



# Thinking beyond borders: Management of extended business travelers - Bermuda

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**01**

**Key message**

Information that will assist you in identifying compliance matters affecting your business travellers in Bermuda.

With the exception of the Payroll Tax (summarized below), there is no income tax, capital gains tax, or withholding tax in Bermuda. Tax revenue is derived primarily from the payroll tax, customs/import duties, real property tax, corporate services tax, and fuel taxes. Corporate income tax will be introduced from January 2025.

# 1 Key message

The activities of extended business travelers in Bermuda may result in Payroll Tax and/or social insurance obligations. Extended business travelers may be required to obtain a Bermuda work permit.

**02**

# **Income tax**

## 2 Income Tax

With the exception of the Payroll Tax (summarized below), there is no income tax, capital gains tax, or withholding tax in Bermuda.

### 2.1 Payroll tax

Effective 1 April 2020, Payroll Tax is levied on every employer and self-employed person at graduated rates ranging from 0 to 10.25 percent (Employer portion) and 0.5 to 12.5 percent (Employee portion) of total remuneration paid, up to a maximum of 1,000,000 Bermuda dollars (BMD) of remuneration per annum per person. The employer will remain responsible for the payment of both portions however they will have the option of deducting the employee portion in full or in part. The employer is responsible for calculating the full employee portion regardless of whether they deduct it from the employees or not.

The tax base consists of actual remuneration paid, given, or assessed by any employer or self-employed person to every employee or deemed employee. Remuneration includes any benefits derived by the employee/deemed employee or self-employed person as a result of their employment, whether paid in cash or in kind. The remuneration of a self-employed person or a deemed employee is the greater of their actual or notional remuneration.

Payroll tax is charged in respect of remuneration paid to every employee and deemed employee, during any tax period (meaning each three-month period commencing on the first day of April, July, October, or January), for services rendered by the employee or deemed employee during that tax period wholly or mainly in Bermuda, whether or not the remuneration is paid in Bermuda.

Payroll Tax is not levied with respect to remuneration paid to individuals who are ordinarily employed outside Bermuda, provided that the period of employment in Bermuda (whether for one or more employers) does not exceed 4 consecutive weeks.

Every employer and self-employed person who is liable for tax must register with the Office of the Tax Commissioner within 7 days of the end of the first tax period in which the person commences business. It is a criminal offence to fail to register. Foreign contractors/sub-contractors and professionals, who offer their services on a contract or fee basis, are also required to register and pay Payroll Tax on the value of those services performed in Bermuda.

Tax returns with full payment are due within 15 days of the end of each period of 3 months commencing on the first day of April, July, October, or January. Tax returns are available from the Office of the Tax Commissioner. Payroll Tax must be paid at the time that the tax return is filed. Tax returns filed late or underpaid are subject to a penalty.

**03**

# **Social insurance**

# 3 Social insurance

## 3.1 Liability for social security

Generally, social insurance contributions are required to be paid with respect to every employed or self-employed person who works more than 4 hours a week. However, social insurance contributions are not required to be paid by non-residents if they work for a period of less than 26 consecutive weeks in Bermuda. Social insurance contributions are fixed at a weekly rate of BMD71.84 (as of 1 August 2018), with the employer and employee each responsible for one-half of the weekly contribution (BMD35.92). The employer is responsible for withholding the employee portion and for remitting the total social insurance tax due per employee on a monthly basis.

## 3.2 Employment insurance

Not applicable.



**03**

# **Compliance obligations**

# 4 Compliance obligations

## 4.1 Employees' compliance obligations

Payroll tax is administered by the employer. Costs of the payroll tax can be passed along to employees, but all reporting is done at the employer level. Employees do not have any personal tax or administrative filings with regards to the payroll tax.

## 4.2 Employer reporting and withholding requirements

The Employer is responsible for remitting the payroll tax (quarterly), and for withholding and remitting the social insurance due (monthly).

**05**

# **Immigration**

# 5 Immigration

## 5.1 Work permit/visa requirements

KPMG in Bermuda does not provide immigration services. Information on immigration matters can be found at <https://www.gov.bm/coming-bermuda/immigration>.

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