



Ministry of Budget Management, Investment and Public Utilities
New Administration Building, Belmopan, BELIZE, C.A.

Our Ref: **MBM/01/5/6/**

Via Fax 011 33 1 44 306321 and post

8 March 2002

Mr Donald Johnston
Secretary General
OECD
2, rue Andre Pascal
75775 Paris Cedex 16
FRANCE

Dear Mr Johnston

COMMITMENT OF BELIZE

I am writing in connection with the OECD's project on harmful tax competition and the OECD's reports 'Harmful Tax Competition' and 'Towards Global Tax Co-operation' of 1998 and 2000, respectively. Belize has engaged constructively in a series of bilateral meetings with the OECD, which has served to clarify a number of issues. Belize shares the concerns of the OECD with respect to the global effect of "Harmful Tax Competition" and would like to be associated with this work.

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I am pleased to inform you that the Government of Belize commits to the principles of effective exchange of information in tax matters and transparency. To ensure compliance with these principles, the Government of Belize will implement the measures outlined in the Annex. The detailed implementation of specific commitments will be subject to Belize parliamentary approval on an ongoing basis as individual legislation and policy proposals are advanced.

We understand that the OECD is prepared to assist us in establishing, improving, or maintaining such practices as are necessary to comply with the commitment.

The commitment is offered on the basis that:

1. Belize is not included in the OECD's list of un-cooperative tax havens nor subject to any framework of co-ordinated defensive measures;
2. Belize is determined to protect its economic interests and fiscal autonomy in any future negotiations with the OECD; the issue of a level playing field is critical to those interests;
3. Those jurisdictions, including OECD Member countries and other countries and jurisdictions yet to be identified, that fail to make equivalent commitments or to satisfy the standards of the 1998 Tax

Competition Report, will be the subject of a framework of co-ordinated defensive measures; and

4. Belize is invited to participate fully on an equal basis with all committed jurisdictions and OECD countries in any discussions in the Global Forum on the design of internationally-accepted standards for the implementation of these and any similar commitments.

The Government of Belize will ensure that:

1. No new regime or practice is introduced that fails to comply with the principles of transparency and effective exchange of information; and
2. No existing regime or practice is modified in such a way that after the modification it would not comply with the principles of transparency and effective exchange of information.

Yours faithfully



(RALPH H. FONSECA)
Minister of Budget Management,
Investment and Public Utilities,
Minister responsible for international financial services

BELIZE:

ANNEX

This Annex outlines the measures that the Government of Belize will take on a phased basis by 31 December 2005 to implement its commitment to the principles of transparency and effective exchange of information.

A. Establishing a process for effective exchange of information

1. Belize agrees to the effective exchange of information on a reciprocal basis for criminal tax matters beginning in the first year after 31 December 2003 and for civil tax matters beginning in the first year after 31 December 2005. Such exchanges shall be achieved through the adoption of tax information exchange agreements that require the effective exchange of information in specific tax matters upon request. The tax information exchange agreements will include protections against unauthorised disclosures or unauthorised use of information.

2. In a case involving information required for the investigation and prosecution of criminal tax matters, information shall be provided without the requirement that the conduct being investigated must constitute a crime in Belize.

3. In the case of information requested in the context of a civil tax matter, the absence of a Belizean tax interest in the case or in obtaining the information shall not be a bar to the provision of information. The incidence of costs incurred in providing such assistance shall be agreed in the context of the exchange of information agreements entered into by Belize in satisfaction of its commitment. Flexibility is expected in determining the incidence of costs to take into account factors such as the likely flow of information requests between the two parties to the agreement, whether both parties have income tax administrations, the capacity of each party to obtain and provide information, and the volume of information involved.

B Transparency

1. Belize will ensure that information on beneficial ownership of Belizeans companies, partnerships and other legal entities established in Belize, including managers and beneficiaries of collective investment funds and trustees and beneficiaries of trusts is available to its tax or regulatory authorities. This will include companies and other legal entities operating from Belize provided that the information is present within the territory, or in the possession or control of a person subject to the jurisdiction of Belize. Belize agrees that such information will be subject to

exchange under tax information exchange agreements referred to in paragraph A. 1.

2. Subject to de minimis exceptions to be developed by Belize together with the OECD and other committed jurisdictions, Belize will require that companies, partnerships, trusts and other legal entities established in Belize or having a place of business in Belize maintain accounts which are prepared in accordance with generally accepted accounting standards. Subject to other exceptions to be developed by Belize together with the OECD and other committed jurisdictions, the companies, partnerships, trusts and other legal entities that are required to keep accounts will also be subject to either an audit or filing requirement. Belize agrees that such statements will be subject to exchange agreements referred to in paragraph A. 1.

3. Belize agrees that its tax or regulatory authorities will have access to bank information of persons and companies liable to tax in OECD countries to the extent necessary to perform obligations under a tax information exchange agreement concluded pursuant to paragraph A. 1.