

TOTAL REVENUE
$2.03 billion
Estimate; $753.2m from corporate income tax

BUDGET SURPLUS
$472.7 million
Projected for 2026/27

NET DEBT
$2.64 billion
Projected, end-March 2027

CARIBBEAN TAX SERVICE DESK · NORTH ATLANTIC

Bermuda Budget Review 2026/27

What the 2026/27 Budget means for businesses and individuals

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FOREWORD

The 2026/27 Budget is the first to be shaped by Bermuda's corporate income tax. It forecasts revenue above $2 billion for the first time, and uses the new receipts to cut payroll tax, lower living costs and repay debt.

Corporate income tax on large multinational groups is expected to raise $753.2 million in 2026/27, more than a third of all revenue. The Budget cuts employer and employee payroll tax from 1 April 2026, removes the last duty on fuel for electricity, reduces duty on essential goods and plans the largest single debt repayment in Bermuda's history, in January 2027. Two new fiscal rules limit how the corporate income tax may be spent.

This review sets out the figures, the measures and their effective dates, and what they mean for each sector. It should be read with our Bermuda Doing Business Guide and Bermuda Tax Guide.

Bermuda is served by Dawgen Global's Caribbean Service Desk, managed from our headquarters in Kingston, with tax matters handled by our Caribbean Tax Service Desk. We would be glad to help you work through the impact on your business.

Dr. Dawkins Brown, Ph.D., MCMI, ACFE

Executive Chairman, Dawgen Global

How to use this guide

This review summarises the 2026/27 Budget and what it means for businesses and individuals in Bermuda. It is general information, current to October 2026; measures may change as they pass into law. Our companion Doing Business and Tax Guides give the wider picture. Speak to us before you act.

OVERVIEW

01 Budget at a glance

The Budget Statement for 2026/27 was delivered to the House of Assembly on 20 February 2026 by the Premier and Minister of Finance, Hon. E. David Burt, JP, MP. Bermuda's fiscal year runs from 1 April to 31 March. Figures are in Bermuda dollars, at par with the US dollar.

TOTAL REVENUE
$2,027.2m
Up from $1,553.8 million revised for 2025/26

CORPORATE INCOME TAX
$753.2m
37% of revenue, in the first full year of collection

TOTAL SPENDING
$1,554.5m
Current, interest and capital spending

BUDGET SURPLUS
$472.7m
From $153.1 million revised for 2025/26

NET DEBT
$2.64 billion
Projected for end-March 2027, from $3.12 billion

CAPITAL SPENDING
$182.0m
Largest planned capital budget since 2008/09

Five key messages

- **A new revenue base.** Corporate income tax on large multinational groups lifts revenue above $2 billion for the first time.
- **Lower payroll tax.** Employer and employee rates fell from 1 April 2026, and no worker pays more overall.
- **Lower living costs.** Duty on fuel for electricity ends, duty on essential goods falls, and private car licence fees are cut by a further 10%.
- **Debt repayment.** $605 million of notes due in January 2027 are to be repaid in full, cutting gross debt by about 18%.
- **Rules for the new revenue.** Day-to-day spending must be met without corporate income tax, and most of it goes to debt reduction and savings.

ECONOMY

02 Economic context

Bermuda enters 2026/27 with modest growth, low inflation and rising credit ratings, built on international business and tourism.

REAL GDP, 2025
2.5% to 3.0%
Government estimate at Budget; 1.9% in 2024

FOURTH QUARTER 2025
+0.1%
Real GDP, year on year; nominal GDP up 3.2%

INFLATION
2.4%
Consumer prices, March 2026; 2.2% in September 2025

JOBS
+279
Filled jobs in 2025, up 0.8%; fourth year of growth

CREDIT RATINGS
A1 / A+ / A+
Moody's, S&P Global and KBRA

CURRENCY
At par
Bermuda dollar pegged to the US dollar

Ratings in 2026

KBRA affirmed A+ and moved its outlook to positive on 29 April 2026. S&P Global affirmed A+ and moved to a positive outlook on 4 May. Moody's upgraded Bermuda from A2 to A1, stable, on 5 May, its first upgrade since 2016. The agencies point to the corporate income tax and the planned debt repayment.

Growth pattern

Quarterly growth was uneven in 2025: real GDP rose 1.5% in the first quarter, fell 0.2% in the second, and rose 11.8% in the third.

Outlook

Government expects the debt burden to fall to about 27% of GDP in 2026/27, and interest to stay within the rule capping it as a share of revenue. Moody's expects surpluses of around 5% of GDP over the next two to three years.

A note of caution

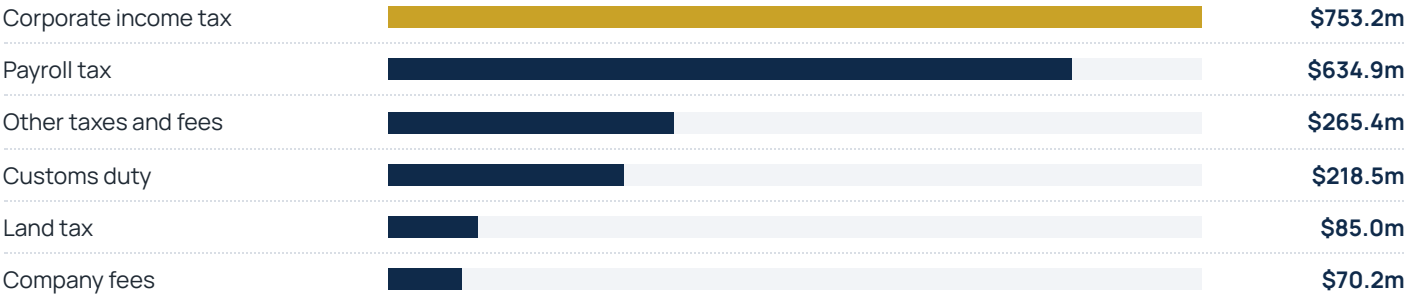
Government has said corporate income tax receipts may moderate in future years. This is why the new fiscal rules keep the tax out of day-to-day spending (section 08).

PUBLIC FINANCES

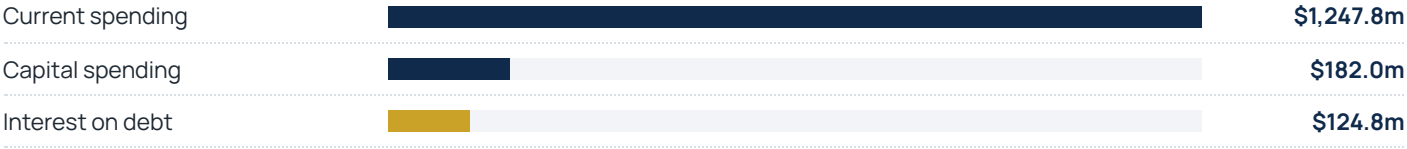
03 Fiscal framework

$ million	2025/26 budget	2025/26 revised	2026/27 estimate
Revenue	1,430.6	1,553.8	2,027.2
of which corporate income tax	187.5	279.0	753.2
Current spending, excluding interest	1,110.0	1,135.0	1,247.8
of which strategic investments	56.3	86.3	124.0
Interest on debt	127.5	127.5	124.8
Capital spending	149.8	138.1	182.0
Budget surplus	43.3	153.1	472.7

Where the money comes from: revenue $2,027.2 million



Where it goes: spending $1,554.5 million



Outturn against the previous budget

Preliminary, unaudited results for 2025/26, presented on 2 October 2026, show a surplus of $169.6 million against $43.3 million budgeted. Revenue reached $1.57 billion, with corporate income tax of $291 million against $187.5 million budgeted and payroll tax of $637 million. The audited surplus for 2024/25 was $29.0 million.

BUSINESS TAX

04 Tax measures for businesses

The corporate income tax rate and scope are unchanged. The main changes for employers are lower payroll tax rates from 1 April 2026.

Measure	What changes	Effective	Who is affected
Employer payroll tax	Rates cut by 0.5 to 1 point: 2% to $350,000 of payroll; 4.75% to $500,000; 7% to $1 million; 9.5% above; 9.75% for exempt undertakings; 4% hotels and restaurants; 5% qualifying retail	1 Apr 2026	All employers
Small employers	Rate for payroll under $200,000 was 0.5% from April and is 1% again from October 2026	Oct 2026	Employers with small payrolls
Older Bermudian staff	No employer payroll tax on the first $96,000 a year paid to Bermudians aged 65 or over	1 Apr 2026	Employers of older workers
Dividends to service providers	Amount not treated as pay rises from $10,000 to $20,000 a person a year	1 Apr 2026	Owner-managed local companies
Self-employed caregivers	Employer share of payroll tax removed	1 Apr 2026	Caregivers
Corporate income tax	First returns for calendar 2025 due 2 November 2026; instalments for 2026 on 31 August and 15 December	2026	Groups with revenue of €750m or more

Unchanged

Corporate income tax of 15% for in-scope groups and no tax on profits for others; no withholding tax; customs duty most commonly 25%; financial services and corporate services taxes.

Tax credits

The Tax Credits Act 2025 gives a substance-based credit for insurance groups (75% for 2026, 100% from 2027), a community development credit and a utilities infrastructure credit, administered by CITA.

INDIVIDUALS

05 Tax measures for individuals and households

Bermuda has no personal income tax. Relief comes through lower employee payroll tax and lower household costs.

Employee payroll tax, annual pay	To March 2026	From April 2026
Up to $48,000	0.5%	0.25%
$48,001 to $96,000	9.25%	7.75%
$96,001 to $200,000	10.0%	10.75%
$200,001 to $500,000	11.5%	11.5%
$500,001 to $1,000,000	12.5%	12.5%

Rates apply by band. The cuts to the first two bands outweigh the rise in the third, so Government says no worker pays more. Pay above $1 million a year is not taxed. Pay of Bermudians aged 65 or over is exempt up to $96,000 a year.

Pensions and benefits

- Public service pensions rise by 10% from 1 April 2026, the first increase since 2014
- A higher income threshold for pensioners receiving financial assistance

Household costs

The last duty on fuel for electricity generation is removed, which Government estimates saves the average household about $375 a year. Duty falls on more essential goods, and private car licence fees are cut by a further 10% from 1 April 2026.

Contribution	Position
Social insurance	$39.25 a week each from employee and employer
Occupational pension	5% employee and 5% employer
Health insurance	Employer pays at least half

Under review

Proposed: a gradual rise in the social insurance pension age and a move to earnings-related contributions with a cap, to be set out in a position paper. A low-rate, broad-based income tax is also under review. Neither is law.

INDIRECT TAXES

06 Indirect taxes, customs and other revenue

Bermuda has no VAT or sales tax. Customs duty is the main tax on goods, and the Budget reduces it on energy and essentials.

Measure	Change	Effective
Fuel for electricity	The remaining 4 cents a litre duty on fuel for electricity generation is removed, ending duty on this fuel over two years	2026/27
Essential goods	Duty reduced or removed on a further range of essential goods	2026/27
Fresh flowers	Duty cut from 25% to 5%	2026/27
Tariff corrections	Codes added for motor vehicle parts and building supplies previously missed from relief	2026/27
Private car licences	Fees cut by a further 10%	1 Apr 2026

Other revenue estimates, 2026/27

Revenue line	Estimate	Change on 2025/26
Customs duty	$218.5 million	+2%
Land tax	$85.0 million	−2%
Foreign currency purchase tax (1.25%)	$35.8 million	+9%
Transport infrastructure tax	$12.9 million	+18%

Land valuation

A new valuation list is due on 31 December 2026, with annual rental values set at 1 July 2025 rental levels. Land tax bills will follow the new values.

Administration

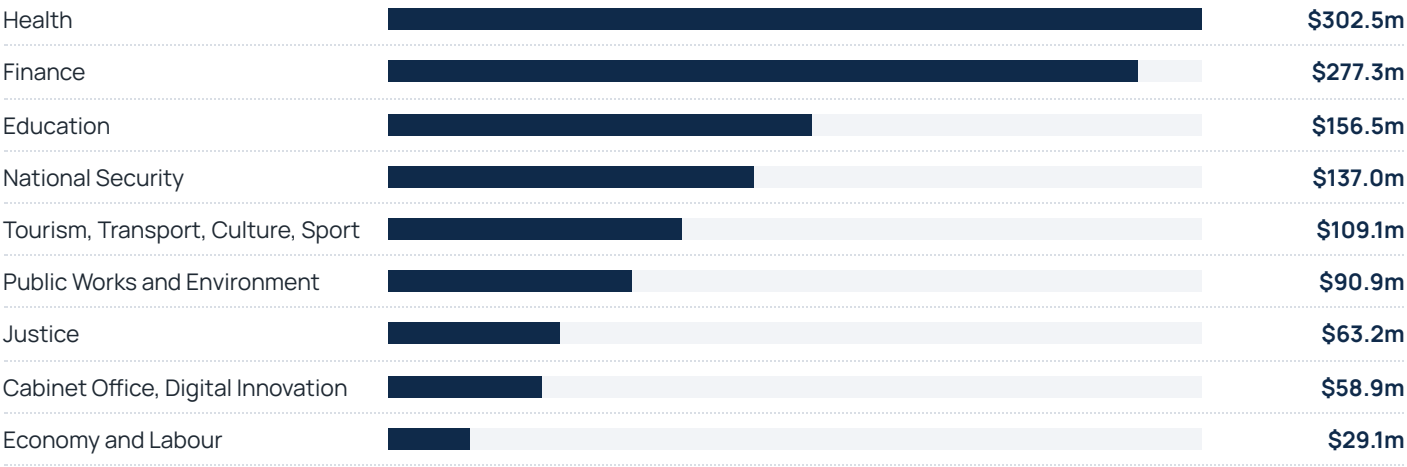
CITA runs corporate income tax filing through CITA Online. Legislation in 2026 refines the corporate income tax penalty rules.

SPENDING

07 Spending priorities and capital programme

Health takes the largest increase. Capital spending rises to $182 million, with housing at the centre of the programme.

Selected ministry allocations, current account, 2026/27



Health rises by about $57 million (23%). Strategic investments of $124.0 million sit within current spending.

Capital programme, $182 million

- Housing Corporation $26.9m
- Education facilities $14m
- Swing Bridge $9.4m
- Tynes Bay waste-to-energy $8.8m
- Vehicles and equipment $5.3m
- Roads $5m
- Buses $3.5m
- Community projects $3m
- Agricultural Centre $2.5m
- National Sports Centre $2.5m
- Solar on public buildings $1.4m

Housing

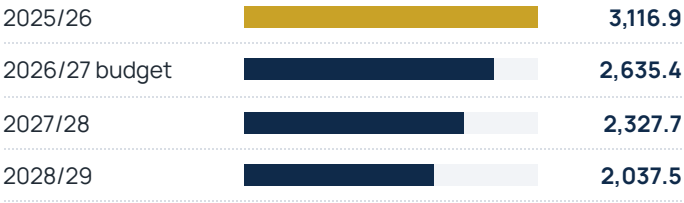
- Housing capital programme of $32.9 million, up 43%
- A Government guarantee of up to $90 million
- Three priority sites confirmed from more than 30 identified

DEBT

08 Debt, financing and fiscal rules

The surplus is used to repay debt and build reserves. Net debt is projected to fall by about a third over three years.

Net debt, end of year, $ million



Budget projections. Net debt is expected to fall to about 19% of GDP by 2028/29, well inside the 50% limit.

Two fiscal rules

Rule 1: the day-to-day budget, excluding net corporate income tax, capital spending and interest, must balance or be in surplus.
Rule 2: over a rolling three years, at least 70% of net corporate income tax goes to debt interest, lower net debt and building financial assets.

Financing

- $605 million of senior notes due January 2027 to be repaid in full, the largest single debt repayment in Bermuda's history
- Gross debt falls from $3.29 billion to $2.69 billion
- $110 million of the 2025/26 revenue gain set aside for the repayment
- Interest of $124.8 million, falling to about $102 million in 2027/28

New funds

A Stabilisation Fund ($100 million a year) and a Sinking Fund ($200 million a year) from 2027/28, and a Sovereign Wealth Fund to be created by legislation.

Risks to watch

Corporate income tax depends on a small number of large groups and on how other countries apply the global minimum tax. Receipts may vary from year to year.

SECTOR IMPACT

09 What it means for your sector

Sector	What the Budget means
International business and insurance	First corporate income tax returns due 2 November 2026 and instalments through the year. The substance-based credit rises to 75% for 2026. Exempt undertakings pay employer payroll tax at 9.75%, from 10.25%.
Financial services	Lower employer payroll tax. Financial services tax is unchanged. Large debt repayment in January 2027 changes the supply of local government paper.
Tourism and hospitality	Hotels and restaurants pay employer payroll tax at 4%, from 5%. Lower duty on fuel for electricity eases energy costs.
Construction and real estate	A $182 million capital programme and expanded housing plans. Duty relief now covers missed building supply codes. A new land valuation list arrives on 31 December 2026.
Retail and distribution	Qualifying retail pays employer payroll tax at 5%, from 6%. Duty cuts on essentials and fresh flowers affect pricing and stock.
Energy and utilities	Duty on fuel for electricity ends. Regulated utilities may claim the utilities infrastructure credit.
Technology and digital	Higher funding for the Cabinet Office and Digital Innovation. No tax on digital services.
SMEs	Employer rate for payroll under $200,000 back to 1% from October 2026. The $20,000 dividend amount helps owner-managers.
Employers generally	Update payroll for the new rates and the over-65 relief, and check quarterly returns from April 2026.

ACTION PLAN

10 Action points and key dates

Businesses

- [ ] Check payroll systems use the April 2026 rates and the October change
- [ ] Claim the over-65 relief for eligible Bermudian staff
- [ ] In-scope groups: file the 2025 return by 2 November 2026
- [ ] Pay the second 2026 instalment by 15 December 2026
- [ ] Review tax credit eligibility with CITA
- [ ] Reprice goods affected by duty changes

Individuals

- [ ] Check payslips show the new employee rates
- [ ] Review the new land valuation when it is published
- [ ] Follow the social insurance proposals

Date	What happens
1 April 2026	New payroll tax rates; $20,000 dividend amount; car licence fees cut
31 August 2026	First corporate income tax instalment for 2026
October 2026	1% rate for payroll under $200,000 restored
15 October 2026	Payroll tax return for July to September
2 November 2026	Corporate income tax return for 2025
15 December 2026	Second instalment, to 90% of 2026 tax
31 December 2026	New land valuation list
January 2027	$605 million notes repaid
15 January 2027	Payroll tax return for October to December
1 April 2027	Stabilisation and Sinking Fund contributions begin

Corporate income tax dates assume a calendar fiscal year.

YOUR PARTNER

11 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, helps businesses and individuals turn the Budget into a plan.

Budget impact assessment

Modelling the measures against your payroll, costs, prices and tax position.

Tax planning and restructuring

Corporate income tax scope, elections, group structure and dividends.

Compliance updates and payroll changes

New payroll tax rates, over-65 relief, quarterly returns and CIT filings.

Incentives and concessions

Tax credits, payroll tax relief and project duty relief.

Cash flow and pricing reviews

Forecasts, instalment planning, repricing for duty changes and working capital.

Engagement with the tax authority

Correspondence and enquiries with CITA, the Tax Commissioner and Customs.

Start with a conversation

Tell us how the 2026/27 Budget affects your plans, and we will set out the steps for your situation. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request. Fees are tailored to each client's circumstances and set out in an engagement letter. Email **bermuda@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about the 2026/27 Budget

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Key official sources

- Ministry of Finance (gov.bm)
- Parliament of Bermuda (parliament.bm)
- Corporate Income Tax Agency (cita.bm)
- Office of the Tax Commissioner (gov.bm)
- Customs Department (customs.gov.bm)
- Department of Statistics (gov.bm)
- Fiscal Responsibility Panel (gov.bm)
- Bermuda Monetary Authority (bma.bm)



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