

BELIZE CORE INCOME GENERATING ACTIVITIES (CIGAs)

Any included entity engaged in any of the relevant activities shall conduct its core income generating activities (CIGA) in Belize, other activities (other than those on the list) would not allow the substance test to be satisfied. The list may include:

Banking Business: the core income generating activities may include raising funds; managing risk including credit, currency, and interest risk; taking hedging positions; providing loans, credit, or other financial services to customers; managing regulatory capital; and preparing regulatory reports and returns.

Distribution and Service Centre Business: the core income generating activities may include activities such as transporting and storing goods; managing stocks and taking orders; and providing consulting or other administrative services.

Headquarters Business: the core income generating activities may include taking relevant management decisions; incurring expenditures on behalf of group entities; and coordinating group activities.

Financing and Leasing Business: the core income generating activities may include agreeing funding terms; identifying and acquiring assets to be leased in the case of leasing; setting the terms and duration of any financing or leasing; monitoring and revising any agreements; and managing any risks. It also encompasses providing to any person for consideration credit facilities of any kind, such as loans, hire purchase arrangements, finance leases (excluding in relation to land) and conditional sale or credit sale arrangements.

Fund Management Business: the core income generating activities may include taking decisions on the holding and selling of investments; calculating risks and reserves; taking decisions on currency or interest fluctuations and hedging positions; and preparing relevant regulatory or other reports for government authorities and investors.

Insurance Business: the core income generating activities may include predicting and calculating risk, insuring or re-insuring against risk, and providing client services. An entity will only be in scope if it engages in “insurance business” as defined under the Insurance Act, Chapter 251. Insurance agents, brokers, and other intermediaries that are regulated under the Insurance Act,

Chapter 251, will be out of scope providing they are not carrying on insurance business or another relevant activity.

Shipping Business: the core income generating activities may include managing the crew, including hiring, paying, and overseeing crew members; hauling and maintaining ships; overseeing and tracking deliveries; determining what goods to order and when to deliver them; and organizing and overseeing voyages.

For each relevant activity, the Act provides an illustrative list of the core income generating activities that an included entity undertaking such relevant activity may carry on. The Act does not stipulate the type of activity that constitutes CIGA, rather it identifies certain activities that may qualify as CIGA. It is not necessary for the included entity to perform every CIGA listed under the Act. However, the assessment of whether the entity meets the substance requirement in Belize will include a careful analysis of which CIGA elements the included entity is conducting in Belize. An entity which earns no gross income will be considered out of scope (i.e. the entity has not started financial activities, or it is in liquidation phase).