

CORPORATE INCOME TAX AGENCY  
BERMUDA



# Corporate Income Tax Act

## Technical Amendments

*First Public Consultation*

MAY 29, 2025





## **Corporate Income Tax Agency**

### **Corporate Income Tax Act – Technical Amendments**

#### **First Public Consultation**

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# 1. Introduction

The Corporate Income Tax Agency (“the Agency”) is publishing this consultation paper to invite stakeholder feedback with respect to the first set of proposed technical amendments to the Corporate Income Tax Act 2023 (“the CIT Act”). These amendments are intended to clarify certain provisions and better align the CIT Act with the GloBE Rules where appropriate, as well as updating provisions to reflect Administrative Guidance released since the enactment of the CIT Act.

The CIT Act marks a significant advancement in strengthening Bermuda’s corporate tax framework, reinforcing the jurisdiction’s ongoing commitment to global compliance and transparency, while further enhancing its strong international reputation.

The Agency acknowledges that some stakeholder feedback has already been taken into account and, where appropriate, incorporated into the illustrative draft legislation. As part of this Public Consultation, the Agency now seeks further input on the revised illustrative draft legislation, as well as recommendations for additional guidance that may be needed to support implementation.

Additional amendments to the illustrative draft legislation may be made before the final Bill is submitted to Parliament for debate, including changes informed by feedback received through this Consultation.

This Public Consultation period will run from 29 May 2025 to 19 June 2025. Submissions received after this date may not be considered. Consultation Paper Responses and Comments should be submitted by email to: [consultation@cita.bm](mailto:consultation@cita.bm) Respondents should include “Corporate Income Tax Act – Technical Amendments” in the subject box.

Media Enquiries should be addressed to: [media@cita.bm](mailto:media@cita.bm)

## 2. Summary of Provisions

The following is a summary of the proposed technical amendments to the Corporate Income Tax Act 2023, as set out in the illustrative draft legislation accompanying this consultation.

### 1. Unit Linked Insurance

Issuers of unit-linked insurance contracts pass through all investment returns to policyholders, retaining only an investment management fee. While many of the underlying equities generate Excluded Dividends, the related increase in policyholder liabilities is still recognized in the issuer's accounts. This creates a mismatch under GloBE rules, potentially inflating the issuer's Effective Tax Rate. The proposed provision addresses this by aligning the treatment of Excluded Dividends with the corresponding liability adjustment.

### 2. Short-Term Portfolio Shareholdings

Short-Term Portfolio Shareholdings are not eligible for Excluded Dividend treatment and are therefore included in GloBE Income or Loss. However, stakeholders—particularly in the insurance sector—have noted that distinguishing short-term from long-term holdings can be administratively burdensome. To simplify compliance, the proposed provision introduces an election allowing a Constituent Entity to include dividends from all Portfolio Shareholdings in GloBE Income or Loss, consistent with the February 2023 Administrative Guidance.

### 3. Elective reduction in intra-year taxable loss offset (Section 5)

Section 5 sets out the calculation of “net taxable income,” including the offset of taxable income by current-year losses within the Bermuda Constituent Entity Group and further reductions for tax loss carryforwards. Stakeholders have proposed allowing an election to limit the use of current-year losses, converting the unused portion into a carryforward. The proposed provision introduces this elective flexibility, providing greater alignment with business and tax planning practices.

### 4. Location rules, including treatment of part-year BCEs

The CIT Act currently lacks guidance on two matters: (1) how to treat entities that qualify as Bermuda Tax Resident Entities for only part of a fiscal year, and (2) how to determine the “location” of such entities for purposes of Section 13, relating to MNE Groups with limited international footprints. These gaps may arise when entities enter or exit Bermuda or change tax residency mid-year. To address this, the proposed provision introduces rules requiring the allocation of income or loss across the periods in which an entity is, and is not, treated as a Bermuda Constituent Entity (BCE).

## **5. Fiscal transparency classifications**

Further clarity is proposed for Section 15 with respect to the following:

- Delineation of responsibility for making the fiscal transparency election in instances of non-Bermuda Tax Resident Entities
- Clarification of application for segregated account companies formed pursuant to a private act
- Delineation of responsibility for making the fiscal transparency election for segregated account companies for the election to be made by the segregated account cell company. While this delves away from the revisions for elections to occur at the Filing Bermuda Constituent Entity level, this ensures a consistent treatment as segregated account companies in instances where a segregated account company has multiple Filing Bermuda Constituent Entities.
- Clarification on application specific to non-Bermuda Tax Resident Entities
- Minor corrections related to typography as appropriate.

## **6. De Minimis Exemption**

The proposed revisions under Section 7 of the CIT Act are intended to align more closely with the GloBE Rules under Article 5.5 specifying that revenue should be adjusted in accordance with Chapter 3 and Article 5.5.2 for location considerations of Constituent Entities within the jurisdiction. The proposed revisions also incorporate paragraphs 85, 86, 94, of the Commentary for alignment related to pre-GloBE years, annualising revenue and income (loss) for short fiscal years, and revenue and income (loss) thresholds were Constituent Entities entered or left the MNE Group.



## **7. Fiscal transparency treatment**

Section 23(2) of the CIT Act is intended to reflect the GloBE Rules under Articles 3.5.3 and 3.5.4, which address the partial allocation of income from reverse hybrids and the limited application of this rule where the Flow-Through Entity is, or is owned by, a UPE that is also a Flow-Through Entity. However, the current wording of section 23(2)(b) may be overly broad, potentially applying to any UPE owner. The proposed revision clarifies this by limiting its application to UPEs that are Flow-Through Entities, thereby aligning the CIT Act with the GloBE Rules.

## **8. Conversion of Foreign Currency**

Section 47 of the CIT Act is intended to assist taxpayers in foreign currency conversions (generally of euro denominated amounts into dollars) for taxpayers to understand the impact the conversions will have on its obligations under the CIT Act and overall business planning. It has been noted that not having clear guidance on the application of the conversion in calculations can have unintended consequences. The proposed revisions clarify uncertainty by including a provision for the methodology with which a conversion is to be applied.

## **9. Filing Bermuda Constituent Entity**

To ensure alignment across a Bermuda Constituent Entity Group and minimize the administrative burdens, the Filing Bermuda Constituent Entity is expected to carry the responsibility of making elections. The necessary amendments for this responsibility are made under the following sections:

- a. Section 2(1)(a) – branch exemption election
- b. Section 2(1)(d) – unclaimed accrual election
- c. Section 5(c) – taxable loss reduction election
- d. Section 4(1)(a) – related to tax chargeable to the Filing Bermuda Constituent Entity
- e. Section 9(3) – to treat an entity less than 80% owned can be treated as a Bermuda Constituent Entity or a Filing Bermuda Constituent Entity
- f. Section 11(8) - an MNE Group elected to be treated as an In Scope MNE Group, including a requirement under 11(9) to ensure the election is made for all Bermuda Constituent Entity Groups of the In Scope MNE Group.

- g. Section 15(1)(c) - fiscal transparency election
- h. Section 15A(3) – changes in a Bermuda Constituent Entity during a fiscal year
- i. Section 21(1)(b) and 21(6)(c)– computation of financial accounting net income or loss
- j. Section 26(3) – general principles applicable to adjustments
- k. Section 29(1) – adjustments due to IFRS 17 and LDTI
- l. Section 30(1) – stock based compensation
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- o. Section 35(1) and (2) – realisation principle election
- p. Section 37(4) – transfer pricing requirements
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- r. Section 41(1) – taxable distribution method
- s. Section 45(1) – elective recognition of gain or loss and use of fair value of assets and liabilities
- t. Section 46(2) – Bermuda Constituent Entities joining and leaving an MNE Group

#### **10. Minor Corrections**

Minor corrections are required to correct typography errors or provide additional clarification for the interpretation of the provisions under the CIT Act for effective implementation. The minor corrections included within the proposed amendments are made under:

- a. Section 8
- b. Section 22
- c. Section 49, and
- d. Consequential amendments: Corporate Income Tax Agency Act 2024

**Question: Are there any aspects of the proposals that present concerns or require further clarification?**

### 3. Illustrative Draft Legislation

A BILL

entitled

CORPORATE INCOME TAX (TECHNICAL AMENDMENTS) ACT 2025

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WHEREAS it is expedient to make certain technical amendments and miscellaneous updates to Bermuda's corporate income tax regime;

Be it enacted by The King's Most Excellent Majesty, by and with the advice and consent of the



Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:—

### **Citation**

1 This Act, which amends the Corporate Income Tax Act 2023 and the Corporate Income Tax Agency Act 2024, may be cited as the Corporate Income Tax (Technical Amendments) Act 2025.

### **Amends section 2**

2 Section 2(1) of the Corporate Income Tax Act 2023 is hereby amended-

- (a) by substituting the following text for the current text in the definition of “branch election exemption” (provided that the existing text following the chapeau shall be retained)-

*“branch exemption election” means an annual election made by the Filing Bermuda Constituent Entity to allocate financial accounting net income or loss of a Bermuda Constituent Entity to a specific permanent establishment through which the business of a Bermuda Constituent Entity is carried out, and a branch exemption election—;*

- (b) by the insertion of a new definition of “matched insurance contract” as follows in the correct alphabetical order-

*“matched insurance contract” means a contract issued by an insurance company where amounts arising to the insurance company in respect of securities held by the insurance company result in an economically offsetting change in the amount of the obligations to the holders of the contracts by reason of law, regulation, or the terms of one or more such contracts, and the offsetting amount is also reflected in financial accounting net income or loss;*

- (c) by the insertion of the following text as a new paragraph (f) at the end of the existing definition of “short-term portfolio shareholding”-

*‘(f) the Filing Bermuda Constituent Entity may make an annual election to treat all portfolio shareholdings of a Bermuda Constituent Entity as short-term portfolio shareholdings, such that all dividends received with respect to portfolio shareholdings during the fiscal year shall be included in the computation of the Bermuda Constituent Entity’s taxable income or loss and shall not be treated as excluded dividends.’; and*

- (d) amending the definition of ‘unclaimed accrual’ by inserting the word “Filing” before the first instance only of “Bermuda Constituent Entity” and inserting the words “of a Bermuda Constituent Entity” after the words “deferred tax adjustment”.

### **Amends section 5**

3 Section 5 of the Corporate Income Tax Act 2023 is hereby amended-

- (a) by inserting the words “for the fiscal year”-

(i) after the words “Net taxable income”;

(ii) in paragraph (a), after the words “adding the taxable income” and

“subtracting the taxable income”; and

(iii) in paragraph (b), after the words “tax loss carryforward deduction”;

(b) in paragraph (a), by replacing the word “a” with the word “the” immediately before the words “Bermuda Constituent Entity Group”; and

(c) by inserting the following words at the end of the current section-

*‘provided that the Filing Bermuda Constituent Entity may elect to reduce, in whole or in part, the taxable loss otherwise described in subparagraph (a)(ii) for the fiscal year and an amount corresponding to such reduction in the taxable loss shall be added to the amount determined in accordance with section 6(2)(a)(ii) for the fiscal year.’*

#### **Amends section 7**

4 (1) Subsection 7(1) of the Corporate Income Tax Act 2023 is hereby amended-

(a) by replacing the word “a” with the word “the” before the words “Filing Bermuda Constituent Entity”; and

(b) by deleting the words “on behalf of all Bermuda Constituent Entity Groups of an In Scope MNE Group”.

(2) Subsection 7(2) of the Corporate Income Tax Act 2023 is hereby amended by deleting the full-stop and inserting the following words at the end of such subsection-

*‘and may not be made with respect to a Bermuda Constituent Entity Group for a fiscal year unless the election is made with respect to all Bermuda Constituent Entity Groups within the same In Scope MNE Group for the fiscal year.’*

(3) Subsection 7(3) is hereby deleted in its entirety and replaced with the following text-

*‘(3) For purposes of subsection (1), average revenue and average net taxable income or loss shall be the average of the amounts described in subsections (4) and (5), respectively, for the current and the two preceding fiscal years, provided that to the extent:*

*(a) none of the Bermuda Constituent Entities of the In Scope MNE Group earned revenue or incurred a taxable loss in the first or second preceding fiscal year, such year or years shall be excluded from the calculation of average revenue and average net taxable income or loss;*

*(b) the first or second preceding fiscal year ends prior to the first fiscal year beginning on or after the commencement date in which the In Scope MNE Group meets the requirements of section 11(1), subject to section 13, such year or years shall be excluded from the calculation of average revenue and average net taxable income or loss;*

*(c) the current or either of the two preceding fiscal years of a Bermuda Constituent Entity represent a period of less than 12 months then, for purposes of determining average revenue and average net taxable income or loss, the revenue and taxable income or loss of the Bermuda Constituent Entity for such short fiscal year shall be multiplied by the*

*result obtained by dividing 12 by the number of months (or portions of a month) in the short fiscal year; and*

- (d) a Bermuda Constituent Entity has joined or left the In Scope MNE Group, only the revenue and taxable income or loss earned during a fiscal year (or portion thereof) in which the Bermuda Constituent Entity was a member of the In Scope MNE Group shall be considered for purposes of determining average revenue and average net taxable income or loss of the In Scope MNE.*

(4) A new subsection 7(4) is hereby inserted as follows, with the existing subsections (4) and (5) renumbered accordingly-

*(4) For purposes of subsection 1, the term “revenue” shall mean the amount of revenue included in the determination of financial accounting net income or loss in accordance with section 21 subject to the adjustments described in Parts 5 and 6 for the fiscal year, provided that for purposes of this subsection:*

- (a) any adjustments to revenue arising from the application of subsection 21(6), and sections 29, 33, or 34 shall be disregarded;*
- (b) any adjustments to revenue arising from the application of subsection 28(2) shall be determined without regard to paragraph (a) of that subsection; and*
- (c) with respect to any other adjustments described in Parts 5 or 6, only those adjustments which affect the amount of revenue included in the determination of net taxable income or loss shall be considered.’*

(5) The reference to “subsection (3)(b)” in the existing subsection 7(4) (prior to the application of subsection (4) above) is hereby deleted and replaced with “subsection 1(b)”.

#### **Amends section 8**

5 Subsection 8(3)(a) of the Corporate Income Tax Act 2023 is hereby amended by deleting the comma after the word “together”.

#### **Amends section 9**

6 Subsection 9(3) of the Corporate Income Tax Act 2023 is hereby deleted in its entirety and replaced with the following text-

*‘The Filing Bermuda Constituent Entity may elect to disregard paragraph (2)(b) with respect to an entity that is less than 80% owned (by value), directly or indirectly, by the ultimate parent entity of the relevant In Scope MNE Group. For this purpose, the term “Filing Bermuda Constituent Entity” includes an entity that would not be treated as a Bermuda Constituent Entity but for the fact that an election will be made pursuant to this subsection (3) or section 10(3) with respect to the entity.’*

#### **Amends section 11**

7 (1) Subsection 11(8) of the Corporate Income Tax Act 2023 is hereby amended by deleting the words “the MNE Group may make an annual election” and replacing them with the words “the Filing Bermuda Constituent Entity may make an annual election”.

(2) Subsection 11(9) is hereby amended by deleting the current paragraph (a) and replacing it

with the following text-

- (a) *may not be made on behalf of a Bermuda Constituent Entity Group for the fiscal year unless all Bermuda Constituent Entity Groups within the In Scope MNE Group make such election for the fiscal year;*

#### **Amends section 14**

8           Section 14 of the Corporate Income Tax Act 2023 is hereby amended by the insertion of the following text as a new subsection 3A after the existing subsection 3-

*‘(3A) A Bermuda Tax Resident Entity shall be regarded as located in Bermuda.’*

#### **Amends section 15**

9           (1) Subsection 15(1) of the Corporate Income Tax Act 2023 is hereby amended-

- (a) by deleting the words “an entity” and replacing them with the words “an entity, including an entity” in each of paragraphs (a) and (b);
- (b) by deleting the full-stop and the end of paragraph (b) and replacing it with a comma; and
- (c) inserting the following text at the end of the subsection-

*‘provided that, in the case of a Bermuda Tax Resident Entity, the election shall be made by the Filing Bermuda Constituent Entity of the Bermuda Constituent Entity Group which includes the Bermuda Tax Resident Entity and in the case of an entity other than a Bermuda Tax Resident Entity, the election shall be made by the Filing Bermuda Constituent Entity of the Bermuda Constituent Entity Group which includes the Bermuda Constituent Entity which is the holder of the ownership interest in the other entity.’*

(2) Subsection 15(5) of the Corporate Income Tax Act 2023 is hereby amended-

- (a) by inserting a comma followed by the words “or segregated cell companies incorporated pursuant to a private act,” after the words “Segregated Accounts Companies Act 2000”;
- (b) by deleting the words “provided that a Bermuda Constituent Entity” and replacing them with the words “provided that such a company”;
- (c) by deleting the words “entity as” immediately before the chapeau and replacing them with the words “company as”; and
- (d) by deleting the words “Bermuda Constituent Entities” in paragraph (a) and replacing them with the word “entities”.

(3) Subsection 15(6) of the Corporate Income Tax Act 2023 is hereby amended-

- (a) by deleting the words “provided that a Bermuda Constituent Entity” and replacing them with the words “provided that such a company”;

- (b) by deleting the words “Bermuda Constituent Entity” and replacing them with the word “entity” in both places where such words appear in paragraph (b).

(4) Subsection 15(7) of the Corporate Income Tax Act 2023 is hereby amended-

- (a) by deleting the word “and” between “segregated accounts companies” and “incorporated segregated accounts companies” and replacing it with the word “or”; and
- (b) by deleting the words “a Bermuda Constituent Entity may also elect” and replacing them with the words “as the case may be, provided that an election may be made pursuant to”.

(5) Subsection 15(9) of the Corporate Income Tax Act 2023 is hereby amended-

- (a) by deleting the words “Bermuda Constituent Entity” and replacing them with the words “Bermuda Tax Resident Entity”;
- (b) by deleting the text after “Bermuda Tax Resident Entity” and inserting a chapeau and the following new paragraphs-
  - (a) *will be regarded as fiscally transparent, if the jurisdiction in which that entity is located treats the entity as fiscally transparent; or*
  - (b) *in all other cases, will be regarded as not fiscally transparent,*

*subject in either case to an election under subsection (1).*

(5) Subsection 15(10) of the Corporate Income Tax Act 2023 is hereby amended-

- (a) by inserting the words “other than subsection 15(1)” after the words “any provision of this Act”;
- (b) by deleting the word “Minister” and replacing it with the word “Agency”.

#### **Insertion of new section 15A**

10 The Corporate Income Tax Act 2023 is hereby amended by the insertion of the following as a new section 15A after the existing section 15-

#### **Changes in Bermuda Constituent Entity Status during a fiscal year**

15A (1) *To the extent that an entity is treated as a Bermuda Constituent Entity for a portion of the fiscal year, including in those circumstances where the entity only meets-*

- (a) *the requirements to be treated as a Bermuda Tax Resident Entity; or*
- (b) *the requirements of sections 9(2)(b) or 10,*

*for a portion of a fiscal year, then subsection (2) shall apply.*

*(2) For the purposes of determining taxable income or loss of an entity described in subsection (1) for the fiscal year-*

- (a) the amount described in subsection 20(a) shall be computed by reference to the net income or loss which would have been determined for the entity if-*
  - (i) the profit and loss statement in the consolidated financial statements of the ultimate parent entity; or*
  - (ii) in the case of an entity for which an election has been made pursuant to subsection 21(1)(b), the financial statements prepared in accordance with an approved financial accounting standard,*

*for the fiscal year had been prepared with respect to the portion of the fiscal year in which the entity was treated as a Bermuda Constituent Entity;*

- (b) the adjustments described in Part 6 (other than the adjustments described in paragraphs (c) and (d) hereof) and in Part 7, and the allocated foreign taxes described in section 18, shall be computed by reference to the relevant components of the financial accounting net income or loss amount determined in accordance with paragraph (a);*
- (c) the adjustments described in sections 28(2)(a), 29 (prior to consideration of the application of subsection 29(4)), and 33(3) (prior to consideration of the application of subsection 33(5)) shall be limited to-*
  - (i) nil, if the portion of the fiscal year when the entity was treated as a Bermuda Constituent Entity does not include the first day of the fiscal year; or*
  - (ii) if the portion of the fiscal year when the entity was treated as a Bermuda Constituent Entity includes the first day of the fiscal year, the product of-*
    - (A) the adjustment amounts which, notwithstanding this section, would otherwise have been available to the entity pursuant to the Act for the fiscal year, and*
    - (B) the amount determined by dividing-*
      - (I) the number of days during the fiscal year when the entity was treated as a Bermuda Constituent Entity, by*
      - (II) the total number of days during the fiscal year; and*
- (d) the adjustments described in subsections 29(4) and 33(5) were applied by reference to the amounts described in paragraphs (a), (b), and (c) above.*

(3) For purposes of applying subsection (2), the Filing Bermuda Constituent Entity may elect to replace paragraph (2)(a) with the following-

(a) the amount described in section 20(a) shall be the product of-

(i) the net income or loss determined for the entity-

(A) in preparing the profit and loss statement in the consolidated financial statements of the ultimate parent entity; or

(B) in the case of an entity for which an election has been made pursuant to subsection 21(1)(b), in accordance with an approved financial accounting standard,

for the fiscal year; and

(ii) the amount determined by dividing-

(A) the number of days during the fiscal year when the entity was treated as a Bermuda Constituent Entity, by

(B) the total number of days during the fiscal year.

#### **Amends section 21**

11 (1) Subsection 21(1)(b) of the Corporate Income Tax Act 2023 is hereby amended by deleting the words “at the election of the Bermuda Constituent Entity” and replacing them with the words “at the election of the Filing Bermuda Constituent Entity”.

(2) Subsection 21(6) of the Corporate Income Tax Act 2023 is hereby amended-

(a) by inserting the words “during the fiscal year” after the words “controlled foreign corporation” in paragraph (a);

(b) by inserting the words “during the fiscal year” at the end of paragraph (b);

(c) by deleting the text following paragraph (b) and replacing it with the following-

*an annual election may be made to reduce the financial accounting net income or loss of the Bermuda Constituent Entity determined in accordance with this section, notwithstanding this subsection, by an amount corresponding to the proportionate ownership interest of the constituent entity-owner, provided an election pursuant to this subsection shall be made by the Filing Bermuda Constituent Entity and may only be made for the first fiscal year of the Bermuda Constituent Entity which begins on or after 1 January 2025 and prior to 1 January 2026, and/or the immediately succeeding fiscal year.*



#### **Amends section 22**

12 Section 22 of the Corporate Income Tax Act 2023 is hereby amended by deleting the words “made by” and replacing them with “made for” in each of subsections (2) and (4).

#### **Amends section 23**

13 Subsection 23(2) of the Corporate Income Tax Act 2023 is hereby deleted in its entirety and replaced with the following-

*(2) The financial accounting net income or loss of the Bermuda Constituent Entity described in subsection (1) shall be allocated to the owners of the Bermuda Constituent Entity in accordance with their ownership interests, provided that this subsection shall-*

*(a) not apply if the Bermuda Constituent Entity is the ultimate parent entity of an In Scope MNE Group;*

*(b) not apply with respect to ownership interests in the Bermuda Constituent Entity which are held, either directly or through a tax transparent structure, by the ultimate parent entity, provided that the ultimate parent entity is a flow-through entity;*

*(c) not apply to constituent entity-owners of the Bermuda Constituent Entity; and*

*(d) only apply to owners that hold their ownership interests in the Bermuda Constituent Entity directly or through a tax transparent structure.*

#### **Amends section 26**

14 Subsection 26(3) of the Corporate Income Tax Act 2023 is hereby deleted in its entirety and replaced with the following-

*(3) If an election has not been made pursuant to section 33(8) with respect to a Bermuda Constituent Entity, the Filing Bermuda Constituent Entity shall not be eligible to make any election under sections 29 and 34 in respect of the Bermuda Constituent Entity for periods prior to 1 October 2023.*

#### **Amends section 29**

15 Subsection 29(1) of the Corporate Income Tax Act 2023 is hereby amended by deleting the words “a Bermuda Constituent Entity may elect to adjust its taxable income or loss” after the reference to section 28(1)(c) and replacing them with the words “the Filing Bermuda Constituent Entity may elect to adjust the taxable income or loss of the Bermuda Constituent Entity”.

#### **Amends section 30**

16 Subsection 30(1) of the Corporate Income Tax Act 2023 is hereby amended by the insertion of the word “Filing” before the second mention of “Bermuda Constituent Entity” in such subsection.

#### **Amends section 31**

17 Section 31 of the Corporate Income Tax Act 2023 is hereby amended by the insertion of the following as a new subsection (3) after the existing subsection (2)-

*(3) An insurance company shall exclude from the computation of taxable income or loss any movements in insurance reserves related to-*

*(a) excluded dividends; and/or*

*(b) excluded equity gains or losses,*

*from securities held in respect of a matched insurance contract.*

#### **Amends section 33**

18 Subsection 33(8) of the Corporate Income Tax Act 2023 is hereby amended by deleting the words “A Bermuda Constituent Entity” and replacing them with the words “The Filing Bermuda Constituent Entity”.

#### **Amends section 34**

19 Section 34 of the Corporate Income Tax Act 2023 is hereby amended by deleting the words “the Bermuda Constituent Entity may elect” and replacing them with the words “the Filing Bermuda Constituent Entity may elect” in each instance where such words appear in subsections (1), (2) and (4)(a).

#### **Amends section 35**

20 (1) Subsection 35(1) of the Corporate Income Tax Act 2023 is hereby amended by-

- (a) inserting the words “of a Bermuda Constituent Entity” after the word “liabilities”; and
- (b) deleting the words “a Bermuda Constituent Entity may elect” and replacing them with the words “the Filing Bermuda Constituent Entity may elect”.

(2) Subsection 35(2) of the Corporate Income Tax Act 2023 is hereby amended by—

- (a) deleting the words “the electing Bermuda Constituent Entity” and replacing them with the words “the Filing Bermuda Constituent Entity”;
- (b) deleting the words “which of its assets and liabilities such election shall apply to” and replacing them with the words “which assets and liabilities of the Bermuda Constituent Entity such election shall apply to”.

#### **Amends section 37**

21 Section 37 of the Corporate Income Tax Act 2023 is hereby amended by inserting the word “Filing” before is the first instance only of “Bermuda Constituent Entity” in subsection (4).

#### **Amends section 40**

22 Subsection (1) of section 40 of the Corporate Income Tax Act 2023 is hereby deleted in its entirety and replaced with the following text—

*A Filing Bermuda Constituent Entity may elect to include in the taxable income of a Bermuda Constituent Entity for a fiscal year the change in the fair value during the fiscal year of the Bermuda Constituent Entity’s ownership interests in a constituent entity that is an investment entity or an insurance investment entity.*

#### **Amends section 41**

23 (1) Subsection (1) of section 41 of the Corporate Income Tax Act 2023 is hereby deleted in its entirety and replaced with the following text—

*With respect to a Bermuda Constituent Entity that is a constituent entity-owner of an investment entity or an insurance investment entity and that is not itself an investment entity or insurance investment entity, the Filing Bermuda Constituent Entity may elect to apply the provisions of subsection (2) with respect to the Bermuda Constituent Entity’s ownership interest in a constituent entity that is an investment entity or an insurance investment entity.*

(2) Subsection (2) of section 41 of the Corporate Income Tax Act 2023 is hereby amended—

- (a) by deleting the word “electing” and inserting the words “described in subsection (1)” after “Bermuda Constituent Entity” in paragraph (a); and
- (b) by deleting the word “electing” and inserting the words “described in subsection (1)” after “Bermuda Constituent Entity” in paragraph (b).

**Amends section 45**

24 Section 45 of the Corporate Income Tax Act 2023 is hereby amended by inserting the word “Filing” before the first instance only of “Bermuda Constituent Entity”, and deleting the words “of an In Scope MNE Group” in subsection (1).

**Amends section 46**

25 Section 46 of the Corporate Income Tax Act 2023 is hereby amended by inserting the word “Filing” before the first instance only of “Bermuda Constituent Entity” in subsection (2).

**Amends section 47**

26 Section 47 of the Corporate Income Tax Act 2023 is hereby amended by deleting the words “publish an official exchange rate” and replacing them with the words “publish an official exchange rate for any currency (and any methodology for making any calculation pursuant thereto) by notice in the Official Gazette,”.

**Amends section 49**

27 Section 49 of the Corporate Income Tax Act is hereby amended by deleting the words “that has made” and replacing them with the words “for which” in subsection (2).

**Consequential Amendments: Corporate Income Tax Agency Act 2024**

28 The Corporate Income Tax Agency Act 2024 is hereby amended by the insertion of the following definition in section 2 in the correct alphabetical order: “officer” in relation to the Agency includes any director or secretary.’

