



BERMUDA

PAYROLL TAX AMENDMENT AND VALIDATION ACT 2026

2026 : 5

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PAYROLL TAX AMENDMENT AND VALIDATION ACT 2026

WHEREAS it is expedient to amend the Payroll Tax Act 1995 and the Payroll Tax Rates Act 1995, and to validate the application of expired payroll tax rates in relation to Bermudian musicians and entertainers;

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:

Preliminary

Citation

1 This Act may be cited as the Payroll Tax Amendment and Validation Act 2026.

Amends the Payroll Tax Act 1995

Amends section 7

2 In section 7 of the Payroll Tax Act 1995 ("the principal Act"), in subsection (2)(i) (remuneration exemption for the first \$10,000 per annum of dividends relating to shares in certain companies paid to an employee or deemed employee), delete "\$10,000" and substitute "\$20,000".

Inserts section 9AA

3 After section 9A of the principal Act, insert—

"Special provision where employee is a Bermudian aged 65 years or over

9AA (1) Notwithstanding the provisions of this Act or the Rates Act, an employer is not chargeable to tax at the standard rate for employers, or other rate prescribed under section 5 of the Rates Act, in respect of remuneration (other than bonus payments) up to and including the qualifying threshold paid in any tax period to an employee of his who is a Bermudian aged 65 years or over, but is chargeable to tax instead at the rate prescribed by the Rates Act for the purpose of this section.

(2) Subsection (1) does not modify the rate at which an employer is chargeable to tax under the Rates Act in respect of remuneration paid to such an employee in excess of the qualifying threshold.

(3) Nothing in subsection (1) affects the responsibility of an employer under section 19 to pay to the Commissioner the full amount of tax chargeable in accordance with this Act on each of his employees who is a Bermudian aged 65 years or over in respect of remuneration paid by him to the employee during each tax period (without regard to the qualifying threshold); and similarly for deemed employees.

(4) Subsection (1) has effect in relation to the tax period during which a Bermudian employee reaches the age of 65 years.

(5) In this section—

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“Bermudian” means a person who has Bermudian status;

“bonus payments” includes—

- (a) any description of performance-related payment made, whether as a lump sum or series of payments, in addition to an employee’s basic salary or wages; and
- (b) any money paid under a profit-sharing scheme;

“qualifying threshold” means \$24,000 per tax period.”.

Inserts section 9CB

4 After the repealed section 9CA of the principal Act insert—

“New hire relief for qualifying employers: 2026

9CB (1) In this section—

“baseline total” means either—

- (a) the total number of full-time employees included in an employer’s March 2025 payroll tax submission; or
- (b) zero, in the case of an employer who commences business on or after 1 April 2025;

“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 on or after 1 April 2025 and who continues to be employed after 1 April 2026 (otherwise than as a result of a merger or acquisition involving the employer); or
- (b) first commences during the period 1 April 2026 to 31 March 2028 (otherwise than as a result of a merger or acquisition involving the employer); and
- (c) has the effect of increasing the employer’s total number of full-time employees from the baseline total;

“qualifying employer” means—

- (a) an exempted undertaking; or
- (b) any other employer with an annual payroll of more than \$500,000 who is liable to payroll tax—
 - (i) at the standard rate, and who is not receiving any other relief under this Act; or

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(ii) 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,

which 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 2026 and ending on 31 March 2028 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.

(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 the Payroll Tax Rates Act 1995

Amends section 2

5 In section 2 of the Payroll Tax Rates Act 1995 (“the Rates Act”), insert the following in alphabetical order—

“ “caregiver” means a person who is caring for, or helping to care for, a person in their own home in connection with their physical or mental illness or incapacity;

“licensed residential care home” means a residential care home or nursing home licensed under the Residential Care Homes and Nursing Homes Act 1999;”.

Amends section 3

6 In section 3 of the Rates Act (standard rate)—

(a) in subsection (1) (employers), delete “10.25%” and substitute “9.75%”;

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(b) in subsection (2) (self-employed persons), delete “10.25%” and substitute “9.75%”.

Amends section 3A

7 In section 3A(1) of the Rates Act (standard rate bands for employees and deemed employees), delete the table and substitute—

“Table of standard rate bands

Annual remuneration band	Tax payable on that band
up to \$48,000	0.25%
\$48,001 to \$96,000	7.75%
\$96,001 to \$200,000	10.75%
\$200,001 to \$500,000	11.50%
\$500,001 to \$1,000,000	12.50%

”.

Inserts section 4AA

8 After section 4A of the Rates Act insert—

“Rate where employee is a Bermudian aged 65 years or over

4AA 0% is prescribed as the rate for the purposes of section 9AA in respect of remuneration (other than bonus payments) up to and including the qualifying threshold.”.

Amends section 5

9 (1) Section 5 of the Rates Act (rates for certain classes of employer) is amended as follows.

(2) In Class A—

(a) in paragraph (a) (employer operating a hotel with an annual payroll of more than \$350,000), delete “5.0%” and substitute “4.0%”;

(b) in paragraph (b) (employer operating a restaurant with an annual payroll of more than \$350,000), delete “5.0%” and substitute “4.0%”.

(3) In Class AA, in paragraph (a) (employer operating a qualifying retail store), delete “6.0%” and substitute “5.0%”.

(4) In Class B—

(a) in paragraph (a) (Bermuda Hospitals Board), delete “3.5%” and substitute “3.0%”;

(b) after paragraph (a) insert—

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“

(aa)	an employer operating a licensed residential care home with an annual payroll of more than \$350,000	3.0%
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 ”;

(c) in paragraphs (b) and (c) (Corporations of Hamilton and St George’s), delete “3.5%” and substitute “3.0%”;

(d) in paragraph (f) (employer with an annual payroll of less than \$200,000), delete “1.0%” and substitute “0.5%”.

(5) In Class BB—

(a) in paragraph (a) (employer with an annual payroll of not less than \$200,000 and not more than \$350,000), delete “2.5%” and substitute “2.0%”;

(b) in paragraph (b) (employer with an annual payroll of more than \$350,000 and not more than \$500,000), delete “5.25%” and substitute “4.75%”;

(c) in paragraph (c), (employer with an annual payroll of more than \$500,000 and not more than \$1,000,000), delete “7.5%” and substitute “7.0%”;

(d) in paragraph (d), (employer with an annual payroll of more than \$1,000,000), delete “10.0%” and substitute “9.5%”.

(6) In Class C, after paragraph (l) insert—

“

(m)	a self-employed caregiver	0%
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 ”.

Retrospective amendments and validation

Amends section 5 of the Rates Act with retrospective effect

10 (1) In Class C(l) in section 5 of the Rates Act (0% rate for the employer of a Bermudian musician or entertainer for tax periods up to 31 March 2022), the words “, for tax periods up to 31 March 2022” are repealed.

(2) This section shall be deemed to have come into effect on 31 March 2022.

Amends section 9D of the principal Act with retrospective effect

11 (1) Section 9D(3) of the principal Act (special provision for Bermudian musicians and entertainers ceases to have effect on 31 March 2024) is repealed.

(2) This section shall be deemed to have come into effect on 31 March 2024.

Validation of 0% payroll tax rates under the expired provisions

12 (1) In this section—

(a) “the expired provisions” means—

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- (i) Class C(l) in section 5 of the Rates Act, which was not in effect after 31 March 2022 but which has been revived by the retrospective amendment in section 10; and
- (ii) section 9D of the principal Act, which was not in effect after 31 March 2024 but which has been revived by the retrospective repeal of section 9D(3) by section 11;

(b) “validation period” means 1 April 2022 to 31 March 2026.

(2) In respect of tax periods during the validation period, any purported application by virtue of the expired provisions of the 0% payroll tax rate for employers or employees in relation to the remuneration of Bermudian musicians and entertainers shall be deemed to have been validly applied.

Final provisions

Consequential amendments

13 (1) In section 9A(1) of the principal Act (rate where employee is a disabled person), after “the standard rate for employers” insert “, or other rate prescribed under section 5 of the Rates Act,”.

(2) In section 9B(2) of the principal Act (special provision for taxi drivers) after “the employer’s standard rate” insert “, or other rate prescribed under section 5 of the Rates Act,”.

(3) In section 9BA(2) of the principal Act (special provision for minibus operators), after “the employer’s standard rate” insert “, or other rate prescribed under section 5 of the Rates Act,”.

Commencement and saving

14 (1) This Act comes into operation on 1 April 2026 (“the commencement date”).

(2) For the avoidance of doubt, nothing in sections 3 and 4, which insert section 9AA (special provision where employee is a Bermudian aged 65 years or over) and section 9CB (new hire relief for qualifying employers: 2026) into the principal Act, affects the liability of an employer to payroll tax which is outstanding on the commencement date.

[Assent Date: 30 March 2026]

[Operative Date: 01 April 2026]