



GUIDANCE NOTE

G-CD-No.12. 7 of 2020

Applicability of Economic Substance Requirements to Struck-Off International Business Companies (IBCs)

For the attention of all Licensees and IBCs:

It has come to the attention of the International Financial Services Commission (the “Commission”) that there is some uncertainty about the applicability of the economic substance requirements, as set out in the Economic Substance Act, 2019 (the “Act”), to IBCs that fall struck off. This note clarifies the Commission’s position as to the applicability of the economic substance requirements to these entities.

Under current law¹, an IBC that falls struck off will only be compulsorily dissolved within five (5) years immediately following the date of the striking-off, if no action is taken by the owners to restore the entity to good standing or to voluntarily dissolve the entity. **The Act does not exempt struck off companies from complying with the requirements to have adequate substance or to file an annual return.** It follows, therefore, that IBCs that fall struck off must comply with the economic substance requirements of the Act.

Licensees and IBCs are further reminded that the Act requires that an included entity engaged in one of nine relevant activities must have adequate economic substance in Belize. In addition, included entities must file the relevant annual return with the Commission, within (9) months after the end of the fiscal year reporting period. The relevant [forms](#) are available on the Commission’s website and must also be routed through the respective Registered Agent for submission to the Commission. Included entities that fail to have adequate economic substance or fail to file an annual return are liable to enforcement action by the Commission and significant administrative penalties and fines may be imposed.

Licensees and IBCs are further reminded that the Commission will only accept annual returns that utilize the Commission’s prescribed [forms](#).

Licensees and IBCs are encouraged to contact the Commission via belizeguidancenotes@ifsc.gov.bz and economicsubstanceforms@ifsc.gov.bz with queries in respect to economic substance.

INTERNATIONAL FINANCIAL SERVICES COMMISSION

18th November 2020

¹International Business Companies Act, Chapter 270 of the Substantive Laws of Belize, Rev. Ed. 2011, Section 108(3).