

Bermuda Budget 2020 Snapshot

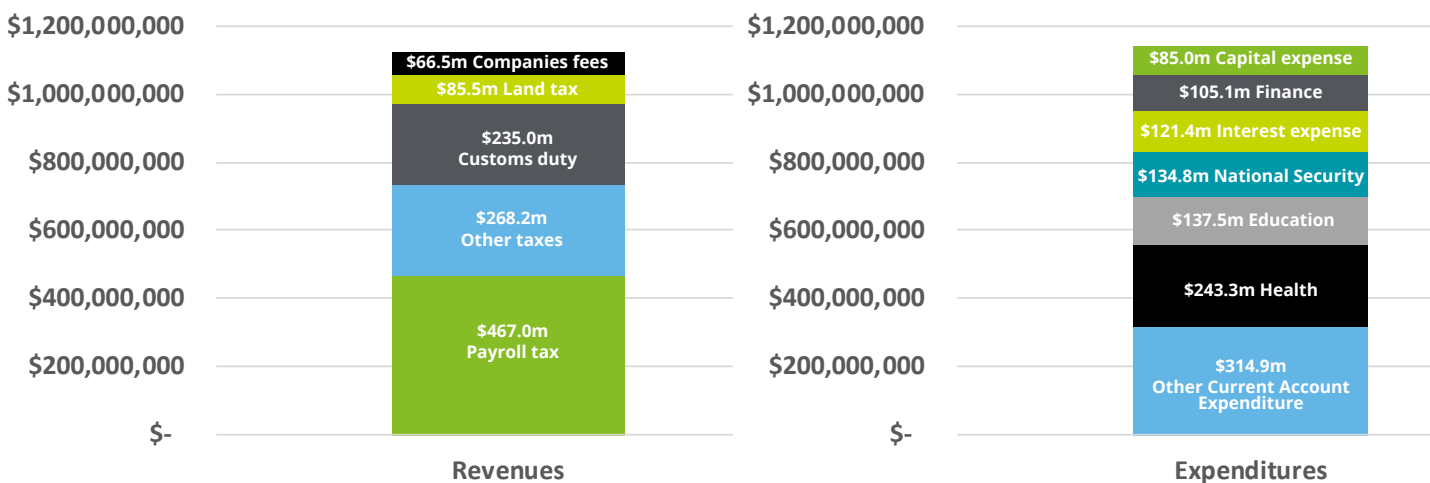
“Bermuda is no different”

- The Hon. Curtis L. Dickinson, JP, MP



In presenting the 2020/2021 Budget Statement, Minister of Finance Curtis Dickinson stated that Bermuda shares many social and fiscal challenges faced by other countries. While addressing those issues the budget statement indicated minimal disruption to the current tax system, placing an emphasis on growing the economy, with particular focus on the retail sector and small to medium size businesses. New legislation will also be introduced to stimulate the economy, including the real estate market. Increased investment in communities and capital expenditures, while maintaining a tight rein on expenditures, are also planned.

Revenues & Expenditures



Government Budget

- 2020/21 current account surplus to be \$187.0m
- 2020/21 budget deficit to be \$19.8m
- Interest on debt of \$121.4m
- Total number of jobs in Bermuda grew by 441 (1.3%) from 33,862 in 2018 to 34,303 in 2019
- Average inflation rate of 1.0%
- Estimated GDP increased by 1.0 - 2.0% in 2019 following growth of 0.1% in 2018

Payroll Tax

- Reduce employer portion of payroll tax with introduction of two new employer payroll tax bands between \$200,000 and \$500,000
- Extend payroll tax relief for the creation of new jobs in Bermuda to employers with payrolls of \$500,000 and over
- Payroll tax rate adjustments to be as follows:
 - Less than \$48,000: decreased from 4.0% to 2.0%
 - \$48,001 to \$96,000: increased from 6.5% to 8.5%
 - \$96,001 to \$235,000: increased from 7.75% to 9.0%
 - \$235,001 to \$900,000: increased from 8.75% to 9.5%
- Employees earning less than \$96,000 will pay less payroll tax, those earning greater than \$96,000 will pay more
- Mandatory E-Filing for all gross annual payrolls in excess of \$250,000, down from \$500,000

Headline Government Programs

- To introduce a bill that will reduce the required ownership of a local company from 60% Bermudian to 40% Bermudian, while maintaining the requirement for the Board of Directors to be at least 60% Bermudian
- Continue to develop a mortgage guarantee programme to deliver lower financing costs to middle class families seeking to secure mortgages of \$750,000 or less
- Assistance of up to \$250,000 towards the development of a business plan to determine how a Union Deposit Company might compete in a market with established players
- Government to make pricing information received from grocers public

Other Taxes

- No changes or increases in levels of land tax, stamp duty, or companies fees
- Immigration fees to increase by 5%
- Payroll tax arrears amnesty to be offered. Payment of 75%-85% of arrears will have remaining 15%-25% forgiven
- Government to assess selling their payroll tax arrears to factoring firms
- No professional services tax will be implemented
- Taxes on cruise ship passengers and larger ships to increase from \$22 to \$25 per passenger
- The duty rate for cigarettes containing tobacco substitutes are set to increase to be in line with cigarettes