the credit of the CFZMA.

(8) The CFZMA shall be exempt from all taxes.

(9) Gross receipts tax and any form of value added tax shall not apply within a CFZ.

CFZ labour
regime.

17.-(1) All CFZ businesses shall pay their workers in the currency of Belize or any other currency as agreed to by the workers.

(2) There shall be no restrictions on the operations of CFZ businesses which may open twenty-four hours, seven days a week, provided that such businesses obtain the prior approval of the CEO.

(3) The Immigration Department, on the recommendation of the CEO, may grant work permits to non-resident persons required to serve within a CFZ in managerial or technical positions.

PART IV

General

Enforcement and
liabilities.

18.-(1) The CFZMA shall have the power and responsibility to impose fines for violations of any of the provisions of this Act by a CFZ business or CFZ developer and may make regulations for this purpose.

(2) The CEO and other regulatory authorities shall have the right to inspect any CFZ operations or facilities to investigate violations of applicable requirements.

(3) Where a CFZ business repeatedly violates the provisions of this Act or regulations, the CEO, after due notice and hearing, may revoke the status of the CFZ business to operate within the CFZ, whereupon the business enterprise concerned shall cease to be eligible for any benefits

under this Act.

(4) Where the CEO determines that a foreign national working for a CFZ business ceases to comply with the requirements of a work permit, the CEO shall recommend to the Immigration Department that the work permit of such a person may be revoked.

(5) A CFZ business shall be liable for any damage to persons or property which may result from any violation of relevant regulatory requirements by the CFZ business.

(6) Every CFZ business shall comply with all the Laws of Belize save as otherwise provided in this Act.

(7) Every CFZ business shall have the right to appeal to the CFZMA against any decision of the CEO.

(8) Every CFZ business shall enjoy protection from deprivation of property, in accordance with the fundamental rights guaranteed under the Belize Constitution.

CAP. 4.

(9) All fines imposed by the CFZMA under this Act shall operate as a debt due to the CFZMA from the offender and may be recovered as a civil debt in a court of competent jurisdiction as provided by law.

(10) The CFZMA may revoke the Certificate of Compliance of a CFZ business for repeated failure to pay fines imposed under this Act or any regulations.

19.-(1) The CFZMA may, by a two-thirds majority, make regulations for the better carrying out of the provisions of this Act, and for prescribing anything that needs to be prescribed under this Act.

Regulations.

(2) Any regulations made by the CFZMA under this section shall be placed before the National Assembly through the Minister as soon as may be after the making thereof and shall be subject to negative resolution.

Commencement.

20. This Act shall come into force on a day to be appointed by the Minister by Order published in the *Gazette*.
