

A BILL

entitled

FINANCIAL SERVICES TAX AMENDMENT ACT 2019

WHEREAS it is expedient to amend the Financial Services Tax Act 2017;

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 Amendment Act 2019.

Amends section 2

2 In section 2 of the Financial Services Tax Act 2017 ("the principal Act"), insert the following definition in alphabetical order—

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

Amends section 4

3 In section 4 of the principal Act—

(a) in paragraph (a) (rate of tax for banks), delete “0.005%” and substitute “0.0075%”;

(b) delete paragraph (b) (rate of tax for insurers) and substitute—

“(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;”.

Commencement

4 (1) Section 3(b) shall come into operation on 1 May 2019.

(2) The rest of this Act shall come into operation on 1 April 2019.

FINANCIAL SERVICES TAX AMENDMENT BILL 2019

EXPLANATORY MEMORANDUM

This Bill seeks to amend the Financial Services Tax Act 2017 (“the principal Act”).

Clause 1 is self-explanatory.

Clause 2 amends section 2 of the principal Act to insert a definition of “Government insurance” as meaning insurance policies taken out by a Government Department.

Clause 3 amends section 4 of the principal Act to increase the rate of tax payable by banks and by domestic insurers, as indicated. In addition to the exemption for health insurance and annuities, insurance policies taken out by a Government Department will not be included in the taxable gross premiums written in a tax period for the purposes of calculating the tax payable by an insurer.

Clause 4 provides for commencement.