



GOVERNMENT OF BERMUDA

Ministry of Finance

Office of the Tax Commissioner

APPLICATION FOR APPROVAL OF A RETIREMENT SCHEME

(For the purpose of Section 23 of the Payroll Tax Act 1995)

A. To be completed by all applicants

1. Tax Identification Number: _____
2. Registered name of Employer: _____
3. Business Name: _____
4. Business Address of Employer: _____
5. Name of Scheme: _____
6. Date of Employers first contribution to the Scheme: _____
7. Scheme Administrator: _____
8. Pension Commission Registration/Reference #: _____
Proof may be requested for #8
9. Does the Employer have additional plans which are not registered with the Pension Commission? YES ☐ NO ☐
If yes complete B If No go to C

B. To be completed by Employers with Pension Schemes *not* registered with the Pension Commission

10. Number of unregistered Schemes: _____
11. Name/s of *unregistered* Scheme/s: _____
12. Scheme Administrator for unregistered plan/s: _____
13. Date of Employers first contribution to *unregistered* plan: _____
14. State the number of Eligible Employees, the annual amount and frequency of the contributions required to be made by the Employer to the *unregistered* scheme (excluding Employee contributions):
Employees: _____ Amount: _____ Frequency: _____
15. State the total amount of contribution paid by the Employer (including Employee contributions) for:
Future service: _____ Past service: _____

C. To be completed by all Applicants:

16. Will the Employer make voluntary contributions to registered plan? YES ☐ NO ☐
17. Does the scheme allow for Member withdrawals? YES ☐ NO ☐
18. Is the Scheme: ☐ Defined Contribution ☐ Defined Benefit
*** For Defined Benefit plans please attach actuarial comments justifying the rate of Employer contributions.*
19. State the number of Eligible Employees, the annual amount and frequency of the contributions required to be made by the Employer to the *registered* scheme (excluding Employee contributions):
Employees: _____ Amount: _____ Frequency: _____
20. Describe the amount and the reason for payments made in respect of past service: _____
21. State, as a *percentage* of the Employer's total payroll, the amount required:
(a) for the Employer's contribution to be paid periodically in respect of his Employees for future service: _____
(b) for the *total contribution* (Employer and Employee contributions) to be paid periodically for future service: _____

DECLARATION

I declare that the particulars contained above are to the best of my knowledge and belief, true and correct and in accordance with the established guidelines for approved schemes. I am aware that it is an offence by any fraud, act or contrivance whatever to evade or attempt to evade payment of Payroll Tax.

Signed by or on behalf of the employer

Date

Print name

Contact number

Office held

email



GOVERNMENT OF BERMUDA

Ministry of Finance

Office of the Tax Commissioner

GUIDELINES FOR APPROVAL OF RETIREMENT SCHEMES

(For the purpose of Section 23 of the Payroll Tax Act 1995)

A. DEFINITIONS

1. A scheme is defined as follows: “a deed, agreement, series of agreements or other arrangements providing ‘relevant benefits’ for a group of employees or a single employee. This includes a covenant or agreement to provide ‘relevant benefits’ even if the employer makes no advance financial provision or otherwise”.
2. An approved scheme will have the essential characteristic that “assets are set aside to provide ‘relevant benefits’ for employees and are held by an insurance company or other trustee or trustees who may be or include the employer, in trusts which ensure that they are not available to the employer” and must be registered with the Pension Commission under the National Pension Scheme (Occupational Pensions) Act 1998 (the 1998 Act).
 - *Employer contributions to approved schemes are exempt from Payroll Tax – however additional voluntary Employer contributions made beyond the amount stipulated by the 1998 Act are subject to tax.*
3. ‘Relevant benefits’ are those benefits associated with the provision of pensions to employees at their retirement date in accordance with the 1998 Act.
4. Unapproved Schemes are those schemes not registered with the Pension Commission or in alignment with Office of the Tax Commissioner scheme vetting guidelines. Employer contributions to these schemes are subject to tax and must be reported as part of gross taxable remuneration on both the Employer and Employee portions of tax.

B. MEMBERSHIP

1. Effective April 1, 2020 the Office of the Tax Commissioner approves schemes which are open to both self-employed persons/deemed-employees and employees.
2. Persons meeting the minimum eligibility requirements of the scheme may not be excluded by the employer.
3. Membership shall be of a group scheme.

C. ADMINISTRATION

1. The employer must designate an administrator in accordance with section 6 of the 1998 Act.
2. A formal plan must be drawn up and each employee who is a member of the scheme must be notified of his rights and obligations under the scheme and any changes in the scheme as they occur. A copy of the plan must be available at all times for inspection by any participating employee.
3. The trust referred to in Paragraph A2 may be established by deed or by resolution of a board of directors or by resolution of the partners of a partnership.

D. CONTRIBUTIONS BY THE EMPLOYER

1. Schemes may be contributory or non-contributory.
2. Schemes must vest within *one* year in accordance with section 22 of the 1998 Act.
3. Contributions for future service are exempt up to 10% of the total wage/salary paid by the employer in respect of persons who are scheme members. Additional contributions are subject to tax.
4. Contributions may be made by several associated employers to an umbrella scheme or by a group of employers to an industry-related scheme. In either case the scheme rules must provide for the eventuality of one employer wishing to secede.
5. Where an employer cancels or withdraws from a scheme, the value of contributions made by him, net of termination charges if any, shall be vested in the employee in respect of whom they were made. Such value may be transferred to an alternative scheme or used to purchase a deferred annuity for the employee. The value of contributions may need to be actuarially determined.

ENQUIRIES

Applications for approval of retirement schemes may be obtained from www.gov.bm or the Office of the Tax Commissioner and must be forwarded to taxenquiry@gov.bm. Enquiries by telephone may be made by calling 297-7754.