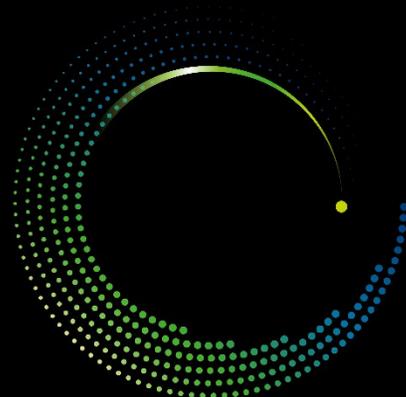


International Tax Bermuda Highlights 2022

Updated January 2022



Recent developments

For the latest tax developments relating to Bermuda, see [Deloitte tax@hand](#).

Investment basics

Currency: Bermuda dollar (BMD)

Foreign exchange control: Exempted and permit partnerships and exempted and permit companies normally are designated nonresident for exchange control purposes and are able to conduct their day-to-day operations free of any form of exchange control. They can pay dividends, distribute capital, open and maintain bank accounts, and acquire assets and net liabilities in any currency.

Accounting principles/financial statements: A company generally is free to adopt any basis, such as GAAP or IFRS, that has international recognition for its general purpose financial statements. Regulated insurance companies additionally must report under accounting practices prescribed by the Bermuda Monetary Authority. Auditors must audit under auditing standards that are consistent with the International Standards on Auditing.

Principal business entities: These are local and exempted companies, partnerships, and trusts. Local companies are limited liability companies that generally are incorporated and controlled by Bermudians to conduct business in Bermuda. Exempted companies are exempted limited liability companies and nonresident (permit) companies that generally are incorporated by non-Bermudians to conduct business outside of Bermuda from a place of business in Bermuda. Partnerships are similarly classified.

Corporate taxation

There is no corporate income tax in Bermuda.

Compliance for corporations

There is no corporate income tax in Bermuda.

Individual taxation

Neither residents nor nonresidents are subject to income, withholding, or capital gains taxes in Bermuda.

Compliance for individuals

There is no individual income tax in Bermuda.

Withholding tax

There are no withholding taxes on dividends, interest, royalties, or fees for technical services in Bermuda, and no branch remittance tax.

Anti-avoidance rules

Transfer pricing: There are no transfer pricing rules, but see “Disclosure requirements,” below.

Interest deduction limitations: There are no interest deduction limitation rules.

Controlled foreign companies: There are no CFC rules.

Hybrids: There are no anti-hybrid rules.

Economic substance requirements: The Economic Substance Act 2018 (ESA) requires every company, limited liability company, and partnership that is engaged in a “relevant activity” to maintain a substantial economic presence in Bermuda and comply with the economic substance requirements prescribed by the ESA.

Relevant activity means carrying on business in:

- Banking;
- Insurance;
- Fund management;
- Financing;
- Leasing;
- Headquarters;
- Shipping;
- Distribution and service centers;
- Intellectual property; and
- Holding entities.

Every applicable entity that submits an application to the Registrar of Companies seeking to register is required to provide a completed “Form declaring type of activity” to the Registrar of Companies. Entities will not be registered unless the form is submitted.

Disclosure requirements: Bermuda has adopted the OECD country-by-country (CbC) reporting requirements and has signed the Multilateral Competent Authority Agreement (MCAA) on the Exchange of CbC Reports.

Exit tax: There is no exit tax in Bermuda.

General anti-avoidance rule: There is no general anti-avoidance rule.

Value added tax

There is no VAT in Bermuda.

Other taxes on corporations and individuals

Social security contributions: The employer is required to contribute to Bermuda social insurance through payroll deductions of BMD 35.92 per week for each employee. The employee contributes an equal amount through payroll deductions. Pension payments normally commence when an employee reaches age 65.

Payroll tax: Payroll tax is imposed on the total value of cash and benefits paid or given for services rendered in Bermuda by an employee. The payroll tax consists of two separate portions that must be calculated separately: the employer portion and the employee portion. The employer will remain responsible for the payment of both portions, but will have the option of deducting the employee portion in full or in part. There are quarterly filing requirements for payroll tax.

The employer is required to pay tax on gross remuneration, as defined in the Payroll Tax Act 1995, based on the following rate structure: 1.75% if annual payroll is less than BMD 200,000; 3.5% if annual payroll is BMD 200,000 to BMD 350,000; 6.5% if annual payroll is BMD 350,001 to BMD 500,000; 9% if annual payroll is BMD 500,001 to BMD 1 million; and 10.25% if annual payroll is more than BMD 1 million. Exempt undertakings are subject to payroll tax at 10.25%.

The employee portion of payroll tax is a separate amount, calculated using a marginal tax rate structure. The marginal tax rate structure is as follows: 2% when annual remuneration is less than or equal to BMD 48,000; 8.5% from BMD 48,001 to BMD 96,000; 9% from BMD 96,001 to BMD 235,000; and 9.5% in excess of BMD 235,000.

The sum of the employer and employee portion is the total payroll tax payable.

The payroll tax is payable on remuneration of up to BMD 900,000 per employee. Remuneration received by an employee that exceeds BMD 900,000 is not subject to payroll tax.

Capital duty: There is no capital duty.

Real property tax: An annual land tax is levied on the annual rental value of land in Bermuda; the value is determined by the Accountant General. The tax, levied on the owner, is progressive in the sense that the higher the annual rental value, the higher the percentage of tax payable.

Transfer tax: There is no transfer tax.

Stamp duty: International businesses are generally exempt from Bermuda stamp duty, other than on dispositions of Bermuda real property. See also "Inheritance/estate tax," below.

Net wealth/net worth tax: There is no net wealth/net worth tax.

Inheritance/estate tax: Stamp duty on estates applies to Bermuda real and personal property. Duty is calculated upon death as follows: 5% from BMD 100,001 to BMD 200,000; 10% from BMD 200,001 to BMD 1 million; 15% from BMD 1,000,001 to BMD 2 million; and 20% in excess of BMD 2 million.

Other: Annual registration fees apply to entities based in Bermuda, with the amount depending on the size and nature of the entity.

A corporate service tax of 7% is levied on a provider of corporate services in respect of gross earned revenue derived from an exempt undertaking for taxable services provided during a tax period.

A Financial Services Tax (FST) is charged on the following financial services providers: banks, domestic insurers, and money service businesses. For banks, the rate is 0.0075% on consolidated gross assets as at the end of a tax period. For domestic insurers, the rate is 3.5% of gross premiums written in a tax period, excluding premiums relating solely to health insurance. For the money service business, the rate is 1% on the aggregated incoming and outgoing money transmission volume in a tax period.

Tax treaties: Bermuda has signed multiple tax treaties and tax information exchange agreements. Bermuda also is a signatory to the Convention on Mutual Administrative Assistance in Tax Matters, which allows it to automatically exchange tax information on an annual basis with over 100 partner countries that also are signatories to the convention.

Tax authorities: Office of the Tax Commissioner

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