



BERMUDA

PAYROLL TAX AMENDMENT ACT 2020

2020 : 13

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WHEREAS it is expedient to amend the Payroll Tax Act 1995 and the Payroll Tax Rates Act 1995;

Be it enacted by The Queen'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 may be cited as the Payroll Tax Amendment Act 2020.

Amends section 9C of the principal Act

2 In section 9C of the Payroll Tax Act 1995 ("the principal Act")—

(a) delete the heading, and substitute "New hire relief for qualifying employers: 2018";

(b) in subsection (1), insert in alphabetical order—

"full-time employee" means a person who is employed by an employer for fifteen hours or more per week;".

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Inserts section 9CA of the principal Act

3 After section 9C of the principal Act, insert the following new section—

“New hire relief for qualifying employers: 2020

9CA (1) In this section—

“baseline total” means either—

- (a) the total number of full-time employees included in an employer’s March 2020 payroll tax submission; or
- (b) zero, in the case of an employer who commences business on or after 1 April 2020;

“full-time employee” means a person who is employed by an employer for fifteen hours or more per week;

“new hire relief” has the meaning given in subsection (3);

“qualifying employee” means a person whose full-time employment by a qualifying employer—

- (a) first commences during the period 1 April 2020 to 31 March 2022 (otherwise than as a result of a merger or acquisition involving the employer); and
- (b) has the effect of increasing the employer’s total number of full-time employees from the baseline total;

“qualifying employer” means an employer—

- (a) with an annual payroll of more than \$500,000 and not more than \$1,000,000; and
- (b) who is liable to payroll tax at the rate set out in Class BB of section 5 of the Rates Act, and who is not receiving any other relief under this Act,

who employs one or more qualifying employees.

(2) Subject to subsections (4) and (5), a qualifying employer is entitled to new hire relief for each of the tax periods commencing on 1 April 2020 and ending on 31 March 2022 if the qualifying employer applies to the Commissioner for new hire relief in such form, and with such information and supporting documentation, as may be required by the Commissioner.

(3) “New hire relief” means that the qualifying employer will not be liable to pay the employer portion of payroll tax otherwise payable under this Act in respect of any qualifying employees.

(4) A qualifying employer shall not be entitled to new hire relief if the employer is in arrears with the payment of payroll tax.

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(5) A qualifying employer shall not be entitled to new hire relief for a tax period unless the total number of full-time employees BT + QE is maintained throughout the tax period, where—

“BT” is the baseline total; and

“QE” is the number of qualifying employees in respect of whom the qualifying employer applies for new hire relief.

(6) Nothing in this section affects the responsibility of a qualifying employer under section 19 to pay to the Commissioner the full amount of tax chargeable in accordance with this Act on each of his qualifying employees in respect of remuneration paid by him to the employee during each tax period.”

Amends section 3A of the Rates Act

4 In section 3A(1) of the Payroll Tax Rates Act 1995 (“the Rates Act”), delete the table and substitute—

“Table of standard rate bands

“

<i>Annual remuneration band</i>	<i>Tax payable on that band</i>
up to \$48,000	2.00%
\$48,001 to \$96,000	8.50%
\$96,001 to \$235,000	9.00%
\$235,001 and above	9.50%

”

Amends section 5 of the Rates Act

5 In section 5 of the Rates Act, delete the first entry under heading Class BB (employer rate of 7.0% where annual payroll between \$200,000 and \$500,000), and substitute—

“

Employer with an annual payroll of not less than \$200,000 and not more than \$350,000	3.5%
Employer with an annual payroll of more than \$350,000 and not more than \$500,000	6.5%

”

Commencement

6 This Act comes into operation on 1 April 2020.

[Assent Date: 19 March 2020]

[Operative Date: 01 April 2020]