



BERMUDA

## FINANCIAL SERVICES TAX ACT 2017

2017 : 18

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WHEREAS it is expedient to make provision for the imposition of a tax on providers of certain financial services:

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 Financial Services Tax Act 2017.

#### Interpretation

- 2 In this Act—

“bank” means a bank or deposit company licensed under the Banks and Deposit Companies Act 1999 to carry on deposit-taking business;

“Commissioner” means the person holding the office of Tax Commissioner;

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“domestic insurer” means an insurer licensed under the Insurance Act 1978 to carry on domestic business (as defined in that Act);

“financial services provider” means the providers listed in section 3;

“financial services tax” means the financial services tax chargeable under this Act and includes a penalty for late payment of tax;

“Government insurance” means insurance policies taken out by a Government Department;

“health insurance” has the meaning given in the Health Insurance Act 1970;

“money service business” has the meaning given in the Money Service Business Act 2016;

“tax period” means each and every period of three calendar months commencing with the months of April, May and June 2017.

*[Section 2 definition “Government insurance” inserted by 2019 : 3 s. 2 effective 1 April 2019]*

### Imposition of financial services tax

3 Subject to the provisions of this Act, financial services tax shall be charged on each of the following financial services providers—

- (a) banks;
- (b) domestic insurers;
- (c) money service businesses.

### Rate of financial services tax

4 The rate at which financial services tax shall be charged pursuant to this Act shall be—

- (a) in the case of a bank, 0.0075% of its consolidated gross assets as at the end of a tax period;
- (b) in the case of a domestic insurer, 3.5% of gross premiums written in a tax period, excluding premiums relating solely to—
  - (i) health insurance and annuities; or
  - (ii) Government insurance;
- (c) in the case of a money service business, 1% of aggregated outgoing money transmission volume in a tax period.

*[Section 4 paragraph (c) amended by 2018 : 3 s. 2 effective 1 April 2018; Section 4 paragraph (a) amended by 2019 : 3 s. 3 effective 1 April 2019; Section 4 paragraph (b) amended by 2019 : 3 s. 3 effective 1 May 2019]*

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### Time for payment of tax

5 Every financial services provider chargeable to financial services tax shall, within thirty days after the end of each tax period—

- (a) submit to the Commissioner a return specifying—
  - (i) in the case of a bank, its consolidated gross assets as at the end of that tax period;
  - (ii) in the case of a domestic insurer, its gross premiums written in that tax period;
  - (iii) in the case of a money service business, the aggregated outgoing money transmission volume in that tax period; and
- (b) pay to the Commissioner the financial services tax due in respect of that tax period.

*[Section 5 paragraph (a)(iii) amended by 2018 : 3 s. 2 effective 1 April 2018]*

### Provider to register with Commissioner

6 (1) A financial services provider shall—

- (a) within thirty days after the coming into operation of this Act; or
- (b) within thirty days after becoming a financial services provider (if later),

apply to the Commissioner, in such form and manner as the Commissioner shall determine, for registration under this section, and the Commissioner shall register him under this section.

(2) For the purposes of subsection (1), the Commissioner shall establish and maintain, in such manner as he shall determine, a register of financial services providers.

(3) A financial services provider who fails, without reasonable excuse, to comply with subsection (1) is guilty of an offence and liable, on conviction by a court of summary jurisdiction, to a fine not exceeding \$1,000.

### Application of Taxes Management Act 1976

7 The Taxes Management Act 1976 shall apply, with the necessary modifications, to the provisions of this Act.

### Nature of financial services tax

7A Financial services tax which is charged under this Act as a percentage of gross premiums written in a tax period by a domestic insurer (whether or not those premiums are actually paid by the insured persons in that or any other tax period) shall not be regarded as a tax computed on the profits or income of such an insurer, and so does not fall within section 2 of the Exempted Undertakings Tax Protection Act 1966.

*[Section 7A inserted by 2018 : 3 s. 3 effective 1 April 2018]*

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### Commencement

8 This Act shall come into operation on 1 April 2017.

[Assent Date: 28 March 2017]

[Operative Date: 01 April 2017]

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*[Amended by:*

2018 : 3

2019 : 3]