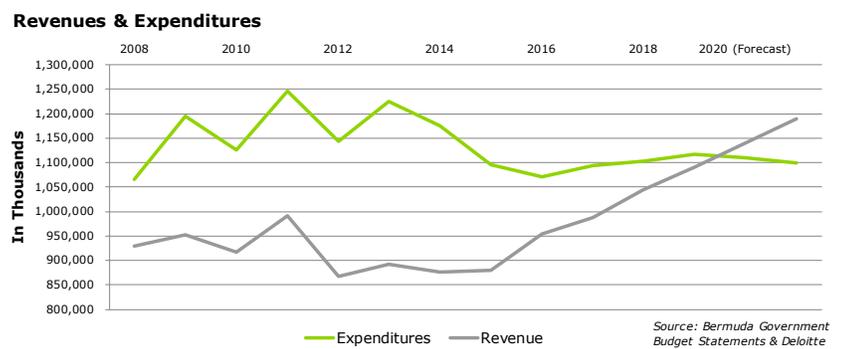
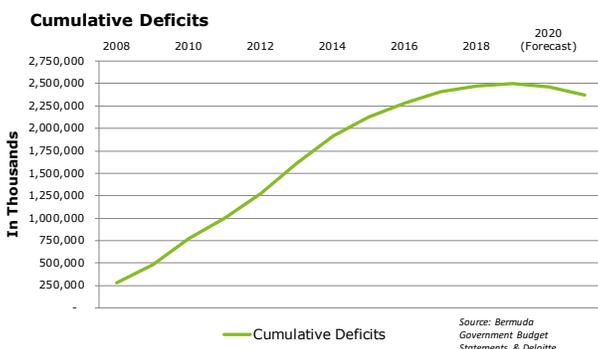


Bermuda Budget 2018 Snapshot

“Every Budget - is about the people”
- The Hon. E. David Burt, JP. MP.



In delivering the 2018 Budget Statement, Premier Burt stated that “..., the people of Bermuda voted for a new way – a new approach. They voted for an end to austerity and for a government that committed to putting Bermudians first.” He stated that this will be accomplished via opening up Bermuda to foreign investment combined with government policies to broaden access and participation in economic opportunities. Therefore, 2018/19 is expected to be the final year of net debt increase.



Foreign Capital

- The 60:40 rule amended to be a 40:60 rule, requiring only 40% Bermudian ownership for companies operating domestically.
- The Registrar of Companies has begun consultations on allowing global law firms to have a presence in Bermuda.
- The Ministry of Finance will soon begin consultations on increasing the number of banks operating in Bermuda.

Payroll Tax

- No implementation of previously planned rate increases.
- New entrepreneurs will be exempt from payroll tax in their first year of business.
- The employer portion of payroll tax for disabled employees will be eliminated.
- The lowest employee band will be reduced from 4.75% to 4%, for a worker earning less than \$96,000.
- For all Deemed Employees, notional salaries will be replaced with a requirement to declare all income received, on a cash basis.

Government Budget

- 2018/19 deficit to be \$90m.
- Average inflation rate of 1.9%.
- Lowered 2017 GDP Growth estimate by 0.75% to 0.75% – 1.25%.
- Interest on debt remains the same at \$188m.
- Current account surplus of \$161m.
- Bermuda will establish a representative office in Brussels.

Other Taxes

- Telecommunication related for the most services provided to residents and businesses will be increased by 5%.
- Temporary increase in land tax on commercial property by 5%.
- Duty on tobacco will increase.
- Duty on wine will be raised by 30 cents per litre.
- Duty will be cut from 5% to zero on eggs, potatoes, cauliflower, broccoli, carrots, turnips, oranges and apples.
- New sugar tax comes into play in March.

New Technology

- The first technology incubator space will be operational by July. Discussions have already begun on developing the world's first global risk management digital market in Bermuda.
- Bermuda is developing a legal framework and regulatory regime over blockchain-based technology.