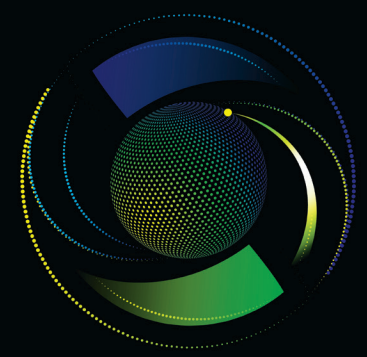


## Bermuda Budget 2024/25 Snapshot

“Heading in the right direction”

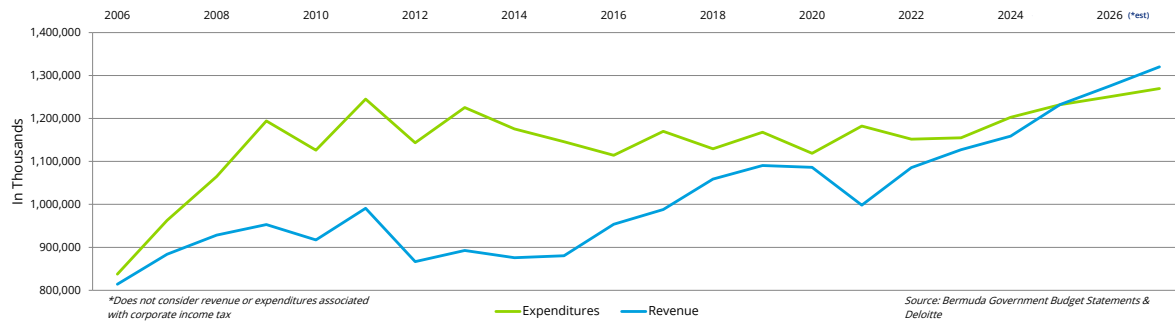
- The Hon. E. David Burt, JP, MP, Premier and Minister of Finance



In his presentation of the 2024/25 budget statement, Premier and Minister of Finance, David Burt emphasized that the Bermuda economy is “heading in the right direction” but that too many Bermudians aren’t feeling the impact in their lives, stating that “more must be done.” Highlighting the pivotal role of the international business sector in driving growth, Premier Burt underscored its significance as the cornerstone of Bermuda’s economy noting international business job numbers were now the highest ever recorded, surpassing the previous peak before the recession in the late 2000s. The recent economic expansion of the international business sector is expected to culminate in the first budgeted surplus in two decades, as shown in the graph below, albeit a modest one of \$210,000. Notably, the budget proposal did not introduce any new taxes or increase existing taxes for any individual or business, instead focusing on growing revenues through economic

expansion and diversification. Revenue indicators for the fiscal year 2023/24 are generally favorable compared to previous estimates, but increased expenditures result in a slight increase in deficit from the initial projections. The Premier reaffirmed Bermuda’s commitment to achieving fiscal equilibrium in 2024/25, aligning with the objectives set forth in the preceding year’s budget statement. Discussions also centered on developments such as the mixed-use site at Morgan’s Point, alongside upcoming projects like the revitalization of the Fairmont Southampton and the Brookfield building on Front Street. Looking ahead, the implementation of Bermuda’s corporate income tax will be a focal point, as its management and the anticipated impacts, both foreseen and unforeseen, on future growth will be crucial determinants of the country’s economic trajectory.

### Revenue & Expenditures



#### Taxes

- No changes to employer/employee payroll tax bands or rates
- Payroll tax relief for exempted companies and large employers’ new hires extended to 2026, with baseline for eligible hires changed from 2018 to 2022
- No new taxes/fees or increase in existing taxes/fees for individuals or businesses

#### Significant Capital Initiatives

- Additional \$10 million for Bermuda Housing Corporation to increase affordable housing stock and for the extension of private sector rental program
- Two new ferries to be purchased
- Significant increase to road paving budget
- Rooftop solar panels on government buildings

#### Major Construction Projects

- Fairmont Southampton expected to create 700 jobs during its 15-month construction phase
- Brookfield building on Front Street expected to create 200 jobs over the next 18 months
- Morgan’s Point’s priority is completion of partially constructed buildings targeted for rent to international business employees

#### Government Budget

- 2024/25 revenue: \$1,232.3 million
- 2024/25 current account expenses: \$992.0 million
- 2024/25 current account surplus: \$240.3 million
- 2024/25 interest on debt: \$127.8 million
- 2024/25 capital expenditure: \$112.3 million
- 2024/25 surplus: \$0.2 million
- 2023 annual inflation rate: 2.4%
- 2023 GDP growth rate: 4.0% - 4.5%

#### Looking Ahead

- Receipt of corporate income tax (CIT) payments could commence by July 2025
- Initial estimate of CIT revenue is \$750 million annually
- Companies subject to CIT will not be subject to employer payroll taxes
- Tax Reform Commission to provide recommendations on distribution of additional revenue
- Conservative estimate of \$187.5 million of CIT revenue in FY 2025/26 would support health care, eliminate customs duty on fuel imports and additional food items
- Conservative estimate of \$375 million of CIT revenue in FY 2026/27 would support health care and capital investment, potentially lower employer payroll taxes, and reduce customs duties and top up the Public Service Superannuation Fund

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