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## Bermuda Begins Third Public Consultation and issues Illustrative Draft Legislation for Corporate Income Tax

- *Third consultation period ends November 30, 2023*
- *Guidance and future Public Consultations will address other technical matters, administration and QRTCs*
- *Bermuda Government aims to reduce costs and enhance Bermuda's attractiveness as a place to work and live*

15 November, 2023

HAMILTON, Bermuda -- Today the Government of Bermuda issued a third Public Consultation paper regarding the proposed introduction of a corporate income tax ("CIT") that would be applicable to Bermuda businesses that are part of a Multinational Enterprise Group ("MNE") with annual revenue of €750M or more.

Since 2021, over 140 countries, including Bermuda, have advanced towards alignment on international tax rules to create a level playing field. The proposed Corporate Income Tax regime would reinforce Bermuda's continuing commitment to global compliance and transparency and will maintain its international competitive positioning. Concurrently, Bermuda's Tax Reform Commission was recently empaneled by the Government to review and draft proposals to adjust existing taxes to lower the cost of living and working in Bermuda.

The Ministry of Finance conducted two previous Public Consultations concerning the introduction of a CIT in 2023, in August, and October, respectively.

As a result of consultation feedback, the current proposal would introduce a corporate income tax that would be a covered tax under the OECD's GloBE rules. This approach aims to minimize Top-Up taxes levied on Bermuda MNEs in other jurisdictions where they operate. The CIT legislation is intended to come into force in its entirety in January 2025, providing MNEs time to make transition adjustments.

The Government has proposed a statutory tax rate of 15% and is developing a robust package of Qualified Refundable Tax Credits (QRTCs) to maintain Bermuda's attractiveness. Investments

by corporations that meet the QRTC requirements will benefit Bermuda through development of the workforce, and investments in key areas targeted by the Government, including infrastructure, sustainability, innovation and housing.

This third Consultation Paper includes Illustrative Draft CIT Legislation to provide stakeholders with a comprehensive view of the proposed policy. Certain aspects of the law will be clarified with Guidance in 2023 and expanded in regulations intended to be published in 2024 and subsequent periods. Further amendments to the draft legislation may be made prior to being tabled in Parliament, including those to address feedback provided in response to this Consultation. The legislation is expected to be debated in the House of Assembly in December 2023.

"As we enter this third consultation period, it bears repeating that this will be the most fundamental tax reform in Bermuda's history," said Premier and Minister of Finance, the Hon. David Burt JP, MP. "The Government places enormous importance on hearing from industry stakeholders and the public as we further develop this legislation. The Government received significant feedback from the previous consultations, which is shaping the proposal into a comprehensive and robust regime that the Government can implement.

The introduction of the Corporate Income Tax, which will only apply to large multinational corporations, in parallel with the work of our newly empaneled Tax Reform Commission, will allow the Government to fulfill its commitment to reduce the cost of living and doing business in Bermuda, benefitting both Bermuda's residents and businesses. It also fulfills Bermuda's commitment to participate in the Global Minimum Tax initiative being implemented around the world. I look forward to the introduction of the new tax regime in Bermuda to both reinforce Bermuda's reputation and maintain its competitiveness as a thriving international business hub."

The third consultation period begins on November 15, 2023. All comments should be submitted prior to the deadline of November 30, 2023.

For more information visit: <https://forum.gov.bm/en/> or: <https://www.gov.bm/>.

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