

Bermuda Corporate Income Tax



GOVERNMENT OF BERMUDA
Ministry of Finance

Frequently Asked Questions (FAQs)

1. How will this new corporate income tax (CIT) affect Bermuda businesses?

Local Bermuda businesses will not be impacted by the proposed corporate income tax. The proposed Corporate Income Tax Act 2023 only affects large, multinational companies with revenues of €750 million or more.

2. How does the new CIT benefit Bermuda citizens?

The Government aims to reduce the cost of living and doing business in Bermuda. The corporate income tax on global companies will generate additional revenues to allow the Government to restructure existing domestic taxes in the future to reduce the cost of living. The tax regime has features that will encourage greater corporate investment in Bermuda in Government's priority areas, such as infrastructure, housing, the environment and healthcare. In the future, the tax will help the Government reduce the country's national debt.

3. How did the CIT come about?

The Ministry of Finance created the International Tax Working Group to examine the best course of action for Bermuda's economic prosperity in light of the material changes to tax regimes around the world as a result of the OECD's Pillar II rules to implement a 15% global minimum tax.

4. When will the CIT go into effect?

The new tax legislation will go into effect on January 1, 2025, once it is signed into law at the end of December 2023.

5. When will the Government receive the tax revenues from the new CIT?

It is anticipated that revenue from the corporate income tax will begin to have a meaningful impact on the Government's finances in 2026.

6. How will the CIT be implemented?

The Government is developing proposals for an entity to be created in 2024 to ensure the corporate income tax is appropriately administered in line with international standards. Further public consultation on administrative matters is planned for 2024.