

A BILL

entitled

LAND TAX AMENDMENT ACT 2019

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WHEREAS it is expedient to amend the Land Tax Act 1967;

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 Land Tax Amendment Act 2019.

Amends section 1

2 In section 1 of the Land Tax Act 1967 ("the principal Act")—

(a) at the end of subsection (1), insert—

“tourist unit” means a valuation unit which is used as or forms part of an hotel, cottage colony, guest house, lodging house, club or tourist accommodation for reward, but does not include a vacation rental unit as defined in section 15A(1) of the Bermuda Tourism Authority Act 2013.”;

(b) delete subsection (2) and substitute—

“(2) For the avoidance of doubt, it is hereby declared that no tourist unit is a private dwelling for the purposes of this Act.”

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Amends section 2

3 In section 2 of the principal Act, delete paragraphs (a) and (b) and substitute—

- “(a) the base rate of \$300, where the valuation unit is a private dwelling with an annual rental value of the unit not exceeding \$22,000;
- (b) where the valuation unit is a private dwelling with an annual rental value of the unit in excess of \$22,000, in respect of such portion of the annual rental value of the unit as falls within a band specified in the first column of the Schedule, the rate specified in the second column of the Schedule in relation to that band, plus the base rate of \$300;
- (c) subject to section 2A, in respect of a valuation unit not falling within paragraph (a) or (b)—
 - (i) the rate of 8% of the annual rental value of any tourist unit;
 - (ii) the rate of 9.5% of the annual rental value of any other unit.”

Inserts section 2A

4 After section 2 of the principal Act insert—

“Special rate for EEZs

2A In respect of any valuation unit (other than a private dwelling) which is situated in any of the economic empowerment zones designated under section 2A of the Economic Development Act 1968, tax shall be charged, levied and collected at the rate of 7% of the annual rental value of the unit.”

Amends the Schedule

5 In the Schedule to the principal Act (land tax on private dwellings), delete the table and substitute—

“ANNUAL RENTAL VALUE BAND	\$	RATE OF TAX %
1	0 - 11,000	0.8
2	11,001 - 22,000	1.8
3	22,001 - 33,000	3.5
4	33,001 - 44,000	6.5
5	44,001 - 90,000	17.0
6	90,001 - 120,000	30.0
7	120,001 +	50.0

Commencement

6 This Act comes into operation on 1 July 2019.

LAND TAX AMENDMENT BILL 2019

EXPLANATORY MEMORANDUM

This Bill seeks to amend the rates of tax payable under the Land Tax Act 1967 (“the principal Act”).

Clause 1 is self-explanatory.

Clause 2 amends section 1 of the principal Act (interpretation) to insert a definition of “tourist unit” which excludes vacation rental units as defined by section 15A(1) of the Bermuda Tourism Authority Act 2013, and makes a consequential amendment to subsection (2).

Clause 3 amends section 2 of the principal Act (rates of tax). New paragraph (a) introduces a base rate of \$300 to be paid in respect of any valuation unit which is a private dwelling with an annual rental value not exceeding \$22,000. In respect of any valuation unit which is a private dwelling with an annual rental value exceeding \$22,000, new paragraph (b) applies the base rate of \$300 in addition to the percentage of ARV payable in accordance with the rates specified in the table in the Schedule (which is replaced by clause 5). New paragraph (c) modifies the land tax payable in respect of valuation units other than private dwellings from 12% of the ARV of the unit (applied by Land Tax Temporary Amendment Act 2018) to 8% in the case of tourist units, and 9.5% for all other units.

Clause 4 inserts new section 2A into the principal Act. This provides for a rate of tax of 7% of the annual rental value of any valuation unit (other than a private dwelling) which is situated in any of the economic empowerment zones (EEZs) designated under section 2A of the Economic Development Act 1968. This maintains the status quo as such units were exempt from the increase from 7% to 12% made by the Land Tax Temporary Amendment Act 2018.

Clause 5 amends the Schedule to the principal Act by replacing the table (land tax on private dwellings) so as to modify the percentage rate of land tax payable in respect of such portion of the annual rental value of a private dwelling unit as falls within each of the seven ARV bands. As provided by clause 3, the percentage rate, in addition to the base rate of \$300, will only be payable in respect of private dwellings with an annual rental value exceeding \$22,000.

Clause 6 provides for commencement on 1 July 2019.