



GOVERNMENT OF BERMUDA
PAYROLL TAX RETURN -
INSTRUCTIONS FOR COMPLETION OF RETURN
ALL INFORMATION REPORTED MUST BE BASED ON QUARTERLY INFORMATION.

1. This return is for use by ALL taxpayers. Exempt Companies and companies with annual remuneration >\$1m must Efile at www.etax.gov.bm. **PLEASE KEEP A COPY OF THIS RETURN FOR YOUR RECORDS.**
2. Please read the following points carefully. ALWAYS include your ACCOUNT NUMBER in the space provided. Give the name of the employer or self-employed person, name/address of business and NATURE OR TYPE OF BUSINESS in the space provided.
3. Returns are due quarterly, and must be paid within the first fifteen days of January, April, July and October. Annual remuneration is based on the Government's fiscal year which commences April1.
4. "Number of Persons" means actual number of different persons employed and/or paid during the quarter. Do not leave this line blank. A person is not an employee if he is employed by an employer for 16 hours or less in any one calendar month. This 16 hour provision does not apply to Deemed Employees/Self-Employed persons.

Part 1: Employer Portion

5. **SECTION A** - Gross remuneration of monthly/weekly/New Bermudian Hire employees: This section requires information about gross remuneration paid or assessed and in the case of benefits, those paid or given to employees. Items to be totalled are items of pay before any deductions are made.
 - (1) Remuneration paid monthly is to be shown under the heading "monthly paid";
 - (2) Remuneration paid other than monthly paid is to be shown under the heading "weekly paid";
 - (3) Remuneration paid to New Bermudian Hires is to be shown under the heading "New Bermudian Hires".
Employees had to be hired as of March 31st 2016 to be eligible for New Bermudian Hire.
 - (4) Remuneration of Deemed Employees/Self-Employed persons in a partnership, limited company, limited liability company or association, who render services to the business AND BENEFIT DIRECTLY OR INDIRECTLY FROM THE PROFITS OR INCOME of such business is to be shown separately in Section B.
6. **SECTION A** - Benefits: Employer contributions to non-approved Retirement, life, Hospital and/or Health Schemes are taxable. However, if these schemes are approved by the Minister of Finance, such contributions are exempt from taxation. It is the employer's responsibility to obtain the appropriate approval. Application forms for Retirement and Life Insurance Schemes can be obtained from the Office of the Tax Commissioner. Hospital and/or Health Scheme application forms must be obtained from the service provider.
7. **SECTION B** - Gross remuneration of Deemed Employees/Self-Employed persons: The greater of actual or notional remuneration must be reported by these persons. Notional remuneration is the fair and equitable valuation of services rendered by Deemed Employees/Self-Employed persons to the business. The following questions may guide you.
 - (1) What was the value for what you did in the business during the past tax period?
 - (2) What would you have paid someone else for what you did in the business during the past tax period?
 - (3) What is the current market rate for the job you are doing?

Notional remuneration of Deemed Employees/Self-Employed persons must be reevaluated each April1. Adjustments are based at a minimum on the Consumer Price Index (CPI) as at December 31st of the preceding year. Please contact the office of the Tax Commissioner for the current CPI.
8. Businesses are required to report remuneration to a maximum of \$900,000 per annum per person. Taxpayers must report the lesser of remuneration earned and the maximum reportable remuneration during the Government's fiscal year April1 - March 31.
9. **SECTION C** - Portion of Gross Remuneration reported in Section A which is the Gross Remuneration paid to Construction Employees providing Direct Labour on Approved Projects. Employers who have been engaged to provide Direct Construction Labour on an approved project must report that remuneration separately in this section.
10. **SECTION D - Remuneration of employees in special situations:** the remuneration of employees in special situations is not subject to the employer's portion of Payroll Tax. Remuneration paid to employees in Special Situations, include persons on jury duty, on duty with the Bermuda Regiment or Bermuda Volunteer Reserve, persons employed as farmers or horticulturists; hotel and restaurant employees in November, December January, February and March; and Retail employees in January, February and March not including bonus payments made during these months.
11. **SECTION E** - A tally of total remuneration subject to tax - shown on line 58. This total is used to determine the applicable tax rate.
12. An employer who establishes a business which is located in an Economic Empowerment Zone and is registered with the Bermuda Economic Development Corporation will not be subject to the employer's portion of Payroll Tax during the first nine quarters of setting up such a business. Employers who hire Bermudian Employees from April 1st 2013 - March 31st 2016 inclusive will not be subject to the employer's portion of Payroll Tax for the first two years of employment on the remuneration earned by those employees. Remuneration paid to construction employees for Direct Labour on Approved Projects will not be subject to the employer's portion of Payroll Tax on that portion of remuneration only (ACR).

13. **SECTIONS F-K – Employer Portion Payroll Tax Schedule** Effective 1st April, 2017

RATES SCHEDULE

Section	Rate	Applicable to
	0.00%	An employer whose payroll is less than \$650 in a tax period or a self-employed person whose notional remuneration is less than \$650 in a tax period and who has no employees.
	0.00%	The Government, Parish Councils, Government Boards, the Bermuda College, approved schools, registered charities, religious and approved cultural organizations, the Bermuda Festival Ltd, an employer in an Economic Empowerment Zone. The employer remuneration for these taxpayers MUST be reported in section P line 10.
F	1.75%	Employers and self-employed persons with an annual payroll less than \$200,000, educational, sporting, or scientific institutions, associations or societies, self-employed taxi drivers, farmers, fishermen and horticulturists.
G	3.50%	The Bermuda Hospitals Board and the Corporations of Hamilton and St. George's.
H	6.00%	Taxpayers operating a restaurant or hotel with an annual payroll of \$200,000 or greater.
I	7.00%	Taxpayers with an annual payroll between \$200,000 and \$500,000 (or \$50,000 -125,000/qtr)
J	9.00%	Taxpayers with an annual payroll greater than \$500,000 and up to \$1,000,000 (or >\$125,000 - 250,000/qtr).
K	10.25%	Taxpayers with an annual payroll greater than \$1,000,000 and All Exempt Undertakings.

Part 2: Employee Portion

14. **SECTION L** - Total Remuneration subject to Tax will be the same remuneration that was reported in the employer's portion of the Payroll Tax Return on line 58.
Remuneration not taxable to the employee will include employer contributions to non-approved retirement, life, hospital and/or health schemes, and the value of group benefits such as canteen and staff events etc. Net remuneration subject to tax should be the same total that is reported on line 88 in section M.
15. **SECTION M** - Gross remuneration of monthly/weekly/New Bermudian Hire employees and Self-employed/Deemed employees: This section requires information about gross remuneration paid or assessed and in the case of benefits, those paid on behalf of or given directly to employees. Gross remuneration will include all remuneration in Section 7(1) of the Payroll Tax Act 1995 which can be directly attributable to an employee.
16. **Section M** - The information reported in this section will be based on the Annual Rate of pay for each employee and self-employed /Deemed Employee. eg. Employee earns \$60,000 annually but is paid \$15,000 quarterly they will be reported in Band 2 as 1 person reporting quarterly gross earnings of \$15,000
17. The information reported under Employee Portion of Payroll Tax Payable will be based on the progressive tax calculation. eg. an employee earns \$15,00.00 per quarter \$742.50 will be reported on line 90, although the tax will be calculated in Band 1 and Band 2.
18. **Section N** - Businesses are required to report gross remuneration to a maximum of \$900,000 per annum per person. Taxpayers must report the lesser of gross remuneration earned and the maximum reportable gross remuneration during the Government's fiscal year April1 -March 31. Persons that meet this criteria must be reported in this section every quarter regardless if remuneration is being reported for them during the quarter, once they have been reported in this section during the fiscal year.
19. **Tax recoverable from employees: Effective April – June 2017** the statutory portion prescribed is 6.00%.

Effective July 2017 – March 2018 the below progressive tax structure will apply:

Bands	Annual Remuneration	Tax Rate
Band 1	Less than or equal to \$48,000	4.75%
Band 2	\$48,001 to \$96,000	5.75%
Band 3	\$96,001 to \$235,000	7.75%
Band 4	\$235,001 and above	8.75%

20. Employers commit a **criminal** offence when they deduct an amount from an employee and **fail to remit** this amount to the Tax Commissioner by the statutory deadline.
21. **SECTION P** - THIS SECTION IS FOR STATISTICAL PURPOSES AND MUST BE COMPLETED BY ALL TAXPAYERS. Taxpayers not liable for the Employers portion of Payroll Tax must provide the gross remuneration that would have been subject to Employers portion of Payroll Tax on line 10.
22. For FAQ's and the Employee Portion Payroll Tax Calculator please visit www.gov.bm.
23. Penalties are charged at 5% of tax payable for each month or part of a month that a return is late, to a maximum of 30%.
24. Taxpayers are required to keep records which demonstrate their compliance with the Tax Acts. The closure of a business or change in circumstance must be notified to the Tax Commissioner in writing on a timely basis in order to avoid adverse tax consequences. All information reported on this return is subject to audit by the Office of the Tax Commissioner.
25. These instructions are solely a guide for assisting the taxpayer in preparing the tax return and are not a comprehensive statement of the legislative requirements. These requirements are contained in the Payroll Tax Act 1995, the Payroll Tax Rates Act 1995, the Taxes Management Act 1976, the Miscellaneous Taxes Act 1976, The Miscellaneous Taxes (Rates) Acts 1980, and their respective amendments and regulations.
26. Further assistance may be obtained at the Office of the Tax Commissioner, F. B. Perry building, 40 Church Street, Hamilton HM 12, by telephoning the Office at **297-7750, 297-7751**, by visiting our website at: www.gov.bm or www.eta.gov.bm or emailing us at: taxenquiry@gov.bm.