BERMUDA

PAYROLL TAX RATES ACT 1995

1995 : 17

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	SCHEDULE

WHEREAS it is expedient to prescribe the rates of tax chargeable, and other matters falling to be prescribed, under the Payroll Tax Act 1995 , and to provide for connected purposes:

[Words of enactment omitted]

Short title and construction

1 This Act may be cited as the Payroll Tax Rates Act 1995 and is to be read as one with the Act.

Interpretation

2 In this Act—

"the Act" means the Payroll Tax Act 1995 ;

"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;

"hotel" and "restaurant" have the meanings respectively assigned to those expressions in subsection (4) of section 3 of the Miscellaneous Taxes (Rates) Act 1980 immediately before the commencement of the Act;

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

"section" (except in this section and the Schedule to this Act) means section of the Act.

[Section 2 definitions "caregiver" and "licensed residential care home" inserted by 2026 : 5 s. 5 effective 1 April 2026]

The standard rate: employers and self-employed persons

3 (1) 9.75% is prescribed as the rate for the purpose of paragraph (a) of subsection (1) of section 3.

(2) 9.75% is prescribed as the rate for the purpose of paragraph (b) of subsection (1) of section 3.

[Section 3 amended by 1996:5 effective 1 April 1996; by 2000:14 s.3 effective 1 April 2000; by 2004:12 s.2 effective 1 April 2004 ; by 2008:12 s.2 effective 1 April 2008; amended by 2010 : 17 s. 2 effective 1 April 2010; amended by 2011 : 8 s. 2 effective 1 April 2011; amended by 2015 : 11 s. 2 effective 1 April 2015; amended by 2016 : 11 s. 3 effective 1 April 2016; section heading and subsections (1) and (2) amended by 2017 : 21 s. 13 effective 1 April 2017; Section 3 subsections (1) and (2) amended by 2026 : 5 s. 6 effective 1 April 2026]

The standard rate bands: employees and deemed employees

3A (1) The standard rate bands for the purposes of section 3(1)(c) and (d) are as set out in the table—

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%

(2) For the avoidance of doubt, the standard rate bands shall be applied so that an employee is charged at the prescribed rate on each band of his remuneration (and not just at the rate which would apply if all of his remuneration were taken to fall into the maximum band applicable to him); and similarly for deemed employees.

[Section 3A inserted by 2017 : 21 s. 14 effective 1 April 2017; Section 3A amended by 2017 : 30 s. 3 effective 1 July 2017; Section 3A amended by 2018 : 16 s. 15 effective 1 April 2018; Section 3A subsection (1) amended by 2020 : 13 s. 4 effective 1 April 2020; Section 3A subsection (1) amended by 2022 : 11 s. 5 effective 1 April 2022; Section 3A subsection (1) amended by 2023 : 9 s. 4 effective 1 April 2023; Section 3A subsection (1) amended by 2026 : 5 s. 7 effective 1 April 2026]

Rates where employees are in special situations

4 (1) 0% is prescribed as the rate for the purpose of section 9.

(1A) *[repealed]*

(2) *[repealed]*

(3) *[repealed]*

(4) *[repealed]*

[Section 4 amended by 1996:5 effective 1 April 1996; repealed and replaced by 2000:14 s.4 effective 1 April 2000; subsection (1A) inserted by 2005:2 s.2 effective 1 April 2005; Section 4 amended by 2010 : 17 s. 3 effective 1 April 2010; amended by 2011 : 8 s. 3 effective 1 April 2011; Section 4 subsection (1) amended by 2013 : 2 s. 2 effective 1 April 2013; Section 4 subsection (3) inserted by 2013 : 2 s. 2 effective 1 April 2013; Section 4 amended by 2015 : 11 s. 3 effective 1 April 2015; Section 4 amended by 2016 : 11 s. 4 effective 1 April 2016; Section 4 subsections (1) - (4) repealed and subsection (1) inserted by 2017 : 21 s. 15 effective 1 April 2017]

Rate where employee is a disabled person

4A 0% is prescribed as the rate for the purposes of section 9A.

[Section 4A inserted by 2018 : 16 s. 16 effective 1 April 2018]

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.

[Section 4AA inserted by 2026 : 5 s. 8 effective 1 April 2026]

Taxi drivers

4B $600 is prescribed as the amount for the purposes of section 9B.

[Section 4B inserted by 2018 : 16 s. 17 effective 1 April 2018; Section 4B amended by 2024 : 36 s. 3 effective 1 October 2025]

Minibus operators

4BA The following are prescribed as the amounts for the purposes of section 9BA—

Tier (T)	Minibus Seating Capacity	Tax Amount
T1	up to 15 seats	$750
T2	16-24 seats	$1,000
T3	more than 24 seats	$1,500

[Section 4BA inserted by 2024 : 36 s. 4 effective 16 December 2024]

Ridesharing permit holders

4BB $400 is prescribed as the amount for the purposes of section 9BB.

[Section 4BB inserted by 2026 : 16 s. 3 effective 24 April 2026]

Bermudian musicians and other entertainers

4C 0% is prescribed as the rate for the purposes of section 9D.

[Section 4C inserted by 2019 : 12 s. 3 effective 1 April 2019]

Remuneration on termination of employment

4D 0% is prescribed as the rate for the purposes of section 9E.

[Section 4D inserted by 2025 : 9 s. 3 effective 1 July 2025]

Rates for certain classes of employer

5 The classes of employer, and the rates, prescribed for the purpose of section 10 are those respectively set forth in the following Table—

CLASS	RATE
Class A	
(a) employer operating a hotel with an annual payroll of more than $350,000	4.0%
(b) employer operating a restaurant with an annual payroll of more than $350,000	4.0%
(c) *[deleted by 2000:14]*	
Class AA	
(a) employer operating a qualifying retail store	5.0%
Class B	
(a) the Bermuda Hospitals Board	3.0%
(aa) an employer operating a licensed residential care home with an annual payroll of more than $350,000	3.0%
(b) the Corporation of Hamilton	3.0%
(c) the Corporation of St George's	3.0%

(d) an educational, sporting or scientific institution, association or society which in the Minister's opinion is carried on otherwise than for the purpose of gain by its individual members	1.0%
(e) a self-employed person carrying on business as a horticulturist	1.75%
(f) an employer with an annual payroll of less than $200,000	1.0%
(g) a self-employed person carrying on business as a fisherman or a farmer	0.0%

Class BB

(a) employer with an annual payroll of not less than $200,000 and not more than $350,000	2.0%
(b) employer with an annual payroll of more than $350,000 and not more than $500,000	4.75%
(c) employer with an annual payroll of more than $500,000 and not more than $1,000,000	7.0%
(d) employer with an annual payroll of more than $1,000,000	9.5%

Class C

(a) the Government
(b) a parish council
(c) a Government Board
(d) the Bermuda College
(e) a school which is operated with the consent of the Minister responsible for Education under the Education Act 1996, or was in existence at the commencement of that Act
(f) a body (whether incorporated or not) which in the Minister's opinion has been established principally for religious purposes, but as respects only such aspects of its affairs as do not consist of or involve carrying on business of a commercial character
(g) a charitable organization registered under the Charities Act 2014
(h) a cultural organization which in the Minister's opinion (arrived at after consultation with the Minister responsible for Cultural Affairs) is carried on otherwise than for the purpose of gain by its individual members
(i) the Bermuda Festival Ltd

(j) an employer who establishes a business which is located in an Economic Empowerment Zone (designated under section 2A of the Economic Development Act 1968), which business is registered by the Bermuda Economic Development Corporation under section 4(1)(c) of the Bermuda Economic Development Corporation Act 1980; provided that no such employer shall, by virtue of this paragraph, be chargeable to tax at this rate for a period exceeding nine tax periods beginning, and including, the tax period in which the business is established.	0.0%
(k) an employer, not falling within paragraph (j), who establishes a small business (within the meaning of the Bermuda Economic Development Corporation Act 1980) and registers it under section 4(1)(c) of that Act; provided that no such employer shall, by virtue of this paragraph, be chargeable to tax at this rate for a period exceeding four tax periods beginning with, and including, the tax period in which the business is established.	0.0%
(l) the employer of a Bermudian musician or other entertainer.	0.0%
(m) a self-employed caregiver	0.0%

Class D

[Repealed by 2018 : 16 s. 18]

[Section 5 amended, and Class E re-lettered as Class D, by 1996 : 5 effective 1 April 1996; amended by 1996 : 22 s. 74 effective 6 December 1996; amended by 1997 : 9 effective 1 April 1997; amended by 2000 : 14 s. 5 effective 1 April 2000; Class B para (f) amended, and Class BB substituted, by 2005 : 2 s. 3 effective 1 April 2005; Class C para (j) inserted by 2007 : 12 s. 2 effective 1 July 2007; Class C para (j) amended by 2008 : 12 s. 3 effective 1 April 2008; Section 5 amended by 2010 : 17 s. 4 effective 1 April 2010; amended by 2011 : 8 s. 4 effective 1 April 2011; Class C paragraph (j) amended by 2011 : 28 s. 14 effective 4 August 2011; amended by 2015 : 11 s. 4 effective 1 April 2015; amended by 2016 : 11 s. 5 effective 1 April 2016; amended by 2017 : 21 s. 16 effective 1 April 2017; Section 5 amended by 2018 : 16 s. 18 effective 1 April 2018; Section 5 amended by 2019 : 12 s. 4 effective 1 April 2019; Section 5 Class BB amended by 2020 : 13 s. 5 effective 1 April 2020; Section 5 amended by 2023 : 9 s. 5 effective 1 April 2023; Section 5 amended by 2026 : 5 s. 9 effective 1 April 2026, except for the amendment to Class C(l) effective 31 March 2022; Section 5 Class B(f) amended by 2026 : 31 s. 2 effective 28 September 2026]

Qualifying retail store

5A (1) For the purposes of Class AA(a) in section 5, an employer operates a "qualifying retail store" if—

(a) the employer's annual payroll relating to that store, or group of stores, exceeds $500,000; and

(b) the Commissioner determines, on application made in writing by the employer including such evidence as the Commissioner may require, that at least 50% of sales for a tax period at that store, or group of stores, consists of the following products: clothing, shoes, jewellery and perfume.

(2) The Commissioner may issue guidance notes indicating the basis on which determinations under this section are to be made.

[Section 5A inserted by 2019 : 12 s. 5 effective 1 April 2019]

Exempt undertakings: assumed remuneration of employees

6 *[repealed]*

[Section 6 repealed by 2000:14 s.6 effective 1 April 2000]

Tax recoverable from employees

7 *[Repealed by 2017 : 21 s. 17.]*

[Section 7 repealed by 2017 : 21 s. 17 effective 1 April 2017]

SCHEDULE

(Section 6(2))

[Schedule repealed by 2000:14 effective 1 April 2000]

[Assent Date: 22 March 1995]

[Amended by:
1996 : 5
1996 : 22
1997 : 9
2000 : 14
2004 : 12
2005 : 2
2007 : 12
2008 : 12
2010 : 17
2011 : 8
2011 : 28
2013 : 2
2015 : 11
2016 : 11
2017 : 21
2017 : 30
2018 : 16
2019 : 12
2020 : 13
2022 : 11
2023 : 9
2024 : 36
2025 : 9
2026 : 5
2026 : 16
2026 : 31]