KPMG

# Taxation of international executives: Bermuda

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# 01

# Overview and Introduction

# 1 Overview and Introduction

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. Bermuda introduced a Corporate Income Tax effective 2025, impacting larger multinational entities with operations in Bermuda.

The Bermuda tax authority is the Office of the Tax Commissioner (OTC).

The official currency is the Bermuda Dollar (BMD) which is at par with the US Dollar (USD). Both USD and BMD are widely accepted.

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

# 02
# Income tax

# 2 Income Tax

Bermuda does not impose an income tax, but rather assesses a Payroll Tax on Employers per the Payroll Tax Act of 1995 (and as amended).

## 2.1 Tax returns and compliance

### Payroll Tax

Payroll Tax is levied on every employer and self-employed person at progressive rates on total remuneration paid, up to a maximum of BMD1,000,000 of remuneration per annum per person. Under certain circumstances, employers will recover a portion of the Payroll Tax from employees.

Payroll Tax is determined based on the size of the employer's annual payroll and the income of individual employees. Employers pay tax according to the size of their annual payroll. Certain sectors are entitled to exemptions or reduced rates, but payroll tax is generally due as follows:

| | 2025/26 | 2024/25 |
|---|---|---|
| All Exempt Undertakings | 10.25% | 10.25% |
| Over BMD1 million | 10.00% | 10.00% |
| Over BMD500,000 | 7.50% | 7.50% |
| BMD350,000 to 500,000 | 5.25% | 5.25% |
| BMD200,000 to 350,000 | 2.50% | 2.50% |
| Below BMD200,000 | 1.00% | 1.00% |

Employees pay according to their income. As income rises each dollar above the previous level is taxed at a higher rate. Employee rates are as follows:

| | 2025/26 | 2024/25 |
|---|---|---|
| Up to BMD48,000 | 0.50% | 0.50% |
| BMD48,001 to 96,000 | 9.25% | 9.25% |
| BMD96,001 to 200,000 | 10.00% | 10.00% |
| BMD200,001 to 500,000 | 11.50% | 11.50% |
| BMD500,001 to 1,000,000 | 12.50% | 12.50% |

Exempt undertakings include exempted companies, permit companies, exempted partnerships, and exempted unit trust schemes. The most common exempt undertakings are exempted companies, which are incorporated by non-Bermudians for the purpose of conducting business outside Bermuda and are so called because they are exempted from the provisions of the Companies Act 1981 which stipulate that Bermudians must beneficially own at least 60% of the equity.

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. The Bermuda fiscal year is 1 April through 31 March.

## 2.2 Residence rules

For the purposes of taxation, how is an individual defined as a resident of Bermuda? See elsewhere on this page for where the Bermuda Payroll Tax would apply.

### Work permit / Visa requirements

Generally, all persons must obtain a work permit to engage in gainful occupation in Bermuda unless they are Bermudian (including a spouse of a Bermudian) or have been granted permanent resident status KPMG Tax Limited does not provide immigration services. Independent advice should be sought.

## 2.3 Taxation of investment income and capital gains

### Are investment income and capital gains taxed in your country/jurisdiction? If so, how?

No.

### Dividends, interest, and rental income

Not taxed in Bermuda.

### Gains from employee stock option exercises

Stock option gains are subject to the Payroll Tax. Effective for tax quarters beginning on or after 1 July 2014, stock options granted to employees will be subject to Payroll Tax only when it has vested and becomes exercisable. Capital Gain on disposition of shares are not taxed in Bermuda.

### Foreign exchange gains and losses

Not taxed in Bermuda.

### Principal residence gains and losses

Not taxed in Bermuda.

### Capital losses

Not applicable.

### Foreign property reporting

Not taxed in Bermuda.

### Non-resident trusts

Not taxed in Bermuda.

# 03

# Special considerations for short term assignments

# 3 Special considerations for short-term assignments

## 3.1 Residency Rules

### Are there special residency considerations for short-term assignments?

N/A.

## 3.2 Payroll considerations

### Are there special payroll considerations for short-term assignments?

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.

## 3.3 Taxable income

### What income will be taxed during short-term assignments?

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

## 3.4 Additional considerations

### Are there any additional considerations that should be considered before initiating a short-term assignment in Bermuda?

N/A.

# 04
# Other taxes and levies

# 4 Other taxes and levies

## 4.1 Social security tax

### Are there social security/social insurance taxes in your Bermuda? If so, what are the rates for employers and employees?

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.

#### National Pension Scheme

Employers who employ Bermudian employees are required to provide a pension plan per the National Pension Scheme (Occupational Pensions Act) of 1998. The plan must be administered by a licensed financial institution, and the funds must be maintained separately from the assets of the employer.

## 4.2 Gift, wealth, estate, and/or inheritance tax

### Are there any gift, wealth, estate, and/or inheritance taxes in your Bermuda?

Gifts of Bermuda assets including Bermuda real property and shares in private Bermuda companies are subject to the Stamp Duty. Estate Tax is also paid via the Stamp Duty. Rates of Stamp Duty are stipulated in the Stamp Duties Act of 1975 and can be located at the Office of Tax Commissioner website (www.gov.bm).

Bermuda does not impose a wealth tax.

## 4.3 Real estate tax

### Are there real estate taxes in your Bermuda?

Land Tax is a real property tax assessed on all developed land (commercial and residential) with some exceptions. Land Tax is imposed on the annual rental value (ARV) of each unit, payable by the owner. Residential units are taxed at graduated rates maintained by the Office of the Tax Commission (www.gov.bm).

The Land Tax on Commercial Properties beginning with the period 1 July 2019 is 9.5 percent. A new category was introduced for tourist properties with a tax rate of 8.9 percent. The Land Tax on Commercial Properties in an Economic Empowerment Zone remains at 7 percent.

You can find your specific ARV on the Land Valuation website.

## 4.4 Sales/VAT tax

### Are there sales and/or value-added taxes in your Bermuda?

Not applicable in Bermuda.

## 4.5 Unemployment tax

**Are there unemployment taxes in your Bermuda?**

Not applicable in Bermuda.

## 4.6 Other taxes

**Are there additional taxes in your Bermuda that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.**

### Health Insurance

Employers in Bermuda are required to provide health insurance to all employees under the Health Insurance Act of 1970. Required coverage is the full standard hospital benefit for employer and all covered dependents. Coverage must be obtained from a licensed insurer. Non-Bermudians employed in Bermuda for less than 6 months are exempt from coverage.

### Stamp Duty

Stamp Duty is imposed on transfers of Bermuda property and on Estates as discussed above. Rates of Stamp Duty are stipulated in the Stamp Duties Act of 1975 and can be located at the Office of Tax Commissioner website (www.gov.bm).

### Foreign Financial Assets

**Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the Bermuda's fiscal or banking authorities?**

Not applicable in Bermuda.

# 05
# Immigration

# 5 Immigration

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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